REGISTRATION DOCUMENT 2012

ANNUAL FINANCIAL REPORT

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REGISTRATION DOCUMENT **2012**

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The original French-language version of this Registration Document was registered with the *Autorité des Marchés Financiers* (AMF) on 24 April 2013 pursuant to Article R12-017 of its General Regulations. The French-language original may be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. This document was prepared by the issuer whose authorised signatories alone assume responsibility for its content.

In accordance with its General Regulations (in particular Article L. 621-8-1-I), the Autorité des Marchés Financiers (AMF) recorded this Registration Document on 24 April 2013 under no. R13-016. This document may only be used as a basis for a financial transaction if it is supplemented by a prospectus authorised by the AMF. It was prepared by the issuer whose authorised signatories alone assume responsibility for its content. The document was filed, in accordance with Article L. 621-8-1-I of the French Monetary and Financial Code, after the AMF had verified that it contains the required information, which must be comprehensible and consistent. This does not mean that the AMF has certified the financial and accounting information presented in the document. Copies of this Registration Document are available free of charge from Axway Software SA, Investor Relations Department, 26 rue des Pavillons, 92800 Puteaux, France, or from the websites www.axway.com or www.amf-france.org.

This document is a free translation into English of the original French “Document de référence”, referred to as the “Registration Document”. In case of discrepancy between this English version of “Document de référence” and the original French version of Document de référence, the original French version of “Document de référence” shall prevail.

Contents

The information required in the Annual Financial Report is identified in the contents table by the AFR pictogram AFR

GENERAL REMARKS

This Registration Document also includes:

- the annual financial report, which must be drafted and published by all listed companies within four months from the end of each financial year, pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the AMF; and
- the management report for the financial year drafted by the Board of Directors of the Company, which must be presented to the General Meeting of Shareholders held to approve the financial statements for each financial year, pursuant to Articles L. 225-100 *et seq*. of the French Commercial Code.

A table is provided below that can be used to cross-reference the items of information contained in these two reports.

INFORMATION INCLUDED IN THE REGISTRATION DOCUMENT

Pursuant to Article 28 of Commission Regulation (EC) No. 809/2004 of 29 April 2004, the following information is included with respect to this Registration Document:

1- in respect of financial year 2010:
   - the combined financial statements of Axway for 2010 and the Statutory Auditors' Report that formed part of the prospectus filed on 29 April 2011 under no. 11-0137 (on pages 85 to 134 and 135 respectively);

2- in respect of financial year 2011:
   - the consolidated financial statements of Axway for 2011 and the Statutory Auditors' Report that formed part of the Registration Document filed on 27 April 2012 under no. 12-017 (on pages 101 to 149 and 150 respectively);
   - the parent company financial statements of Axway Software for 2011 and the Statutory Auditors' Report that formed part of the Registration Document filed on 27 April 2012 under no. 12-017 (on pages 151 to 169 and 170 respectively).

DEFINITIONS

Unless indicated otherwise, in this Registration Document:

- "the Company" and "Axway Software" refer to Axway Software SA;
- "the Group" and "Axway" refer to Axway Software SA and its subsidiaries.

MARKET INFORMATION

This Registration Document also contains information relating to markets and the market shares of the Company and its competitors, as well as its competitive position, mainly in sections 1 and 3 of Chapter 1. Most of this information comes from research conducted by third parties. Moreover, information in the public domain, which the Company believes to be reliable, has not been verified by an independent expert, and the Company cannot guarantee that a third party using different methods for the collection and analysis of such data or for calculations made using such data, would obtain the same results. The Company and its direct or indirect shareholders cannot undertake any obligations nor provide any guarantees as to the accuracy of this information.

FORWARD-LOOKING INFORMATION

This Registration Document contains forward-looking statements and information on the Group's objectives, notably in sections 1 and 3 of Chapter 1, and section 3 of Chapter 3, which are sometimes identified by the use of verbs in the future or conditional tenses, such as "should" or "could" or by verbs such as "estimate", "consider", "target", "project", "expect" or "aim". These statements and information are based on data, assumptions and estimates deemed to be reasonable by the Company. The forward-looking statements and objectives contained in this Registration Document may be affected by known or unknown risks, uncertainties relating to the regulatory, economic, financial and competitive environments, and other factors that may lead to the Company's future results, performances and transactions varying significantly from its objectives or indications. In particular, these factors may include the factors described in section 5 of Chapter 3 of this Registration Document.

The forward-looking statements set out in this Registration Document are valid only as of the date of publication. The Group operates in a competitive, constantly-changing business environment. It cannot therefore anticipate all of the risks, uncertainties or other factors likely to affect its business activities, nor is it always able to measure the potential impact on its business or assess to what extent the occurrence of a particular risk or combination of risks might cause actual results to differ significantly from those set out in any forward-looking statement, given that forward-looking statements do not constitute guarantees of future performance.

RISK FACTORS

Investors are invited to make careful consideration of the risk factors described in section 5 of Chapter 3 of this Registration Document before making any investment decisions. The occurrence of one or more of these risks may have a negative impact on the business activities, financial position or results of the Company or its objectives. Moreover, other risks, which have not yet been identified or are not deemed significant by the Company, may also have a negative impact and investors could lose all or part of their investment.

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French société anonyme
with share capital of €40,642,076
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1 THE GROUP AND ITS BUSINESS ACTIVITIES

1 GENERAL SITUATION IN THE SOFTWARE PUBLISHING INDUSTRY

1.1 Software publishing industry

The second edition of the "Panorama of the Top 250 French software publishers and developers"[1], published in September 2012 by Ernst&Young and Syntec Numérique, ranks Axway as the leading "horizontal" software publisher out of the segment's 192 publishers which accounted for €2.4 billion in 2011. The survey covered 408 French software companies in a market which totalled €7.4 billion in 2011, up 12%.

In its 4Q12 economic survey ("*Baromètre de conjoncture du 4e trimestre 2012*") presented in January 2013, and conducted jointly with IDC, Syntec Numérique shows growth of 1.6% for French software companies in 2012 and forecasts growth of 1.3% for 2013. Moreover, the analysis forecasts the end of the market slump in France, observing market demand to be increasing (positive balance in the fourth quarter, after four quarters of negative balance). Demand is mainly driven by rationalisation projects, while other drivers (transformation/differentiation, regulatory compliance and innovation) have slipped into second place. SaaS accounts for 7% of the French software market, with growth of 35% in 2012 to €720 million: according to Syntec Numérique, SaaS could amount to €2 billion in 2016 and account for 16% of the French software market.

After analysing the market, Axway deems that worldwide IT spending will increase by 4.25% in 2013. Studies show that the software market is driven by cloud computing, mobility and outsourcing (facilities management and application maintenance); integration services and management consulting are affected by the crisis to a greater extent.

According to Forrester[2] (Global Tech Market Outlook 2012 to 2013, September 2012), the global software market will grow from $435 billion to $465 billion between 2012 and 2013 (in adjusted currencies), *i.e.* 6.9%. Forrester also valued the middleware market at $133 billion (without exchange rate adjustment, and excluding Operating Systems), of which $30 billion in 2012 for integration middleware, expected to grow 11% in 2013.

As for the firm Gartner[3], in its fourth quarter 2012 update to the report "Forecast: Enterprise Software Markets, Worldwide, 2009-2016, 4Q12 Update, December 2012", it estimates that the business software market will grow 6.4% in 2013 (from $278 billion to $295.8 billion). The AIM (Application Infrastructure Middleware) segment, in which Axway mainly operates, exceeded the $20 billion mark in 2012, up 3.43%. It is expected to reach $21.431 billion in 2013 and grow 6.86%. Note that Gartner maintained its forecast between the third and fourth quarters 2012, indicating in the fourth quarter update[4], that "For over 50% of organisations worldwide, 2013 IT budgets will exceed those of 2012", and this ratio rises to 64% for Asia-Pacific and Latin America.

(1) "Top 250 French software publishers" study conducted in 2012 by Syntec Numérique and Ernst&Young.

(2) Report by Forrester Research Inc.: "Global Tech Market Outlook 2012 to 2013", September 2012, Andrew Bartels.

(3) Gartner report: "Forecast: Enterprise Software Markets, Worldwide, 2009-2016, 4Q12 Update" dated December 2012. Laurie Wurster, Joanne Correia, Fabrizio Biscotti, Matthew Cheung, Ruggero Contu, David Coyle, Federico de Silva Leon, Yanna Dharmasthira, Tom Eid, Chad Eschinger, Colleen Graham, Bianca Granetto, Hai Hong Swinehart, Chris Pang, Asheesh Raina, Dan Sommer, Bhavish Sood and Jie Zhang. The Gartner report mentioned herein (the "Gartner report") represents data, research opinions or viewpoints published by Gartner Inc. ("Gartner") as part of a syndicated subscription service and are not representations of facts. Each Gartner report is valid as from its publication date (rather than the date of publication of this document) and the opinions expressed in the Gartner report may be modified without prior notice.

(4) Gartner report "Forecast Analysis: Enterprise Infrastructure Software, Worldwide, 2011-2016, 4Q12 Update" dated 24 January 2013. Laurie, F. Wurster, Ruggero Contu, Fabrizio Biscotti, Matthew Cheung, Asheesh Raina, Jie Zhang, Colleen Graham, Federico De Silva. The Gartner report mentioned herein (the "Gartner report") represents data, research opinions or viewpoints published by Gartner Inc. ("Gartner") as part of a syndicated subscription service and are not representations of facts. Each Gartner report is valid as from its publication date (rather than the date of publication of this document) and the opinions expressed in the Gartner report may be modified without prior notice.

Our market analysis indicates highlight the following points:

- the growth of the software publishing industry slowed down in 2012, and the situation seems to be stabilising for 2013, with a slight improvement expected for 2014. In Europe, even though certain areas are in recession, demand remains strong (the growth of the business software market is estimated at 3.5%). The Americas, Asia-Pacific and emerging markets continue to post stronger growth (9.2% expected in the US in 2013 for the business software industry);
- growth is still driven by the major market trends, namely: mobility, cloud computing, exponential increases in data volume (the big data phenomenon), social networks and the "consumerisation" of IT (convergence between professional and personal use of IT, also known as BYOD, Bring Your Own Device).

1.2 Axway's growth in the software sector

Axway operates in the middleware market as opposed to the "application" market. In the middleware industry, Axway is a leader in data-flow brokerage systems, *i.e.* integration solutions to manage companies' data flows.

In recent years, Axway fared well despite difficult economic conditions (2009 and 2011), outperforming the market in 2010 with growth of more than 10%. In 2012, under difficult market conditions, Axway showed its dynamism by maintaining the confidence of its major customers and by acquiring Vordel, a company which develops API management solutions.

For 2013 and the upcoming years, the previously discussed market trends could be beneficial to Axway: whether we look at mobility, cloud computing or even big data, we see an increase in electronic data exchanges, a need to address new forms of interaction (such as integrating applications "on premise and in the cloud") and the need to transport increasingly large volumes of data, all in an increasingly restrictive legal and regulatory environment, especially in terms of security.

According to our market analysis, software industry growth should be around 6.5% in 2013, varying by region, and lower in Europe (probably around 3.5%). Moreover, Axway can count on the existence of powerful market drivers all over the world and especially within its customers' businesses:

1. the quest for growth, customer focus, differentiation and innovation remain the priorities of large companies in terms of budget allocations. They want to supplement their relatively structured, inert systems of records with more flexible and versatile systems enabling them to take advantage of the new technological possibilities such as cloud computing and mobility (*i.e.* systems of engagements: allowing interactions with any ecosystem player liable to provide value). Companies want to stand out through more competitive SLAs, provide additional value *via* cloud and mobile applications, reduce lead-times and entry costs for new partners joining their ecosystems, extend their ecosystems to previously absent or inaccessible players, and guarantee the scalability of their electronic channels, etc;
2. in this economically delicate period, many companies are optimising their costs and consolidating their infrastructures. They are concentrating their data centres, virtualising their servers and creating shared services centres, in particular for data exchanges. They are replacing costly solutions, such as the use of VANs, obsolete products and "in-house" developments. They are consolidating their data exchange systems and rationalising their purchases, notably after a number of mergers & acquisitions, or to optimise a non-coordinated technology purchasing cycle. They are reducing their silos, in particular for interactions with external partners. Therefore, a global data-flow brokerage solution provides additional value by reducing the total cost of management of data exchanges;

3. moreover, large companies are increasingly bound by compliance obligations, whether they concern contracts with increasingly demanding customers, compliance with industrial, political, social or even supra-national regulations, compliance with policies stemming from the corporate strategy, such as policies concerning safety, customer satisfaction, management transparency, risk management, etc. Some of them are forced to cope with the sudden introduction of a new exchange channel or market standard, with a direct impact on operating expenses.

All of these market drivers, often in combination, trigger new projects and purchases of data-flow management systems. As you can see, data exchanges and their management are key factors in company performance. By enabling companies to “control all data flows at their borders” and “broker all their own data flows”, Axway offers them a tailored value proposition with integration solutions that make the difference.

2 HISTORY OF AXWAY

Significant events in the development of the Group's business activities

Key dates	Events
January 2001	Sopra's software infrastructure business hived off to Axway
April 2002	Acquisition of Viewlocity (Sweden)
January 2006	Acquisition of Cyclone Commerce (USA)
February 2007	Acquisition of the B2B software business of Atos (Germany)
September 2008	Acquisition of Tumbleweed (USA)
June 2011	Flotation on the NYSE Euronext market in Paris
November 2012	Acquisition of Vordel (Ireland)

2001-2010: Axway, a subsidiary of Sopra Group SA

Spin-off and European development

The name Axway emerged in January 2001 with the spin-off of the software infrastructure division of Sopra Group SA: the goal was to bring together, under the same company, the Group's infrastructure software (notably the "Rules of the Game" software and the CFT and InterPel managed file transfer tools) – setting them apart from the application software (banking, real estate and HR sectors) retained by Sopra. This separation remains a current practice in the software market.

During this period, the two main objectives were the following: industrialising software development activities and attaining a significant market position in Europe. Axway doubled its client numbers between 2001 and 2005, from 3,100 to 6,000. With the acquisition of Viewlocity in 2002, Axway stepped up its internationalisation. By the end of 2005, it was present in most European countries and even had its first premises in the US and Asia.

North American development and market leadership

The second stage in Axway's development was aimed at aligning the Company's geographical spread with the market, notably by significantly developing its business activities and presence in the US (accounting for over half of the market, while the share of Axway's revenue from the US was only 4% in 2005).

Another ambition during this period was for Axway to move into a leading position in certain specific market segments: those of Managed File Transfer (MFT) and Business-to-Business (B2B) integration. This objective was achieved as from 2009, with Axway in a leading position in these segments with the main market analysts.

This development and leading position were achieved through:

- the strategy based on Synchrony™ a comprehensive business interaction management platform;
- acquisitions:
  - **Cyclone Commerce** in 2006: Axway's Executive Management was transferred to the USA, and English became the Group's working language,
  - the **B2B software activities of Atos Origin** in Germany in 2007, boosting Axway into a leading position in the automobile sector,
  - **Tumbleweed** in 2008: this acquisition consolidated Axway's position on the North American market, giving it the "green card" it needed in order to be accepted by the major firms in the region.

Following this cycle of acquisitions, the US share of the Company's global revenue increased from 4% in 2005 to 30% in 2009. Along with this growth in revenue, there was a sharp increase in the Company's customer base (+300 new customers with Cyclone Commerce and +2,200 with Tumbleweed), including significant accounts in certain key sectors (banking and the main supply chain users such as manufacturing, retail, logistics, etc.), federal government and in particular the Department of Defense and tax authorities).

Since 2011: Axway, an independent software developer operating worldwide

Separation of Axway and Sopra Group

Having operated with a large degree of autonomy for several years, Axway acquired its own essential functions and resources to enable it to grow independently from Sopra Group SA:

- in terms of operational governance, the coordination and control of Axway's business is now under the supervision of specialised committees (Executive Committee, Distribution Monitoring Committee, Development Monitoring Committee, Functional Oversight Committee);
- Axway has its own business functions: Human Resources Department (with a core competency reference guide suited to the operations of a software developer); Finance and Administration Department (accounting, consolidation, internal audit); Support Departments (Legal Department, Quality Assurance Department, Internal IT Resources and Systems Department).

2011 marked an important phase in the projects to consolidate Axway's positioning as a software developer:

- the culmination of the plan to separate the activities of Axway Software from the traditional activities of the Sopra Group was approved at the General Meeting of 8 June 2011, with Sopra Group SA retaining 26.27% of Axway;
- Axway's shares were listed on NYSE Euronext Paris on 14 June 2011 (code: AXW.PA);
- Axway gained full financial autonomy with respect to Sopra Group SA following the capital increase.

New development potential

As shown by Axway's history, the Company is set for new development, under a full-fledged software developer model, with a differentiated position in a market which can only grow – given the development of digital society, digital business and the sky-rocketing of related electronic exchanges.

The acquisition of **Vordel**, completed in November 2012, further consolidates this differentiated position – in the brokerage of data flows and the control of data flows at the Company's borders. It enables Axway to address new market trends (the cloud and mobility, which are "on the desktop" of all IT departments), break into new markets (API Management and Identity Management), and approach key decision-makers, particularly in large companies (Enterprise Architects and IT Managers). The industrialisation of its software developer model enables Axway to fully deploy its services with its customers, who can find in Axway a strategic partner for the management of all their data flows: this positioning enables Axway to build up its existing customer base by gradually deploying all the products in its portfolio.

3 AXWAY STRATEGY AND ACTIVITIES

3.1 General information

Axway is primarily a publisher of enterprise software for governing data flows, facilitating business interactions within medium and large enterprises, between enterprises and business communities, and with governments. With revenue of €224.3 million at 31 December 2012, 1,774 employees, a strong presence in France, a firm position in the United States and Europe, and more than 11,000 customers in over 100 countries, Axway is a major supplier of data-flow management systems in the enterprise software market.

The enterprise software market has many suppliers and a wide variety of positions. According to major analyst firms, this market is divided into two segments: infrastructure software, or middleware, which is Axway's industry, and application software, which partly covers Sopra Group.

In the infrastructure software market, Axway is positioned in the market for integration software that governs flows of data. Axway is focused on enterprises' ever growing need to interact in increasingly complex ecosystems, which are no longer limited to the enterprise's traditional "edge".

Among integration software publishers, Axway is currently one of the only publishers in the market that enables enterprises to own all data flows "at the edge" – business files of any type and size, Business-to-Business flows which are often structured and comply with industry-specific standards, person-to-person flows which are often unstructured, and Application-to-Application message flows, especially flows from cloud applications, for example "SaaS" (Software-as-a-Service) or mobile applications which are growing rapidly.

Axway is present in several segments of the Middleware integration market as defined by major analysts: (i) MFT (Managed File Transfer) for governing file flows, (ii) B2B (Business-to-Business) for governing both message and file Business-to-Business flows, (iii) API (Application Programming Interface) Management for governing Application-to-Application message flows and (iv) Secure Gateways to secure all person-to-person, Business-to-Business and Application-to-Application file, message and email data flows.

Axway's offer is built around its comprehensive software suite that covers all types of data flows (files, messages, services, emails; Application-to-Application, Business-to-Business and person-to-person) and can govern them, in other words manage exchanges in the context of business interactions, from their definition in an enterprise reference guide, to their technical or functional supervision. Axway's software offerings are supported by a full range of professional services, from implementation support to managed services to operate the suite or its components.

Axway's main focus is large enterprises, in any industry, and the participants in their ecosystem. Axway has a considerable presence in dynamic business communities: financial services, the pharmaceutical and healthcare industry, supply chain (including goods manufacturing, transportation and logistics, as well as distribution), and the public sector. This position led Axway to develop an industry-based customer approach that suggests specialized uses of the software suite for each economic sector. This "verticalization" of its sales offer, which primarily targets large enterprises and governments – that are aware of the challenges of electronic exchanges in heterogeneous and complex environments – also led Axway to develop direct local networks on three continents. To provide its European and American key account customers with support for their infrastructure rollout projects, Axway set up direct organizations in Asia.

Axway's main activity is publishing software and providing services to help enterprises implement Axway solutions and integrate them into their existing systems. Software sales generate income from licenses and maintenance, as well as income from services related to said software, which may be deployed on premise or outsourced in the cloud in the form of on demand or SaaS (Software-as-a-Service) service level agreements. Maintenance and a portion of the services activity (multiyear agreements) provide considerable recurring income. In the services sector, lump-sum contracts may be entered into, but they represent a small portion of Axway's revenue. Moreover, the nature of Axway's offer, which is available both as a suite and as individual products, enables additional sales in the installed base (cross-selling or up-selling), which makes Axway's commercial activity even stronger.

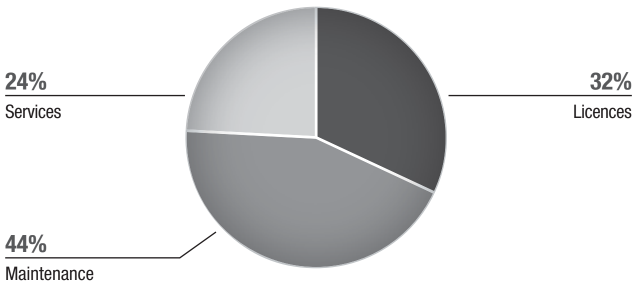
Axway's growth is due to its organic development and several successful acquisitions. With Viewlocity, Cyclone Commerce, the B2B software business from Atos in Germany and Tumbleweed, Axway demonstrated its ability to integrate the offer, earn employees' loyalty and develop customers that it acquired in its acquisitions. At the end of 2012, Axway acquired Vordel, a leader in the API Management market segment, enriching its offer to govern all data flows at the enterprise edge.

Finally, the Business Model that balances income from licenses, maintenance and services is a strong asset to ensure that Axway can safely weather economic uncertainties.

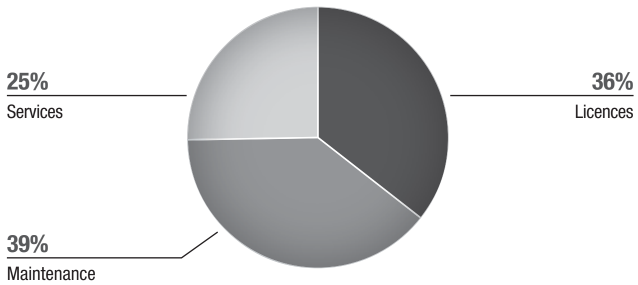
Key indicators for Axway's growth in recent years are:

Analysis by type of activity

Revenue in 2012: €224.3 million

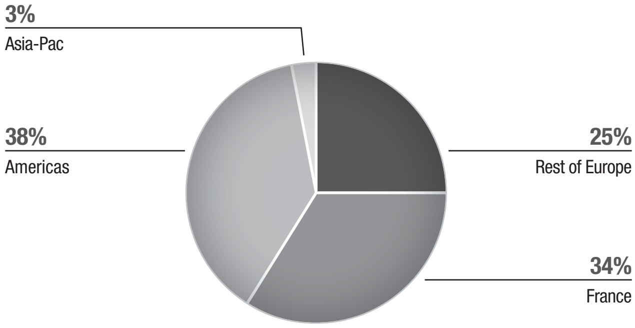


Revenue in 2011: €217.2 million

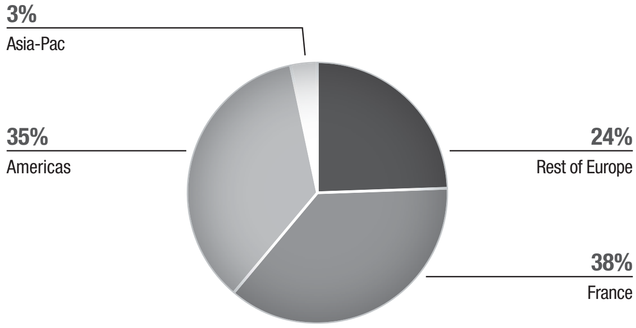


Analysis by location

Revenue in 2012: €224.3 million



Revenue in 2011: €217.2 million



3.2 Group strategy

Today, Axway is recognized by technology analysts and Key Accounts as a global player in the market for enterprise software that governs flows of data within enterprises and their business communities, between people, applications and systems. Serving a critical need for enterprises' performance and holding a unique position in the integration software market, Axway is playing its game well, especially against major players, with a significant lead and distinctive skills acquired in the business data-flow management sector. Axway, which has now reached the necessary critical size, intends to leverage its successes and its customer base of more than 11,000 enterprises to continue its growth. To achieve this goal, Axway intends to:

- continue its global customer-based approach that favours "vertical" marketing by economic sector;
- serve Key Accounts with its global offer by expanding the commercial portfolio to these key accounts' partners in their ecosystem;
- make changes to the Product Mix (starting with adding API Management to the product portfolio, as part of the strategic framework of governing flows of data);

- offer hybrid offers that combine on-premise components with components in the cloud. This implies continued Research and Development efforts to integrate innovation, an indispensable factor in a high technology market;
- continue the geographic rebalancing process to take full advantage of the unique dynamics in each region;
- conduct a targeted acquisitions policy to drive organic growth. For this, priority markets are the United States, United Kingdom and the fastest growing European countries. However, Axway will try to take advantage of possible opportunities involving technologies related to its own products or the ability to acquire a large portfolio of customers, including customers outside these locations;
- expand on efforts to streamline internal processes by continuing to implement the Publisher-Distributor model. The model is based on establishing a global Publishing centre that is responsible for the commercial production of the software suite and its support and, in parallel, creating a Distribution centre that brings together all the sales and services operations and aims to sell the offer through value-driven proposals to customers that include specific regional features when necessary;
- build on direct commercial distribution through a policy of partnerships that primarily target markets where Axway is not present and more specifically emerging markets;
- place its employees' excellence at the heart of its strategy by focusing on steady recruiting, training, earning loyalty and detecting employees with "strong potential".

The Group's medium-term development objective is to join the ranks of major international publishers whose annual revenue exceeds $500 million.

3.3 Industry

3.3.1 Challenges of interactions within business communities

In addition to excelling in its core business, an enterprise's performance is increasingly dependent on its ability to interact in the ecosystem of its value chains. Ecosystems are always in motion (business in motion), expanding to include new players and becoming increasingly complex. Quickly adapting to interactions in their business communities has become a competitive advantage for enterprises.

Value chains are organized around participants (customers, distributors, manufacturers, factories, suppliers, sites, subsidiaries, management and administration, financial services, Human Resources management, regulators, service providers with whom the enterprise outsources certain processes, suppliers of IT services, etc.) who are often separate legal entities that have their own governance. This is the "extended enterprise" or "networked enterprise." Interactions between these participants are governed by exchanging management data: purchase orders that are translated into production orders, delivery orders that trigger invoices, deferments that generate payment/delivery requests, declarations that generate reimbursements, as well as contracts, design documents, images or videos, and personal data (customers, patients, insured, etc.). An enterprise's performance depends directly on the performance of these exchanges: a missing, delayed or incorrect file can directly impact replenishment of inventory, payment settlement, year-end closing of accounts, delivery to a customer, etc., which can affect the enterprise's revenue, profitability or cash position.

Not only are these exchanges increasing drastically, they are also frequently and quickly being "digitized" or becoming "paperless." Take the automotive industry as an example: the "green car," "electric car," "connected car," "service car," and "car sharing" – new urban transportation policies that have deeply changed this industry. The "auto-mobile" sends data about its performance, carbon dioxide emissions and "on-demand" use by various drivers, etc. New players are joining this ecosystem: enterprises specializing in telecommunications, urban information systems, GPS, weather, etc. The relationship with some players has changed drastically: customer-drivers, manufacturers, dealerships, insurance companies, etc. New data flows, most of them digital, are being generated and they must be governed. Corporate information systems need software that supports this trend of increasing electronic exchanges and the volume and governance challenges that go along with them. Axway is well positioned in this market for enterprise software that enables data exchanges to take place and enterprises to govern their data flows.

An enterprise's foremost challenge is to leverage new technologies to innovate, stand out from the competition and attract new customers. In today's market, to meet this challenge, an enterprise needs to develop mobility and the cloud, and act quickly to generate new offers and/or increase customer satisfaction. But in order to do this, the enterprise must upgrade its exchange systems to govern these data flows. This involves controlling "who interacts with whom" and onboarding new customers as quickly as possible in all electronic channels (portal, mobile, email, exchange gateway, self-service terminal, branch office or store, etc.); it also involves owning all exchanged flows to guarantee the customer's service level agreement (SLA) and the enterprise's security policy. This is currently a critical issue for the financial industry, in particular in the retail banking and insurance sectors – offering customers the best possible "digital" experience that is consistent and cross-functional for all offered "channels."

In these difficult economic times, optimizing costs and consolidating infrastructures is also a major challenge for enterprises that can take on many forms. All large enterprises are concentrating their data centres, moving to virtual servers and aiming to consume IT resources "on demand," allocating them dynamically based on needs. Some enterprises are replacing computers or obsolete products with costly and proprietary Value Added Networks (VANs) or streamlining their exchange systems by consolidating them around a single global solution, for example, after one or several purchases. Others are realizing the cost of existing communication silos (a communication channel-based exchange system), the cost of home-grown solutions that are difficult to maintain or the total cost of existing solutions and are saving money by adopting more up-to-date commercial solutions.

Finally, various types of compliance remain an issue that leads to purchasing data-flow management systems. Regulatory requirements are one of the first types of compliance that must be met. One example – many enterprises are replacing their File Transfer Protocol (FTP) based infrastructure or home-grown developments that are no longer capable of meeting their regulatory requirements, such as Sarbanes-Oxley, HIPAA, Basel II and III, etc. Industry service level requirements for IT Departments are also reasons to purchase new data-flow governance solutions: this involves, for example, the solution's levels of availability, support for high transaction volume, visibility on and analysis of transactions, etc. Creating a new channel and requiring involved parties to support it is another common form of compliance in dynamic business communities – examples include successive versions of SWIFT in interbank cooperation, channels dedicated to SEPA (Single Euro Payment Area), such as EBICS in France and Germany, the OFTP2 channel, support for "autogration" in the automotive industry, as well as standards used in certain business communities (AS2, RosettaNet, ebXML, etc.). And last, but not least, compliance with the enterprise's security policy, drafted by the Chief Security Officer (CSO), requires data-flow management systems that can govern data flows, and in particular, can authenticate the identities of involved parties who interact, control access to electronic services and data, ensure the confidentiality of certain data when it is in motion and stationary, and ensure evidentiary weight legal archiving in the event of a dispute for example.

No enterprise is an island; the enterprise itself is a business community and it is part of a business community. Axway provides a unique solution that enables an enterprise to transform its edge into drivers for integration with all the participants in its internal and external value chains. And to govern all its data flows to interact effectively in the business communities in which it participates.

3.3.2 The market for integration solutions that govern data flows

Axway has always been present in the integration solutions market

Integration solutions are IT solutions that interface between applications and/or between enterprises to facilitate their interactions. Integration is needed because applications and corporate information systems were not originally designed to interact with one another. Applications often need data or functions provided by other applications or provide data or functions expected by other applications. Business-to-Business interaction often involves exchanging business documents such as orders, invoices, payments, etc. and integrating these documents into the enterprise's management applications.

The market separates integration solutions by the types of flows that they process. There are two main types of integration flows: file flows and message flows. They represent two different ways of interacting: for the first, a set of data is grouped together for routing and processing (such as submission of bank payments); for the second, individual data is exchanged with immediate effect (such as online payment approval). Message flows led to "services" or "API" flows (Application Programming Interface, the interface exposed by an application to enable other applications to interact with it). Sending a message often corresponds to a function execution request: for example, sending a purchase order corresponds to an order execution request. This led to Service Oriented Architecture (SOA). Services or API flows therefore are an advanced form of message flows.

Among integration solutions, a distinction is made between solutions that are confined within information systems and reserved for integrating internal applications, and those that extend to the enterprise edge and can also integrate external applications and enterprises. Axway falls under the second category. Axway covers all technologies used to govern data flows at the enterprise edge:

- business file flows: file exchanges between enterprises, applications or people;
- Business-to-Business flows: exchanges of structured data (files or messages) between enterprises (customers, distributors, suppliers, financial services, etc.), often in accordance with industry-specific standards;
- Application-to-Application flows: message exchanges between applications using Service Oriented Architecture (internal, cloud and mobile applications);
- person-to-person flows: exchanges of unstructured data (emails or files) between people.

These data flows underpin critical business processes and organize them in an extended ecosystem.

That is the difference between integration solutions and process automation solutions. Within an enterprise's activity, a process – in other words the organization of tasks to be performed – can be controlled centrally. Conversely, in a global value chain in which multiple activities or multiple enterprises interact in an extended ecosystem, the data flows and exchanges organize the overall process, which cannot be controlled centrally. Axway differs from developers of Business Process Management (BPM) or Enterprise Service Bus (ESB) integration solutions in approaching integration problems by governing data flows.

The data-flow management brokerage market segment enjoys good momentum and sustained growth

The enterprise software market is divided into two major categories: application software and infrastructure software. Integration solutions represent approximately 10% of the infrastructure software market (which also includes Databases, Operating Systems, Portals, etc.). Among integration solutions, Axway is positioned in the data-flow management systems segment representing approximately 1/3 of integration solutions, around $5 to 6 billion (source Axway, 2012).

Axway is present in several segments in the integration solutions market as defined by major analysts:

Note: growth indicators given below are drawn from Axway analysis and are highly dependent on economic conditions.

- MFT (Managed File Transfer) for governing file flows – application, Business-to-Business and human files – average yearly growth exceeding 10%;
- B2B (Business-to-Business) for governing Business-to-Business flows, both messages and files, that are usually structured and compliant with restrictive industry-specific standards. By its nature, this segment is relatively fragmented (by economic sector) and its growth varies widely based on industry-specific and economic drivers. Its growth, however, remains steady (yearly average of 5 to 10%), due to the increase in paperless electronic exchanges in most industries;
- API Management (Application Programming Interface) for governing Application-to-Application message flows is experiencing considerable growth (yearly average of 20 to 30%) with a sharp increase in traffic from cloud and mobile applications;
- Secure Gateways to secure all data flows – person-to-person, Business-to-Business and Application-to-Application files, messages and emails. Growth in this segment (yearly average of over 10%) varies based on the flows' maturity (email flows are more mature than API flows), but flow security, especially managing the identities of interaction participants, and increasing complexity, is a major concern for IT Departments.

Interactions between participants in a business community often occur through service providers who implement these interactions between these participants. One example of this is SWIFT in the banking industry. These intermediary service providers are called Value Added Networks, or VANs. More than half of Business-to-Business exchanges occur through these providers. Enterprises use them either because internal investment does not provide added value (commodity EDI or fax, for example), or because the supplier provides compelling solutions for the industry and access to a secure network that already includes partners in their ecosystem. The downside to VANs for the customer is that they are proprietary, expensive and locking-in. The internet and the cloud have disrupted this landscape. The VAN market is decreasing significantly (more than 10% per year), while the market for providers of integration-solution cloud services is growing more than 20% per year. Axway is also positioned in the cloud-based integration solutions market and is taking advantage of this market's growth.

3.3.3 Trends

The integration solutions market remains strong because it addresses a problem whose scope is continually expanding. Integration problems will only increase and become more complex due to the fragmentation of value chains and expansion of the digital economy. This market is constantly, and in phases, driven by the trend towards: convergence, consolidation and innovation. Historic drivers – the need to integrate applications that use different technologies, that are different generations, from different enterprises – are joined by recent drivers that are impacting the entire software industry: cloud computing, mobility, social networks and the big data phenomenon.

Convergence

For a number of years there has been convergence in the market for integration technologies: MFT, B2B and API Management. This puts Axway in a unique position as it has all these technologies and focuses on the associated governance problems.

Cloud computing

As a reminder, a cloud is defined as: self-service, accessible from any internet connection, with shared resources, available on demand, where the customer only pays per use. Enterprises are using more and more applications in the cloud (in SaaS – Software-as-a-Service), which does not eliminate the need to integrate these applications with others in their information system, especially with their ERP. This has created a new integration need called cloud integration. Another impact of cloud computing is that it replaces VANs, opening up a new path for B2B. The sharp increase in the number of cloud service providers and partners (in the ecosystem) makes governing flows at the enterprise edge even more crucial. They can be managed by an exchange system that itself is in the cloud, called a cloud services broker.

Mobility and social networks

The development of human collaboration (referred to as Web 2.0), especially mobility and social networks, has led to the phenomena of "consumerization of IT" and "BYOD" (Bring Your Own Device), which are blurring the boundaries between professional and personal life. More and more enterprises are developing mobile applications for their customers, employees and partners: these mobile applications generally interact with internal information system applications. At the enterprise edge, enterprises need brokers that secure, supervise and control external access to the internal application portfolio. To make this possible, internal applications must also be exposed so that they can be used from the outside, by creating secure interfaces (what the market calls API management, management of Application Programming Interfaces that today are based usually on XML message flows). Mobile integration has become a key area for integration; it is also linked to cloud computing because many interactions with mobile devices go through cloud infrastructures before entering the corporate information system.

Moreover, the expansion of social networks has contributed to the growth of communities, in both the private and professional sectors. Community management in the broad sense has become a key characteristic of B2B integration solutions and an essential function of governing data flows. This entails controlling "who interacts with what or whom," onboarding all participants in the enterprise's ecosystem and ensuring that data about each participant is up-to-date to guarantee interactions with and between them at any time.

"Big Data" phenomenon

Electronic exchanges, whether they involve structured data (purchase order) or unstructured data (email), are multiplying. A new challenge is emerging for enterprises – capitalizing on the potential of this large quantity of available data, to improve operational efficiency or stand out from the competition. Be that as it may, this increasing quantity of data (both an increase in the number of pieces of data and increase in their size) must be moved to its various processing points. Big data is one of the ever increasing number of data flows to govern. This phenomenon is an opportunity for growth for Axway. Moreover, by governing data flows itself, Axway can collect large quantities of information about these flows – the parties involved in exchanges, the status of the network and infrastructure, etc.: capitalizing on this large quantity of data to improve quality of service is another example of big data management, but this time using data generated by Axway solutions.

3.4 Customers and target markets

3.4.1 Economic sectors and business communities

Axway targets all markets and develops more specialized marketing efforts for some sectors: financial services, supply chain (including manufacturing of consumer goods, transportation and logistics, and distribution), healthcare (from the pharmaceutical industry and life sciences to healthcare facilities and associated mutual insurance companies) and the public sector (primarily central and federal administrations). For each sector, the marketing efforts identify key drivers, put product use into context, create marketing materials, provide training, conduct marketing campaigns to create demand and work with analysts and opinion leaders, etc.

To illustrate, here are some examples of enterprises that use Axway products to govern their data flows.

Financial Services

Data flows are strategic for this industry. They underpin value chain processes and are critical for operational efficiency and customer satisfaction. This is true for data flows within banking information systems, and in the bank's interactions with its corporate customers, other banks and/or market infrastructures (clearing houses, central banks, etc.).

There are many market drivers that force banks to upgrade their exchange infrastructure: regulatory obligations, increasing risk management and control requirements, the increasing number of channels, especially mobile devices and social networks, mergers and acquisitions, cost optimization and infrastructure consolidation, customer volatility which intensifies competition over offerings and the quality of customer service, and the increasing complexity of multi-producer and multi-distributor ecosystems, etc.

To capture corporate clients and earn their loyalty, banks try to differentiate themselves through management of payments flows. This area in particular is currently undergoing rapid changes, in different forms, depending on location. In Europe, SEPA (Single Euro Payment Area) is substantially changing bank-enterprise relations with new payment instruments, new channels (EBICS in France and Germany for example), new formats (transition to XML formats which are richer, but also larger in volume and more complex to use), and certain changes in processes (such as management of the SEPA direct debit mandate). The same business development need is present in the United States where banks are competing with one another to offer value-added services to their corporate customers to generate new revenues and where digital channels play a key role in the evolution towards the "digital bank."

Banks and insurance companies are increasingly consolidating their IT infrastructure by moving to virtual servers, concentrating their data centres and using cloud computing. They are also developing more and more customer services that can be accessed from mobile devices, which requires establishing the infrastructure needed to integrate these new channels with the bank's information system and "historic" applications.

The continued rollout of global financial supervisory rules – Basel III and the Dodd-Frank Act – is putting increased pressure on banks and insurance companies and on their exchange infrastructures. These rules to reduce systemic risk aim to ensure cash available at any time and require the industry's players to provide more frequent visibility (intra-day), creating more data exchanges between operating systems and risk management and reporting systems.

Supply Chain (manufacturing, logistics, distribution)

This is a sector where "material" flows are accompanied by parallel data flows so that value chain processes (order-to-cash, procure-to-pay) are properly executed. EDI structured flows, which are already well established, are being joined by new flows, such as *ad hoc* data sharing in crisis management, the interaction of mobile users' applications with information system applications, new exchanges created by new requirements or "quality" certifications imposed on suppliers, and management of more granular events in the supply chain to improve visibility and efficiency.

Distribution processes depend on data flows, such as providing information about products (descriptions, price, inventory, special offers) and collecting information about inventory and sales. If there is a breakdown in the exchange infrastructure, an item is not resupplied on time and products, prices or special offers are unavailable, with immediate impact on earnings and margin.

That is why visibility on all cross-functional data flows to the value chains (*e.g.* from the manufacturer to the transporter to the distributor), and the possibility of having an almost real-time view of potential breakdowns and responding to them proactively, are essential to ensure the fluidity of these distribution processes.

OEMs always want to improve demand-supply synchronization, by establishing increasingly advanced collaboration processes (such as VMI, CPFR, etc.), and are exchanging more and more data. They impose or, under increasing regulatory pressure for sustainable development for example, must impose increasingly drastic quality requirements on their suppliers, creating new data exchanges.

For logistics providers, data flows associated with “materials” flows are part of their core business, because they are directly related to services offered to customers: for example, to give them a precise view of a consumer good’s transportation status. This also forces them to exchange more and more event-driven information, from means of transportation to central applications (information about position, loading, performance, problems, alarms, etc.). Logistics service providers often need a B2B “Swiss Army knife,” because they are involved in many industries and ecosystems: to maintain their margins, they must often streamline their infrastructure and consolidate their B2B platforms.

There are also players where the supply chain and public services converge, like single windows that manage all procedures relating to importing and exporting goods. These players and projects occur frequently in Asia, where the challenge is national: the more attractive a country makes its ports and airports, the more goods pass through its territory, creating additional business and growth. These projects are essentially electronic exchanges of all international trade related documents: procedures at ports and airports, custom declarations, goods insurance and transportation, payment of customs duties, etc. These players generally work in an ecosystem with thousands of partners.

Healthcare

The healthcare industry in the broad sense is comprised of ecosystems that tend to draw closer together: the pharmaceutical industry and life sciences, drug distribution and providing care, and private and public health insurance.

In the upstream of this ecosystem (manufacturers, laboratories, distributors, dispatchers, pharmacies, etc.), regulatory requirements, clinical trials and drug traceability, for example, generate large quantities of data flows: this involves fighting counterfeiting or parallel trafficking and protecting patients, or for the manufacturer, protecting its brand.

In the downstream of this ecosystem (healthcare facilities, hospitals, health insurance, private mutual health insurance companies, etc.), it is the exchange or sharing of medical data, or reimbursement of healthcare expenses which generate many data flows.

This is an industry where securing data flows, from authentication of players and verification of their rights to confidentiality and traceability, is of the utmost importance.

Public sector

The move to paperless official documents and forms, the creation of electronic business windows, the reduction in government expenditures and the computer ownership rate among citizens, are contributing to the increase in electronic exchanges with and between central and federal administrations.

Social protection, healthcare, defence, police and other sectors are increasingly going digital and this digitalization increases the need for digital identities and reliable identity validation systems.

3.4.2 Geographic markets and main access channels

Axway’s customers are located worldwide – in the United States and Europe, with the majority in France. In Asia-Pacific, Axway provides its customers with support for their infrastructure rollout projects with a limited direct presence. For the most part, Axway has gained a foothold in these markets using a direct approach, with a suitable presence and ability to be involved locally. In emerging markets, Axway currently relies on third-party distributors.

Depending on the location and industry, some products in the software suite have been deployed more than others: this is due to Axway’s history and its acquisitions. This situation gives Axway significant potential for business growth in its installed base, through cross-selling complementary modules and functions, offering existing customers additional value for streamlining their infrastructure and their suppliers.

3.5 Competitive position

Axway has a unique position in the integration solutions market because it governs all data flows and owns all flows at the enterprise edge.

As reports from industry analysts show, Axway has a leading position in the MFT, B2B and API Management technology market segments.

Axway's analysis indicates that these technologies are trending towards convergence and their complementary natures are an opportunity for enterprises to streamline governance of their data flows, all of which gives Axway a sure competitive advantage.

3.5.1 Competitive landscape

Players in the integration solutions market are:

- global players from the IT sector (Microsoft, IBM, Oracle and SAP), covering a wide spectrum from computers or computer operating systems to services of all kinds, and software (some are more focused on infrastructure software, others on application software, some on both). Their priority target is the business market, except for Microsoft which focuses a large part of its activity in the private market;
- or integration software publishers like Axway. They can be separated into two categories based on the solutions they offer:
  - integration solutions deployed within information systems and dedicated to integrating internal applications. The two main players in this category are Tibco and Software AG. Oracle is also well positioned in this category. They are more focused on developing and integrating applications using message-oriented middleware in Service Oriented Architecture. They offer governance of services, in an SOA context,
  - integration solutions that extend to the enterprise edge and that can also integrate external applications and enterprises. Axway and Seeburger are players in this category. Since its acquisition of Sterling Commerce, IBM is also well positioned in this category. They are more focused on the MFT, B2B and API Management segments. To differing degrees, they offer some ability to govern exchanges;
- or providers of cloud services, either native or from VANs (Value-Added Networks). They include GXS/Inovis and Liaison Technologies/Hubspan. SAP is also positioned in this category since its acquisition of Crossgate. IBM is also well positioned with the VAN that it obtained from Sterling Commerce. Some players have developed a more industry-specific offer, mainly in the supply chain industry (such as E2Open and GT Nexus/Tradecard).

This market saw a wave of consolidations that has slowed down since 2011. Axway has also contributed to the market's consolidation (see Axway's history in Chapter 1, Section 2).

3.5.2 How Axway stands out from the competition

Axway stands out from the competition in the integration solutions market in two ways:

1) Software systems to govern all data flows and own all flows at the enterprise edge

Using data flows to approach integration problems is what sets Axway apart from other integration solution providers. Most other players approach the issue through processes, but an automated process can only control interactions centrally, and this approach is inevitably limited to the enterprise's internal activities. In an extended ecosystem (in the broad sense, it can be internal or extend outside the enterprise, the edge is becoming an increasingly fuzzy concept), data flows organize processes that cannot be controlled centrally, but each participant has partial ownership. The flow-based approach is critical to control the process from end-to-end of the value chain.

Data flows that an enterprise exchanges with participants in its ecosystem are highly diverse: business files, protocols and structured formats that meet particular industry-specific standards, unstructured data created by people (emails, multimedia), and mobile or cloud application messages (API). Due to history and technology trends, these flows are managed in silos and are not connected to one another. Many of the enterprise's interactions with its ecosystem pass through these integration silos: a file from a partner must be routed to various applications that need said file and its data must be integrated into these applications through their available interfaces. Several technologies come into play: B2B, MFT and API management. End-to-end control and supervision of these data flows is currently fragmented: they are processed as a sequence of flows one after the other that must move from one console to another, from one environment to another, etc. The human cost to monitor these flows is high.

This does not involve simply ensuring transportation of the data from those who produce it to those who consume it: it involves managing this exchange in the context of the business interaction, defined by: “who interacts with whom,” “what interaction is taking place,” “what is required for a successful interaction,” etc. “Governing data flows” means managing exchanges in the context of business interactions.

“Governing data flows” creates value for customers: it directly impacts the enterprise’s processes and operational efficiency, it transforms a regulatory requirement into a business opportunity, and the enterprise can use it as a selling point to differentiate itself in its market (for example by guaranteeing higher level SLAs).

“Owning the edge” is a current concern for enterprises and their IT Departments, especially with the fragmentation of value chains and the expansion of the digital economy. Ownership of these flows will not be restricted to the “ability” to use them (connect to a cloud application, exchange unstructured data, expose or invoke internet services, etc.): the cloud, mobile devices, social networks, etc. require governance of all API flows that may pass through the information system, to meet security, regulatory, contractual and other requirements.

The combination of these two aspects gives Axway a unique position in the market: “governing all data flows” and “processing all flows at the edge” mutually reinforce one another and are indispensable to any company evolving in the modern economy.

2) A customized global commitment

Axway offers its customers a combination of offers, products and services with their respective rollout and service modes and associated economic models, and is committed to a global and customized value proposition.

The commitment may also include items relating to the data-flow management system’s quality of service (volume, performance and load, resilience and continuity of service), as well as items relating to the project’s success (completion in budget and by agreed upon deadlines). Axway rolls out data-flow brokerage systems that meet high, even extreme requirements, becoming a critical and strategic partner for many business communities. Axway is committed to giving its customers a data-flow management system in working order.

Axway tailors the data-flow management system to IT contexts and business targets, making it possible to roll out part or all of the Axway solutions based on needs and legacy equipment (start anywhere, use anything). Axway has solid experience in co-creating solutions with its customers, guaranteeing that products will be suitable for the market and accelerating their adoption.

3.6 Offer

3.6.1 Global offer

Axway offers comprehensive software solutions and professional services that provide enterprises with a global solution customized to their integration problems.

Software

Axway software solutions are grouped together in a comprehensive suite that covers all data flows in an enterprise’s ecosystem. Software products are separated by flow type:

Business file flows

Managed File Transfer (MFT) solutions can guarantee a service level agreement for file exchanges with applications, organizations or people, both inside and outside the enterprise. Most management data are transported in files, which still represent the vast majority of data transportation (according to an Axway estimate). Data conveyed in these files is sensitive or critical for the enterprise: the enterprise’s performance depends directly on the performance of said data’s routing.

The Axway data-flow management system covers all file transfer uses: automated transfer between applications, facilities or enterprises, interactive transfer using a portal (download) and transfer between people. It provides performance, security, quality of service, and one of the best available service level agreement guarantees thanks to its advanced governing functions.

Business-to-Business flows

Business-to-Business (B2B) integration solutions target exchanges of structured data (files or messages) between businesses (customers, distributors, suppliers, financial services, etc.), which often comply with industry-specific standards (such as EDIFACT, HL7, SEPA, etc.). Axway solutions conduct these exchanges based on the business interaction context, in particular by:

- supporting the network protocols and management document formats required by the business communities in which the enterprise is involved: each industry imposes its own exchange formats and protocols (multiple EDI variations for supply chain, HL7 for life sciences and healthcare, SWIFT for financial services, Odette for the automotive sector, etc.); API message based interactions, however, are increasing;

- sequencing all management document processing stages to meet service or compliance commitments, such as converting the management document to the format used by the internal management applications that use it, archiving and monitoring SLAs, and generating events or alerts in the event of discrepancies, etc.

The Axway data-flow management system covers all Business-to-Business interaction uses: extending management applications (such as ERP for example) to make them interact with participants in the ecosystem; integrating customers, distributors and suppliers in the enterprise's business community; providing an interactive services portal to members of the enterprise's community; providing service intermediation between participants in the same business community (single window, cloud service broker); integrating cloud or mobile applications.

The Axway data-flow management system provides advanced governance of Business-to-Business interactions, in particular by managing all context information for these interactions, such as information about partners (and the entire process for onboarding said partners in the community and monitoring their lifecycle) and information about management documents (and the entire process for processing said documents and monitoring related SLAs).

Application-to-Application flows

API (Application Programming Interface) management solutions enable Application-to-Application interactions through service messages (what the market calls API) between internal, cloud and mobile applications. APIs are a Service Oriented Architecture (SOA) based approach to governing flows of data. SOA is very powerful, because it addresses both private APIs (inside the enterprise) and public APIs (published and available in the ecosystem). With the growth – indeed the explosion – of the cloud and mobility, and new XML standards for these types of interactions, there has been a proliferation of APIs. Organizations like ProgrammableWeb are attempting to compile a list and estimate the number of available public APIs. In a recent article, they estimated that public APIs represent approximately 50% of APIs, private APIs 10% and the remaining 40% are APIs available selectively to ecosystem partners.

With the recent acquisition of Vordel, the Axway data-flow brokerage system has been enhanced and stands out thanks to governance of all these API flows. Two aspects of governing these flows are essential: applying management rules to these flows (for example, making sure that a customer is not requesting a service that its agreement does not authorize or checking that a customer has access rights for the service it is requesting), and verifying the requestor's identity (securely authenticating the customer before any interaction). This last issue (called identity middleware) is especially crucial in an open ecosystem like the internet: to keep users from having to authenticate themselves several times, new exchange standards were created to enable a user to access a service using its credentials from a trusted third party (such as people logging into LinkedIn using their Google credentials, for example). The Axway API Server supports all these standards and all XML API standards.

API Management technology is also a great resource for building a suite from a portfolio of products: the API server is used to facilitate interoperability between products and manage the APIs of the Axway data-flow management system itself, thereby ensuring that Axway's software suite stands out from the competition.

Person-to-person flows

Emails and "*ad-hoc*" files remain the primary means of person-to-person exchanges. These data flows are usually unstructured. When they are used in an automatic processing chain (like, for example, a payment file "manually" deposited *via* a web banking channel and used by the bank's information system), the file must not be corrupt and must be in the expected format. Many of these personal data flows are currently outside the enterprise's control, such as the use of USB keys and Box or similar cloud storage, which runs the risk of leaks or losses of sensitive data. The issue is not their transport, but their governance and making sure that the enterprise complies with its security policy and controls risks.

The Axway data-flow management system covers all personal data exchange uses: exchanging large files despite the limits of corporate messaging applications, sharing files in shared directories so that teams or employees in different locations can work together, and downloading files from portals. This unstructured data requires specific content analysis techniques supported by Axway.

Governing flows of data

Data exchange and owning all flows at the enterprise edge are the same thing; Axway supports all types of interaction flows for the enterprise in its ecosystem – Application-to-Application, Business-to-Business and person-to-person files, message, APIs and emails. But enterprises' have a greater need for control and optimization – governance – of all these flows of data, so as to guarantee the enterprise's optimal interaction in its ecosystem.

"Governing flows of data" means managing data exchanges in the context of their business interactions: in other words, knowing:

- "*who interacts with whom*": an enterprise, application or person. The information required to interact with each of them must be collected. Said information is then deployed in the infrastructure (in exchange systems), which will then be ready to interact with all entities in the ecosystem.

  When data is exchanged, the sender's or recipient's identity must be validated and their rights checked: for example, is this management document really expected from this partner at this time? Entities that interact have their own "life:" they must be monitored throughout their "life" and their information must be kept always up-to-date, especially certificates, official documents used to authenticate entities and secure exchanges between them: certificate management is a costly problem for large enterprises;
- "*what interaction is taking place*". An interaction is not restricted to a single exchange of data between entities: it may include processing such as:
  - at each end of the chain, data acquisition from the sender and data delivery to the recipient,
  - routing of more or less "intelligent" data,
  - data handling: as an intermediary between heterogeneous entities, data sometimes has to be converted from one format to another, enriched, encrypted, etc.,
  - verification that there are no duplicates, that the flow sequence is followed, archiving data (sometimes legally binding), etc.,
  - qualified employees working with data flows, to sign them, approve sending, repair incorrect data, etc.,
  - etc.

  Each interaction must be defined and its flow definitions kept in a reference guide: the enterprise will then have a complete map of its data flows, highly valuable for business lines, which can connect flows of data directly to the enterprise's processes;
- "*if the interaction occurs as expected*", in other words in accordance with its definition and the constraints that it must meet: service level agreement (*for example, the document must arrive within a certain time frame*), a regulatory requirement (*for example, documents must be archived and viewable for x years*), a corporate security policy (*for example, all flows that contain a personal identifier must be encrypted*), and taking into account uncertainties which may occur during the interaction (*for example, server or network outage, unavailable application, etc.*). To ensure that it is "successful," the enterprise should apply rules and trigger appropriate alarms or actions based on the context. This is the main focus of governance, referred to as policy management;
- governance cannot exist without supervision: the parties involved in controlling and monitoring flows of data, and the functional teams that rely on them, need visibility, alert notifications, generation of reports, analyses and prediction systems that anticipate problems before they occur. Commercial (technical or functional) supervision solutions are still too fragmented and often operate after the fact: they help detect, record and diagnose an anomaly, but still require a lot of manual time because often only the employees know the context and understand what might have happened. With Axway, the enterprise has a map of its data flows and defines the rules for them and will therefore be able to monitor them more intelligently, in other words taking into account the technical and functional context in which the interaction takes place.

The Axway data-flow management system provides the following **unique governance functions**:

- community and partner management, management of their identity and access rights, and certificate management. This includes managing the lifecycle of participants in interactions and on-going provisioning of up-to-date information about them, so that data-flow management systems are ready at any time to interact in a controlled ecosystem;
- the data flow definition reference guide, documenting the organization of processing to be performed on each data flow, on each management document. Each processing step is specified: it may be a transfer, a conversion, a rule, a human intervention, etc;
- "end-to-end" and "top-to-bottom" supervision. This includes technical monitoring of data exchanges and functional monitoring of business interactions, for example by analysing differences with SLAs; automatic triggering of preconfigured alerts based on the flows' definition; the ability to create

and customize analysis and monitoring dashboards and indicators; generation of reports; generation of a detailed audit trail; etc. Axway supervision is unique because it places each event in the related business interaction context, which enables detailed end-to-end traceability, including when third-party (non-Axway) systems are involved in flow processing.

A modular offer to facilitate adoption and extension of use

The offer is designed to be modular and flexible: it enables Axway customers to roll it out gradually within their information systems. First a customer purchases the modules that match its immediate needs and when said customer wants to expand to other related uses, it will find this extended use in an Axway product with a unified platform and governance, instead of continuing to rollout isolated silos. The result is a more reasonable total cost of ownership and operation for the system, and technical and functional scalability. This is why Axway supports its customers for the long-term as they grow and their interaction needs change.

An offer that takes advantage of the cloud's potential

The appearance of corporate information systems has dramatically changed over the past few years, due to the possibilities provided by the availability of "on demand" processing capacity, the virtualization of operating environments and outsourcing. The combined effect of these trends led to cloud computing: from the classic deployment of a computer on premise, there developed "on demand", in the cloud availability of the IT resources needed to run software. Axway is moving more and more towards these new forms of deployment with a "hybrid" offer that includes deploying software on premise and/or providing software services in the cloud on demand, the one complementing the other to provide a comprehensive value proposition – end-to-end governing of data flows.

Axway's cloud offer is growing as this mode of consumption is adopted by enterprises. The cloud is especially well suited for certain integration problems: the integration of cloud and mobile applications, B2B integration, business community management (and onboarding community members and management of their lifecycle), e-Invoicing, etc. The integration of Vordel's API Server will enable Axway to offer new intermediation services in the cloud.

Professional services

There are several types of professional services associated with these software solutions that are relatively traditional for a software publisher: on the one hand, maintenance and support (strongly connected to the user license), and on the other hand, training, on premise installation and configuration, integration in the information system, migration to new software, and advice on implementing data-flow management systems.

Migration is a differentiating offer for Axway. Implementing data-flow management systems often means migrating from an existing system (often comprised of multiple isolated software programs, based on commercial products or home-grown internal developments) to a new infrastructure and the publisher's ability to get the customer involved in the success of said migration is a key factor for success.

In some cases, Axway creates service packages, or provides add-ons to software products, to accelerate implementation of the data-flow management systems (quickstart package offers, additional software tools).

For most of its professional services, Axway offers its customers different commitment levels, for example:

- for support, Axway offers four levels of commitment, from electronic support *via* a portal (eSupport) to customized support with a quick response commitment and assignment of dedicated staff (Mission Critical Support);
- for product implementation, installation and configuration, software implementation and maintenance, and migration, Axway provides experienced staff or makes a project-based fixed deadline and budget commitment.

There are two types of professional services:

- one-time services – Axway's involvement at a specific time in the life of the customer's project: product training, installation and configuration, for example, are often this type;
- recurring or on-going services, also called managed services, in which Axway makes a long-term employee commitment in return for a long-term agreement, with responsibility transferred to Axway from the customer: for example, Third-Party Application Maintenance, from support to operation, and management of new versions, changes, incidents, etc., and more rarely full operation of the system.

Deploying software solutions as on demand, Software-as-a-Service inevitably includes managed services.

Publisher-Distributor Process

Axway's offer is part of an organizational system that favours a publisher-distributor process that has:

- on the Distributor side, a global sales system organized by region (Americas, Europe and Asia-Pacific). A systematic (vertical) economic sector-based approach is widespread locally. Centres of expertise are organized in the three regions and responsible for leveraging the market's "best practices," helping roll out software suites and providing user feedback to development teams. All of Axway's professional services activities are deployed on this side, to provide customers with a consistent overall experience throughout their "life" with Axway;

- the Publisher side is organized around an Offer Department responsible for the offer strategy and management of all products in the suite, a Research and Development Department responsible for the suite's production at several development centres (Paris, Annecy, Bucharest, Sofia, Phoenix, San Francisco and Dublin), and a Global Marketing Department responsible for marketing the suite. Since the offer is relatively horizontal, the Marketing Department is responsible for putting marketing efforts into context in the targeted industries and deploying these vertical solutions in Distribution.

3.6.2 Innovation

In the software industry, the offer plays a crucial role and innovation is key to standing out from the competition in the long-term, constantly creating more value and sometimes creating demand, for example by introducing new uses to the market. Axway uses an "innovation model" that promotes cooperation between multidisciplinary teams (technology or marketing watch, product offer, sales distribution), analysing new offerings using a set of criteria (production cost, market accessibility, proximity to Axway's core business, etc.) and feeding the input to the product lifecycle management (PLC) process. Axway also supports a high level of Research and Development (R&D) investment compared to average investment for the market, and continuously dedicates R&D resources to new and innovative developments, some of which will find a place either as add-ons to existing offers or as separate new offers. For a long time, Axway has invested a share of its earnings in R&D which is higher than the industry average.

Axway primarily invests in:

- Axway's DNA, which is also its differentiating position in the market: the dual value proposition to "govern flows of data" and "own the edge";
- the cloud and mobility: investments in these two key areas can take on many forms – governing flows of data related to these two areas, but also making certain products available in the cloud or on mobile devices;
- adding on to the Axway software suite to meet the needs of key accounts' large projects.

Additionally, Axway helps develop market standards through professional associations. It is a:

- sponsor of OASIS and participant in several technical committees on BPEL, ebXML, Web Services, SAML, BDXR, and others;
- influencing member of OMG (Object Management Group) and an active participant in developing standards such as BPMN (Business Process Modeling Notation) and BPDM (Business Process Definition Meta-model);
- integrator of IETF EDIINT standards: AS1-AS2-AS3 (Drummond Certification for AS1, AS2 and AS3);
- active member of GS1, Odette, HL7 and other national industry-specific associations.

4 RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group has consistently spread its research and development efforts across its entire software portfolio. They amount to the following:

(in millions of euros)	2012	2011	2010
Research & Development	32.5	32.1	32.7

These sums relate to:

- ongoing maintenance work;
- the convergence of the different technologies used;
- the release of new versions; and
- work on the IT architecture to enable a hybrid model to be used for the Synchrony™ platform.

These R&D expenses, which relate mainly to the direct cost of software development staff, have been recognised in full as operating expenses.

The Group has been granted 58 patents, and has nine pending. These patents were mainly filed in the USA. A breakdown is shown below:

	Managed File Transfer (MFT)	MFT – Doc Convert	MFT – Enrolment	Private URL	Messaging Firewall	Crypto-Security Firewall	Anti-Spam	Certificate Authority
Granted	17	5	4	3	15	16	4	7
Pending	2	0	2	0	5	2	2	0

These patents mainly relate to the secure data exchange segment, and the Company's business as whole is not especially dependent on a particular patent or technology (see Chapter 1, section 3.6.1).

The Company's degree of dependence on patents and licences is covered in Chapter 3, sections 5.1.2 to 5.1.6 and section 5.2.2.

5 INVESTMENTS IN 2012

5.1 Investment policy

Software development is not a sector that requires significant investment to be made on a routine basis. Axway regularly invests in IT equipment and office furniture, fixtures and fittings. Moreover, the Group's R&D expenses are recognised as operating expenses, and not as investments. As a result, Axway's main investments comprise acquisitions or purchases of shareholdings or intangible assets, particularly with a view to gaining new client bases and software, entering new markets or consolidating its existing presence in a certain region.

At the date of this Registration Document, the Company's management bodies have not made any firm commitments regarding significant investment.

5.2 Main acquisitions

In November 2012, Axway acquired Vordel Ireland and its subsidiaries. The cost of this acquisition amounted to €42.6 million (see Note 14 of Chapter 4). This acquisition strengthens Axway's market position in application interfacing and identity management solutions, thereby enabling it to step into a leading position in this emerging and promising market segment. API management rounds off Axway's MFT, B2B and integration offer. Clients will thus have access to a single solution to control all data flows at the Company's borders and manage these data flows by integrating access to the cloud and mobile devices.

Founded in 1999 in Dublin (Ireland), Vordel has 55 employees. Vordel's 2011 revenue amounted to over €8 million, up 30% on 2010. Vordel's technology is deployed in over 200 companies in the US, the UK, continental Europe, Latin America and Asia-Pacific.

5.3 Research & Development

The Group continued its R&D efforts in 2012 and allocated €32.5 million (versus €32.1 million in 2011) to develop, improve and expand its software solutions.

These R&D expenses, which relate mainly to the direct cost of staff dedicated to developing Axway Software's software packages and solutions, have been recognised in full as operating expenses (see section 3.6.2 of Chapter 1).

5.4 Facilities

A total of €3.5 million was invested in infrastructure and technical facilities in 2012, compared with €3.0 million in 2011 (see Note 16 of Chapter 4).

These investments break down as follows:

- furniture, fixtures and fittings: €2.4 million;
- IT equipment: €1.1 million.

Further information is presented on property, plant and equipment and intangible assets, as well as changes, in Notes 15 and 16 (Chapter 4) to the 2012 consolidated financial statements.

6 KEY FIGURES

6.1 Financial summary

(in millions of euros)	2012	2011	2010
Revenue	224.3	217.2	208.4
EBITDA	36.9	34.3	29.2
Operating profit on business activity	35.0	35.3	31.1
As % of revenue	*15.6%*	*16.3%*	*14.9%*
Profit from recurring operations	31.7	33.3	29.1
As % of revenue	14.1%	15.3%	14.0%
Operating profit	28.7	29.3	25.6
As % of revenue	*12.8%*	*13.5%*	*12.3%*
Profit (loss) for the period attributable to owners of the parent	24.7	21.5	26.6
As % of revenue	*11.0%*	*9.9%*	*12.8%*
Cash and cash equivalents	35.4	23.8	22.4
Total assets	377.1	304.5	308.4
Total non-current assets	252.3	209.2	208.6
Net debt (cash)	6.8	-21.3	48.2
Equity attributable to the Group	234.0	213.4	148.1
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	20,321,038	20,150,641	1,990,000
Basic earnings per share *(in euros)*	1.22	1.20	13.36
Diluted earnings per share *(in euros)*	1.21	1.20	13.36
Net dividend per share *(in euros)*	0.35[1]	0.25	10.95
Staff at 31 December	1,774	1,755	1,661

(1) Amount proposed to the General Shareholders' Meeting (4 June 2013).

6.2 Revenue by activity

(in millions of euros)	2012	2011 reported	2011 pro forma[1]	Total growth	Organic growth[1]
Licences	71.4	77.8	84.0	-8.1%	-15.0%
Maintenance	98.2	85.0	88.2	15.5%	11.4%
Services	54.7	54.4	55.7	0.4%	-1.8%
TOTAL	**224.3**	**217.2**	**227.9**	**3.3%**	**-1.6%**

(1) At constant exchange rates and scope of consolidation.

(in millions of euros)	2011	2010 reported	2010 pro forma[1]	Total growth	Organic growth[1]
Licences	77.8	77.9	76.8	-0.2 %	1.2 %
Maintenance	85.0	78.6	77.2	8.2 %	10.1 %
Services	54.4	51.9	51.4	4.9 %	6.0 %
TOTAL	**217.2**	**208.4**	**205.4**	**4.2 %**	**5.7 %**

(1) At constant exchange rates and scope of consolidation.

6.3 Revenue by region

(in millions of euros)	2012	2011 reported	2011 pro forma[1]	Total growth	Organic growth[1]
France	75.4	82.0	82.0	-8.0%	-8.0%
Rest of Europe	55.6	53.0	56.5	4.9%	-1.6%
Americas	86.5	76.7	83.1	12.8%	4.1%
Asia-Pacific	6.8	5.5	6.1	24.2%	10.3%
TOTAL	**224.3**	**217.2**	**227.9**	**3.3%**	**-1.6%**

(1) At constant exchange rates and scope of consolidation.

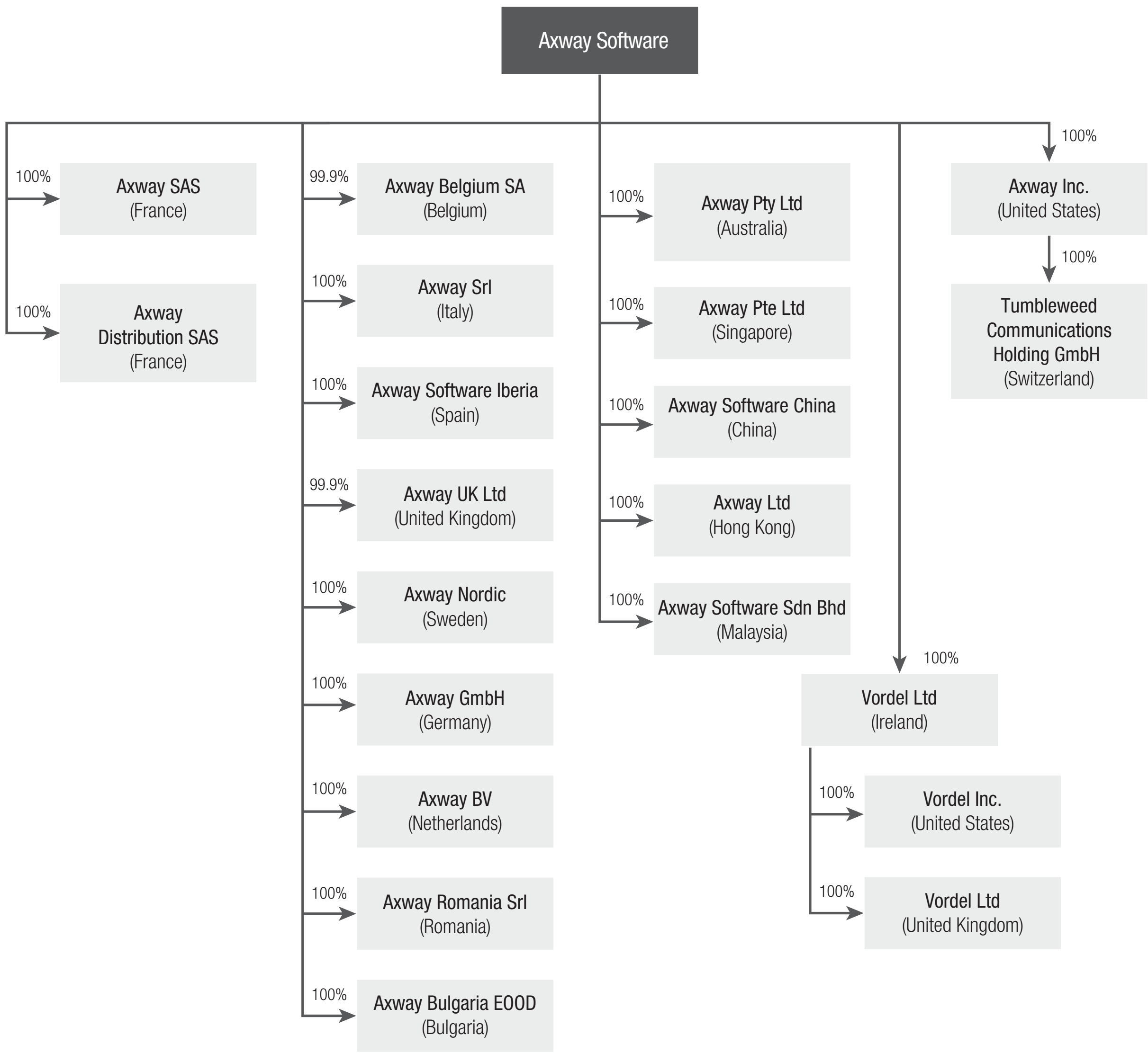
(in millions of euros)	2011	2010 reported	2010 pro forma[1]	Total growth	Organic growth[1]
France	82.0	82.1	82.1	- 0.1%	- 0.1%
Rest of Europe	53.0	49.8	50.9	6.5%	4.2%
Americas	76.7	72.4	68.2	6.0%	12.6%
Asia-Pacific	5.5	4.1	4.3	32.6%	27.5%
TOTAL	**217.2**	**208.4**	**205.4**	**4.2%**	**5.7%**

(1) At constant exchange rates and scope of consolidation.

6.4 Comparison of the years ended 31 December 2012, 2011 and 2010

(in thousands of euros)	2012	2011	2010
Revenue			
Licences	71,435	77,762	77,948
Maintenance	98,205	85,037	78,578
Sub-total licences and maintenance	**169,640**	**162,799**	**156,526**
Services	54,680	54,445	51,895
TOTAL REVENUE	**224,320**	**217,244**	**208,421**
Cost of sales			
Licences and maintenance	20,653	19,929	22,076
Services	51,070	49,285	46,354
TOTAL COST OF SALES	**71,723**	**69,214**	**68,430**
Gross profit	**152,597**	**148,030**	**139,991**
Operating expenses			
Sales costs	64,077	61,528	57,923
Research and development costs	32,508	32,079	32,662
General and administrative costs	21,046	19,120	18,321
TOTAL OPERATING EXPENSES	**117,631**	**112,727**	**108,906**
Operating profit on business activity	**34,966**	**35,303**	**31,085**
As % of revenue	15.6%	16.3%	14.9%
Expenses related to stock options	(1,147)	(146)	-
Amortisation of intangible assets acquired	(2,130)	(1,858)	(1,944)
Profit from recurring operations	**31,689**	**33,299**	**29,141**
As % of revenue	14.1%	15.3%	14.0%
Other income and expense	(2,940)	(3,967)	(3,583)
Operating profit	**28,750**	**29,332**	**25,558**
Financial income and expense	(114)	(2,667)	(2,011)
Tax expense	(3,976)	(5,208)	3,046
Net profit	**24,660**	**21,457**	**26,596**

7 SIMPLIFIED GROUP STRUCTURE AT 31 DECEMBER 2012



8 GROUP ORGANISATION

Axway's governance structure consists of a Chairman, a Chief Executive Officer and a Board of Directors.

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

8.1 Ongoing structure

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

8.1.1 Executive Management

Executive Management comprises the Chairman, the Chief Executive Officer and the Executive Committee (AxCom).

AxCom comprises the Chief Executive Officer, the Heads of the major operating entities and the Heads of the functional structures.

The members of AxCom are responsible for the development of strategy and supervise organisation and internal audit, as well as major cross-functional initiatives.

8.1.2 Operational departments

These are the entities that make up Axway's value chain and participate in developing, producing and selling Axway's products and services. The operational departments are:

- the Marketing Department, which carries out upstream strategic analysis (markets, competition) and processes involved in bringing products and services to the market;
- the Product Management and Development Departments, which are in charge of the development and maintenance of products and their subsequent upgrade;
- the Global Support Department, which provides clients with round-the-clock telephone assistance and support;
- the Distribution Department, which includes the Sales and Professional Services teams, who support clients in installing the software sold and provide assistance in using it.

These global departments have regional or national structures below them:

- regional marketing operations (EMEA, North America, APAC);
- development and support centres (France, North America, Romania, Bulgaria and India);
- sales subsidiaries (sales and services in eight countries in Europe, the Americas and Asia).

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

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

National sales subsidiaries are responsible for managing local clients: sales relationships, invoicing and debt collection. These subsidiaries benefit from the support of cross-functional programmes organised at Group level, which are aimed at coordinating the operational activities relating to certain client groups (sector-based approaches, key account approaches) or products/services (B2B programme, MailGate programme, AI Suite programme).

8.1.3 Functional structures

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

Functional structures standardise and propose management rules (information system resources, IT systems, financial reporting, etc.), support and render services on behalf of operational units and monitor the application of strategies and rules.

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

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

8.2 Temporary structures: businesses and projects

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

Projects are handled by temporary teams and are supervised:

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

Each project must be organised in order to meet a fundamental objective: client service, financial success and contribution to the overall 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.

9 HUMAN RESOURCES

9.1 Axway's corporate culture

Axway's value system is an integral part of the management model that is instilled at all levels and in all locations.

Axway's corporate culture is shaped by a system of core values that bind together the entire Group. It runs through Axway as a whole and takes account of the diversity resulting from its global presence.

9.1.1 Axway's values

Axway has five core values:

- **serving clients is our priority**: On a daily basis, our priorities are listening carefully to the requirements of existing and prospective clients, being creative and effective in meeting their needs, providing useful, scalable and innovative solutions;
- **targeting quality and excellence**: Quality and excellence are our watchwords as we seek to deliver value-creating services for our clients by being innovative and expanding our know-how, by working methodically, rigorously and consistently, and by being the best that we can be;
- **showing respect for others**: Listening, communicating, fulfilling the commitments we have made, developing the skills and aptitudes of others – these are the fundamental principles that guide us in our everyday activities;
- **working proactively and effectively**: The keys to a proactive and effective approach to work are acting quickly and efficiently in every situation, meeting the challenges of competition, accepting ambitious objectives, having the ability to delegate, recognising good work, and identifying areas in which we can improve;
- **adopting a Group ethos**: for our mission to be successful, we have to know how to work in a team, be consistently supportive, approachable and cooperative, play our part in meeting the complex needs of our clients by taking a global approach, and project the Group's image and share its core values.

To support Axway's development and strengthen the process initiated in 2012, a project to reaffirm these values has been launched, targeting staff members, and will be communicated in 2013.

9.1.2 Sharing the Group's values and ethos and integrating new staff

Axway's value system and ethos must be shared by our entire workforce, which consisted of 1,774 employees at 31 December 2012. A programme has been set up specifically to communicate and ensure the commitment of all staff to these values, especially among the 199 new members we welcomed in 2012.

This programme is organised by the Training Department. Its aim is to support Axway's expansion through the implementation of plans for the development of skills and the sharing of knowledge in order to:

- foster the development and motivation of employees by providing soft skills and behavioural training;
- stimulate a rapid increase in sales of Axway's products and services by strengthening technical and commercial training, *i.e.* by increasing the number and diversity of sessions, in conjunction with the Products Department and the Marketing Department;
- develop sector-specific training, mainly in relation to the finance, logistics, insurance and healthcare sectors, in conjunction with the organisation by business activity, in order to develop functional expertise in our clients' sectors;
- enhance the overall functioning of Axway by providing a higher level of behavioural training in relation to working in a matrix organisation in teams based in different locations and operating in an intercultural context;
- implement regulatory provisions for vocational training; and
- develop mentoring to increase the transfer of know-how in the context of taking on new responsibilities. Ensuring that this know-how continues within the Group is a major challenge.

9.1.3 Orientation seminars and staff integration

Axway regularly organises two-day orientation seminars for its new employees to familiarise them with the Group's history, mission, values and products and services, as well as the Group's service and quality ethos. These seminars are also an opportunity to get to know the main managers and meet staff from different countries, sectors and activities.

After this discovery of the organisation as a whole, training specific to each core competency completes the integration week.

9.2 Change in Axway's total workforce

	2012	2011	2010	2009	2008
Workforce	1,774	1,755	1,661	1,614	1,652

In 2012, 199 people were recruited by Axway worldwide, including 58 in France. At the end of 2012, Axway had 1,774 staff, including 629 in France.

Staff turnover was down in 2012. Globally, turnover was 10% against 11.9% in 2011. In France, it was 8.5% in 2012 against 11% in 2011.

9.3 Recruitment

In 2012, Axway maintained a recruitment drive to help with its growth plan.

In support of its recruitment drive, Axway continued its partnerships with a number of prestigious engineering schools and its internship scheme (mainly end-of-study internships leading to permanent recruitment in a very high proportion of cases). The recruitment of staff with highly-specialised skill sets was also stepped up.

Almost all newly-recruited staff are offered permanent contracts and have completed five or more years of higher education.

9.4 Workforce by age and length of service

The average length of service in France was 9.3 years at 31 December 2012, slightly up on 2011 (8.8 years).

The average age of employees was 39 in 2012, unchanged from 2011. Keeping the average age at this level is the direct result of recruiting young graduates.

9.5 Career development

9.5.1 Core Competency Reference Guide

All new staff members joining Axway do so with the intention of developing their skills and advancing in their chosen career.

The Core Competency Reference Guide has been in place for a number of years and is a useful internal tool for staff and managers alike. It describes all the Group's business activities (Product Management, Development & Maintenance, Marketing, Support, Sales and administrative functions) and helps employees grasp the expectations associated with their positions as well as the career options within the different areas.

9.5.2 Evaluation and career management

The evaluation of staff members allows us to optimise Axway's performance, but it is above all the cornerstone of our system for employee development. This system is based on two types of individual monitoring: work evaluations (focusing on performance and skills acquisition) and annual evaluation meetings (development and advancement plan).

These evaluations, in which the staff member plays an active role, are then discussed at HR Department meetings held every six months, where decisions are made about promotion, training and compensation. They thus form part of the career management process for each employee.

Those with high potential are identified and internal mobility actions are implemented to give them the promotion opportunities to which they aspire. Young people with potential receive support in working in different areas so they can expand their portfolio of skills. Geographical mobility is also encouraged when it contributes to the Group's global culture.

9.5.3 Skills development

The training of its staff members is a priority for Axway.

In 2012, the Training Department concentrated on consolidating training programmes for each main business activity, promoting the exchange of knowledge and know-how and leveraging best practices.

In all the Group's activities, training was widely deployed to enable all staff to develop their technological and methodological skills. In particular, efforts focused on sector-specific training, mainly in relation to the finance, logistics, insurance and healthcare sectors, in conjunction with the organisation by business activity, in order to develop functional expertise in our clients' sectors.

The key figures relating to our 2012 training programmes in France are as follows:

- 2,437 training days were provided, *i.e.* 3.8 training days per employee;
- 74.2% of employees trained.

Communities from different areas have been put in place to manage projects or provide the architecture to expand expertise or capitalise on know-how by means of legacy programmes.

9.5.4 Compensation

The Group's compensation policy is founded on the following objectives:

- respect for the principle of fairness;
- recognition of achievement and motivation of staff through a policy of compensation aligned with specific performance goals consistent with the Group's major challenges; and
- remaining competitive so as to attract and retain the most qualified candidates.

In 2012, Axway implemented salary increases on an individual basis.

9.6 Gender equality in the workplace

Women accounted for 22.2% of the workforce in 2012, the same proportion as in 2011.

A company-wide agreement introduced in 2007 stipulates the conditions for the entry into application of the individual wage increase guarantee for employees on maternity or adoption leave as required by the Law of 23 March 2006 on equal pay for women and men.

In addition in 2012, a collective bargaining agreement was signed on 13 December 2012 with the trade union organisations in favour of professional equality between women and men.

10 SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The concern for long-term viability and corporate social responsibility to contribute to sustainable development is a natural extension of Axway's values. The desire to manage its business rigorously and to turn these values into action has led the Group to adopt "virtuous" forms of behaviour in the social, environmental and societal spheres.

Axway Software's sustainable development policy covers all actions contributing to the Group's business development:

- respecting employees through appropriate working conditions, developing employees' skills and employability, non-discrimination and adherence to principles of fairness;
- providing outstanding service to clients thanks to a focus on excellence in the accomplishment of day-to-day responsibilities;
- safeguarding the environment by limiting pollution and the depletion of natural resources; and
- treating suppliers transparently and fairly in terms of relationships and working methods.

Axway Software's approach aims to reconcile efficiency with social fairness and respect for the environment. It is a continuous improvement process.

10.1 Employee information

10.1.1 Human Resources policy

In terms of Human Resources policy, Axway has always placed people at the heart of the Company, within a long-term vision. The development of men and women is one of the key factors in the Company's financial and social performance.

Axway is a well-established company offering its employees a stable working environment with stimulating career prospects. These opportunities are made possible within this Group whose businesses involve a wide variety of activities, with operations in France and abroad, and a strong company culture.

Axway's corporate culture is shaped by a system of core values that bind together the entire Group, as presented in Chapter 9.

Our Human Resources policy is based on:

- the successful integration of new employees in a Group that has consistently expanded its workforce;
- an active recruitment policy involving long-term partnerships with prestigious engineering schools and a highly successful programme of internships;
- a high level of training guaranteeing the excellence and adaptability of both employees and management, with a skills development plan that is reviewed each year and implemented by the Training Department; and
- regular evaluation of skills and revisions to our Core Competency Reference Guide so as to adapt to changes in the Group and in our clients' requirements.

Axway's international presence means that it employs people of different nationalities, both in France and abroad. With the conviction that this diversity is a major advantage for an international group, Axway promotes the diversity of its employees in terms of social, cultural and ethnic background, as well as age and gender.

10.1.2 Consolidated employee information

The number of employees shown under Total workforce and Breakdown of workforce by geographical area consists of the total number of Axway employees present at 31 December 2012.

In accordance with France's new economic regulations (NRE Act), for each employee-related topic presented, a more detailed part may be included (solely concerning Axway Software SA).

Employment

Total workforce and breakdown of employees by geographical area, category and age

In 2012, Axway had 1,774 employees.

Breakdown of workforce by geographical area

	2012
Europe	1,316
North America	418
Asia	40

Breakdown by category

We have not been able to set up this indicator for the whole of Axway this year. At Axway Software, women represented 22.2% of the workforce in 2012.

Average age by geographical area

	2012
Europe	39
North America	44
Asia	37

New hires

Number of new hires in 2012: 199[1]

Number of new hires at Axway Software SA	Number of dismissals at Axway Software SA
Axway hired 58 people on open-ended contracts in France.	In 2012, there were no dismissals for economic reasons. Out of a total workforce of 629 employees, there were six dismissals for specific employee-related reasons.

Compensation levels

Employee benefits expense (including social contributions)

(in millions of euros)	2012	2011
Total	140	133

In each country, the compensation policy is based on a performance evaluation system applied worldwide. Career development is managed on individual basis.

The Group's compensation policy is founded on the following objectives:

- respect for the principle of fairness;
- recognition of achievement and motivation of staff through a policy of compensation aligned with specific performance goals consistent with the Group's major challenges; and
- remaining competitive so as to attract and retain the most qualified candidates.

In 2012, like in 2011, Axway implemented salary increases on an individual basis.

Moreover, Axway complies with legal and contractual obligations with respect to compensation in all of its subsidiaries.

Profit-sharing at Axway Software SA

In France, a profit-sharing agreement was signed in June 2011. This agreement covers all employees of Axway Software. The special profit-sharing reserve consists of two portions: the first, 75% of the amount, is calculated in relation to length of service and the second, the remaining 25%, is calculated in relation to salaries.

The Company Savings Plan at Axway Software SA

A rule pertaining to the establishment of a company savings plan within Axway Software SA was implemented on 8 June 2012. The amounts paid under this plan are invested in mutual fund shares. The Group's contribution consists of the payment of all operating fees for the Company savings plan.

Occupational-insurance and retirement schemes and other benefits

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

(1) Open-ended contracts, including absent employees (sickness, maternity, etc.)

Work organisation

Organisation of working time

In each of its subsidiaries, Axway complies with its legal and contractual obligations concerning working time. The working time depends on local requirements and activities.

A total of 62 employees work part-time.

Organisation of working time at Axway Software SA	Hours worked by part-time employees
Axway Software SA implements the French National Collective Agreement for technical design and engineering offices, engineering consultants and consulting firms.	At Axway Software SA, employees from all staff categories have chosen to work part-time. Out of a total of 25 part-time employees, the largest number work 4/5 time, mainly within the framework of parental leave.

Absenteeism

At Axway Software SA, the total absenteeism rate was 0.83% in 2012, including 0.61% due to illness*.

Absenteeism at Axway Software SA

Reasons for absenteeism	% of absenteeism
Illness	0.61%
Occupational/commuting accident – occupational illness	0.01%
Maternity – adoption	0.05%
Family events	0.16%
TOTAL	**0.83%**

Relations with employees

This concerns the organisation of employer-employee dialogue, including procedures for informing and consulting with personnel and negotiations with personnel.

The quality of the employer-employee relationship within Axway is the fruit of ongoing dialogue between the management, employees and their representatives.

The employees are represented by employee representative bodies in France and in Germany. In France, the employees are represented by 26 personnel representatives while in Germany there are 11.

Professional relations at Axway Software SA

At Axway Software SA, employer-employee dialogue hinges on a Plant Committee, a Health, Safety and Working Conditions Committee, two Personnel Representative bodies and three Trade Union Representatives.

* *Absenteeism rates include the rate of sickness, occupational/commuting accident, occupational illness, maternity/adoption, family events as described in the following table. This indicator is only available for Axway Software.*

Summary of collective agreements

Within Axway, 64 agreements were in force at 31 December 2012. In 2012, two agreements were signed in France and four were signed in Germany.

The collective agreements signed at Axway Software SA in 2012 are the following:

- **agreement on the terms for distribution of shares within the scope of a free share allocation plan on 3 February 2012;**
- **agreement to promote gender equality on 13 December 2012.**

Health and Safety

For several years now, Axway has implemented a well-established health and safety policy. It sets out the Company's commitment to develop innovative products of the highest quality, while acting in an ethical way and guaranteeing the health and safety of its employees.

Axway is committed to providing its employees with a safe and healthy workplace. Health and safety are primordial concerns.

Health and safety conditions at Axway Software SA

In accordance with the Decree of 5 November 2011 on occupational risks, Axway Software SA has updated the Company's single occupational risk evaluation document.

In 2012, the CHSCT (Health, Safety and Working Conditions Committee) held four meetings.

In 2012, there was one occupational accident without lost time and none with lost time.

Measures taken to improve safety

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

The health and safety procedure is part of an overall procedure conducted in close collaboration with the occupational health doctors, site managers and CHSCT. As part of this process, defibrillators were installed in each building in late 2012.

Summary of collective agreements concerning health

No agreement has been signed in this regard.

Training

Axway's major objectives in the area of Human Resources management include increasing the expertise of its employees and providing opportunities for their professional development. In response to this major challenge, Axway has set up an internal structure offering a full range of training through a broad network of trainers: orientation seminars and training in the Group's business areas and products and services, as well as personal development programmes.

Through working closely with staff in a flexible way, this approach seeks to develop the skills of each and every one of the Company's employees.

These training programmes also have mechanisms for sharing knowledge and best practices.

Axway's Human Resources intranet site provides employees with comprehensive information on the training programmes available to them.

In 2012, Axway strengthened its training programmes, in particular by implementing training actions specifically intended to inculcate greater discipline in the management of contracts and to develop its capacity for innovation.

Training at Axway Software SA

Number of people trained in 2012: 480, *i.e.* 74.2% of the workforce at 31/12/2012.

In 2012, the average number of training days per employee was 3.8.

Equal treatment

Axway observes the principles of non-discriminatory recruitment and gender equality. The proportion of female engineers recruited is higher than the percentage of women graduating from engineering schools. With regard to gender equality, Axway applies a policy of fairness in relation to pay, promotion and access to training.

Axway's assessment system enables the Group to get to know its staff members and regularly monitor their development. This system is mainly based on assignment reviews, annual appraisals and twice-yearly assessment and review cycles. The system also includes a Core Competency Reference Guide, which can be used by employees to improve their understanding of the requirements of the Group's businesses and career development opportunities. For local managers, this Guide supports professional development in line with both employees' wishes and the Group's priorities.

The assessment system operates under the responsibility of over 75 local managers.

Commitments in favour of gender equality at Axway Software SA

On 13 December 2012, a collective agreement in favour of gender equality was signed, with the following objectives:

- ensure that the percentage of men and women having undergone training at least once during the year continues to reflect the percentage of men and women within the Company's workforce;
- prepare employees' return to work after maternity/adoption leave, parental leave or any other continuous absence of more than six months;
- based on the SYNTEC classification, narrow the gap between the average basic wage of men and women to plus or minus 5% in three years; and
- guarantee as many promotions for women as for men.

A company-wide agreement introduced in 2007 stipulates the conditions for the entry into application of the individual wage increase guarantee for employees on maternity or adoption leave as required by the Law of 23 March 2006 on equal pay for women and men.

Initiatives in favour of the employment and integration of disabled workers

With regard to its policy of employing more people with disabilities, Axway pursued two main aims in 2012:

- raising awareness among operational and functional managers to promote the recruitment of people with disabilities;
- developing the use of subcontracting, supply and service provision agreements with officially recognised sheltered workshops and accredited ESATs (assisted employment centres).

Initiatives in favour of seniors

In accordance with new legislation a plan covering the employment of the 50+ age group has been put in place. The main aims of this plan are:

- maintaining employees aged 50 and over in their jobs;
- planning a career path;
- developing competencies, qualifications and access to training; and
- transmitting know-how and competencies and developing mentoring schemes.

Promoting and abiding by the stipulations of the International Labour Organization's fundamental principles

Besides the issues concerning collective bargaining rights and abolishing employment discrimination described in "Relations with Employees" and "Equal treatment", Axway promotes the abolition of forced labour and child labour. Axway has chosen to set the mandatory minimum age for all its employees at 18, an age which is above the minimum age required by the International Labour Organization's fundamental principles.

All Axway entities are required to verity the age of their new employees at the time of their recruitment.

Methodology note

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

The lack of reporting procedure means that indicators are not available for the full consolidation scope this year. Work is being undertaken on the implementation of an internal reporting procedure which will enable these data to be collected for the 2013 report.

Employee data

Scope of consolidation

The headcounts shown in the "Workforce" and "Breakdown of workforce by geographical area" tables correspond to the total number of employees at 31 December 2012.

Indicators

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

Data

For the scope defined, the data stems from country-specific reports and the reports produced by the divisions concerned, *i.e.* Recruitment and Training.

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

Health and safety data

Scope of consolidation

The safety indicators concern all Axway sites.

Indicators

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

Data

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

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

10.2 Environmental information

Axway's environmental policy aims to minimise its impact on the environment by guaranteeing the health and safety of the employees, clients and communities in which Axway operates.

Software development has a limited impact on the environment. Nevertheless, Axway is committed to preserving the environment. Our businesses generate a large amount of travel, require signicant IT infrastructure and equipment and produce a lot of documents.

The need to control our environmental impact has therefore become a key factor in our management and production methods, and is covered by a continuous improvement programme involving the relevant functional divisions and all staff.

10.2.1 General environmental policy

Company measures to take account of environmental issues and, where applicable, carry out environmental evaluations or certification procedures

Management of business premises

At its sites in France and, depending on local legislation, in its international subsidiaries, Axway supports measures to protect the environment:

- furnishing of premises with ergonomic workstations enhancing the quality of working conditions for its staff;
- installation of energy-efficient and environmentally-friendly heating and air-conditioning systems when existing systems require replacement;

- preventive maintenance of facilities to save energy;
- use of whiteboards instead of flip charts;
- use of low-energy light bulbs;
- use of non-toxic and non-hazardous products by the cleaning services;
- installation of water fountains directly connected to the drinking water distribution network to reduce plastic bottle use; and
- commitment by site managers to observe and encourage respect for the environment and good practices on a day-to-day basis.

Employee training and awareness-raising regarding environmental protection

As the limitation of our environmental impact is understood to be a matter of concern for all parties involved, the Group's employees play a key role in this eco-responsibility process. Axway encourages employee initiatives in the area of environmental protection and promotes the avoidance of excess consumption of non-renewable energy resources in our working methods. A guide to eco-friendly behaviours was published and distributed in early 2009 to raise awareness and help employees in their day-to-day activities. Staff are regularly reminded of this guide, and all Group sites have champions tasked with supporting its adoption. With regard to purchases of consumables, office equipment and IT hardware, Axway has a proactive policy of working with suppliers who offer eco-friendly products.

Resources dedicated to the prevention of environmental risks and pollution

Axway has locations both in France and abroad. Axway's clients are located throughout France and abroad. All of the above generates a large amount of travel, with an associated environmental impact in terms of pollution and the consumption of energy resources.

In this context, and in order to limit the amount of business travel, Axway has implemented an action plan targeting a number of different areas: reducing travel to internal and external meetings by installing videoconferencing equipment at most Group sites and offering incentives to promote the use, wherever possible, of the least polluting forms of transport, particularly for travel within France and daily commutes to client sites. In 2012, Axway had 15 videoconferencing rooms available. Moreover, communications *via* webcam at individual workstations are becoming increasingly common.

10.2.2 Pollution and waste management

Measures to prevent, reduce or neutralise discharges into the air, water or soil with serious environmental impacts

Compared with heavy industry, Axway's software development and integration activities have a very limited impact on air, water and soil.

In order to limit discharges into the air, as explained in "Resources dedicated to the prevention of environmental risks and pollution", we limit our number of journeys by promoting videoconferencing and the use of webcams.

Measures to eliminate, recycle and prevent waste

IT resources are managed centrally by Axway's IT team. This ensures that hardware is standardised and shared, leading to energy savings.

Axway has a large number of servers that it uses in its software development activity. These servers contribute to the Company's environmental footprint (in terms of materials, energy consumption and air conditioning requirements). With the aim of controlling the related costs, as well as the environmental impact, Axway manages its servers as efficiently as possible by pooling hardware and implementing solutions for reducing the amount of energy consumed by workstations.

With regard to photocopiers and printers, Axway has developed a process for rationalising the number of devices and promoting sensible use of consumables. In this regard, networking represents a way of reducing the number of devices, since photocopiers also function as both printers and scanners (scan to mail). Most of our photocopiers have now been networked. Furthermore, virtually all our photocopiers support double-sided printing.

Axway manages its IT equipment according to very precise guidelines with a view to controlling costs and protecting the environment.

All IT equipment is listed in a database managed using HP's AssetCenter product. Technical, financial and usage information is continually updated over the life cycle of IT equipment, which helps to maximise its lifespan and ensure proper recycling when such equipment reaches the end of its life.

The quality of information collected ensures that IT equipment is effectively managed. Moreover, only equipment that becomes obsolete or which no longer meets the required standards is replaced.

Even once equipment has been removed and recycled, Axway maintains information relating to the final destination of equipment in its database.

Furthermore, the IT team helps to reduce Axway's greenhouse gas emissions by opting for the virtualisation of its IT infrastructure. This technology enables the IT centres to pool and optimise the use of their equipment resources.

The aims of this approach are reflected in:

- an increase in processing capacity and a reduction in the number of physical machines and related energy consumption;
- the purchase of more compact machines using less energy;
- significant space savings in IT centres by limiting the need to build extensions; and
- a longer life cycle for the use of equipment resources, thereby reducing toxic waste.

Finally, one of the key principles adopted over the last few years has been that of extending the lifespan of hardware and resisting pressure from manufacturers to constantly replace equipment.

Currently, Axway's IT equipment is used for at least four years. In order to ensure traceability, this equipment is regularly inventoried physically by Axway's technical teams, while related information is collected automatically *via* the network.

Waste management

In 2012, Axway continued to implement its waste recycling policy, in particular with respect to the following areas:

- implementation of waste separation at the Group's sites in France, working with specialised service providers. This decision was accompanied by an awareness campaign promoting the proper use of waste separation, in accordance with the specific characteristics of each site. Site representatives are appointed to ensure that all waste separation programmes across the Group operate smoothly, notably by suggesting corrective measures to improve efficiency;
- waste management relating to consumable computer and office supplies, batteries, beverage cans and paper, by making available special containers for this purpose, with waste collected by an accredited firm implementing procedures allowing for the monitoring of the quantity of waste processed; and
- a specific waste management plan for products covered by the European Union's Waste Electrical and Electronic Equipment (WEEE) Directive, with waste collected by accredited firms implementing procedures allowing for the traceability of this waste.

Attention paid to noise pollution and any other form of activity-specific pollution

Axway ensures that the machine rooms in which the servers are stored are acoustically insulated and located away from the offices so as not to disturb employees.

10.2.3 Sustainable use of resources

Water consumption and supply in keeping with local constraints

Software development requires very little water.

Well aware that water is one of the prime resources to be preserved, Axway nevertheless controls its use, in particular with respect to its employees. It raises employee awareness on the preservation of this resource.

This indicator is not available for this year, however work is taking place to make the indicator available for next year.

Consumption of raw materials and measures taken to make their use more efficient

Axway continues to encourage the wider use of paperless processes by deploying tools permitting electronic document management and by frequently urging its employees to avoid printing whenever possible. Concrete measures implemented by the Group to encourage the use of paperless processes combined with its efforts to raise environmental awareness among employees have a positive impact on the environment on a number of levels since they allow for reductions both in the use of paper and in energy consumed by printing. In addition, paperless processes help to limit the physical delivery of documents and, last but not least, less paper used for printing means less waste to be processed.

Paperless processes within the Group concern activity reports produced on a monthly basis by each employee, the management of paid leave and absences and IT requests related to the management of the Group's IT equipment, while work documents required for internal and external meetings are increasingly distributed electronically with the instruction to print them out only if absolutely necessary.

Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources

Axway aims to improve energy efficiency in all its operations.

This indicator is not available in respect of electricity this year. It will, however, be available from next year.

Soil use

Compared with heavy industry, Axway's software development and integration activities have a very limited impact on soils.

10.2.4 Climate change

Discharges of greenhouse gases

In comparison with other industries, software development requires relatively little energy. However, Axway sites have committed to using energy efficiently.

Adaptation to the consequences of climate change

Compared with heavy industry, Axway's software development and integration activities have a very limited impact on climate change.

10.2.5 Protection of biodiversity

Measures taken to preserve or promote biodiversity

As at the date of this report, Axway has not put in place any measures to safeguard or develop biodiversity. Local initiatives may exist.

Methodology note

For 2012, we have been unable to report on those indicators and data. The reporting process is currently being set up and will be operational for 2013.

10.3 Societal information

Concerning its local, economic and social impact, Axway is committed to acting as a socially responsible company and contributing to useful projects such as supporting NGOs. Axway wishes to develop equitable, long-term relationships with its subcontractors and suppliers, with due regard for social and environmental issues. Moreover, Axway supports the fight against corruption and is committed to applying the laws in force. For instance, the "Anti-Bribery Policy" implemented in the UK is also applicable to employees who work with clients in the UK.

10.3.1 Local, economic and social impact of the Company's activities

Axway contributes to local employment and takes part in regional development while remaining attentive to local populations.

Concerning regional employment and development

In France, Axway is based in Puteaux and Annecy.

Over the past three years, Axway hired 178 new employees on those sites, thereby promoting regional development.

Concerning local and neighbouring populations

Generally, Axway sites and those of its subsidiaries develop good relations with neighbouring communities and strive to create exemplary working conditions for their employees.

10.3.2 Relations with people and organisations interested in the Company's activities, in particular social integration associations, educational establishments, environmental protection associations, consumer associations and neighbouring populations

Axway maintains relations with educational establishments.

Dialogue with these people and organisations

Axway has always developed close partnerships with universities and engineering schools.

Axway enables students to discover the Company during their studies by offering them internships every year.

In 2012, Axway Software SA welcomed 16 students under internship contracts.

Partnerships and corporate patronage

As at the date of this report, no Company-wide initiatives exist in this regard. Local initiatives may exist.

10.3.3 Subcontractors and suppliers

Axway develops equitable, long-term relationships with its subcontractors and suppliers, with due regard for social and environmental issues.

Integration of social and environmental criteria in the Company's purchasing policy

As at the date of this report, Axway has not laid down a purchasing policy specifically integrating social and environmental criteria.

Importance of subcontracting and integration of CSR criteria in relationships with suppliers and subcontractors

Axway has not yet laid down a policy integrating CSR criteria in its relationships with suppliers and subcontractors.

10.3.4 Fair trade practices

Actions undertaken to prevent corruption

Axway supports the fight against corruption, complies with the United Nations Convention against Corruption of 31 October 2003 and is committed to applying legislation in force, specifically anti-corruption laws.

For example, an "Anti-Bribery and Gifts Policy" was laid down in the UK in 2012, in accordance with the "Bribery Act 2010".

A code of ethics is currently being drawn up and will apply to all employees.

Measures taken in favour of consumer health and safety

Compared with heavy industry, Axway's software development and integration activities have a very limited impact on consumer health and safety. Indeed, our clients are companies which use our software within the scope of their business activities.

Methodology note

The scope covered is that of Axway Software SA data subject to France.

The indicators used are those of the French Grenelle II regulations.

The data is collected from the departments concerned.

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CORPORATE GOVERNANCE

1 ADMINISTRATIVE BODIES AND EXECUTIVE MANAGEMENT

1.1 Composition of the Board of Directors

The Company is a French *société anonyme* with a Board of Directors. It is subject to applicable French laws and regulations and its Articles of Association.

The main provisions of these Articles of Association in respect of members of the Board of Directors and management bodies are provided 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 updated on 19 July 2011.

1.2 Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen. 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 years.

The Board of Directors elects from among its members a Chairman, who must be a natural person in order 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 require it to do so, at the request of its Chairman.

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

It decided to separate the functions of Chairman of the Board and Chief Executive Officer.

The Board of Directors is composed of the following members:

First name, surname and professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term	Directorships and offices held during the last five years
Pierre PASQUIER (age 77) Professional address: Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	0	Chairman of the Board of Directors	General Meeting of 19 May 2009 and Board of Directors' Meeting of 19 May 2009	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • Chairman of Axway Software; • Director or company officer of the Group's foreign subsidiaries (direct and indirect). Outside the Group: • Chairman and CEO of Sopra Group SA; • Chairman and CEO of Sopra GMT.
Kathleen CLARK BRACCO (age 45) Professional address: Sopra GMT PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	6,850	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: None. Outside the Group: Financial Information Director of Sopra Group SA.

First name, surname and professional address	Shares in the Company owned personally	Position held on the Board of Directors	Date of appointment	Expiration of term	Directorships and offices held during the last five years
Hervé DÉCHELETTE (age 68) Professional address: Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	22,406	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • director; • Director or company officer of the Group's foreign subsidiaries. Outside the Group: None.
Christophe FABRE (age 44) Professional address: Axway 6811 E. Mayo Boulevard, Suite 400, Phoenix, Arizona 85054 USA	188,071	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: • Chief Executive Officer; • Director or company officer of the Group's foreign subsidiaries. Outside the Group: None.
Michael Gollner (age 54) Professional address: 28 Addison Place - Suite 100 London W114RJ	7,000	Director	General Meeting of 24 May 2012	General Meeting convened to approve the financial statements for the year ended 31 December 2016	Within the Group: None. Outside the Group: Director of Get Healthy Inc.; Director of The Idea Village.
Pascal IMBERT (age 54) Professional address: Solucom Tour Franklin 100-101 Terrasse Boieldieu 92042 Paris La Défense Cedex France	340	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: None. Outside the Group: Chairman of the Management Board of Solucom.
Françoise MERCADAL-DELASALLES (age 50) Professional address: Société Générale Tour Société Générale 17 cours Valmy Paris La Défense 7 France	0	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: None. Outside the Group: Resources Director of the Group and member of the Executive Committee of Société Générale.
Hervé Saint-Sauveur (age 68) Professional address: LCH Clearnet SA 18 rue du 4 septembre 75002 Paris France	0	Director	General Meeting of 28 April 2011	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: None. Outside the Group: • Chairman of LCH Clearnet SA; • Director of Sopra Group SA; • Director of VIPARIS Holding; • Director of COMEXPOSIUM; • Director of SOGECAP; • Elected member of Paris Chamber of Commerce and Industry.
Yves de Talhouët (age 54) Professional address: 39 rue Boileau 75016 Paris France	0	Director	Board of Directors' meeting of 31 July 2012	General Meeting convened to approve the financial statements for the year ended 31 December 2014	Within the Group: None Outside the Group: Chief Executive Officer of EMEA HP; Director of Devoteam Tinubu.

At its meeting of 9 May 2011, the Board of Directors selected independent directors in accordance with the recommendations of the Middlenext Code of corporate governance. Hervé Déchelette, Pascal Imbert and Hervé Saint-Sauveur were appointed independent directors at that time.

David Courtley, a former Company director, resigned from his duties during the 2012 financial year. At its meeting on 31 July 2012, the Board of Directors appointed Yves de Talhouët to replace David Courtley. This appointment shall be submitted for approval at the Company's next General Meeting.

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

Pierre Pasquier has around 40 years' experience in the fields of IT and corporate management. In 1968 he co-founded Sopra Group SA, the Company that gave birth to Axway and which is now one of France's leading consulting and systems and solutions integration companies. He is a graduate of the University of Rennes (Mathematics, 1962).

Kathleen Clark Bracco has been a member of the Board of Directors since 28 April 2011.

Kathleen Clark Bracco has been Deputy Managing Director of Sopra GMT since1 January 2012. She is also Sopra Group SA's Director of Financial Communications and, as such, is responsible for investor relations as a whole. Kathleen Clark Bracco began her professional career in the United States education sector. She is a graduate of the University of California at Irvine (Literature, 1994) and the University of California at San Jose (English, 1989).

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

Hervé Déchelette has been with Sopra Group SA for most of his career, and was Company Secretary until 2008. He is an expert-comptable (French equivalent of chartered accountant) by training and has a degree from the École Supérieure de Commerce de Paris.

Christophe Fabre was appointed Chief Executive Officer on 22 December 2005 and has been a member of the Board of Directors since 28 April 2011.

Christophe Fabre has been with Sopra Group SA since July 1995, when he joined the Department that gave birth to Axway Software. After being appointed Chief Technology Officer (CTO) in 2003, he was responsible for combining all of Axway Software's existing products onto a single platform before being appointed Chief Executive in 2005. He is a graduate of the Institut d'Informatique et Mathématiques Appliquées de Grenoble (IMAG), where he gained a DESS postgraduate diploma in Computer Science in 1993.

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

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

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

Pascal Imbert began his career with Télésystèmes in 1980. In 1990, he co-founded Solucom, where he has been Chairman of the Management Board since 2002. Solucom is a management and information systems consultancy whose clients are among the top 200 large corporates and administrations. Solucom is listed on NYSE Euronext and has been recognised as an "innovative business" by OSEO innovation. Pascal Imbert is a graduate of both the École Polytechnique and the École Supérieure des Télécommunications.

Françoise Mercadal-Delasalles has been a member of the Board of Directors since 28 April 2011.

Françoise Mercadal-Delasalles has spent her career working for the French Ministry of Finance (Budget Directorate) and in the banking sector. Since February 2009, she has been Société Générale Group's Resources Director and a member of the Group's Executive Committee. Françoise Mercadal-Delasalles holds bachelor's degrees in Arts and Law and is a graduate of the Institut d'Études Politiques de Paris and an alumna of the École Nationale d'Administration (class of 1986/1988).

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

Since 30 May 2005, Hervé Saint-Sauveur has been a member of Sopra Group SA's Board of Directors, within which he is Chairman of the Audit Committee. He joined Société Générale in 1973. After working in the Economic Research Department (1973), he went on to become Director of Financial Control (1980-84), Chief Executive of Europe Computer Systems (1985-90), Operations Director in the Capital Markets Division (1990-94), Group Strategy and Finance Director and member of the Executive Committee (1995-2002), and adviser to the Chairman (2003-2006). Since 2009, he has been Chairman of LCH Clearnet SA. 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 been a member of the Board of Directors since 31 July 2012.

He has been Chief Executive Officer of EMEA HP since May 2011. He was previously Chairman and CEO of HP France and at the same time Chairman and CEO of TSG. 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.

1.3 Senior executives and company officers

First name, surname and professional address	Office	Date first appointed and date on which office expires	Offices and duties within the Group during the last five years	Offices and duties outside the Group during the last five years
Pierre PASQUIER Professional address: Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France	Chairman of the Board of Directors	**First appointment:** 22 December 2001	**Current offices** and duties: (Chapter 2, section 1.2)	**Current offices** and duties: (Chapter 2, section 1.2)
		Expiration of term: General Meeting convened to approve the financial statements for the year ended 31 December 2014	**Expired** offices and duties: (Chapter 2, section 1.2)	**Expired** offices and duties: (Chapter 2, section 1.2)
Christophe FABRE Professional address: Axway 6811 E. Mayo Boulevard, Suite 400 Phoenix, Arizona 85054 USA	CEO	**First appointment:** 22 December 2005	**Current offices** and duties: (Chapter 2, section 1.2)	**Current offices** and duties: (Chapter 2, section 1.2)
		Expiration of term: General Meeting convened to approve the financial statements for the year ended 31 December 2014	**Expired** offices and duties: (Chapter 2, section 1.2)	**Expired** offices and duties: (Chapter 2, section 1.2)

1.4 Family relationships

As at the date of approval of this document, to the best of the Company's knowledge, there are no family relationships between members of the Board of Directors and the Company's management.

1.5 Legal information

At the time of writing, 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 corporate officers has been prevented by the courts from acting as a member of an issuer's administrative, management or supervisory body or from being involved in an issuer's management or the conduct of its business in the past five years at least.

1.6 Conflicts of interest within administrative and management bodies

The Company maintains significant relations for its business and development with Sopra GMT, the lead holding company of which Pierre Pasquier is Chairman and Chief Executive Officer and in which he holds a majority of voting rights. Sopra GMT controls the Company as a result of its directly and indirectly holding of more than half of the Company's voting rights (Chapter 7 section 2).

Furthermore, a framework assistance agreement has been entered into with Sopra GMT, under the terms of which Sopra GMT will provide a number of services to Sopra Group SA and Axway Software (Chapter 7 section 2.3). In accordance with the procedure applicable to regulated agreements, this agreement was submitted to the Board of Directors 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 three independent members, appointed at a meeting held on 9 May 2011, in accordance with the recommendations of the MiddleNext Code of corporate governance;
- the directors submit to the obligation to comply with the interests of the Company, the rules set out in the charter and the internal regulations of the Board of Directors or any other rules contributing to good governance as defined in the Middlenext Code of corporate governance ("Compliance for Board members").

1.7 Committees

An Audit Committee was created by resolution of the Board of Directors held on 9 May 2011 which also decided, with immediate effect, on its composition, its operating procedures and its powers. Its members are:

- Hervé Saint-Sauveur, (Chairman);
- Françoise Mercadal-Delasalles;
- Hervé Déchelette;
- Michael Gollner.

The procedures of the Audit Committee are described in Chapter 2, section 4.1.5.

A Selection, Ethics and Governance Committee was created by a resolution of the Board of Directors on 22 May 2012 which also decided, with immediate effect, on its composition, its operating procedures and its powers. Its members are:

- Pierre Pasquier, Chairman;
- Kathleen Clark Bracco;
- Pascal Imbert;
- Hervé Déchelette.

The procedures of the Selection, Ethics and Governance Committee are described in Chapter 2, section 4.1.5.

A Remuneration Committee was created by resolution of the Board of Directors held on 22 May 2012 which also decided, with immediate effect, on its composition, its operating procedures and its powers. Its members are:

- Pascal Imbert, Chairman;
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Yves de Talhouët.

The procedures of the Remuneration Committee are described in Chapter 2, section 4.1.5.

1.8 Compensation paid to company officers

The Company's Ordinary General Meeting of 24 May 2012 decided to allocate directors' fees in the amount of €250,000 for the financial year 2012 as part of its resolution No. 12.

Article 9 of the internal regulations of Axway Software's Board of Directors.

Half of the total directors' fees are distributed equally between the members of the Board of Directors.

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

STATEMENT OF DIRECTORS' FEES AND OTHER COMPENSATION RECEIVED BY NON-EXECUTIVE OFFICERS WITHIN THE GROUP AS A WHOLE

Non-executive company directors	Amounts due in the 2012 financial year	Amounts due in the 2011 financial year
Pierre PASQUIER(1)		
Directors' fees	21,000	23,438
Other compensation		
Christophe FABRE(2)		
Directors' fees	21,000	23,438
Other compensation		
Hervé SAINT-SAUVEUR		
Directors' fees	48,273	26,367
Other compensation		
Hervé DÉCHELETTE		
Directors' fees	39,663	23,438
Other compensation		
David COURTLEY		
Directors' fees	10,500	23,438
Other compensation		
Pascal IMBERT		
Directors' fees	31,000	21,973
Other compensation		
Kathleen CLARK BRACCO		
Directors' fees	26,000	23,438
Other compensation		
Françoise MERCADAL-DELASALLES		
Directors' fees	21,000	21,973
Other compensation		
Michael GOLLNER		
Directors' fees	19,591	-
Other compensation		
Yves de TALHOUËT		
Directors' fees	12,000	-
Other compensation		
TOTAL	**250,000**	**187,503**

(1) For his position as director.
(2) For his position as director.

As of this date, there is no service contract linking the Directors and administrative bodies and/or the Management with the Company.

The table below shows the remuneration paid and owed to Pierre Pasquier and Christophe Fabre for the last two financial years:

SUMMARISED STATEMENT OF COMPENSATION PAYABLE AND OPTIONS AND SHARES ALLOCATED TO EACH EXECUTIVE OFFICER IN THE GROUP AS A WHOLE

(in euros)	2012	2011
Pierre PASQUIER		
Compensation payable in respect of the financial year	141,000	83,438
Valuation of options allocated during the year	-	-
Valuation of performance-based shares allocated during the year	-	-
Christophe FABRE		
Compensation payable in respect of the financial year	562,503	946,639
Valuation of options allocated during the year	-	588,841
Valuation of performance-based shares allocated during the year	-	-
Granting of bonus shares as part of the Bonus Share Plan already in place	45	-

SUMMARISED STATEMENT OF COMPENSATION RECEIVED BY EACH EXECUTIVE OFFICER FOR ALL OF THEIR FUNCTIONS WITHIN THE GROUP

	2012		2011	
(in euros)	Amount due	Amount paid	Amount due	Amount paid
Pierre PASQUIER				
Fixed compensation	120,000	120,000	60,000	60,000
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	21,000	23,438	23,438	-
Value of benefits in kind				
TOTAL	**141,000**	**143,438**	**83,438**	**60,000**
Christophe FABRE				
Fixed compensation(1)	311,308	311,308	305,144	305,144
Variable compensation(1)(2)	140,089	167,829	167,829	213,601
Exceptional compensation	-	-	372,200	372,200(3)
Directors' fees	21,000	23,438	23,438	-
Value of benefits in kind(1)(4)	90,105	90,105	78,028	78,028
TOTAL	**562,503**	**592,681**	**946,639**	**968,973**

(1) The fixed and variable compensation and the benefits in kind are paid in dollars. The conversion rate used to produce this table for the 2011 financial year is that in effect at 31 December 2011; on that date, the rate was \$1.00 = €0.76286. The conversion rate used to produce this table is that in effect at 31 December 2012; on that date, the rate was \$1.00 = €0.77827.

(2) The criteria applied to determine the amount allocated in respect of variable compensation are two-thirds quantitative and one-third qualitative, namely organic growth of the Company and operational margin. The achievement levels for these quantitative criteria have been laid down precisely, however they cannot be disclosed due to confidentiality reasons. The qualitative criteria are determined annually depending on the issues faced by the Company, however they cannot be disclosed because of confidentiality reasons.

(3) This exceptional compensation replaces bonus shares authorized by the Board in a context where it was considered important to strengthen the Chief Executive Officer at a key moment in the development of the enterprise, and also in view of a delay in the establishment of a stock option plan. This exceptional compensation is added to the share subscription options granted during the financial year. The amount of exceptional compensation, which was decided by the Board, has been calculated on the basis of a value of 20,000 shares valued at €18.61 per share.

(4) The benefits in kind enjoyed by Christophe Fabre primarily comprise a company vehicle and living accommodation. The amounts shown in the table above do not include social security contributions paid in France, which came to €104,000 in 2012 and €85,155 in 2011.

Executive officers	Employment contract Yes	Employment contract No	Supplementary pension plan Yes	Supplementary pension plan No	Indemnities or benefits due or likely to become due on the termination of service or change of functions Yes	Indemnities or benefits due or likely to become due on the termination of service or change of functions No	Indemnities relating to a non-competition clause Yes	Indemnities relating to a non-competition clause No
Pierre PASQUIER Chairman Start of term of office: Board of Directors' meeting of 19 May 2009 End of term of office: General Meeting convened to approve the financial statements for the year ended 31 December 2014		X		X		X		X
Christophe FABRE CEO Start of term of office: Board of Directors' meeting of 22 December 2005 End of term of office: Open-ended	X			X(1)		X		X

(1) The Company made provisions to pay retirement expenses for 2012 under the suspended employment contract of Christophe Fabre as part of the AGIRC ARRCO standard procedure for executives.

Christophe Fabre has been employed by Sopra Group SA since 1995. His employment contract was transferred to Axway when it was made a subsidiary in 2001, as were all the employment contracts of the employees of the transferred business activities.

With effect from 22 December 2005, the date of Christophe Fabre's appointment as the Company's Chief Executive Officer, his employment contract was suspended and it will remain suspended for as long as Christophe Fabre serves as Chief Executive Officer.

The Board of Directors' decision to maintain Christophe Fabre's employment contract and to suspend it whilst he serves as Chief Executive Officer was taken based on his length of service as an employee of the Company.

It should be noted that Christophe Fabre was granted 170,397 options to subscribe to shares under Plan No. 1 (Chapter 7, section 6), and 200,000 options to subscribe to shares under Plan No. 3 (Chapter 7, section 6), which has the following characteristics:

HISTORY OF SHARE SUBSCRIPTION OPTIONS GRANTED TO COMPANY OFFICERS

Information on share subscription options		
	Plan No. 1	Plan No. 3
Date of the General Meeting that authorised the plan	23/05/2007	28/04/2011
Grant date by the Board of Directors	23/05/2007	18/11/2011
Company officer concerned by the award	Christophe Fabre	Christophe Fabre
Total number of shares that may be subscribed	170,397(1)	200,000(1)
Date from which options may be exercised	24/05/2011	18/05/2014 for 50% 18/11/2016 for 50%
Expiry date	23/05/2012	18/11/2019
Subscription price	€12.61	€14.90
Number of shares subscribed at 31/12/2012	170,397	-
Cumulative number of share subscription options having been cancelled or expired	-	-
Share subscription options outstanding at 31/12/2012	-	200,000

(1) The granting of these subscription options is not attached to any performance conditions since none are required by Plans No. 1 and No. 3.

The table below sets out the method used to determine the subscription price and the adjustments made to the number of shares that may be subscribed under Plan No.1:

Unit price Change	Value of the option	Number of options	Event
-	78.90	20,100	Allocation(1)
28.00	106.90	-	2008 Adjustment(2)
0.9558	102.18	-	Before distribution & capital increase(3.1)
-	-	21,029	Before distribution & capital increase(3.2)
0.1250	12.77	168,231	Eight-for-one stock split(4)
0.9876	12.61	-	Capital increase(5.1)
-	-	170,397	Capital increase(5.2)

(1) Initial position as at 23 May 2007 upon allocation.
(2) = (par value of one share after 2008 capital increase – par value of one share before 2008 capital increase), i.e. (€38.00 – €10.00).
(3.1) = (Axway value after distribution/Axway value before distribution of premiums and reserves) i.e. €300,000,000.00/€313,863,641.18.
(3.2) = (strike price of a share option before adjustment/strike price of a share option after adjustment).
(4) = (total number of shares after stock split/total number of shares before stock split), i.e. 1/8.
(5.1) = (number of shares before capital increase/number of shares after capital increase), i.e. 15,920,000/16,120,513 = 0.9876.
(5.2) = (strike price of a share option before adjustment/strike price of a share option after adjustment).

SHARE SUBSCRIPTION AND PURCHASE OPTIONS ALLOCATED DURING THE YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

- No share subscription or purchase options were granted by the issuer or any Group company to executive officers in 2012.
- No share purchase plan had been implemented by Axway Software as of the date of this Registration Document.

1.9 Provisions made by the Company and its subsidiaries to pay pension, retirement and other advantages to executives

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

In respect of the 2012 financial year, the Company made no provisions to pay pension, retirement and other benefits to members of its administrative or management bodies other than the retirement expenses as part of the suspended employment contract of Christophe Fabre as part of the AGIRC ARRCO standard procedure for executives.

1.10 Code of corporate governance

The Company decided to adopt the recommendations of the MiddleNext Code of corporate governance for small and midcaps as issued in December 2009, owing to its compatibility with the size of the Company and its capital structure.

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

The Company applies a number of recommendations included in the Middlenext Code and intends to adapt its internal process on a gradual basis with each passing financial year. However, for 2012, the status of the application of the Code's recommendations is as follows:

Recommendation number	Purpose of the recommendation	Applied	Explained
1	Combination of employment contract and directorship	Yes	
2	Definition and transparency of the compensation of executive officers	Yes	
3	Severance pay	Yes	
4	Supplementary pension plans	Yes	
5	Stock options and bonus share grants	Partially	-(1)
6	Introduction of Board internal regulations	Partially	-(2)
7	Compliance for Board members	Partially	-(3)
8	Composition of the Board – Independent directors on the Board	Yes	
9	Selection of directors	Yes	
10	Directors' term of office	Yes	
11	Board member information	Partially	-(4)
12	Creation of committees	Yes	
13	Board and Committee meetings	Yes	
14	Directors' compensation	Yes	
15	Introduction of Board evaluation	Partially	-(5)

(1) The terms of allocation are complied with (no excessive allocation or allocation on departure). However, the terms for exercising options are not complied with (no performance conditions) as the overall allocation plan this falls under does not include any performance conditions.

(2) This recommendation is followed, with the exception of the publication of the internal regulations.

(3) The Axway Board members who were appointed in 2009 and 2011 did not sign the Board's internal regulations since said rules were adopted at a later time, but they did accept the terms of the internal regulations at the Board meeting of 31 July 2012.

(4) A procedure for assessing the quality of Board information by its members will be provided to the Board members at the first Board meeting in 2013 in order to take their comments into consideration for the information remitted during financial year 2012. Depending on responses, the Board will take adequate steps to improve the quality of information for the financial year 2013.

(5) Assessment of the work of the Board for the financial year 2012 will be performed during the term of the first Board of Directors in the financial year 2013. It was considered important for the Board members to have an adequate amount of time to perform an exhaustive analysis of the procedures and preparation of the work of the Board. The summary of this self-assessment will serve as a guideline for procedures and the preparation of work for the financial year 2013. The methods used to assess the work of the Board of Directors are also discussed in Chapter 2, section 4.1.6.

2 THE STATUTORY AUDITORS

2.1 Statutory Auditors and Alternate Auditors

Cabinet Mazars represented by Christine Dubus, Statutory Auditor;

Jean-Louis Simon, Alternate Auditor;

Cabinet ACA (Auditeurs & Conseils Associés) represented by François Mahé, Statutory Auditor;

AEG Finances, Alternate Auditor.

2.2 Fees for Statutory Auditors and members of their networks

	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Audit												
Statutory audit, certification and review of the individual company and consolidated financial statements												
• Issuer	96	102	45	30%	34%	17%	85	94	54	67%	51%	37%
• Fully-consolidated subsidiaries	197	194	202	61%	66%	77%	36	27	28	28%	15%	19%
Other work and services directly related to the statutory audit:												
• Issuer	-	-	-	0%	0%	0%	-	59	55	0%	32%	38%
• Fully-consolidated subsidiaries	30	-	-	9%	0%	0%	-	-	-	0%	0%	0%
Subtotal	**323**	**296**	**247**	**100%**	**100%**	**94%**	**121**	**180**	**137**	**95%**	**98%**	**94%**
Other services provided by the networks to fully-consolidated subsidiaries												
Legal, tax and employee-related	-	-	15	0%	0%	6%	6	4	9	5%	2%	6%
Other	-	-	-	0%	0%	0%	-	-	-	0%	0%	0%
Subtotal	**-**	**-**	**15**	**0%**	**0%**	**6%**	**6**	**4**	**9**	**5%**	**2%**	**6%**
TOTAL	**323**	**296**	**262**	**100%**	**100%**	**100%**	**127**	**184**	**146**	**100%**	**100%**	**100%**

3 REGULATED AGREEMENTS

3.1 New agreements concluded in 2012

3.1.1 Agreement on invoicing the costs of Axway Inc.'s acquisition of Vordel to Axway Software SA

Axway Inc. invoiced the costs of acquiring the Vordel Group in the amount of €710,872 based on the real costs of the transaction. This invoicing was justified by the fact that the acquisition of Vordel was carried out by Axway Software SA. The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission. This agreement shall be submitted for approval at the next General Assembly, in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

3.1.2 Disposal of the SCI (Brazil) distribution agreement concluded between Axway Software SA and SCI-Sistemas Computacao e Informatica Ltda to Axway Inc.

A distribution agreement was concluded between the company SCI-Sistemas Computacao e Informatica Ltda and Axway Software SA. The Group decided to proceed with the disposal of this agreement of Axway Software SA to the company Axway Inc. to allow the Group to have a better reading of its revenue per geographic area (America, Europe, Asia). The €1,737,217 sale amount was valued on the basis of real costs. The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission. This agreement shall be submitted for approval at the next General Assembly, in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

3.1.3 Write-off of receivables

The Board of Directors authorised writing off receivables owed to the Company in the amount of €318,392.50 by its Italian subsidiary Axway Srl. The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission. This agreement shall be submitted for approval at the next General Assembly, in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

3.1.4 Commercial lease concluded between Axway Software SA (lessee) and Sopra Group (lessor and shareholder of Axway Software SA)

The Board of Directors authorised the conclusion of a commercial lease agreement between Axway Software SA and Sopra Group. The agreement was concluded for a term of nine (9) years and is set to expire on 31 December 2020. The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission. This agreement shall be submitted for approval at the next General Assembly, in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

3.2 Agreements approved in previous years which continued to be applied during the year

The execution of the following agreements which were approved in previous years continued in 2012:

3.2.1 Agreements concluded between Axway Software and Sopra Group

Agreement	Impact on the 2012 financial statements
Provision of premises	-€2,750,678
Provision of IT resources	-€253,500

3.2.2 Agreement concluded between Axway Software and Sopra GMT

Agreement	Impact on the 2012 financial statements
Assistance provided by functional divisions	-€216,455

3.2.3 Agreements concluded between Axway Software and its subsidiaries

Agreement	Impact on the 2012 financial statements
Assistance provided by functional divisions Axway Inc.	-€2,900,505
Agreement to make available IT resources between Axway Software SA and its subsidiaries	
Axway GmbH	€237,876
Axway Nordic	€45,847
Axway Belgium	€32,276
Axway Srl	€36,920
Axway BV	€20,000
Axway Iberia	€38,824
Axway Romania	€434,236
Axway Bulgaria	€268,200
Axway Inc.	€654,256
Axway UK	€57,808
Axway Pte Ltd	€19,379
Axway Software China	€25,841
Axway Ltd	€31,933
Axway Pty	€3,789
Cash management agreement between Axway Software SA and its subsidiaries	
Axway GmbH	-€311,114
Axway Nordic	-€772
Axway Belgium	-€17,859
Axway Srl	-€
Axway BV	-€9,118
Axway Iberia	-€22,506
Axway Romania	-€10,911
Axway Bulgaria	-€379
Axway Inc.	-€122,243
Axway UK	-€23,690
Axway Pte Ltd	€14,448
Axway Software China	€25,841
Axway Ltd	-€1,149
Axway Pty	-€11,185
Axway SDN BHD	€2,182
Axway Korea	€1,701
Tumbleweed	-€
Axway Distribution France	€62
Axway Holding Distribution	-€

4 CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE AND ON INTERNAL CONTROL PROCEDURES

Pursuant to Article L. 225-37 of the French Commercial Code, the purpose of this report is to inform shareholders as to:

- the manner in which the work of the Board of Directors was prepared and organised;
- specific procedures relating to the participation of shareholders in General Meetings;
- the internal control and risk management procedures implemented by the Company.

4.1 Manner in which the work of the Board of Directors was prepared and organised

4.1.1 Composition of the Board of Directors and remuneration of its members

The composition and remuneration of the members of the Board of Directors are presented in section 1 of Chapter 2 of the 2012 Registration Document.

The Board of Directors currently comprises two women, pursuant to the principle of the balanced representation of men and women (law No. 2011-103 of 27 January 2011). The Board shall strive to enhance this balanced representation in its composition when any changes are made to its structure in the future.

4.1.2 Regulatory framework governing the Board of Directors, its organisation and its working procedure

The organisation and working procedure of the Board of Directors are governed by law, the Company's Articles of Association, internal rules and regulations, and a charter.

Legal provisions

The working procedure of the Board of Directors is governed by Articles L. 225-17 *et seq*. of the French Commercial Code. The principal mission of the Board of Directors is to determine the strategic directions to be followed by the Company and to oversee their implementation.

Provisions included in the Articles of Association

The rules governing the organisation and procedures of the Board of Directors are set forth in Articles 14 to 21 of the Articles of Association. See Chapter 8 "Administrative and legal information" of the Registration Document.

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 years.

Internal rules and regulations of the Board of Directors

The internal rules and regulations relate to the following issues: summary of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, directors' fees, confidentiality and works council representatives.

Board of Directors' charter

The responsibilities of members of the Board of Directors are governed by a charter that addresses the following issues: proxies, missions and conditions of service, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance and confidentiality.

The Articles of Association, the internal regulations and the charter of the Board of Directors are available upon request from the Company's Corporate Secretary.

Powers of the Chief Executive Officer

The Chief Executive Officer exercises his or her powers within the limits of the Company 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 operational activities. He or she 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 is the Chairman of the Executive Committee (AxCom).

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 or her 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, and in that case the Chairman must report back to the Board on the authorisations that he or she 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 consequence or that 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:

- financial matters:
  - financial transactions that have or could have in the future a material impact on the parent company financial statements or the consolidated financial statements,
  - any procedural commitment, treaty, transaction or compromise, in the case of litigation, for an amount greater than €500,000,
  - any surety, endorsement or guarantee granted by the Company.

Middlenext Code

The Company has decided to follow the rules of the Middlenext Code. Compliance with the different recommendations of the Code of corporate governance is detailed in Chapter 2, section 1.10, "Code of corporate governance".

4.1.3 Meetings of the Board of Directors

Number of meetings held during the financial 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 five times each year.

An annual calendar of meetings including a provisional agenda was established by the Board and may be modified should any specific events justify a change in the agreed schedule.

The Board of Directors met six times in 2012. The attendance rate was 95%.

The Board of Directors was regularly informed of the work of the Audit Committee, the Selection, Ethics and Governance Committee, as well as of the work accomplished by the Remuneration Committee (these last two committees were created on 22 May 2012).

Issues discussed

The main issues discussed in 2012 were:

- strategy and the enterprise project;
- quarterly performance;
- 2012 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2011;
- approval of the interim financial statements for the first half of 2011;
- product development strategy and acquisitions policy, and in particular the procedures for acquiring the Vordel Group;
- approval of financial information and planning documents;
- creation of a Selection, Ethics and Governance Committee and a Remuneration Committee;
- working procedures of the Board of Directors, its internal regulations and its charter.

4.1.4 Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive all information required in the performance of his or her mission and is authorised to request any documents deemed 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 preliminary reflection, provided that confidentiality guidelines allow the 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. This information shall include copies of all press releases disseminated by the Company.

Training

Article 5 of the internal regulations states that "any member of the Board may, on the occasion of his or her appointment or at any point during his or her term in office, engage in training sessions he or she feels are required by the performance of his or her duties".

Given the experience and length of service of the members of the Board of Directors, no training was deemed to be required in 2012.

4.1.5 Committees of the Board of Directors

Audit Committee (formerly Accounting Committee)

The Audit Committee was created on 9 May 2011. As at the date of this report, this Committee is composed of the following members:

- Hervé Saint-Sauveur, Chairman;
- Françoise Mercadal-Delasalles;
- Hervé Déchelette;
- Michael Gollner.

The Committee meets at least four times per year (in a full year). The Committee dedicates at least two meetings per year to the interim and annual financial statements.

The Committee, which lacks the authority to take decisions on its own, submits its findings and recommendations to the Board of Directors in support of the latter's decisions in the areas of risk management and internal control, financial reporting, internal audit and external audit. The Audit Committee therefore has the following main responsibilities:

- examining the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify that the procedures for gathering and checking information guarantee its reliability,
  - ensure that accounting policies have been applied consistently and are pertinent,
  - check the work methods used by the Statutory Auditors;
- promoting the effectiveness of internal control and risk management procedures;
- monitoring the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensuring compliance with the requirement for the independence of Statutory Auditors.

It was convened three times in 2012 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2012 impairment tests;
- the intra-group transfer pricing policy;
- examination of the financial statements for the first half of 2012;
- the organisation of work in 2012 for the Group's internal audit function;
- review of the internal audit situation and the 2013 internal audit work schedule;
- the Chairman's draft report on corporate governance and internal control procedures.

The Statutory Auditors appeared before the Committee in the absence of the CEO and the Chairman of the Board of Directors.

Various operating and functional Group managers were also interviewed for the informational purposes of the members of the Audit Committee in relation to risk management, internal controls and the preparation of financial and accounting information.

Selection, Ethics and Governance Committee

The Selection, Ethics and Governance Committee was created on 22 May 2012 and is composed of:

- Pierre Pasquier, Chairman;
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Pascal Imbert.

The Selection, Ethics and Governance Committee is composed of the Chairman of the Board of Directors and from three to six Board members who are appointed by the Board of Directors. The Committee lacks the authority to take decisions on its own but submits its findings and makes recommendations to 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.

Its main responsibilities are the following:

- to make proposals for appointment of members of the Board of Directors and company officers, particularly in cases of unplanned vacancies;
- to assess the Board of Directors and the functioning of company governance;
- to ensure that in all of the Group's business segments, in all the subsidiaries that it controls, in all communications that it delivers and all acts accomplished in its name, the Group's values are respected, defended and promoted by its company officers, its executives and its employees;
- to verify the application of rules of good governance in the Company and in its subsidiaries;
- to assess the status of the independent members of the Board of Directors pursuant to the Board's decisions on this subject;
- to inform and propose changes that it deems useful or necessary to make to the functioning or the composition of the Board of Directors.

Remuneration Committee

The Remuneration Committee was created on 22 May 2012. Its members are:

- Pascal Imbert;
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Yves de Talhouët.

The Remuneration Committee is composed of three to six members who are appointed by the Board of Directors. The Committee lacks the authority to take decisions on its own but submits its findings and makes recommendations to the Board of Directors. The Remuneration Committee may be convened when requested by its Chairman or by two of its members.

The main responsibilities of the Remuneration Committee are the following:

- to propose the fixed and variable compensation and benefits granted to executive officers and to the Company's main executives;
- to verify the application of rules defined for calculation of their variable compensation;
- to check the quality of the information provided to shareholders on remuneration, benefits, options and directors' fees granted to company officers and the Company's main executives;
- to prepare the policy for granting (to determine the beneficiaries and the conditions for granting) share subscription or purchase options and bonus shares;
- to prepare decisions concerning employee savings.

4.1.6 Evaluation of the Board of Directors

The Board of Directors self-evaluation for the year 2012 was performed after the closing of that financial year, at the first Board meeting held in 2013. It reflects the will of the directors to conduct a full and exhaustive evaluation of the Board of Directors and of its operating procedures for the year 2012.

The summary of this self-evaluation will serve as a guideline for procedures and the preparation of the Board's work for the financial year 2013.

4.2 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 Registration Document.

4.3 Internal control and risk management procedures implemented by the Company

Introduction

This report presents the Company's internal control system based on the reference framework published by the *Autorité des marchés financiers* (AMF), and specifically describes the production of the financial and accounting information and provides details on the main operating risks to which the Company is exposed.

4.3.1 Definition, objectives and components of the internal control system

According to the definition of the AMF's reference framework, internal control is *a system set up by the Company, defined and implemented under its responsibility, which aims to ensure:*

- *compliance with laws and regulations;*
- *the application of instructions and guidelines determined by Executive Management;*
- *the proper functioning of the Company's internal processes, particularly those intended to safeguard its assets;*
- *the reliability of financial disclosures;*

and more generally, *contributes to controlling its risks, the effectiveness of its operations and the efficient use of its resources*". Internal control can only assist the Company in reaching its objectives and provide a reasonable assurance of their accomplishment, it cannot however provide an absolute guarantee that these risks will be completely eliminated.

In accordance with the AMF, the internal control system has five components:

- an organisation (a);
- internal communication of information (b);
- a system for the identification and management of risks (c);
- control activities (d);
- continuous monitoring of the system (e).

a. Organisation

Organisational framework

Legal structure

The Group's legal structure is designed to be as simple as possible, involving a single company per country, except for temporary situations resulting from acquisitions. At 31 December 2012, the Group was composed of 21 companies. The Group structure is presented in the paragraph "The Group and its business activities": Chapter 1, section 7 of this Registration Document.

All Group companies are fully consolidated, with the Company holding 100% of the capital of these subsidiaries. The Company thus controls all subsidiaries within the Group of which it is the parent. There are no *ad hoc* entities outside of the scope of consolidation.

Internal organisation

The Company's internal organisation is described in the paragraph "The Group and its business activities" (Chapter 1, section 8). It is composed of the following:

- the Executive Committee (AxCom): Chief Executive Officer, the Heads of the operating divisions and the Heads of the functional structures);
- divisions centred on a software publishing business activity (Product Management and Development, Marketing, Distribution, Global Support) and Business Units, regional or national branches of these divisions;
- centralised functional divisions for the Company as a whole.

Definition of powers and responsibilities

Rules governing delegation define the operating powers attached to each level of the organisation and organise the control of functional decisions for all entities of the Company. The decision-making levels defined reflect a balance between the autonomy of the business divisions integrating an extended geographic coverage and the controls and limitations that are also necessary.

The rules governing delegation are regularly reviewed in order to take into consideration any changes in the Company.

Human Resources management policy

For the Product Management and Development Department and the Services business, recruitment is oriented toward positions for graduate engineers, *via* partnerships with a number of high-level engineering schools and an intern programme, or positions requiring specific skills. The Distribution Department must fill positions for sales managers and pre-sales specialists.

The Company has a general reference guide that is used to evaluate workers' skills and performance depending on their job category. Combined with training programmes, this shared cornerstone is a key component of the professional growth and recruitment system.

Measures aiming to control Human Resources management are specified in paragraph 4.3.3 a., "Human Resources risks", of this report and the main indicators presented in the paragraph "The Group and its business activities": Chapter 1, section 9, "Human Resources" and section 10, "Social and Environmental Responsibility".

Information system and internal tools

Information systems are used to cover all of the Company's management needs (in particular, monitoring of operations and revenue, invoicing and receipts, monitoring of commercial transactions, budgeting and economic forecasts, production of accounting and financial information, management of Human Resources). They also structure and provide input for the standardised coordination and control meetings held across the Company.

The various individual information systems used all come under the responsibility of the Operations Department, reporting to Executive Management, which is charged with the direct supervision of their operations and authorised to resolve any discrepancies. This entity is in charge of IT resources (including procurement) and security, and is also responsible for developing or selecting the applications to be used to meet the Company's internal needs.

Working constantly to improve the information system, this Department supports the Company's growth in all its aspects: organic growth, integration of acquisitions, extension of the Company's geographic presence and development of its various business segments such as Cloud services.

The objectives of this Department are to adapt the information system as effectively as possible to the Company's operating requirements, and to ensure the physical and logistical security of data to which permanent access must be guaranteed due to the service requirements in a very international environment.

Requirements related to regulations, operating methods or business-specific constraints are taken into consideration as necessary.

The management applications and office automation software designed to standardise the documents produced by the Company are deployed across all Group entities.

Reference guides

Rules and procedures

The Company observes rules and/or procedures originating from its ten-year period operating within Sopra Group, supplemented and adapted to its own business activities, encompassing the areas of organisation and piloting, internal and accounting management, the information system, Human Resources, production and quality assurance, sales and marketing, procurement and travel costs.

Functional departments are responsible for the establishment, maintenance and dissemination of these rules and procedures with an associated training programme and for monitoring compliance, acting within the framework defined by the Company's Executive Management.

These procedures are accessible on a permanent basis *via* an intranet portal. This method is used to circulate major changes in terms of procedures and tools to the entire operational and functional structure and to make available the Registration Documents and updated notes. The internal control procedures are deployed as quickly as possible following acquisitions.

Quality System

The Axway Quality System is an important part of the Company's internal control system. It is based on standards that apply to the sector and concerns all of the Company's operational activities.

The Operations Department is in charge of the organisation, administration and control of the application of rules and procedures comprising the Quality System whose definition and documentation are the responsibility of the operational and functional units.

The organisation, procedures, processes and resources implemented to ensure quality all concern the following areas: production of the software and services range, sales activity, Human Resources management, management of applications and computing resources. These are described in the Quality Management System (QMS) and details are provided in operating manuals prepared by the operational or functional units concerned.

b. Internal dissemination of information

The System for Information, Piloting and Control (SIPC) handles the internal dissemination of information. This system is currently deployed for all of the Company's entities, both operational and functional. It is generally rapidly implemented in any company acquired. This system is designed not only to organise the dissemination of information, ascending to Executive Management and descending to the Business Units, but also to direct, control, assist and provide training. Its regular meetings are adjusted according to the different perspectives considered:

- V1: weekly, for the month in progress, with priority accorded to the monitoring of sales, production, and Human Resources;
- V2: monthly, for the year in progress (special attention is paid to the coming three months), which, apart from the issues handled on a weekly basis, place additional emphasis on economic indicators: entity performance for the previous month, review of annual forecasts, budget monitoring, etc.;
- V3: yearly, as part of the entity's strategic plan and budget.

Steering meetings are held at the different levels mentioned above: Business Unit, Divisions, Functional Divisions, Executive Committee (AxCom).

The monitoring and guidance system is supported by a software tool developed in-house, under the responsibility of the Operations Department.

c. Risk identification and management process

Environment

The Company's risk identification and management process aims to anticipate or address risks as quickly possible to favour attainment of its objectives. All staff members, both employees and management, are active participants in this process. The issues involved in risk management are readily appreciated by Axway personnel since the vast majority are engineers, already impregnated with a culture of project management, which is an important part of risk management.

The operation of the risk management process is under the supervision of Executive Management, which receives information on risks from operational, functional and audit staff.

Risk map

The risk map, originating from work carried out by the Sopra Group that covered Axway's operating area, was updated in 2012 as part of the implementation of the internal audit system. This work, which involved the participation of the Executive Committee (AxCom), made it possible to review the risks associated with an international software publishing business and to rank the risks according to their challenges. This risk map will be regularly reviewed to ensure it is complete, to assess the description of risks and to evaluate the measures contributing to their control.

Role of the SIPC in identifying, analysing and handling operating risks

The System for Information, Piloting and Control (SIPC) is an essential tool for identifying and managing risks. It is used to 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, which are classified as "alerts" in the Company's in-house lexicon when they are significant for the entity that identifies them, 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. The organisation and definition of the Company's responsibilities generally allows for decisions to be taken swiftly, addressing concerns at the level of action, accompanied if necessary by approval from the next reporting level. When a decision is required at Company level, the procedures for the handling of risks (person in charge, time limit granted for the implementation of action plans) are usually determined by the Executive Committee during its meetings.

The Company's Functional Divisions, responsible for the definition and proper application of policies relating in particular to Human Resources, financing, legal aspects, information systems, logistics and communications submit monthly reports to Executive Management on any newly identified risks, the assessment of their possible consequences and the procedures for prevention or remediation put in place or planned.

Additional systems

To provide the best response in the event of a major crisis, the Company develops and documents crisis management systems as part of its business continuity strategy and focuses particular attention on the management of IT resources and applications that it needs in order to fulfil its commitments to its clients.

The process also involves periodic reviews organised by the management audit team and the Operations Department.

d. Control activities

Apart from the self-assessments and supervisory controls carried out by operational managers at all levels, in application of existing principles of delegation in the Company, the Functional Divisions play a special role in risk management by providing assistance and guidance to operational staff, using a preventive approach to perform the mandatory consultations required, where applicable, by procedures such as those related to contractual and spending commitments or by performing controls on the application of procedures and the results obtained (in particular, controls relating to the quality of data entered into the information system).

A special role is assigned to Management Audit and Quality System management.

Management Audit

Management Audit is provided by the Finance Department and includes six members to date.

The main responsibilities of Management Audit are the following:

- to audit the revenue from licenses prior to each monthly closing;
- to conduct half-yearly reviews, generally, of departmental activities: 20 entity reviews in 2012;
- to consolidate and analyse the monthly results from the internal management system and perform a control of the consistency of monthly forecasts;
- to control the application of rules and procedures linked to the production of accounting and financial information;
- to assist the operational managers and train those working with the management system;
- to integrate the internal management system with general accounting.

Quality System management

Quality management today is concerned with monitoring the life cycle of products and services: from commitments made upstream of the sales cycle, to the implementation of solutions (services and support). On a daily basis, it implements the operational system and the quality system. R&D activities have a dedicated Quality System responsible for defining, industrialising and monitoring product development and maintenance processes; the Operations Department is responsible for integrating this system into the global system.

Monthly steering meetings are held to provide an overview of quality targets at all levels and to determine appropriate action plans to improve the quality of Axway's products, services and procedures on a continual basis.

The Quality System of the Operations Department is independent from the management of operating activities. In this regard, it offers external quality assurance for projects with a view to safeguarding production and verifying that the quality assurance procedure is compliant, effective and complied with. It continuously assesses the effectiveness of quality management, based on performance, client satisfaction and alignment with the Company's strategic goals.

Projects are reviewed on a regular basis, at key phases in their life cycle. Organised by the *Operations* Department, or by the Quality System's local representatives (Project Management Officers), these reviews provide an external perspective on the status and organisation of projects. Nearly 550 reviews of this type were conducted in 2012.

In addition, plans for changes in the Quality System are regularly undertaken based on observations made during these controls.

The Operations Department is also responsible for the regular client satisfaction survey procedure. A systematic survey is conducted with all clients for whom a service assignment has been completed. Likewise, when cases processed by support are closed, clients are asked to provide information on the quality of the services. Moreover, a panel of 50 "major clients" is formed and asked every six months for its degree of satisfaction in relation to the various components of Axway's solutions. The perception of the quality of the Company's products and services is thus monitored on a regular basis.

e. Supervision of the internal control system

Internal supervision system

The supervision of the internal control system is a responsibility shared by all Company employees. The Group's management bodies play a key role in this area.

Internal audit (under the authority of the Chief Executive Officer)

Following the spin-off from the Sopra Group in June 2011, Axway decided to implement its own dedicated internal audit structure taking into account the specific characteristics of its business. This structure was progressively implemented in the second half of 2012 with the definition of an internal audit charter, an audit universe and the updating of the Company's risk map. Two initial internal control evaluations were carried out in this period.

Pursuant to the internal audit charter adopted by the Company, this system has the following aims:

- the independent and objective evaluation of the functioning of the internal control system *via* a periodic audit of entities;
- the development of all recommendations to improve the Company's operations;
- monitoring of the implementation of recommendations adopted by Executive Management;
- updating of the risk map.

The Chief Executive Officer shall validate the internal audit plan based on the risk map as well as the priorities he or she has adopted for the year. This plan will be presented to the Audit Committee for approval.

Board of Directors (Audit Committee)

As part of the 2012 implementation of an internal audit specific to Axway, the Audit Committee kept itself informed of the progress of the system's creation by meeting with its Manager in the presence of the Statutory Auditors. The implementation was operational in the second half of the year.

The Committee annually reviews the risk map and the annual internal audit plan. It stays informed on a more regular basis on the results of internal audit missions and the monitoring of the implementation of recommendations resulting from such missions.

External procedures

Furthermore, the internal control system is also monitored by the Statutory Auditors and certifying agencies.

External audit

As part of their certification of the financial statements, the Statutory Auditors include an assessment of the internal control system, in particular associated with the production of the accounting and financial information.

Certifications

In terms of security, in July 2012 Axway obtained HIPAA certification in accordance with American standards issued by the Department of Health and Human Services (HHS), which defines the security rules for the electronic management of health insurance in the United States.

In 2012 the Company also began a process for certification of its Cloud services activities (SSAE 16 / ISAE 3402). The objective of this standard is to provide users of these outsourced services with an assurance regarding the reliability of the internal control system of the services provided to them.

4.3.2 Production of accounting and financial information

a. Coordination of the accounting and financial function

Organisation of the accounting and financial function

Limited number of accounting entities

As indicated above, the legal entities, and therefore the accounting entities, are limited in number (21 entities) (see 4.3.1.a "Organisational framework - Legal structure"), which provides operational efficiency and limits risks inherent to the function.

Centralisation of the accounting and financial function

As for most functions, the financial and accounting function is predominantly centralised within the Company. Local teams are of adequate size to best serve their role as correspondents within the subsidiaries.

The responsibilities of the Finance Department mainly involve maintaining the individual accounts of the Company's subsidiaries and preparing the consolidated financial statements, financial control, tax issues, financing and cash accounting.

Supervision of the accounting and finance function

Involvement of Executive Management

The Finance Department reports to the Company's Executive Management. Like all of its entities, it participates in the monitoring and guidance system described above: weekly meetings dealing with ongoing business, monthly meetings devoted to a detailed examination of figures (achieved and forecast), the organisation of the function and the monitoring of large-scale projects (clients or development of the product portfolio).

Executive Management is involved in the planning and supervision process as well as in preparing the accounts close-out.

Role of the Board of Directors

The Board of Directors is responsible for the oversight of accounting and financial information. It reviews and validates the annual and interim financial statements. It is supported by the work of an Audit Committee described in paragraph 4.1.5 of section 2 of the Registration Document.

Organisation of the accounting information system

Financial accounting

All Axway companies prepare complete quarterly financial statements on which the Company bases its published quarterly sales figures and interim financial statements. All these companies are fully consolidated.

Monthly cash flow forecasts are prepared for all companies.

Accounting policies and presentation

The accounting policies applied within the Group are presented in the notes to the consolidated financial statements.

Any changes to them are, where necessary, presented to the Audit Committee.

The application of rules governing the recognition of software revenue is controlled before each closing by the Finance Department (Management Audit). The proper use of the percentage-of-completion method to evaluate projects is monitored on a permanent basis jointly by the Operations Department for client projects, which validates the commitment remaining on projects, and by the Finance Department (Management Audit).

b. Preparation of the published accounting and financial information

Reconciliation with the internal management system accounting data

All of the Company's Business Units prepare a monthly budget, a monthly operating statement and budget forecasts that are revised monthly. These procedures 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, which is short in duration and takes place in the last quarter of the year, is a key event. It is 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 Company entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit.

A monthly operating statement closed on the third working day of the following month is prepared by each of the Company's Business Units.

The third component of the management system 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, related to the economy (labour force participation rate, selling prices, average salary), Human Resources, invoicing and receipts, among others.

Sales activities (prospective clients, contracts in progress, signings, etc.) and cash accounting (client invoicing, receipts) are monitored on a weekly basis as part of the V1 sequences.

The results derived from the monthly management reporting documents are verified by financial controllers reporting to the Chief Financial Officer, who also reconcile these data with the quarterly accounting results. Certain key figures are reconciled on a monthly basis.

Procedures for the preparation of the consolidated financial statements

Each Group company establishes quarterly financial statements and prepares a consolidation pack.

The interim and annual consolidation packs are audited or reviewed by each company's external auditor. Once approved, they are used by the Finance Department and the consolidated financial statements are examined by the Company's Statutory Auditors.

4.3.3 Assessment and control of the principal risks identified

Separate from the strategic risk of competitive positioning and the loss of relevancy of the Business Model, there are a number of main operational risks, originating in the risk map within the Sopra Group that included the operating area covered by Axway and the updating of this risk map at the time of the implementation of the internal audit system: risks related to Human Resources, production, in particular associated with the product portfolio and sales activity, as well as risks related to infrastructure and data management.

a. Human Resources risks

In a software production and ancillary services business, which also faces certain skill shortages, Human Resources risks are naturally critical. The Company faces the risk of not having an adequate number of resources capable of developing the range of products, managing complex, large-volume programmes, client challenges, technologies and modes of production, which could thus have an impact on the Company's future growth. Among the challenges of Human Resources management, the optimal use of resources already present in the Company (skills, aptitudes, potential) is particularly important, as well as the stability of key roles.

The Company has set up measures aiming to optimise the development of each worker's career path. This development is guided by a career evaluation and tracking procedure, inspired by the needs of the Company. This procedure includes key moments for evaluating skills and performance and reviewing working conditions. It is structured around the following major stages: assignment reviews, annual appraisals, HR committees, end-of-assignment appraisals and HR monitoring of workers; these are used to define individualised action plans (training, mentoring, role playing).

The Core Competency Reference Guide that outlines the assignments, responsibilities and technical and behavioural skills for each job class (7) and family (24) is applied throughout the Company. It is the reference document for professional development and recruitment procedures.

The Company has also defined a training programme that aims to disseminate Axway's strategy and values, promote the integration of new hires and develop the technical and behavioural skills necessary for the growth of Axway. This programme is composed of training paths devoted to each family of business segments.

Moreover, the Company's international presence means that it must incorporate certain country-specific elements that have an effect on Human Resources management. A sustained effort is thus made in the United States to train and raise the awareness of all managers with American staff in their teams of the protection of protected classes (recruitment equality, prevention/protection of cases of discrimination or harassment, etc.).

b. Product risks

The Group's software packages involve complex software engineering methods and often consist of millions of lines of code. For this reason, they may contain errors or technical deficiencies that might lead some clients to bring claims for damages suffered due to the use of a software package and/or business interruption losses or might result in higher costs for maintenance or guarantees. Errors and technical deficiencies might arise within some of the Group's existing software packages and others it plans to develop in the future and may only be revealed after deployment, on first use or when new versions and updates are released.

Since the Group's software packages are often used in complex operating environments processing millions of individual transactions, any loss caused by an error or a technical deficiency, particularly one related to performance, might require the client to take remedial action thereby incurring excess costs (higher costs for maintenance and guarantees, allocation of human and financial resources, etc.). In addition, these technical deficiencies might tarnish the Group's reputation and ultimately lead to the loss of clients and/or business opportunities.

The Company thus conducts tests on all of its new software packages (and on all new versions and updates) to ensure, as far as is possible, that they are free from errors and technical deficiencies. In addition, all software packages are also subject to in-depth quality assurance testing before being released to the market and delivered to the client.

In addition, software packages represent one of the Company's essential assets and protecting the intellectual property of such software by systematically registering the product sources and defending the patents is a major priority (see Chapter 4, section 1, "Research and development, patents and licenses").

c. Production risks

The primary risk relates to the capacity to fulfil commitments vis-à-vis clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects. Providing responses to fully meet client demands and the control of production quality are among the key challenges faced by the Group.

Managing these risks requires full knowledge of the many, constantly changing technical and functional environments and the implementation of a proven method of project management, possibly using remote production platforms. The mastery of project management techniques, solutions and technologies has therefore resulted in a training programme adapted to the challenges and to which nearly half of all training in Europe is devoted.

The Company deploys a system for prior authorisation on technical, legal and financial levels and a monitoring and control system on technical and accounting levels defined in the Quality System.

d. Commercial risks

Commercial efficiency depends upon the ability to mobilise all client-related knowledge for international companies, where relationships with major clients are built over many years and involve numerous employees often belonging to different units. Mastering this knowledge is a key factor, which permits an understanding of, and an appropriate response to, clients' needs but also allows for better management of the risk of losing a client or a major contract.

The specific sales approach used for some fifty major international accounts is coordinated in the form of a procedure involving the members of the Executive Committee for the management of major commercial programmes.

For the best possible coverage of its clients' requirements, the Company has a global structure devoted to the preparation of commercial proposals in the pre-sales phase (Sales Solutions Centre). This structure is composed of product experts and architects at the various Axway sites.

Special attention is focused on the marketing process for offerings: publishing sales support materials, training sales personnel, and organising events for existing and prospective clients (New Product Introduction process).

e. Risks related to managing infrastructures and data

Management of the Company's IT and telecommunications systems is an extremely important part of the Company's activities, in order to ensure the availability of the information system needed to fulfil its commitments and protect its sensitive data (source codes).

The Company continuously monitors the resources it needs to ensure the secure functioning of the information systems. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally.

The plan to separate the information systems of Axway Software and the Sopra Group was implemented during 2012 to cover the remaining applications or to complete the technical spin-off operations. Minor actions remain to be carried out in 2013 to conclude the processes.

The Company also ensures that it complies with the requirements of various national laws, such as HIPAA regulations in the United States (certification obtained in 2012). Finally, a comprehensive program for information security management, pursuant to the requirements of ISO 27001, was also begun in 2012 (Axway Information Security Policy).

Legal, industrial, environmental and market risk factors are discussed in Chapter 3, section 5 of this Registration Document.

The Chairman's report on internal control procedures is based on the guide for implementation of the internal control reference framework, pursuant to the AMF's 2012 report on corporate governance and executive compensation in listed companies.

This report was approved by the Board of Directors in its meeting of 16 April 2013.

Paris, 16 April 2013

Pierre Pasquier

Chairman of the Board of Directors

STATUTORY AUDITORS' REPORT PREPARED PURSUANT TO ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY

To the shareholders,

In our capacity as Statutory Auditors of Axway Software SA, and in compliance with the provisions of the last paragraph of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report of the Chairman of the Board of Directors, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, in respect of the financial year ended 31 December 2012.

It is the responsibility of the Chairman to draw up and submit for the approval of the Board of Directors a report on internal control and risk management procedures implemented by the Company that also provides the other disclosures required by Article L. 225-37 of the French Commercial Code, in particular those related to corporate governance.

It is our responsibility to:

- present to you any observations that we have on the basis of the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to certify that the report includes any other disclosures required by Article L. 225-3 of the French Commercial Code, with the understanding that it is not our responsibility to verify the fair presentation of this information.

We performed our assignment in accordance with professional standards applicable in France.

Disclosures concerning internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we carry out work designed to assess the truth and fairness of the information in the Chairman of the Board of Directors' report on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

This work consisted notably of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, underlying the information set out in the Chairman's report, as well as existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and existing documentation;
- determining whether any significant deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have observed in the context of our mission are properly reported in the Chairman's report.

On the basis of the work that we performed, we have no comment to make on the information on the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, contained in the report of the Chairman of the Board of Directors, prepared in compliance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors includes all other disclosures required by Article L. 225-37 of the French Commercial Code.

Courbevoie and Paris, 18 April 2013

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François Mahé	Christine Dubus

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

General Meeting convened to approve the financial statements for the year ended 31 December 2012

To the shareholders,

As the Statutory Auditors of your Company, we present our report on regulated agreements and commitments.

It is our responsibility to present to you, on the basis of the information given to us, the main features and conditions of the agreements and commitments about which we have been informed or that we might have discovered in the context of our assignment, without having to express an opinion on their usefulness or appropriateness or determine whether or not any other such agreements or commitments exist.

In accordance with the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the interest of entering into such agreements and commitments when they are submitted for your approval.

In addition, it is our responsibility, where applicable, to present to you the disclosures required by Article R. 225-31 of the French Commercial Code relating to the execution, during the year under review, of the agreements and commitments already approved by the General Meeting.

We have carried out the verifications we deemed necessary in accordance with the professional standards and doctrine of the National Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes* – CNCC) relating to this assignment. The verifications consisted in checking that the information given to us was consistent with the basic documents from which it derives.

Agreements and commitments subject to the approval of the General Meeting

Agreements and commitments authorised during the year under review

We hereby inform you that we have not been advised of any agreement or commitment authorised during the year under review and to be submitted for approval by the General Shareholders' Meeting in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorised since the end of the financial year.

We have been advised of the following agreements and commitments authorised since the end of the financial year under review, and which were subject to prior authorisation by your Board of Directors

Group cash management agreement between Axway Software and its subsidiaries

Your Company has entered into a cash management agreement with its subsidiaries, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting. Following the acquisition of the Vordel Group, this agreement will be adjusted to reflect the changes in the Axway Group's scope of consolidation.

Agreement to make IT resources available between Axway Software and its subsidiaries

Your Company has entered into an agreement to make IT resources available with its wholly owned subsidiaries, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting. Under these agreements, the reinvoiced amounts will be based on the number of employees at each subsidiary. This agreement will be adjusted to reflect the changes in the Axway Group's scope of consolidation following the acquisition of the Vordel Group.

A framework assistance agreement has been entered into between Axway Software and Sopra GMT, a shareholder in your Company

Sopra GMT provides services for the benefit of your Company, related to strategic thinking, coordination of general policy between Sopra Group and Axway Software, the development of synergies between these two companies and various consulting and assistance services, in particular relating to finance and control. The agreement concerning the provision of these services, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting, is due to expire in July 2013. As part of its renewal, this agreement will be adjusted to cover an indefinite period, ending, in the event that it is cancelled, after the expiry of a 12-month notice period.

Agreement with Axway Inc.

Axway Inc. provides assistance services to the operating divisions of your Company. The agreement concerning the provision of these services, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting, is due to expire on 1 July 2013. This agreement will be renewed.

Agreement with Sopra Group for the provision of premises

Sopra Group invoices your Company for services in respect of the provision of premises. This agreement, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting, and entered into for a period of one year, is due to expire in 2013. This agreement will be renewed.

Agreement with Sopra Group for the provision of IT resources

Sopra Group invoices your Company for services in respect of the provision of IT resources. This agreement, as set out in the section of this report on agreements and commitments already approved by the General Shareholders' Meeting, is due to expire on 1 July 2013. This agreement will be renewed.

Agreements and commitments for which the prior authorisation procedure was not applied

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we call to your attention the fact that the prior authorisation procedure was not applied by the Board of Directors in respect of the agreements and commitments described below.

It is our responsibility to provide you with an explanation as to why the prior authorisation procedure was not applied.

Commercial lease entered into with Sopra Group, a shareholder in your Company

Persons concerned: Mr Pierre Pasquier and Sopra GMT.

Your Company entered into a commercial lease as lessee, with Sopra Group (lessor), under the terms of which your Company leases premises in Annecy belonging to Sopra Group. These premises are leased for office use.

The lease has a nine year duration, expiring on 31 December 2020. The expense recorded by your Company for the 2012 financial year in respect of this agreement amounted to €267,760 excluding VAT.

The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission.

It was approved retrospectively by your Board of Directors at its meeting of 31 July 2012.

Disposal of business goodwill of S.C.I (Brazil) agreed with Axway Inc., a subsidiary of your Company

Persons concerned: Messrs Pierre Pasquier and Christophe Fabre

Your Company disposed of the business goodwill of S.C.I., which it held in Brazil, to its subsidiary Axway Inc., for the amount of €1,737,217.

This disposal was carried out in order to improve the Group's sight of its revenues by geographical area (America, Europe, Asia).

The transfer took effect retroactively on 1 January 2012.

The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission.

It was approved retrospectively by your Board of Directors at its meeting of 18 February 2013.

Agreement to reinvoice costs of the Vordel Group acquisition, entered into with Axway Inc., a subsidiary of your Company

Persons concerned: Messrs Pierre Pasquier and Christophe Fabre

Axway Inc. reinvoiced to your company the acquisition costs incurred during the 2012 financial year in the amount of €710,872. These costs correspond to the costs incurred as part of your company's acquisition of the Vordel Group, with no additional mark-up.

This reinvoicing is justified by the fact that the acquisition of Vordel was carried out by your Company.

The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission.

It was approved retrospectively by your Board of Directors at its meeting of 18 February 2013.

Debt write-off authorised to Axway Srl, a subsidiary of your Company

Person concerned: Mr Christophe Fabre

Your company authorised the write-off of a receivable of €318,392.50 from its subsidiary, Axway Srl.

The agreement was not subject to prior authorisation by the Board of Directors owing to an involuntary omission.

It was approved retrospectively by your Board of Directors at its meeting of 18 February 2013.

Agreements and commitments already approved by the General Meeting

Agreements and commitments approved in previous years which continued to be applied in the year under review

In application of Article R. 225-30 of the French Commercial Code, we were informed that the execution of the following agreements and commitments, already approved by the General Meeting in prior years, continued in the year under review.

Provision agreements concluded with Sopra Group (shareholder of your Company)

Sopra Group invoices your Company for services provided under agreements for the provision of premises and IT resources.

The expenses to be paid by your Company pursuant to these agreements, for the 2012 financial year, amount to €2,759,178 for the provision of premises and €253,500 for the provision of IT resources.

Assistance agreement signed with Sopra GMT (shareholder of your Company)

Your company entered into an assistance agreement relating to functional divisions with the company Sopra GMT.

Pursuant to this agreement, Sopra GMT provided to the Company the following services:

- coordination between the Sopra Group and Axway Software in relation to general policy and the development of synergies subsequent to the spin-off;
- strategy guidance;
- services relating to strategy, advice and assistance.

These services were invoiced to Axway Software and the Sopra Group on the basis of "*cost plus 7%*" (excluding expenses related to Sopra GMT's activities involving management of its subsidiaries, estimated at around 5%), with Axway Software and the Sopra Group contributing 30% and 70% respectively.

The contract, of an initial duration of two years starting from 1 July 2011, is automatically renewable for subsequent terms of two years, unless otherwise indicated with a notice period of three months.

Application of this agreement allows Sopra GMT to invoice €216,455 to the Company for the 2012 financial year.

Assistance agreement signed with Axway Inc. (subsidiary of your Company)

Axway Inc. provides assistance services to the functional divisions of your Company.

In 2012, your Company recorded a cost of €2,900,505 for these services.

Cash management agreements signed with your Company's subsidiaries

Your Company has entered into cash management agreements with all of its subsidiaries.

These agreements specify the procedures for calculating interest due on cash flows between your company and its subsidiaries in the year 2012.

These agreements are automatically renewable each year.

In 2012, Axway Software recorded the following income and expenses arising from the above-mentioned agreements:

Cash management agreement	Impact on the 2012 financial statements	
	Expense	Income
Axway GmbH	€311,114	
Axway Nordic	€772	
Axway Belgium	€17,859	
Axway Srl		
Axway BV	€9,118	
Axway Iberia	€22,506	
Axway Romania	€10,911	
Axway Bulgaria	€379	
Axway Inc.	€122,243	
Axway UK	€23,690	
Axway Pte Ltd		€14,448
Axway Software China		€25,841
Axway Ltd	€1,149	
Axway Pty	€11,185	
Axway SDN BHD		€2,182
Axway Korea		€1,701
Tumbleweed		
Axway Distribution France		€62
Axway Holding Distribution		

2

Agreements to make available IT resources concluded with the subsidiaries of your Company

Your Company has entered into agreements with all of its subsidiaries to provide them with IT resources.

Under these agreements, the invoice amounts will be based on the number of employees at each subsidiary.

In 2012, Axway Software recorded the following income arising from the above-mentioned agreements:

Provision of IT resources	Impact on the 2012 financial statements
Axway GmbH	€237,876
Axway Nordic	€45,847
Axway Belgium	€32,276
Axway Srl	€36,920
Axway BV	€20,000
Axway Iberia	€38,824
Axway Romania	€434,236
Axway Bulgaria	€268,200
Axway Inc.	€654,256
Axway UK	€57,808
Axway Pte Ltd	€19,379
Axway Software China	€25,841
Axway Ltd	€31,933
Axway Pty	€3,789

Courbevoie and Paris, 18 April 2013

The Statutory Auditors

Mazars

represented by
Christine Dubus

Auditeurs & Conseils Associés

represented by
François Mahé

3 REPORTS OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF 4 JUNE 2013

BOARD OF DIRECTORS' MANAGEMENT REPORT

Based on the combined financial statements for the financial year ended 31 December 2010, Axway has prepared *pro forma* financial statements that aim to simulate the effects of the spin-off from Sopra Group SA, if this operation had taken place on 1 January 2009 and if Axway had operated as a separate, independent, listed Group from that date.

As the spin-off process had no impact on Axway's accounts in 2010, the *pro forma* financial statements are identical to the combined financial statements. In November 2012, Axway acquired the Vordel Group (see section 4 of this management report).

1 2012 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated income statement

1.1.1 Group results

(in millions of euros)	2012	2011	2010
Revenue	224.3	217.2	208.4
EBITDA	36.9	34.3	29.2
Operating profit on business activity	35.0	35.3	31.1
As % of revenue	*15.6%*	*16.3%*	*14.9%*
Profit from recurring operations	31.7	33.3	29.1
As % of revenue	*14.1%*	*15.3%*	*14.0%*
Operating profit	28.8	29.3	25.6
As % of revenue	*12.8%*	*13.5%*	*12.3%*
Profit (loss) for the period attributable to owners of the parent	24.7	21.5	26.6
As % of revenue	*11.0%*	*9.9%*	*12.8%*

For 2012, operating profit on business activity amounted to €35 million (15.6% of revenue), down 0.7% (€0.3 million) on 2011 (16.3% and €35.3 million). In 2012, our revenue posted an organic drop of 1.6% compared with 2011. However, our operating profit remained relatively stable in terms of absolute value, thanks to effective cost control to preserve the profit margin.

Operating profit amounted to €28.8 million (12.8%). Again, this represents a drop of 0.7% (€0.5 million) compared with 2011 (13.5% and €29.3 million). Operating profit was impacted by the cost of stock options and share allocation plans, the amortisation of intangible assets and other operating income and expenses. The intangible asset amortisation expense, which amounted to €2.1 million in 2012, was higher than in 2011 due to the amortisation of intangible assets stemming from the acquisition of Vordel in 2012. In 2011 and 2012, these expenses also included the amortisation of the intangible assets of Tumbleweed and the assets taken over from ATOS. In 2012, we posted expenses of €1.1 million for stock options and other share allocation plans, versus €0.1 million in 2011. This represents the full-year impact of the 2011 stock option plan and 2012 bonus share award schemes.

In 2012, other operating income and expenses included the expenses stemming from the acquisition of Vordel in November 2012 as well as other expenses incurred after the acquisition of Tumbleweed in 2008 and related to the GSA dispute (see Notes 9 and 32 to the consolidated financial statements). In 2011, other operating income and expenses concerned the exceptional expenses resulting from the spin-off from the Sopra Group. These expenses mainly consist of external consultants' fees and other expenses specifically linked to the spin-off project, as well as other expenses linked to the GSA dispute incurred after the acquisition of Tumbleweed.

In 2012, net profit amounted to €24.7 million (11.0%), up 15% compared with the 2011 profit of €21.5 million (9.9%), due to the drop in the cost of debt and corporate tax.

1.1.2 Revenue by activity

(in millions of euros)	2012	2011 reported	2011 *pro forma*	Total growth	Organic growth[(1)]
Licences	71.4	77.8	84.0	-8.1%	-15.0%
Maintenance	98.2	85.0	88.2	15.5%	11.4%
Services	54.7	54.4	55.7	0.4%	-1.8%
TOTAL	**224.3**	**217.2**	**227.9**	**3.3%**	**-1.6%**

(1) At constant exchange rates and scope of consolidation.

For most of 2012, the Group was confronted with a severe slump in demand, resulting in the license business's 15% drop in organic growth compared with 2011. However, the trend reversed in the fourth quarter, resulting in a 14.1% rise in organic growth for licences compared with the fourth quarter of 2011.

The maintenance business (amounting to over €98.2 million in 2012) posted strong growth (11.4%), reflecting the Group's proactive policy aimed at improving its customer loyalty rate across the Board and increasing the average effective maintenance rate.

The services business posted a slight drop for the whole of 2012, as a direct result of the slump in licences, but rebounded significantly (2.6%) in the fourth quarter of 2012 and should be boosted by the good performance of licences in the last quarter.

1.1.3 Revenue by region

(in millions of euros)	2012	2011 reported	2011 *pro forma*	Total growth	Organic growth[(1)]
France	75.4	82.0	82.0	-8.0%	-8.0%
Rest of Europe	55.6	53.0	56.5	4.9%	-1.6%
Americas	86.5	76.7	83.1	12.8%	4.1%
Asia/Pacific	6.8	5.5	6.1	24.2%	10.3%
TOTAL	**224.3**	**217.2**	**227.9**	**3.3%**	**-1.6%**

(1) At constant exchange rates and scope of consolidation.

The change in Axway's revenue in 2012 reflects different business situations depending on geographical areas. In the US, revenue increased for the year as a whole, reaching 25% in the fourth quarter. This reflects the good performance of the product portfolios, in terms of quantity as well as quality. In Europe, the economic situation was difficult in 2012 (particularly in France), resulting in a slight drop in the Group's business across this region. However, in the fourth quarter of 2012, the Group clinched several contracts (which had been on hold since the beginning of the year), giving rise to organic growth of 1.4% for the region compared with the same quarter in 2011. The rebound in the fourth quarter of 2012 was particularly significant in France (9.8% compared with the fourth quarter of 2011).

1.1.4 Comparison of financial years ended 31 December 2012, 2011 and 2010

(in millions of euros)	2012	2011	2010
Revenue			
Licences	71.4	77.8	77.9
Maintenance	98.2	85.0	78.6
Sub-total licences and maintenance	169.6	162.8	156.5
Services	54.7	54.4	51.9
Total revenue	**224.3**	**217.2**	**208.4**
Cost of sales			
Licences and maintenance	20.7	19.9	22.1
Services	51.1	49.3	46.4
Total cost of sales	**71.7**	**69.2**	**68.4**
Gross profit	**152.6**	**148.0**	**140.0**
As % of revenue	*68.0%*	*68.1%*	*67.2%*
Operating expenses			
Sales costs	64.1	61.5	57.9
Research and development costs	32.5	32.1	32.7
General and administrative costs	21.0	19.1	18.3
Total operating expenses	**117.6**	**112.7**	**108.9**
Operating profit on business activity	**35.0**	**35.3**	**31.1**
As % of revenue	*15.6%*	*16.3%*	*14.9%*

1.1.5 Cost of sales and gross margin

The margin achieved in Services shrank from 9.5% in 2011 to 6.6% in 2012, due to several factors. Firstly, we invested in the Services business aimed at cloud architectures in the United States, France and Germany. This investment anticipates our subsequent income but has an impact upon margins. In addition, we suffered from the negative impact of foreign exchange rates and had hired personnel in preparation for a sharp rise in business in certain regions which did not materialise.

The margin on products (Licences and Maintenance) remained at a constant level at 88% of our revenue in 2012 and 2011. Licence and maintenance costs are linked to the cost of the hardware in which some of our software is sold, to OEM costs and to the cost of Axway's internal support function.

1.1.6 Sales & marketing, R&D and administrative expenses

Our operating expenses accounted for 52.4% of our revenue in 2012, versus 51.9% in 2011. This represents a 4.4% rise, *i.e.* €4.9 million, compared with 2011. This increase in expenses comprises costs of around €1.5 million attributable to Vordel while the rest of the increase is due to the impact of foreign exchange rates on our operating expenses. In organic terms, we managed to stabilise our costs from one year to the next.

In 2012, our sales and marketing expenses remained stable at 28.6% of our revenue, increasing to approximately €64 million. Excluding the impact of foreign exchange rates and the impact of Vordel's sales team, our costs remained stable.

In terms of absolute value, R&D expenses remained relatively stable but, as a percentage of revenue they increased, given the drop in total revenue. Research tax credits increased in comparison with the previous year, going from €5.6 million in 2011 to €6.1 million in 2012.

Our overheads and administrative expenses increased in the second half of 2012 due to the consolidation of Vordel's overheads, as well as the significant impact of foreign exchange rates and expenses for Human Resource initiatives.

1.2 Balance sheet and financial structure

In 2012, Axway ended the year with a cash balance of €35.4 million, compared with €23.8 million at end-2011. Nevertheless, we borrowed nearly €40.0 million in 2012 through our credit line to finance the acquisition of Vordel in November 2012. We ended the 2012 financial year with a net debt of €6.7 million and equity totalling €233.9 million.

Axway generated cash inflows of €20.1 million from operations in 2012, versus €35.3 million in 2011. This drop is due to the rise in our trade receivables at the end of 2012, resulting from the sharp rise in our revenue in the fourth quarter which was still booked under trade receivables at the year end.

There has been no significant change in the Group's financial or commercial position since the end of the prior period, for which the financial statements were verified.

As a reminder, the Group's financial structure was significantly strengthened in 2011, resulting in the following:

- the strengthening of Axway's balance sheet whilst completing the spin-off. Thanks to the capital transactions described in Chapter 4, Note 22, Axway was able to raise capital in order to repay the Sopra Group current account. In addition to the capital transactions, we generated €21.5 million in profit over this period. The combination of these activities allowed us to increase our equity to €213.4 million, compared with €148.1 million at the end of 2010;
- a significant reduction in net financial debt in 2011. Our net cash position in 2011 was €21.3 million, versus (-)€48.2 million in 2010. This improvement was the result of the capital increase carried out in 2011, which allowed us to repay the current account for Sopra Group.

2 2012 PARENT COMPANY FINANCIAL STATEMENTS

2.1 Income statement

- Revenue increased by 1.0% in 2012 to €136.0 million, versus €134.6 million in 2011;
- Operating profit amounted to €5.3 million in 2012, compared with €9.1 million in 2011;
- Net financial income increased from €1.5 million in 2011 to €5.8 million in 2012;
- Pre-tax profit on ordinary activities rose from €10.5 million in 2011 to €11.1 million in 2012;
- Exceptional income for 2012 was €2.5 million, compared with a loss of €6.1 million in 2011;
- The employee profit sharing expense rose from (-)€0.9 million to (-)€1.1 million and the corporate income tax expense from €5.1 million to €2.6 million;
- There was a net profit of €15.1 million in 2012, versus €8.6 million in 2011.

2.2 Balance sheet

Shareholders' equity rose from €161.1 million at 31 December 2011 to €170.9 million at end-2012.

This change was due primarily to the following factors:

- the net profit for the year of €15.1 million;
- additional depreciation of intellectual property, in the amount of (-)€2.5 million;
- payment of dividends in respect of the 2011 financial year, amounting to (-)€5.0 million;
- the capital increase in the amount of €2.1 million.

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby inform you that the balance of trade accounts payable at 31 December 2012 comprises the following elements:

(in millions of euros)	Total outstanding amount	Amount not yet due	Amount due in less than 60 days	Amount due in more than 60 days
31 December 2012	4,174	4,057	42	75

Axway Software observes the payment terms required by law in France for trade accounts payable: a maximum of 60 days from the issue date of the invoice.

Fixed assets increased to €214.8 million in 2012, from €172.6 million in 2011. These consisted mainly of €182.0 million in non-current financial assets, €28.8 million in intangible assets and property, plant and equipment of €3.9 million.

3 STRATEGY AND TARGETS FOR 2013

3.1 Key events in 2012

3.1.1 Preparation of a new-generation offering

As part of its strategic plan to develop its offering, Axway worked on a new generation of solutions to be released in 2013. The plan's objectives were the following:

- integrate the convergence of MFT, B2B and SOA, in keeping with current market trends (observed with analysts and clients);
- develop a differentiation approach in data-flow governance and the control of all flows at the Company's borders;
- take advantage of the new challenges and business opportunities offered by the cloud and mobility;
- extend the capacity of Axway's clients in data-flow management using functionalities already available in the Synchrony™ platform;
- become the strategic partner of large companies for the governance of their data flows (Tier 1 accounts and business).

The acquisition of Vordel is an integral part of this strategic plan. Together governance of API flows, it makes Axway stand out in the integration market, for the governance of all data flows and the control of flows at the Company's borders (for connectivity with its ecosystem).

This strategy also involves the consolidation of the product portfolio within a comprehensive software suite to handle large companies' major integration projects. This suite's added value is that the services it provides extend beyond the simple addition of the elementary services covered by each individual product: it combines the software solutions installed on the IT system and cloud services; it offers solutions wherein the governance is shared between the different types of flows (files, B2B, human, API); it optimises overall operating costs by providing more integrated ergonomics and ready-made solutions for the most common uses.

The production of cloud services has been concentrated in a single organisational unit. Moreover, the infrastructures and processes have been harmonised for the various sales areas. The implementation and use of the solutions as well as managed services have been brought together to ensure a consistent continuum of services. The development of the cloud offering is an integral part of the strategy and fits into the overall offering.

This strategy naturally includes an innovation aspect which is essential to Axway's status as a "data flow governance" leader, and which may give rise to further acquisitions.

3.1.2 Acquisition of Vordel

In November 2012, Axway completed the acquisition of Vordel and its subsidiaries.

Its API management offer is a solution integrating cloud and mobile services, currently undergoing rapid development in all companies. It enables a company to make its IT system accessible to mobile applications and thus offer new services to its clients.

In addition to acting as a growth lever enabling Axway to break into new markets (cloud and mobile integration), this acquisition also enables Axway to cover the whole spectrum of company data flows and gain a more strategic position with respect to IT departments.

It rounds off Axway's SOA offering, while making it stand out from other integration players. Indeed, standard SOA offerings generally focus on the integration of internal applications, whereas API Management allows the integration of external applications, bringing in three additional essential features: the management of communities (including an API management portal), security management (identity management, including the federation of identities in an open world), and lastly the management of rules (for example to guarantee an SLA or to allow service metering and invoicing).

3.1.3 Organisational adaptation and reinforced management

For the implementation of this strategy, organisational adjustments took place in 2012, and the management structure was strengthened.

Organisational aspects:

- publishing (formerly Product Management & Development) was split into two organisational units:

  "Product Group": unit in charge of the product strategy and product management, concerning the Suite as well as individual products, "Research & Development": unit in charge of the production of software products;

- all service activities interacting with clients have been brought together under a single service called "Global Customer Service": it includes support, professional services (PSOs), managed services, and cloud operations;
- the Marketing Department was reorganised in order to concentrate on outbound marketing (as inbound marketing and product strategy are the responsibility of the Product Group); it comprises three units: corporate marketing, demand generation and solution management. Solution management consists in the vertical deployment of product marketing in the various market segments;
- the HR Department has expanded significantly. It launched an internal development programme to convey Axway's values to all personnel.

Alongside those organisational changes, new top ranking managers were appointed to strengthen the line of command.

3.2 Strategic priorities for 2013

3.2.1 Development of "Tier 1" accounts and business

Axway's business is divided into various segments; the "Tier 1" segment is that of large companies undertaking major integration projects combining several products and requiring the software developer's strategic commitment. This segment is strategic for Axway's growth.

Within the scope of its strategic policy, Axway has adapted its offering to cater for these major projects and key accounts. In 2013, Axway will build on this and set up the required marketing and sales measures to develop this "Tier 1" approach. In particular, the marketing plan for demand-generation campaigns will develop approaches and messages targeting enterprise architects and IT directors on the most topical issues: the cloud, mobility, big data, communities, security, visibility, etc.

The organisational structure and commercial processes will be adjusted and harmonised across the various regions and according to business segments (Key Accounts, Vertical Markets and Inside Sales). The globalisation of the measures boosts commercial efficiency for the development of " Tier 1" business, the opening of new accounts and the expansion of the existing base.

3.2.2 Operation and integration of Vordel and the API server offering

As the acquisition of Vordel was completed at end-2012, 2013 is the year of integration of this entity and growth lever at all levels: teams, processes, and offering.

The integration of the teams and processes will be relatively straight-forward due to Vordel's size and Axway's experience in successfully integrating other companies.

The API server perfectly fits into Axway's product portfolio, and even makes it easier to integrate the suite. Thanks to the API server, Axway will be able to offer the services of the suite under API and provide access from mobiles more rapidly, and also deploy the suite more rapidly in the cloud, to offer a cloud services broker.

3.2.3 Launch of new generation offering and innovations in data flow governance

In 2013, Axway will launch its fifth generation offering (after its fourth generation Synchrony™ platform). This fifth generation consists of a suite comprising all of Axway's product components, including cloud computing offers. The suite is deployed through leading solutions, according to the specific integration requirement (application integration, B2B integration, cloud integration, mobile integration, etc.).

One of the priorities for 2013 is to offer new uses for this technology: innovations concerning data flow governance, innovations concerning the cloud, innovations concerning ergonomics, etc.

3.2.4 Constant lookout for acquisition opportunities

The strategic plan concerning the offering has identified technological areas and possible market synergies where an acquisition would be beneficial. Axway is constantly seeking out, identifying and assessing potential targets which would fit into its strategy.

3.2.5 Outlook

Overall economic performance is determined during the second half of the financial year, with the first three months having only a relative effect on the year. Nevertheless, the Company witnessed a very encouraging first quarter in 2013, with its new offers being given a favourable reception, and is targeting positive organic growth and a slight improvement in operating margin over the full year 2013.

3.3 Recent change

On 17 April 2013, the Company published its Q1 2013 revenue in the following press release:

Axway gets off to a good start with total growth of 8.6% in the first quarter (5.9% organic growth).

Paris, 17 April 2013. Axway announces the first quarter of 2013 grew revenue 8.6% to €49.9 million over the same period in 2012 (5.9% organic growth). The first quarter, which is usually a satisfactory quarter, is encouraging since it marks a return to growth in licences, with sales up 13.1% compared with the first quarter of 2012. The performance of our maintenance revenues remained excellent with revenues growing 10.7% versus the first quarter 2012. Moreover, there is a positive reception for Axway's new offer strategy announced in February, "Governing the Flow of Data", which includes the products coming from Vordel (acquired at the end of 2012), and means that our confidence in our commercial portfolio is well founded.

COMMENTS ON FIRST QUARTER 2013 REVENUE

By business activity

1st Quarter *(M€)*	2013	2012 Published	2012 *Pro forma* (1)	Total Growth	Organic Growth (1)
Licences	10.6	9.4	10.0	13.1%	5.5%
Maintenance	25.7	23.2	23.7	10.7%	8.8%
Services	13.6	13.4	13.5	1.8%	0.9%
Axway	49.9	46.0	47.2	8.6%	5.9%

(1) At constant exchange rates and scope of consolidation.

In the first quarter of 2013, Axway grew product revenue (i.e. licence and maintenance revenues) 11.3% versus the first quarter of 2012 (7.6% organic growth). This strong performance reflects the continued upturn in the group's business, maintaining the momentum achieved in the fourth quarter of 2012. However, some tensions remain in Services, which have yet to reflect the positive impact of the licences signed in the last quarter of 2012.

By region

1st Quarter *(M€)*	2013	2012 Published	2012 *Pro forma* (1)	Total Growth	Organic Growth (1)
France	16.9	15.7	15.8	7.8%	6.8%
Rest of Europe	12.3	12.7	13.6	-3.5%	-9.2%
America's	19.1	16.3	16.5	17.3%	15.7%
Asia/Pacific	1.6	1.2	1.2	27.1%	27.1%
Axway	49.9	46.0	47.2	8.6%	5.9%

(1) At constant exchange rates and scope of consolidation.

Axway's two main geographical regions, the United States and France, saw significant growth in volume of activity, especially in terms of licences. There were no significant deals to report in the rest of Europe, particularly in the UK.

In February 2013, Axway announced its new generation of offering - Axway 5 Suite - which permits organizations to govern and optimize the global life cycle of all the flows of data within and external to their organization. This positioning was very positively received by the market (customers, prospects and technological analysts), validating the major work and significant enhancements undertaken by Axway throughout 2012.

Additionally, Axway enjoys a very solid financial position with respect to both banking covenants and debt. To date, we are targeting a cash position at the 2013 year-end of between €45 and €55 million, and bank debt of approximately €35 million (at the same company scope). This target includes payment of the proposed dividend (€0.35 per share for fiscal year 2012).

4 SUBSIDIARIES AND ASSOCIATED ENTITIES

4.1 Acquisitions of equity interests in subsidiaries and associated entities

4.1.1 First consolidation

At the beginning of November 2012, Axway Software acquired Vordel and its subsidiaries (detailed in Chapter 3, section 5.1.13) in a cash transaction.

4.1.2 Deconsolidated entities

Axway Software Korea Corporation Ltd (Korea) and Axway Holding Distribution (France) were deconsolidated in 2012.

4.1.3 Reorganisation of legal entities

In 2012, Axway Software Korea Corporation Ltd (Korea) was dissolved and Axway Holding Distribution (France) was sold, without any capital gain or loss.

4.1.4 Restructuring measures

No restructuring measures were implemented in 2012.

4.2 List of subsidiaries and associated entities

Company *(Amounts in euros)*	Share capital	Other shareholders' equity	% of capital held	Carrying amount of securities Gross	Carrying amount of securities Net	Loans and advances granted by the Company and not yet repaid	Latest financial year revenue excl. VAT	Latest financial year profit or loss	Dividends received by the Company during the financial year
Axway Software (France)									
Axway UK Ltd (United Kingdom)	122,534	100,134	100.0%	148,270	148,270		10,944,514	838,625	1,494,955
Axway GmbH (Germany)	425,000	10,613,660	100.0%	23,038,194	11,038,194		23,308,609	1,225,043	70,000
Axway Srl (Italy)	98,040	48,738	100.0%	98,127	98,127		3,692,977	-47,503	
Axway Software Iberia (Spain)	1,000,000	200,000	100.0%	1,000,000	1,000,000		5,373,717	508,914	1,700,970
Axway Nordic (Sweden)	11,652	1,009,906	100.0%	20,706,081	1,606,080		4,954,324	10,707	
Axway Inc. (United States)	2	105,311,220	100.0%	120,266,278	120,266,278		110,592,857	8,707,470	
Axway BV (Netherlands)	18,200	276,664	100.0%	200,000	200,000		4,566,732	708,156	1,000,000
Axway Belgium (Belgium)	1,000,000	135,684	99.9%	999,000	999,000		6,114,784	284,121	699,300
Axway Romania Srl (Romania)	11,810	1,896,579	100.0%	1,972,250	1,972,250		8,687,621	1,484,585	517,412
Axway SAS (France)	37,000	-7,422	100.0%	37,000	37,000			-2,416	
Axway Pte Ltd (Singapore)	124,138	238,612	100.0%	1	1		3,109,241	227,912	
Axway Ltd (Hong Kong)	9,779	2,053	100.0%	1	1	171,340	1,489,742	89,303	144,988
Axway Pty Ltd (Australia)	78,666	-104,212	100.0%	1	1		1,649,139	53,957	
Axway Software China (China)	1,381,665	-1,276,411	100.0%	1	1		976,319	62,544	
Axway Software SDN BHD (Malaysia)	61,963	-140,264	100.0%	1	1	150,393	208,555	8,285	
Axway Bulgaria EOOD (Bulgaria)	2,556	1,019,521	100.0%	979,846	979,846		6,482,660	1,155,165	766,938
Axway Distribution France (France)	1,000	-4,965	100.0%	1,800	1,800	5,500		-1,980	
Vordel Ltd (Ireland)	141,815	7,662,109	100.0%	42,570,000	42,570,000		2,564,446	1,391,445	
Axway Inc. (United States)									
Tumbleweed Communications Holding GmbH (Switzerland)	16,567	957,351	100.0%	9,286	9,286			-1,810	
Vordel Ltd (Ireland)									
Vordel UK Ltd (UK)	1	-594,486	100.0%	1	1	660,806	62,452	-136,039	
Vordel Inc. (United States)	76	-3,204,704	100.0%	65	65	5,668,269	1,400,166	-486,371	

5 RISK FACTORS

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

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

5.1 Risks associated with the Group's operations

5.1.1 Uncertainties related to the global economic environment

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

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

In light of the difficult economic context worldwide, the Group has faced declining revenue, net profit and cash flow in the past, or slower growth than anticipated, and might continue to face such challenges in the future. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured. If economic conditions remain uncertain, the Group might see lower levels of growth than in the past, which might have an adverse impact on the Group's operations and business results.

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

The Group has several thousand clients, thus reducing the risk of dependency on a single client or group of clients. In 2012, no single client accounted for more than 4.74% of consolidated revenue. This risk is further reduced by the composition of the portfolio, which is made up of public sector entities and private sector companies operating in diverse business segments. Moreover, the structure and internal client risk management procedures minimise the risk of insolvency and give a delinquency rate of less than 0.01% of consolidated revenue. However, a number of business segments, such as banking, financial services, logistics, government agencies and health, account for a large part of the Group's revenue and may prove more susceptible than others to the economic uncertainties of the current context. This might lead existing or prospective clients in these segments to limit, postpone or cancel all or part of their information technology purchases or investments, or to reduce or terminate maintenance contracts as well as contracts for other services related to their installed base of systems, which might have an adverse impact on licensing and/or the Group's revenue. Sales cycles for licences to use the Group's software packages might also tend to lengthen in the face of current economic uncertainties.

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

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

5.1.2 Infringement of intellectual property rights of third parties

The Group's software packages include certain third-party components, selected either by the Group itself or by companies it has acquired. Due to the use of these third-party components within its software packages and in the absence of specific contractual agreements, the Group is exposed to the risk of being accused by a third party for infringement of intellectual property rights. To limit the risk of such disputes, the Group is especially careful when selecting partner companies who provide third-party components. Should any of its software products be affected by one or another of the aforementioned circumstances, the Group might suffer an adverse impact, as much in relation to the terms and conditions for providing licences to use its software packages as from a financial and brand image perspective.

In the past, the Group has been the focus of claims alleging that its software packages infringed patent rights, particularly in the United States, and/or other intellectual property rights held by third parties, and it may continue to be targeted in this manner in the future. These claims have entailed, and may continue to entail, considerable legal costs should proceedings be brought against the Group, whether such claims are justified or not. In connection with a dispute relating to intellectual property rights, the Group might be compelled to:

- cease development, licensing or the use of software packages or services protected in whole or in part by the contested intellectual property rights;
- enter into licence agreements with the holder of the intellectual property rights asserting infringement, with the understanding that this licensing might prove difficult to negotiate under acceptable terms and conditions, particularly from a financial standpoint;
- redesign its software packages, which might be very costly and might force the Group to temporarily cease licensing or to postpone scheduled releases of software packages in order to avoid making use of the disputed component. Furthermore, such a plan might prove unrealistic to implement;
- pay large sums in damages awarded by a court having authority over the case and whose ruling is final.

5.1.3 Errors or technical deficiencies in software packages

The Company's software packages involve complex software engineering methods and often consist of millions of lines of code. For this reason, they may contain errors or technical deficiencies that might lead some clients to bring claims for damages suffered due to the use of a software package and/or business interruption losses or might result in higher costs for maintenance or guarantees.

Errors and technical deficiencies might arise within some of the Company's existing software packages and others it plans to develop in the future and may only be revealed after deployment, on first use or when new versions and updates are released.

Since the Company's software packages are often used in complex operating environments processing millions of individual transactions, any loss caused by an error or a technical deficiency, particularly one related to performance, might require the client to take remedial action thereby incurring excess costs (higher costs for maintenance and guarantees, allocation of human and financial resources, etc.). In addition, these technical deficiencies may tarnish the Company's reputation and ultimately lead to the loss of clients and/or business opportunities.

The Company conducts tests on all of its new software packages (and on all new versions and updates) so as to ensure, as far as is possible and within reasonable limits, that they are free of errors and technical deficiencies. In addition, all software packages are also subject to in-depth quality assurance testing before being released to the market and delivered to the client. Furthermore, it is the client's responsibility to test the software package thoroughly before using it in a real-life environment. However, any claim for damages brought against the Group, even if unsuccessful, may involve protracted litigation and therefore high legal defence costs, with an adverse impact on the Group's brand image. So as to limit the financial consequences of the risk of errors within its software packages giving rise to damages for clients and third parties, the Group has taken out products liability insurance (see Chapter 3, section 5.7). Nevertheless, although the amount of coverage provided is considerable, it may not be sufficient to offset all costs incurred as a result of errors of technical deficiencies.

5.1.4 Security of software packages

The Group operates in a market characterised by the rapid pace of developments in technology and is therefore exposed on a constant basis to the risks of software piracy and industrial espionage, as well as potential attacks by computer viruses or software bugs that may interfere with the proper functioning of its systems and software packages and of those installed on the premises of its clients, which may result in major losses. Apart from the potential for data loss, such circumstances may also have material adverse consequences for the Group's operations and its brand image.

Given the importance of security concerns in the development of software packages, as much in relation to the Group's own products as to those used by the Group in connection with its operations, the Group has implemented measures to mitigate these potential risks.

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

5.1.5 Use of free software

The Group makes use of third-party components. In particular, some of the Group's products may involve the use of free software.

In this respect, the Group may decide to include several components available as free software within its products, as has already been the case in the past, and its team of developers may plan to use these components to reduce the development time required and thus the time to market for the products in question. Certain free software components may involve the application of licence agreements, but others may be used in the absence of any express agreement. Moreover, some free software components, whose creators want to ensure that their products are never distributed under a proprietary licence, include restrictions in their licences known as "contamination" clauses preventing their code from being embedded in commercial products, implying that any product incorporating this component must also have the status of free software. Consequently, there is also the risk that some of the Group's products, developed on the basis of "contaminating" free or open-source software, may themselves be considered as non-proprietary and therefore usable by third-party developers. This type of use may have an adverse impact on the Group's operations because it may result in claims brought by third parties in relation to infringements of intellectual or industrial property rights and require the Group to reveal a portion of the source code for the software products developed on the basis of contaminating software, which otherwise would be covered by trade secret protection.

5.1.6 Innovation

Technology innovation is a constant feature of the market in which the Group operates. As a result, the Group's success depends in large measure on its capacity to develop new software packages (or improve existing ones) in order to better meet the needs of its clients. 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 clients as sufficiently differentiated from existing software and at prices the market will accept.

Despite the significant resources devoted by the Group in support of the development of new offerings and the improvement of its existing software packages (especially the Synchrony™ platform), with R&D expenses totalling €32.5 million in 2012, the new software packages developed by the Group may not meet the market's expectations, and demand for its software packages may therefore fall, affecting its operating profit and financial position.

In a more general sense, any change in the Group's market position with respect to innovation may have a material adverse impact on the Group's operations, financial position and revenue.

5.1.7 Competition

The target market for the Group's software packages and services is characterised by fierce competition as well as the rapid pace of developments in technology and offerings. The Group competes with a wide range of companies of all sizes whose offers of products and services are similar to those of the Group. Some competitors have been present in the same market as the Group for longer and their financial and technology resources, not to mention their development and marketing resources in support of their software products, are occasionally greater than those of the Group. Although the Group intends to increase its size in future, moves towards consolidation in the sector might favour the emergence of large competitors with stronger financial backing than its own. In addition, the Group might lose market share and report weaker financial results in the face of heightened competition in its market. Hence, the arrival of one or more major competitors, especially a multinational IT company interested in expanding into the business interaction network software market in which the Group is positioned to offer either software packages and/or services, might affect the Group's market share in relation to its full range of solutions. The adverse impact of such a development might involve downward pressure on prices or the need for defensive actions entailing greater advertising and promotional expenditures, and thus materially affect the Group's operations, business results and financial position.

5.1.8 Production

The primary risk relates to the capacity to fulfil commitments vis-à-vis clients in terms of quality, delivery date and cost: delivering products and services that meet the specifications, within the time limits agreed and within the budgets forecast, in particular in connection with major client projects. Providing responses to fully meet client demands and the control of production quality are among the key challenges faced by the Group.

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

With regard to the control of the project management techniques to be implemented, a training programme was set up in relation to these challenges, which led to a total of 4,102 training days in 2012 (equivalent to an average of around 3.8 training days per employee in France and 2.62 training days for each employee based outside France).

5.1.9 Infrastructure and data management

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

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

The plan to separate the information systems of Axway Software and the Sopra Group was implemented during 2012 to cover the remaining applications or to complete the technical spin-off operations. To finalise the process, minor actions still need to be carried out in 2013.

Furthermore, the Group ensures that it complies with the requirements of various national laws, such as HIPAA regulations in the United States. In addition, a global information security management project, based on ISO 27001 requirements, was launched in 2012 (*Axway Information Security Policy*).

5.1.10 Dependence on key personnel

Given the complexity of its software packages, the Group's continued success is contingent upon its ability to ensure the harmonious management of its Human Resources and build the loyalty of staff members who are fully familiar with its software packages and their development processes, who have a good understanding of the approaches to the use of a given product that are suitable for each client. Any significant reduction in the number of highly experienced staff members, especially if they leave the Group to work for a competitor, might result in a lowering of Group standards with respect to client service and product quality, requiring additional recourse to sub-contractors, with a potential impact on the Group's revenue. Furthermore, the technologies employed by the Group require the presence of an experienced and motivated sales force on an ongoing basis. Any loss of key members of this team or any steep increase in their turnover rate might have a material adverse impact on the Group's revenue. The Group has not taken out any insurance policy providing coverage for the loss of highly experienced and qualified staff members. However, in order to mitigate this risk, the Group has put in place incentive and training programmes and a stock option plan referred to in Chapter 3, section 9 of this document. It has also diversified its research and development resources across various geographic regions so as to reduce its dependence on any given site.

5.1.11 Seasonality

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

As with most other software developers, signings of the Group's licence agreements are concentrated towards the end of the calendar year, which corresponds to the close of its accounting year. Clients delay their purchases to obtain larger discounts, to regulate the use of their budget or for other factors not related to the Group. Consequently, the cyclical nature of the Group's business activities limits the reliability of its forecasts. The Group's profitability in any given year or half-year period may thus be delayed to a certain extent, in particular if major contracts are involved, as the Group will need to wait for the definitive signing of the necessary contracts in order to recognise its revenue.

This phenomenon, whose magnitude may vary from year to year, results in changing levels of business activity, which may have an impact either on the Group's revenue or its annual or half-year results. In particular, the Group's revenue and profitability are weaker, as a rule, in the first half of the year compared to the second half.

5.1.12 Uncertainty of business results

Rapidly changing markets, competition and the size of client contracts as well as the seasonal nature of the business may materially affect the Group's revenue and profit forecasts for a given period.

Apart from the influence of seasonal variations in revenue (see Chapter 3, section 5.1.9 "Seasonality" above), the Group's performance might be adversely affected by numerous other factors, some of which are able to be very closely monitored by management, while the potential influence of others is more difficult to assess. These factors include, in particular:

- fluctuations in exchange rates for foreign currencies against the euro (US dollar, Swedish krona and pound sterling) (see Chapter 3, section 5.2.3.a "Foreign exchange risk");

- the overall business context for the software industry (see Chapter 3, section 5.1.1 "Uncertainties related to the global economic environment");
- the general economic environment (see Chapter 3, section 5.1.1 "Uncertainties related to the global economic environment");
- the emergence, consolidation or insolvency of a competitor (see Chapter 3, section 5.1.7 "Competition");
- the Group's programme of acquisitions and those of its competitors (see Chapter 3, section 5.1.12 "Acquisitions");
- launches of software packages by the Group (see Chapter 3, section 5.1.3 "Errors or technical deficiencies in software packages");
- launches of software packages by the Group's competitors (see Chapter 3, section 5.1.7 "Competition").

5.1.13 Acquisitions

Within the scope of its growth strategy, the Group acquired all of the capital of the Vordel Group in 2012. Founded in Ireland in 1999, the Vordel Group is composed of the parent company Vordel Limited based in Ireland, a subsidiary based in the United States, a subsidiary based in England, and a branch in Germany.

The Vordel Group was acquired by the Group through a cash transaction *via* its existing medium-term credit line.

The objective of this acquisition is to strengthen the Group's position in application interfacing and identity management solutions, thereby enabling it to step into a leading position in this emerging and promising market segment. The Group cannot guarantee that it will manage to achieve this objective and successfully integrate the Vordel Group: this integration also depends on the Group's capacity to gain the long-term loyalty of Vordel's key personnel and clients, and successfully integrate the Vordel Group's activities, products and services, as well as the capacity of the acquired products and technologies to deliver the expected profitability. Moreover, the synergies and economies of scale anticipated at the time of the decision to acquire the Vordel Group may prove lower than expected.

The acquisition of the Vordel Group fits into the Group's growth strategy. This acquisition is thus a first step in the Group's external growth, which is set to continue. In this respect, the Group's ability to increase its revenue and its profit might depend in part on its capacity to identify other suitable acquisition targets, to carry out these acquisitions at an acceptable cost and to integrate them with its existing offering. Should it fail to achieve these objectives, the Group might not be able to implement its acquisition strategy.

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

5.1.14 Changes in the Group's business activities

The Group's revenue is generated by software package licensing together with contracts for professional maintenance and services. In any given period, the results of the Group's operations would be very different should there be a marked shift in favour of one or another of these revenue sources.

5.2 Risks associated with the Group's assets

5.2.1 Risks related to intangible assets

Intangible assets mainly comprise goodwill. As of 31 December 2012, goodwill amounted to €196.6 million (see Chapter 4) arising on the acquisition of companies in recent years and certain allocated intangible assets. Every year, the Group's executive management team tests its intangible assets for impairment. Acquisitions or disposals, revisions in standards, fluctuations in exchange rates or interest rates, changes in the Group's profitability, whether resulting from internal or external factors, might have a material adverse impact on the Group's business results or financial position.

5.2.2 Intellectual property risks

The Group's business is built upon the software packages it has developed over a number of years, either in their entirety or on the basis of acquired software packages or licences. Continuing to use and develop these software packages is essential to ensure the Group's future success. Protecting the Group's intellectual property rights is a cornerstone of its business, particularly thanks to copyright and to patent, trademark and trade secret protection.

The Group ensures that its software packages are protected by patents in countries where applicable laws offer this possibility, as is the case in the United States. In countries where it is not possible to obtain protection *via* patents, the Group's software packages are protected by copyright. To supplement this protection, the Group ensures the enforceability of its rights against third parties through the use of registrations with private agencies such as Logitas.

However, the effective protection of copyright, patent rights, trademarks and trade secrets may be unobtainable or limited in some countries where intellectual property rights are not given the same protection as they are in the United States or Western Europe, or even impossible because background rights are held by third parties. There is a risk, particularly in countries not offering sufficient legal protection, that a third party may claim ownership of intellectual property rights relating to a portion or the entirety of software packages lacking sufficient legal protection, which might allow third parties to develop their own products, thus diluting the Group's intellectual property rights. This might have an adverse impact on the Group's operations, causing it to incur expenditure in order to enforce its intellectual property rights. As a consequence, the Group might also be hindered in its capacity to use or develop its portfolio of software packages. A failure to protect intellectual property rights might jeopardise the Group's ability to maintain its competitive position in its market, which could have a material adverse impact on the Group's operations, business results and revenue.

5.2.3 Market risks

a. Interest rate risk

The Company is exposed to an interest rate risk in connection with a medium-term credit facility (with a contractual maturity of five years as of the date of the initial listing) granted in the amount of €100 million under a "club deal". In addition to this loan, bank overdrafts in the amount of €20 million are also available.

At the date of this document, the Company had entered into interest rate hedging agreements with three banks to cover the risk linked to the syndicated loan in the event of a rise in Euribor rates. Under these agreements, the Company pays the three banks fixed interest at a known rate (0.40). In return, the banks pay the Company the interest based on the three-month Euribor, thereby giving the Company a fixed interest rate on its debt and enabling it to keep track of its maximum debt ratio.

The Group's exposure to interest rate risks and hedging instruments is detailed in Note 29.3 a) (page 160) of Chapter 4 "consolidated financial statements".

b. Foreign exchange risk

The wide geographic distribution of the Group's operations entails the use of several different currencies. A significant proportion of the Group's assets, liabilities, revenue and expenses is denominated in currencies other than the euro, mainly the US dollar and, to a lesser extent, the Swedish krona and the pound sterling, while the Group's consolidated financial statements are euro denominated. Consequently, fluctuations in these currencies, and especially the US dollar, against the euro, have had a material impact on the Group's financial position and business results, and might also have such an impact in the future (see Note 32.3 of Chapter 4). For Axway, the dollar zone is a region where the Company has commercial activities which generate revenue, as well as development and support activities which carry expenses, including personnel costs. For this reason, fluctuations in exchange rates for the US dollar against the euro affect Axway's revenues and costs to a nearly equivalent extent and thus have only a limited overall impact, especially with respect to margin levels.

The Group's exposure to foreign exchange risk is reviewed in detail in Note 29.3 b) (page 160-161) of Chapter 4 "consolidated financial statements".

At the date of this document, the Company does not plan to enter into any forward currency contracts to hedge commercial transactions.

c. Equity risk

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

An additional review of this risk is given in Note 29.3 c) (page 161) of Chapter 4 «consolidated financial statements».

5.2.4 Risks associated with various national legal frameworks

The Company has operations in more than fifteen countries throughout the world and consequently finds itself subject to the applicable laws in each of these countries. Most of these countries have laws on foreign investments and on companies under foreign ownership conducting business within their territories. These laws may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. These amendments may also alter tax regimes or make it more difficult to bring funds into or out of the country, with the risk of excess costs. Due to its worldwide presence, the Group faces other types of risks such as: adverse changes in tariffs, taxes, export controls and other trade barriers, unanticipated changes to legal and regulatory requirements as well as political and economic instability in some countries. Any occurrence of this type of risk event might have a material adverse impact on the Group's business results.

5.3 Financial and liquidity risks

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

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

The Axway group has a medium-term credit facility (five years from the date it was first listed) in the amount of €100 million from a group lending institutions (a Club Deal composed of the following banks: BNP Paribas, CIC Lyonnaise de Banque, Crédit Agricole Corporate and Investment Bank, HSBC France, Crédit Lyonnais and Société Générale).

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

$$R1 = \frac{\text{Net debt}}{\text{EBITDA}}$$

This ratio must remain below 3 until 30 June 2013 and be below 2.5 as from that date. Net financial debt as included in the calculation for these ratios does not take into account liabilities related to employee profit sharing.

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

This ratio must be higher than five.

$$R3 = \frac{\text{Net debt}}{\text{Equity}}$$

This ratio must be lower than one.

The cost of net financial debt as included in the calculation for these ratios does not take into account liabilities related to employee profit sharing.

At 31 December 2012, the calculation of these ratios gives the following results:

R1 = 0.11, R2 = 724, R3 = 0.02

The Group's repayments schedule is reviewed in detail in Note 29.2 of Chapter 4 "consolidated financial statements".

Apart from these financial ratios, the Company has made a certain number of representations and warranties, and has undertaken commitments with its banks, all of which are in keeping with standard procedures for this type of financing, particularly with respect to restructuring efforts, acquisitions and disposals of certain assets, and the granting of a pledge relating to Axway's business goodwill, including in particular its client base, leasehold, equipment, goods and tools, its trade name, trademark or service mark and company name. For information, at 31 December 2012, all intangible assets taken together represented a gross value of €47.5 thousand and a net carrying amount of €31 thousand (see Note 15 of Chapter 4).

5.4 Credit risk

At present, the Company's clients are the main source of any credit risk to which it might be exposed. The Group's software packages are designed to handle millions of transactions and are particularly useful for major organisations engaged in high-volume business activities. This also implies that a single licensing agreement may represent several million euros. Given its broad revenue base, the Group is not dependent on any particular client (see Chapter 3, section 5.1.1 "Uncertainties related to the global economic environment"). However, although the Group's clients are mainly blue-chip companies and organisations (see Note 32.1 of Chapter 4 "Schedule of trade receivables"/ "Statement of changes in provisions for doubtful receivables"), it is not beyond the realm of possibility that the Group might be materially exposed in the event of a client's insolvency. In addition, the geographic scope of its operations exposes the Group to longer payment cycles.

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

5.5 Legal risks

5.5.1 Disputes – Legal and arbitration proceedings

Proceedings have been brought against one of the Group's American subsidiaries by a client, a US government agency (the General Services Administration or "GSA" hereafter) in the matter of a trade dispute relating to the price schedule to which the subsidiary is alleged to have agreed for the supply of licences to this client. The Group has entered into active negotiations with GSA to try and settle this dispute out of court. At any rate, no lawsuit has been launched by GSA against the subsidiary or the Group. Due to the uncertainties concerning the outcome of this claim and the discussions underway with GSA, the Group is not able to estimate, based on the data it currently has, the amounts that may be payable under an out-of-court settlement of this dispute or a possible lawsuit.

Costs relating to the GSA dispute and recognised in respect of financial year 2012 amounted to €1.4 million. They cover consulting services which the Company requested from various suppliers.

For further information, please see the additional financial information in Notes 9 (page 137) and 32 (page 164) of the notes to the consolidated financial statements.

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

5.5.2 Risks associated with the early termination of partnership agreements

Although the portion of revenue generated through partnership agreements is still relatively small, building partnerships is considered by the Group as a strategic priority for its further development, especially in countries where the Group currently enjoys only a limited presence (particularly the emerging markets of Singapore, Hong Kong, Malaysia, China and India). Consequently, the early termination of one or more partnership agreements might, in future, have an adverse impact on the Group's operations, financial position or business results. In the absence of any specific procedure that might be put in place to mitigate the risk of early termination of partnership agreements, the Group makes every effort to maintain its contractual relationships with its partners.

5.5.3 Risks associated with the non-renewal of maintenance agreements

The Group's maintenance agreements are concluded for periods ranging from one to three years, subject to automatic renewal for successive one-year periods, and the rate of non-renewal of these maintenance agreements is currently less than 4.9%. Accordingly, the Group's exposure to the risk of non-renewal of these maintenance agreements is low. In the absence of any specific procedure that might be put in place to mitigate the risk of non-renewal of maintenance agreements, the Group makes every effort to maintain its contractual relationships with its clients.

5.5.4 Risks associated with suppliers

The Company plans to expand its hybrid offerings combining components installed on the premises of clients with the supply of software services hosted in the cloud on demand. The development of these off-premise services will mean that the Group will be making greater use of providers to whom it will sub-contract all or a portion of these services. A default by one or more service providers might, in future, have an adverse impact on the Company's operations, financial position or business results.

5.6 Dependence on Sopra Group SA

5.6.1 Dependence from an operating standpoint

The Group has gradually put in place structures allowing it to achieve its independence from Sopra Group SA and which ensured near-independent operational status by the end of the 2011 financial year. These measures continued in 2012, making the Group structures practically independent from Sopra Group SA.

Commercial efficiency depends upon the ability to mobilise all client-related knowledge for international companies, where relationships with major clients are built over a number of years and involve numerous employees, often belonging to different units and a number of whom come from Sopra Group SA. However, since the spin-off, some of these employees no longer fall within the scope of the Company. Mastering this client-related knowledge is therefore a key challenge for the Company and one which permits an understanding of, and an appropriate response to, clients' needs but also allows for better management of the risk of losing a client or a major contract.

The Company will continue to benefit from the services provided on a contractual basis by Sopra Group SA relating to some support functions during a transitional period, as well as the other services (the sites of Annecy and Puteaux) described in Chapter 2, section 3. The cancellation or the expiration of any of these agreements may have a material adverse impact on the Group's operations and financial position (especially in relation to the Group's inability to provide the functions in question internally and/or the replacement costs incurred).

In addition, the Company's operations in India will continue to benefit from the equipment made available and Human Resources (100 staff members) seconded by Sopra Group SA under an agreement dated 31 May 2010 concluded between Sopra India Private Limited, Sopra Group SA's Indian subsidiary, and Axway Software, that will be recharged according to terms renegotiated each year (€110 per day, per employee in 2012) (see Note 33.2 of Chapter 4).

5.6.2 Continued dependence on the Group for major decisions

Sopra Group SA and Sopra GMT, the financial holding company of Sopra Group SA and Axway, the founders and Geninfo retain an influence over the Company and major may take decisions concerning the Company, since they control Axway owing to their direct ownership interest, acting in concert, of around 60.20% of the voting rights (see Chapter 7, section 2).

Furthermore, Sopra Group SA will appoint the members of the Company's Board of Directors and will thus have an influence on certain strategic decisions, such as investment and divestment plans that may be carried out by the Company.

Sopra GMT will also provide a certain number of services on behalf of Sopra Group SA and Axway Software (see Chapter 2, section 3).

5.7 Policy with respect to insurance

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

This insurance programme covers the risks associated with its operations in information systems engineering, the design, production, distribution, development, sales and marketing, publishing and/or installation and maintenance of all equipment, software packages and other software products, consulting, systems integration, training and technical assistance, and the design and production of computer-aided management or manufacturing systems.

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

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

1) Professional liability and operations liability insurance

The Group has taken out an insurance policy combining professional liability coverage with premises and operations liability coverage the purpose of which is to provide protection for the Group's various entities against the financial consequences of any liability they might incur due to bodily injury, property damage or economic loss, whether consequential or direct, caused to third parties and resulting from the Group's operations, professional negligence or the goods manufactured, sold and/or delivered by the Group. This policy also covers the additional costs incurred to prevent the occurrence of a loss or reduce its severity.

This insurance programme consists of a master policy, supplemented by local policies in the countries where the Group has subsidiaries (Germany, Belgium, Bulgaria, Spain, Italy, Romania, the Netherlands, Sweden, the United Kingdom, Australia, China, Hong Kong, Malaysia, Singapore, Switzerland and the United States).

The master policy serves to provide broader coverage to the insured than that provided by the local policy and to increase the limits of coverage by supplying additional amounts as necessary. It thus includes "difference in conditions" (DIC) and "difference in limits" (DIL) clauses.

The overall coverage amount ("all-inclusive") under this insurance programme is €20 million per year and deductibles are between €15,000 and €150,000 per loss.

2) Employer's liability insurance

The purpose of this insurance policy is to cover the reimbursement of financial losses incurred by the Company (involving insureds governed by laws relating to workplace accidents), comprised of supplemental contributions and compensation provided for in Articles L. 452-2 and L. 452-3 of the French Social Security Code.

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

The overall coverage amount ("all-inclusive") under this insurance programme is €7,622,450 per insurance year and the deductible is €15,000 per loss.

3) Directors' and officers' liability insurance

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

4) Property damage and computer all risks insurance

The Group is covered by a property damage/business interruption insurance policy whose purpose is protect the assets (sites, equipment, workstations, etc.) of Axway's various entities against the risk of loss or damage resulting, for example, from fire or natural catastrophes as well as business interruption losses incurred by the Group.

Under the above-mentioned insurance policy, the Group enjoys property damage and business interruption coverage up to a cumulative total of €5 million euros per claim.

5) Assistance

On behalf of those of its employees, company officers, senior executives and directors who are often required to travel in the course of their work, the Group has taken out an insurance policy offering coverage in the event of death, accident or illness occurring during work-related travel.

6) Claim history under the Group's policies and 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).

Subject to the indications included in this section, as a general rule 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.

6 INFORMATION ON COMPANY OFFICERS

The information required pursuant to Article L. 225-102 of the French Commercial Code regarding the list of company officers and their compensation can be found in Chapter 2, section 1 of this Registration Document.

6.1 Information on transactions in securities by directors or persons designated by Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the General Regulation of the *Autorité des marchés financiers*, the following transactions involving Axway shares fell within the scope of Article L. 681-18-2 of the French Monetary and Financial Code during financial year 2012:

Category(1)	Name	Function	Transaction type(2)	Transaction date	Number of securities	Unit price	Transaction amount
a	C. Fabre	CEO	A	24/01/2012	16,174	15.90	257,167
a	K. Clark Bracco	Director	A	16/11/2012	600	11.80	7,080
a	P. Pasquier	Chairman of the Board	D	27/06/2012	120,463	14.50	1,746,713.50
a	M. Gollner	Director	A	27/06/2012	5,090	14.4986	73,797.87

(1) Category:
a. members of the Board of Directors, Chief Executive Officer, Sole Chief Executive Officer, Managing Director.
(2) Transaction type:
A. Acquisition;
D. Disposal;
S. Subscription;
E. Exchange.

6.2 Employee share ownership

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you that, at 31 December 2012, no shares in the Company were held by:

- employees of the Company or its affiliates through an employee savings plan;
- employees or former employees through company mutual funds (FCPE); and
- employees during periods of inalienability affecting share option subscription plans.

The Company set up a 2012 bonus share award scheme (“PAGA 2012” hereafter) of which the terms and conditions are given in section 3 of this Registration Document in accordance with the eighteenth resolution of the Combined General Meeting of 28 April 2011 and the decision of the Company’s Board of Directors of 14 February 2012. The PAGA 2012 is governed by the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code.

Moreover, the Company has decided that the beneficiaries of the PAGA 2012 may transfer their bonus shares to the Company savings plan, in accordance with the provisions of Article L. 3332-14 of the French Labour Code.

7 INFORMATION REQUIRED BY LAW 2006-387 OF 31 MARCH 2006 RELATING TO PUBLIC ACQUISITION OFFERS (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

1. The Company's ownership structure is set out in Section 2 of Chapter 7 of the Registration Document.
2. There are no restrictions in the Articles of Association on the transfer of shares, which are freely transferable, except where provided otherwise under applicable laws or regulations (Article 11 of the Articles of Association).

   The Company has not been informed of any contractual clauses providing for preferential terms for the sale or purchase of Company shares, pursuant to Article L. 233-11 of the French Commercial Code.
3. Any direct or indirect interests in the Company's capital of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 can be found in Chapter 7, section 2 of the Registration Document.
4. There are no special controlling rights.
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 section 2 of Chapter 7 of the Registration Document.
7. The regulations applicable to the appointment and replacement of the members of the Board of Directors comply with applicable legal and regulatory requirements and are set forth 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 on by the shareholders in a General Meeting.*"

   Moreover, the Board of Directors has the delegated powers set out in Chapter 7, section 5 of this 2012 Registration Document.
9. The agreements entered into by the Company that could be amended or terminated in the event of a change in control at the Company mainly concern the syndicated credit facilities arranged on 7 June 2011.
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.

8 APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS – DISCHARGE OF MEMBERS OF THE BOARD OF DIRECTORS

We would ask that, in light of the report of the Statutory Auditors, you approve the annual financial statements for the financial year ended 31 December 2012 showing a profit of €15,083,036.80, to fully and unconditionally discharge the members of the Board of Directors with respect to the performance of their duties for the aforementioned financial year and to also approve the non tax-deductible expenses, covered by Article 39-4 of the French Tax Code, which amounted to €51,604, and the corresponding tax expense of €17,201.

9 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We would ask that, in light of the report of the Statutory Auditors, you approve the consolidated financial statements for the financial year ended 31 December 2012 showing a consolidated net profit – attributable to equity holders of the parent – of €24,659,347 as well as the transactions reflected in those financial statements or summarised in the report on Group Management included in the management report.

10 APPROPRIATION OF EARNINGS

We would ask that you note that the distributable earnings for the financial year ended 31 December 2012 totalled €15,083,036.80, determined as follows:

Profit for the year	€15,083,036.80
Retained earnings: dividends not paid on treasury shares	€12,315.75
TOTAL	**€15,095,352.55**

We would next ask that you resolve to pay shareholders a dividend of €0.35 per share and appropriate distributable earnings as follows:

Legal reserve	€754,767.63
Dividend	€7,112,363.30
Discretionary reserves	€7,228,221.62
TOTAL	**€15,095,352.55**

The dividend shall be payable as from 12 June 2013 for holders of shares entitled to a dividend, namely those holding, on the ex-dividend date (in France three business days prior to the dividend payment date, namely 7 June 2013), Axway Software shares giving entitlement to the dividend for FY 2012.

On the basis of the number of shares giving entitlement to a dividend as of 31 December 2012, namely 20,321,038, the dividend would total €7,112,363.30.

The legal reserve will thus stand at €2,772,671, *i.e.* 7% of the share capital.

The shares held by the Company on the date of the Meeting shall not be entitled to a dividend and the corresponding dividend will be allocated to “retained earnings” upon payment.

For individual shareholders resident in France for tax purposes, it should be noted that the full amount of the proposed dividend will be eligible for the 40% tax deduction under Article 158-3-2 of the French Tax Code.

The amount of dividends distributed over the three prior financial years is indicated below, along with the amount of earnings distributed over those financial years that was eligible for the deduction provided for under Article 158-3-2 of the French Tax Code and the corresponding amount of distributed earnings not eligible for said deduction:

	Distributed earnings eligible for the deduction under Article 158-3-2 of the French Tax Code		
FY	**Dividend per share** *(in euros)*	**Other distributed earnings per share** *(in euros)*	**Distributed earnings not eligiblefor the deduction** *(in euros)*
2011	0.25	0	0
2010	3.98	6.97	0
2009	0	0	0

11 APPROVAL OF THE SERVICE AGREEMENT WITH SOPRA GMT, A FINANCIAL HOLDING COMPANY, FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the service agreement with Sopra GMT, a financial holding company, referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2012 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, François Odin, Pierre Pasquier, Sopra Group and Sopra GMT, represented by Pierre Pasquier, will abstain and that their shares will not be taken into account for the purposes of calculating the quorum and majority.

12 APPROVAL PURSUANT TO ARTICLE L. 225-42 OF THE FRENCH COMMERCIAL CODE OF THE AGREEMENT FOR THE PROVISION OF IT RESOURCES ENTERED INTO BETWEEN AXWAY SOFTWARE AND ITS SUBSIDIARIES FALLING WITHIN THE SCOPE OF ARTICLE L. 225-38 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval, pursuant to Article L. 225-42 of the French Commercial Code, the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries referred to in the special report of the Statutory Auditors on the agreements falling within the scope of Article L. 225-38 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2012 and the corresponding conclusions of said report.

As regards voting on this resolution, it is noted that pursuant to Article L. 225-40 of the French Commercial Code, Christophe Fabre will abstain and that his shares will not be taken into account for the purposes of calculating the quorum and majority.

13 APPROVAL OF DEBT FORGIVENESS IN FAVOUR OF AXWAY SRL FALLING WITHIN THE SCOPE OF ARTICLE L. 225-42 OF THE FRENCH COMMERCIAL CODE

We propose in this resolution to submit for your approval the debt write-off in favour of Axway Srl referred to in the special report of the Statutory Auditors on agreements falling within the scope of Article L. 225-42 *et seq*. of the French Commercial Code with respect to the financial year ended 31 December 2012 and the corresponding conclusions of said report.

14 CONCLUSIONS OF THE SPECIAL REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

We would ask in this resolution that you take note of the conclusions of the special report of the Statutory Auditors on related-party agreements entered into or authorised, previously approved by the General Meeting of 24 May 2012 and which continued to be performed during the past financial year.

15 APPROVAL OF THE APPOINTMENT OF A NEW DIRECTOR FOLLOWING THE RESIGNATION OF ONE OF THE DIRECTORS

We propose in this resolution to submit for your approval, in accordance with Article L. 225-24 of the French Commercial Code, the ratification of the appointment of Yves de Talhouët as director, following the resignation of David Courtley from his director's seat, for the latter's remaining term of office, ending at the close of the 2015 Ordinary General Meeting called to approve the financial statements for the year ending 31 December 2014.

16 SETTING OF DIRECTORS' FEES

We propose setting at €262,500 the amount of directors' fees to be split between the members of the Board of Directors for the current financial year.

17 AUTHORISATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO BUY BACK ORDINARY SHARES IN THE COMPANY

The thirteenth resolution of the General Meeting of 24 May 2012 authorised the Company to trade in its own shares for a period of eighteen (18) months.

A market making agreement was signed between Axway Software and Kepler Capital Markets on 10 June 2011 and renewed on 10 October 2012. The purpose of this agreement is to enable Kepler Capital Markets to act in the market on behalf of Axway Software in order to ensure trading liquidity and stock price stability and thereby avoid price fluctuations that are not based on market trends. On 31 December 2012, Kepler Capital Markets held €486,241 in cash and 35,753 Axway Software shares on behalf of Axway Software.

With the current authorisation expiring in November 2013, we would propose terminating it and re-authorising the Company to trade in its own shares for a period of eighteen (18) months from the date of this General Meeting.

The terms and conditions of this new authorisation would be as follows:

- maximum purchase price: €37;
- maximum holding: 10% of the share capital (i.e. 2,032,104 shares at 31 December 2012);
- maximum purchase amount: €75,187,841.

These new powers would be for the same purposes as those approved last year and would enable the Company to trade in its shares so as to:

(a) cover Company share purchase option plans benefiting (some or all) employees and/or (some or all) qualifying corporate officers of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code;

(b) award ordinary shares to qualifying corporate 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) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq*. of the French Commercial Code to employees and qualifying corporate officers, or certain categories thereof, of the Company and/or of companies and economic interest groupings associated with it as per the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award ordinary shares in the Company to these employees and corporate 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 attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of 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 market making 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 General Meeting allowing it to reduce the capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

The Company could also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq*. of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

18 POWERS TO PERFORM FORMALITIES

We would finally propose granting powers to perform the required formalities following this General Meeting.

19 OTHER INFORMATION

In accordance with Article 223 quater of the French Tax Code, we would draw attention to the fact that the financial statements for the past financial year include €51,604.10 in respect of non tax-deductible expenses (Article 39-4 of the French Tax Code).

Paris, 16 April 2013,

The Board of Directors

SUMMARY OF RESULTS OF AXWAY SOFTWARE FOR THE PAST FIVE FINANCIAL YEARS

(in euros)	2012	2011	2010	2009	2008
Capital at end of financial year					
Share capital	40,642,076	40,301,282	75,620,000	75,620,000	75,620,000
Number of ordinary shares outstanding	20,321,038	20,150,641	1,990,000	1,990,000	1,990,000
Number of bonds convertible into shares					
Operations and results for the financial year					
Revenue excluding VAT	135,959,288	134,567,882	114,244,964	94,393,785	91,386,491
Results before tax, employee profit-sharing and depreciation, amortisation and provisions	16,152,038	25,594,204	14,165,750	15,579,249	13,629,029
Corporate income tax	-2,557,207	-5,135,529	-2,776,626	-412,039	3,928,249
Employee profit-sharing and incentive schemes owed with respect to the financial year	1,070,259	938,662	1,917,430	708,532	1,632,622
Results after tax, employee profit-sharing, depreciation, amortisation and provisions	15,083,037	8,623,387	8,351,000	-5,369,854	10,623,943
Distributed earnings	7,112,363	5,037,360	7,920,200		
Earnings per share					
Results after tax, employee profit-sharing but before depreciation, amortisation and provisions	0.87	1.48	7.55	7.68	4.05
Results after tax, employee profit-sharing, depreciation, amortisation and provisions	0.74	0.43	4.20	-2.70	5.34
Dividend awarded per share	0.35	0.25	10.95		
Employee data					
Average number of employees during the financial year	616	608	603	601	599
Total payroll for the financial year	36,916,934	34,817,799	33,852,544	30,289,359	29,818,063
Total benefits paid with respect to the financial year (social security, employee welfare, etc.)	17,612,693	16,571,046	15,852,251	14,658,500	13,901,757

REPORT OF THE BOARD OF DIRECTORS ON THE USE OF DELEGATIONS OF AUTHORITY GRANTED BY THE ORDINARY GENERAL MEETING OF 24 MAY 2012 AND ON THE USE OF THE DELEGATIONS OF AUTHORITY GRANTED BY THE COMBINED GENERAL MEETING OF 28 APRIL 2011

Dear Shareholders,

The purpose of this report, drawn up in compliance with Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, is to inform the Meeting of the use made 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 on 28 April 2011

The authorisation granted to the Board of Directors in the **sixteenth resolution of the Combined General Meeting of 28 April 2011** to increase by up to a maximum of 3% the share capital by means of the issue of ordinary shares reserved for employees of the Group who are members of a company savings plan, **has not been used**.

The authorisation granted to the Board of Directors in the **seventeenth resolution of the Combined General Meeting of 28 April 2011** to grant stock options to qualifying company officers and employees of the Group involving up to a maximum of 7% of the number of shares in the Company's capital as of the date the Board of Directors awards the options, **was used to the tune of 4.7%, coming in at 2.3% under the 7% limit, based on the share capital at 31 December 2012**.

The authorisation granted to the Board of Directors in the **eighteenth resolution of the Combined General Meeting of 28 April 2011** to grant bonus shares, whether existing or to be issued, to qualifying company officers or employees, involving up to a maximum of 1% of the Company's share capital as of the date of their award by the Board of Directors, **was used to the tune of 0.3%, coming in at 0.7% under the 1% limit**, based on the share capital at 31 December 2012.

The authorisation given to the Board of Directors in the **nineteenth resolution of the Combined General Meeting of 28 April 2011** to grant share warrants (BSAAR – warrants for redeemable shares) to employees and corporate officers of the Company or its Group, without shareholder preferential subscription rights, involving up to a maximum of 7% of the Company's capital as of the date of the Board of Directors' decision, **has not been used**.

The authorisation granted to the Board of Directors in the **twenty-first resolution of the Combined General Meeting of 28 April 2011** to reduce the share capital, by up to 10% of the capital per twenty-four (24) month period from the date of the General Meeting, by means of the cancellation of ordinary shares, **has not been used**.

The authorisation granted to the Company's Board of Directors by the **eighteenth resolution of the Combined General Meeting of 28 April 2011** to grant free Company shares, on one or more occasions, to eligible corporate officers and employees of the Company and its affiliates within the meaning of Article L. 225-197-2 of the French Commercial Code, up to 1% of the Company's share capital, **was used, thereby reducing the limit from 1% to 0. 7%** based on the share capital at 31 December 2012.

II. Use of the delegations of authority granted by the Ordinary General Meeting of 24 May 2012

The delegation of authority granted to the Board of Directors by the **thirteenth resolution of the Ordinary General Meeting of 24 May 2012**, to buy back ordinary shares in the Company, involving a maximum of 10% of the total number of ordinary shares as of the date of the buybacks, for a total of up to seventy five million one hundred and eighty seven thousand eight hundred and forty one euros (€75,187,841) in theory representing a maximum of 2,032,104 ordinary shares, **was used to the tune of 0.002, thereby reducing the limit from 10% to 9. 998%. Thus, 35,753 Company shares were bought back within the scope of the liquidity contract, based on the Company's share capital at 31 December 2012.**

Paris, 16 April 2013,

The Board of Directors

BOARD OF DIRECTORS' REPORT SUBJECT TO STOCK OPTIONS (DRAWN UP 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 the operations carried out, pursuant to the provisions of Articles L. 225-177 to L. 225-187 of the French Commercial Code, concerning the Company stock options awarded and exercised during the past financial year.

I. Overview of operations carried out in 2012

In 2012, the Company and the Group's subsidiaries did not award any new stock options to their executive officers, company officers or employees.

II. Operations carried out in the 2012 financial year

Here is a summary of the operations carried out in 2012 under the various stock option plans set up by the Company.

a. Stock Option Plan No. 1

We wish to remind you that, pursuant to the authorisation granted by the fifth resolution of the Combined General Meeting of 22 May 2007, the Board of Directors awarded a certain number of stock options to Company employees and officers at its meeting of 22 May 2007. Thus, 170,397 stock options awarded to an executive officer matured and were exercised on 23 May 2013 at an exercise price of €12.61 per share.

It should be noted that 165,281 stock options were cancelled in respect of 2012.

b. Stock Option Plan No. 2

We wish to remind you that, pursuant to the authorisation granted by the first resolution of the Combined General Meeting of 25 November 2010, the Board of Directors awarded a certain number of stock options to Company employees at its meeting of 25 November 2010.

No stock option was exercised under Stock Option Plan No. 2. It should also be noted that 67,806 stock options were cancelled in respect of 2012.

c. Stock Option Plan No. 3

The Board of Directors used the authorisation granted in the seventeenth resolution of the Combined General Meeting of 28 April 2011 to award stock options to certain Axway employees (Plan No. 3 hereafter), entrusting the set-up of this plan to its Chief Executive Officer as follows:

- establishment on 18 November 2011, on the decision of the Chief Executive Officer, of stock option Plan No. 3 and awarding by the Board meeting of 30 August 2011 of 1,032,350 stock options at an exercise price of €14.90 to 262 employees in grades 4, 5 and 6, to "Top Management" and/or "key employees" of the Group;
- to take account of the specific fiscal and social-security regulations in the different countries, it was decided to set up a general framework plan and national plans in order to meet fiscal and social-security requirements in the United States, Belgium and France;
- a vesting schedule governing the options awarded under Plan No. 3 as follows:
  - 50% of the options will vest at the end of a period of thirty (30) months from the award date,
  - 50% of options will vest on the day following the fifth (5th) anniversary of the award date;

- except for beneficiaries subject to the French regime who may not sell, or otherwise dispose of, the shares resulting from the exercise of options prior to the day following the fourth (4th) anniversary of the award date, beneficiaries under Plan No. 3 are not subject to any lock-in period; subject to compliance with quiet periods and the provisions of national plans;
- the stock options awarded under Plan No. 3 are not subject to any performance obligations;
- for 2012, 200,000 stock options were awarded by the Board on 14 February 2012 to Christophe Fabre, CEO and Director of Axway Software, out of the 1,032,350 stock options of Plan No. 3. There are no performance conditions attached to the exercise of options. Moreover, pursuant to Article L. 225-185 of the French Commercial Code, at the same meeting, the Board of Directors decided that the Chief Executive Officer shall be required to keep registered, until he leaves office, at least 25% of the shares accruing from the exercise of options awarded under Plan No. 3;
- no option was granted by the Company to other company officers for the year ended 31 December 2012;
- of the 1,032,350 options awarded, none were cancelled during the year.

The table below details the stock options awarded to the top ten employee (non-company officer) beneficiaries and the options exercised by them during FY 2012.

Stock option awards to top ten employees and options exercised by them	**Total number of options awarded/ shares subscribed for or purchased**	**Weighted average price**	**Plan No. 1**	**Plan No. 2**	**Plan No. 3**
Options awarded, during the financial year, by the issuer and any company within the option award scope, to the ten employees of the issuer and of any company within this scope to have received the most options (aggregate information)	-	-	-	-	-
Options held vis-à-vis the issuer and the aforementioned companies exercised during the financial year by the ten employees of the issuer and of these companies to have subscribed for or purchased the most options (aggregate information)	-	-	-	-	-

III. Summary tables pursuant to the AMF recommendation concerning the compensation of executives

SHARE SUBSCRIPTION OPTIONS ALLOCATED DURING THE YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ALL GROUP COMPANIES

Performance-based shares allocated by the General Meeting of Shareholders during the year to each company officer by the issuer and by all Group companies	Number and date of allocation of plan	Number of shares allocated during the year	Valuation of shares based on the method used for the consolidated financial statements	Vesting date	Availability date	Performance requirement
Christophe Fabre Chief Executive Officer	PAGA Plan No. 1 of 14 February 2012	45	€13.20 per share, *i.e.* a total of €594 for the 45 shares	13 February 2016	The bonus shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.	No performance requirement was specified as the PAGA 2012 set up by the Company is not subject to such a requirement.
Pierre Pasquier		-	-	-	-	-
TOTAL		**45**	**€594**	**-**		

SHARE SUBSCRIPTION AND PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE OFFICER

Name of executive officer	Number and date of plan	Number of options exercised during the year	Exercise price
Christophe Fabre	Plan No. 1 of 23 May 2007	170,397	€12.61
TOTAL		**170,397**	**€2,148,706**

Paris, 16 April 2013,

The Board of Directors

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON THE AWARDING OF BONUS SHARES (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 operations carried out during the past financial year under the Company's bonus share award schemes.

As a reminder, in its eighteenth resolution, the Combined General Meeting of 28 April 2011, after having read the Board of Directors' report and the Statutory Auditors' special report, and subject to the condition precedent of the admission of the Company's shares to trading on the NYSE Euronext Paris regulated market and in accordance with Articles L. 225-197-1 *et seq*. of the French Commercial Code:

1. authorised the Board of Directors to award bonus shares, on one or more occasions, consisting of either existing Company shares or shares to be issued, as it deems fit, to eligible employees or company officers (within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company and affiliated companies and economic interest groups, or to certain categories of such employees and company officers, in accordance with the provisions of Article L. 225-197-2 of the French Commercial Code;
2. resolved that this authorisation shall be granted to the Board of Directors up to the date of its renewal at a subsequent Extraordinary General Meeting and, in any event, for a maximum of thirty eight (38) months from the date of the Combined General Meeting of 28 April 2011;
3. resolved that the total number of shares awarded, whether they consist of existing shares or shares to be issued, may not exceed 1% of the Company's share capital on the date of the Board of Directors' decision to award them, 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 the bonus shares, this ceiling being independent from the overall ceiling set by the fifteenth resolution of the Combined General Meeting of 28 April 2011;
4. resolved that the award of the shares to the beneficiaries shall become definitive, at the discretion of the Board of Directors, for all or part of the shares awarded:
   (a) either after a vesting period of at least four years, and in that case, with no lock-in period,
   (b) or after a vesting period of at least two years, with the understanding that the beneficiaries will need to keep said shares for at least two years after the vesting period, at any rate, irrespective of their duration, the vesting and lock-in periods shall automatically end if the beneficiary becomes incapacitated as provided by law;
5. resolved that the existing shares which may be awarded under this resolution will need to be acquired by the Company, either within the scope of Article L. 225-208 of the French Commercial Code, or, if applicable, within the scope of the share buyback programme authorised by the fifth resolution submitted to this Meeting or any subsequently applicable share buyback programme;
6. took note that, with regard to shares to be issued, (i) the authorisation shall entail, following the vesting period, a capital increase through the capitalisation of reserves, profits or issue premiums for the benefit of the beneficiaries of said shares and, at the same time, the shareholders' waiver – in favour of the bonus share beneficiaries – of the portion of the reserves, profits and premiums thus capitalised, (ii) the authorisation shall automatically entail – in favour of the beneficiaries of said shares – the shareholders' waiver of their preferential subscription rights. The corresponding capital increase shall definitively take place as a result of the definitive allocation of the shares to the beneficiaries;
7. granted full powers to the Board of Directors, within the limits laid down above, to implement this resolution and in particular to:
   (a) name the beneficiaries of the bonus shares and the number of shares awarded to each of them,
   (b) determine the eligible company officers, in accordance with the last paragraph of section II of Article L. 225-197-1 of the French Commercial Code,
   (c) set the share allocation dates and terms, notably the period at the end of which the awards shall become definitive, as well as the length of any lock-in period for each beneficiary,
   (d) where applicable, determine the conditions, notably in relation to the performance of the Company, the Group or its entities as well as the share allocation criteria where applicable,
   (e) determine whether the bonus shares awarded shall be existing shares or shares to be issued; in the event of the issuing of new shares, increase the capital through the capitalisation of reserves, profits or premiums, determine the nature and amounts of the reserves, profits or premiums to be capitalised for the issuing of

said shares, record such capital increases, modify the Articles of Association accordingly and do everything that may be required to ensure the proper unfolding of the operations,

(f) where appropriate, provide for the possibility of adjusting the number of bonus shares awarded during the vesting period in accordance with any operations on the Company's capital, so as to preserve the rights of the beneficiaries, with the understanding that the shares allocated under those adjustments shall be deemed as having been allocated on the same day as the initially allocated shares,

(g) in a more general way, with the option to sub-delegate, record the definitive allocation dates and the dates as from which the shares may be freely transferred in the light of legal restrictions; enter into any agreements, produce all documents, carry out all formalities, file all declarations with all appropriate bodies and do everything that may be required.

At the Board meetings of 4 October 2011, 3 November 2011 and 14 February 2012, pursuant to the authorisation granted under the eighteenth resolution of the Combined General Meeting of 28 April 2011, the Board decided to award bonus shares to all eligible company officers and employees of the Company and its affiliates within the meaning of Article L. 225-197-2 of the French Commercial Code, and laid down the terms and conditions for the award of the bonus shares within the scope of a first Plan involving 76,950 shares (the 2012 Plan) and of which the main characteristics are the following:

- equal allocation of 45 shares per employee, it being specified that on that date the value of the Company's shares was 15 euros per share;
- the 2012 Plan applies to 1,710 Group employees, under the condition that:
  - the employees are currently under an open-ended or fixed-term employment contract with the Company or one of its subsidiaries, and
  - on the allocation date, the employees have been working for the Company or one of its subsidiaries for at least three months.

Moreover, the Board resolved that, due to the different fiscal and social-security regulations in the various countries in which the Group employees work, the duration of the vesting period and lock-in period (if any) may vary from one country to another. For this reason, the Company launched an international Plan as well as a specific Plan for Spain and Italy, of which the main characteristics are the following:

- the vesting period runs from 14 February 2012 to 13 February 2013 inclusive. The shares shall be transferred to the beneficiaries provided that, on 14 February 2014, they are eligible company officers within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code or employees of the Company and have been so in a continuous way since the award of the bonus shares;
- the bonus share lock-in period is as follows:
  - 14 February 2014 to 13 February 2016 for France and other Group companies,
  - 14 February 2014 to 13 February 2017 for Spain and Italy.

Moreover, in order to enable employees in France to place their bonus shares in their Company Savings Plan, in accordance with the provisions of Article L. 3332-14 of the French Labour Code, the Company signed an agreement with its Works Council on 10 February 2012 on the distribution of the bonus shares, providing for equal allocation of those shares.

Furthermore, we wish to point out that, for the year ended 31 December 2012, under the 2012 Plan:

- 45 bonus shares were awarded to the Company's Chief Executive Officer Christophe Fabre by the Board on 14 February 2012, in accordance with the provisions of Article L. 225-197-2 of the French Commercial Code, in respect of his office and duties within the Company; on that date, the value of the Company's shares was 15 euros (closing price); no bonus shares were awarded to the Company's other corporate officers in respect of their duties for the year ending 31 December 2012;
- no bonus shares were awarded to corporate officers of the Company by companies which it controls within the meaning of Article L. 233-16 of the French Commercial Code, in respect of those corporate officer's roles or duties within those companies.
- summary of performance-based shares awarded to each company officer under the 2012 Plan.

PERFORMANCE-BASED SHARES AWARDED TO EACH COMPANY OFFICER

Performance-based shares awarded by the General Meeting of Shareholders during the year to each company officer by the issuer or by any Group company	Number and date of allocation of plan	Number of shares allocated during the year	Valuation of shares based on the method used for the consolidated financial statements	Vesting date	Availability date	Performance requirement
Christophe Fabre Chief Executive Officer	PAGA Plan No. 1 dated 14 February 2012	45	€13.20 per share, *i.e.* a total of €594 for the 45 shares	13 February 2016	The bonus shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.	No performance requirement was specified as the PAGA 2012 set up by the Company is not subject to such a requirement.
Pierre Pasquier		-	-	-	-	-
TOTAL		**45**	**€594**	**-**		

Paris, 16 April 2013,

The Board of Directors

BOARD OF DIRECTORS' REPORT ON THE AUTHORISATION GRANTED BY THE GENERAL MEETING TO ISSUE SHARE WARRANTS AND/OR WARRANTS FOR REDEEMABLE SHARES (BSAAR) FOR THE BENEFIT OF EMPLOYEES AND CORPORATE OFFICERS OF THE COMPANY OR ITS GROUP

The Board of Directors did not use the authorisation granted by the nineteenth resolution of the Combined General Meeting of 28 April 2011 to award BSAARs to employees and corporate officers of the Company or its Group.

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2012, 2011 AND 2010

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CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated income statement

		2012	2011	2010
(in thousands of euros)	**Notes**	**Amount**	**Amount**	**Amount**
Revenue	4	224,320	217,244	208,421
Employee costs	5	-139,976	-132,619	-130,878
Purchases and external expenses	6	-48,727	-50,629	-48,479
Taxes and duties		-2,161	-1,612	-1,486
Depreciation, amortisation and provisions	7	-4,906	-2,909	-1,727
Other ordinary operating income and expense		6,416	5,828	5,234
Operating profit on business activity		**34,966**	**35,303**	**31,085**
as % of revenue, excl. tax		***15.6%***	***16.3%***	***14.9%***
Expenses related to stock options and similar		-1,147	-146	-
Amortisation of allocated intangible assets	8	-2,130	-1,858	-1,944
Profit from recurring operations		**31,689**	**33,299**	**29,141**
as % of revenue, excl. tax		***14.1%***	***15.3%***	***14.0%***
Other operating income and expenses	9	-2,939	-3,967	-3,583
Operating profit		**28,750**	**29,332**	**25,558**
as % of revenue, excl. tax		***12.8%***	***13.5%***	***12.3%***
Cost of net financial debt	10	-51	-1,633	-1,715
Other financial income and expense	11	-63	-1,034	-293
Tax expense	12	-3,976	-5,208	3,046
Net income from associates		-	-	-
Net income from continuing operations		**24,660**	**21,457**	**26,596**
Net income from discontinued operations		-	-	-
Consolidated net income		**24,660**	**21,457**	**26,596**
as % of revenue, excl. tax		***11.0%***	***9.9%***	***12.8%***
Minority interests		-	1	1
NET PROFIT – GROUP SHARE		**24,660**	**21,456**	**26,595**

EARNINGS PER SHARE

(in euros)	**Notes**	**2012**	**2011**	**2010**
Basic earnings per share	**13**	**1.22**	**1.20**	**1.67**
Fully diluted earnings per share	**13**	**1.21**	**1.18**	**1.67**

Consolidated statement of comprehensive income

(in thousands of euros)	2012	2011	2010
Consolidated net income	**24,660**	**21,457**	**26,596**
Other comprehensive income, net of tax			
Translation differential	-2,174	5,015	11,583
Actuarial gains and losses on retirement obligations	-137	-50	-392
Change in derivatives	-55	-	-
Total other comprehensive income items	**-2,366**	**4,965**	**11,191**
COMPREHENSIVE INCOME	**22,294**	**26,422**	**37,787**
Minority interests	-	1	1
Attributable to Group	**22,294**	**26,421**	**37,786**

STATEMENT OF CASH FLOWS

(in thousands of euros)	2012	2011	2010
Consolidated net profit (including minority interests)	**24,660**	**21,457**	**26,596**
Net charges to depreciation, amortisation and provisions	5,830	4,365	3,863
Unrealised gains and losses relating to changes in fair value	-	-	-
Share-based payment expense	1,147	146	-
Other calculated income and expense	-555	437	-1,272
Gains and losses on disposal	-127	-158	38
Cash from operations after cost of net debt and tax	**30,955**	**26,247**	**29,225**
Cost of net financial debt	51	1,633	1,715
Income taxes (including deferred tax)	3,976	5,208	-3,046
Cash from operations before cost of net debt and tax (A)	**34,982**	**33,088**	**27,894**
Tax paid (B)	-4,151	-5,830	-6,587
Changes in operating working capital requirements (included liabilities related to employee benefits) (C)	-10,779	8,078	2,517
Net cash from operating activities (D) = (A+B+C)	**20,052**	**35,336**	**23,824**
Purchase of property, plant and equipment and intangible assets	-6,194	-3,456	-2,876
Proceeds from sale of property, plant and equipment and intangible assets	1	67	2
Purchase of financial assets	-116	-343	-41
Proceeds from sale of financial assets	149	177	123
Impact of changes in the scope of consolidation	-39,401	-	-4
Net cash from (used in) investing activities (E)	**-45,561**	**-3,555**	**-2,796**
Proceeds on issue of shares	-	61,195	-
Proceeds on the exercise of stock options	2,149	-	-
Purchase and proceeds from disposal of treasury shares	64	-549	-
Dividends paid during the year	-	-	-
• Dividends paid to shareholders of Sopra Group SA	-5,025	-21,784	-
• Dividends paid to minority interests of consolidated companies	-1	-1	-
Change in borrowings	40,000	-	-
Change in current account – Sopra Group	-	-68,432	-8,179
Net interest paid (including finance leases)	-63	-1,633	-1,715
Other cash flow relating to financing activities	184	359	212
Net cash from (used in) financing activities (F)	**37,308**	**-30,845**	**-9,682**
Effect of foreign exchange rate changes (G)	-104	465	-358
CHANGE IN NET CASH AND CASH EQUIVALENTS (D + E + F + G)	**11,695**	**1,401**	**10,988**
Opening cash position	23,675	22,274	11,286
Closing cash position	35,370	23,675	22,274

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

ASSETS *(in thousands of euros)*	**Notes**	**31/12/2012**	**31/12/2011**	**31/12/2010**
Goodwill	14	196,556	169,578	165,672
Intangible assets	15	30,998	19,440	20,845
Property, plant and equipment	16	6,251	4,883	3,478
Other non-current financial assets	17	833	819	650
Deferred tax assets	18	17,705	14,482	17,942
Non-current assets		**252,343**	**209,202**	**208,587**
Stock and work in progress		337	606	505
Trade receivables	19	72,202	57,056	65,765
Other current receivables	20	16,817	13,809	11,171
Cash and cash equivalents	21	35,378	23,801	22,379
Current assets		**124,734**	**95,272**	**99,820**
TOTAL ASSETS		**377,077**	**304,474**	**308,407**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in thousands of euros)*	**Notes**	**31/12/2012**	**31/12/2011**	**31/12/2010**
Share capital		40,642	40,301	75,620
Capital reserves		102,631	99,199	1,169
Consolidated reserves and other reserves		66,017	52,477	44,711
Profit for the year		24,660	21,456	26,595
Shareholders' equity – Group share		**233,950**	**213,433**	**148,095**
Minority interests		**1**	**2**	**2**
TOTAL SHAREHOLDERS' EQUITY	**22**	**233,951**	**213,435**	**148,097**
Financial debt – long-term portion	23	36,876	1,968	70,206
Deferred tax liabilities	18	6,872	6,998	9,182
Other non-current liabilities	24	9,395	7,545	8,270
Non-current liabilities		**53,143**	**16,511**	**87,658**
Financial debt – short-term portion	23	5,253	530	352
Trade payables	25	9,966	8,184	7,460
Other current liabilities	26	74,764	65,814	64,840
Current liabilities		**89,983**	**74,528**	**72,652**
TOTAL LIABILITIES		**143,126**	**91,039**	**160,310**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**377,077**	**304,474**	**308,407**

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STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Other comprehensive income statement items	Total attributable to Group	Minority interests	Total
At 31/12/2009	**75,620**	**1,169**	**-**	**40,728**	**-7,208**	**110,309**	**2**	**110,311**
Capital transactions	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Transactions in treasury shares	-	-	-	-	-	-	-	-
Ordinary dividends	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-1	-1
Transactions with shareholders	**-**	**-**	**-**	**-**		**-**	**-1**	**-1**
Profit for the year	-	-	-	26,595	-	26,595	1	26,596
Other comprehensive income statement items	-	-	-	-	11,191	11,191	-	11,191
Total comprehensive profit for the year	**-**	**-**	**-**	**26,595**	**11,191**	**37,786**	**1**	**37,787**
At 31/12/2010	**75,620**	**1,169**	**-**	**67,323**	**3,983**	**148,095**	**2**	**148,097**
Capital transactions	-35,319	97,466	-	-952	-	61,195	-	61,195
Share-based payments	-	146	-	-	-	146	-	146
Transactions in treasury shares	-	-	-550	-91	-	-641	-	-641
Ordinary dividends	-	418	-	-22,202	-	-21,784	-	-21,784
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other changes	-	-	-	1	-	1	-	1
Transactions with shareholders	**-35,319**	**98,030**	**-550**	**-23,244**	**-**	**38,917**	**-**	**38,917**
Profit for the year	-	-	-	21,456	-	21,456		21,456
Other comprehensive income statement items	-	-	-	-	4,965	4,965	-	4,965
Total comprehensive profit for the year	**-**	**-**	**-**	**21,456**	**4,965**	**26,421**	**-**	**26,421**
At 31/12/2011	**40,301**	**99,199**	**-550**	**65,535**	**8,948**	**213,433**	**2**	**213,435**
Capital transactions	341	1,808	-	-	-	2,149	-	2,149
Share-based payments	-	1,143	-	-	-	1,143	-	1,143
Transactions in treasury shares	-	-	80	-137	-	-57	-	-57
Ordinary dividends	-	431	-	-5,456	-	-5,025	-	-5,025
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other changes	-	50	-	78	-115	13	-1	12
Transactions with shareholders	**341**	**3,432**	**80**	**-5,515**	**-115**	**-1,777**	**-1**	**-1,778**
Profit for the year	-	-	-	24,660	-	24,660	-	24,660
Other comprehensive income statement items	-	-	-	-	-2,366	-2,366	-	-2,366
Total comprehensive profit for the year	**-**	**-**	**-**	**24,660**	**-2,366**	**22,294**	**-**	**22,294**
AT 31/12/2012	**40,642**	**102,631**	**-470**	**84,680**	**6,467**	**233,950**	**1**	**233,951**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents for the notes to the financial statements

This is the second publication for the Group following its flotation on NYSE Euronext in Paris on 14 June 2011.

The consolidated financial statements were prepared in accordance with the accounting principles and policies in force at 31 December 2012, on the bases described below in order to provide an overview of the business activities included in Axway's scope of consolidation.

Axway specialises in Business Interaction Networks. It is at present the sole supplier on the market that manages, implements, secures and monitors company networks for interactions involving email, files or messaging, as well as services, events and processes. With more than 11,000 customers in 100 countries, Axway enables multi-company integration, processes and transactions, raising operational efficiency by eliminating the technical barriers between company departments, customers, partners and suppliers. Axway's comprehensive solutions include B2B integration, managed file transfer, secure email, business activity monitoring, business application integration, service-oriented architecture, business process management, track & trace and identity security. Axway also offers a broad range of assistance services, project implementation, managed services, cloud computing and SaaS (Software-as-a-Service).

Axway Software (historically the parent company of the Group) is a société anonyme. Its registered office is located at Parc des Glaisins, 74940 Annecy-le-Vieux, France and the Executive Management is based at 26 rue des Pavillons 92800 Puteaux, France (for Europe) and in Phoenix, Arizona (for USA).

The consolidated financial statements for the year ended 31 December 2012 of Axway Software were approved by the Board of Directors' meeting of 16 April 2013.

ACCOUNTING PRINCIPLES AND POLICIES

Note 1. Summary of the main accounting policies

The main accounting policies applied for the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the financial years presented.

1.1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2012 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This information is available on the website of the European Commission: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm;
- IFRS as published by the IASB.

The financial statements were prepared mainly using the historical cost convention, except for employee benefits, share subscription options and financial debt and derivatives, which are measured at fair value.

1.2. Application of new standards and interpretations

a. New mandatory standards and interpretations

IFRS 7 *Financial Instruments: Disclosures of Transfers of Financial Assets* has been adopted by the European Union and must be applied for accounting periods beginning on or after 1 January 2012.

b. Standards and interpretations not applied in advance to the 2012 financial statements

- IFRS 12 *Disclosure of Interests in Other Entities*;
- Amendment to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*;
- Amendments to IAS 19 *Employee Benefits*;
- Amendments to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*;
- IFRS 13 *Fair Value Measurement*;
- IFRS 10 *Consolidated Financial Statements* and the other standards related to consolidation: IFRS 11, revised IAS 27 and revised IAS 28;
- Amendment to IAS 12 *Recovery of Underlying Assets*;
- Amendment to IAS 32 *Offsetting Financial Assets and Financial Liabilities*.

c. Standards and interpretations published by the IASB but not yet adopted by the European Union

None of them has been applied in advance. These primarily relate to:

- IFRS 9 *Financial Instruments*;
- Amendments to IFRS 1 Government Loans;
- Annual improvements 2011: made to various standards;
- Amendments to IFRS 10, IFRS 11, IFRS 12 and IAS 27.

d. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Axway Software has decided to apply Recommendation 2009-R.03, dated 2 July 2009, of the *Conseil National de la Comptabilité* dealing with the format of the income statement, the cash flow statement and the statement of changes in shareholders' equity.

However, the format of the income statement as presented in previous years has been altered to improve the presentation of the Company's performance. This relates particularly to a new line item Operating profit on business activity, which is now positioned before Profit from recurring operations, an indicator used internally by the management to assess the Company's performance. This indicator corresponds to Profit from recurring operations before expenses related to the cost of services rendered by beneficiaries of share subscription options and before amortisation of the intangible assets concerned.

Foreign exchange gains and losses are now presented on a separate line under Other financial income and expenses.

1.3. Consolidation methods

- Axway Software is the consolidating company;
- the companies over which Axway Software has full control have been consolidated using the full consolidation method. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one-half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists even when the parent owns one-half or less of the voting power of an enterprise when there is:
  - power over more than one-half of the voting rights by virtue of an agreement with other investors,
  - power to govern the financial and operating policies of the enterprise under a statute or an agreement,
  - power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body, if control over the enterprise is exercised by this Board or governing body, or
  - power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body, if control over the enterprise is exercised by this Board or governing body;
- Axway Software does not exert significant influence or joint control over any entity;
- Axway Software Group does not, directly or indirectly, control any ad hoc company;
- transactions between entities included in the scope of consolidation, as well as unrealised balances and profits on operations between Group companies are eliminated;
- the accounts of all consolidated companies are prepared at 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group;
- the scope of consolidation is presented in Note 2.

1.4. Foreign currency translation

a. Functional and presentation currencies

Items included in the financial statements of each entity included in the scope of consolidation are measured using the currency of the primary economic environment in which each entity operates, *i.e.* its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Axway Software.

b. Translation of the financial statements of foreign subsidiaries

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all entities included in the scope of consolidation whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at rates applying at the balance sheet date;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are recognised as a distinct equity component under *Translation differential*.

Foreign exchange differences arising from the translation of net investments in foreign operations are recognised in equity on consolidation. When a foreign operation is divested, the applicable accumulated translation difference is transferred to profit or loss 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 rates applying at the balance sheet date.

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

The applicable rates of exchange are presented in Note 34.

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applying at the balance sheet date, are recognised in profit or loss with the exception of amounts recognised directly in equity in respect of cash flow hedging or hedging of the net investment in foreign operations.

1.5. Significant estimates and accounting judgements

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated assets and liabilities as well as certain income statement items. The 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 anticipation of future events according to the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the actual results.

a. Significant assumptions and accounting estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

- the measurement of goodwill (see Notes 1.7 and 14);
- the measurement of retirement commitments (see Notes 1.17 and 24);
- the recognition of income (see Note 1.20);
- the measurement of deferred tax assets (see Notes 1.13 and 18);
- the measurement of provisions (see Notes 1.19 and 24).

b. Significant judgements in the application of accounting policies

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.

1.6. 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 under the standards applicable to these assets (IAS 38, IAS 16 and IAS 39).

All business combinations are recognised by applying the acquisition method, which consists of:

- the measurement and recognition at fair value as of the acquisition date of 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;
- the measurement and recognition at the acquisition date of the difference referred to as "goodwill" between:
  - the purchase price for obtaining control of the acquiree plus the amount of any minority interests in the acquiree,
  - 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 acquiree.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of the elements of consideration remitted to the seller in exchange for control of the acquiree, to the exclusion of any element serving as consideration for any transaction separate from the attainment of control.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination was effected, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values related to the completion of initial accounting within 12 months of the acquisition date.

1.7. Goodwill

For each business combination, the Group may elect to recognise under its balance sheet assets either proportionate goodwill (corresponding only to its percentage of ownership interest) or full goodwill (also including the goodwill corresponding to minority interests).

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognises the resulting gain as a bargain purchase in profit or loss.

Goodwill is allocated to cash-generating units for the purposes of conducting impairment tests under the conditions set out in Note 1.11. These tests are conducted where there is an indication of impairment and systematically at 31 December, the reporting date.

1.8. Intangible assets

a. Assets purchased

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognised at fair value in connection with the allocation of the purchase prices of entities acquired in business combinations. These assets are amortised using the straight-line method over five to fifteen years, depending on their estimated useful lives.

b. Assets generated internally

In application of IAS 38 Intangible assets:

- all research and development costs are charged to the income statement in the year they are incurred;
- project development costs are capitalised if, and only if, all of the following can be demonstrated:
  - the technical feasibility of completing the intangible asset so that it will be available for use or sale,
  - the intention to complete the intangible asset and use or sell it,
  - the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software are recognised under intangible assets if one of the conditions described above has not been met.

In view of the specific nature of the software development business, the determining criteria concern the technical feasibility necessary for completion and the manner in which the asset will generate probable future economic benefits.

The risks and uncertainties inherent in software development do not allow the technical feasibility of a product to be demonstrated before a demo version that can be shown to a prospective customer is available. The differences between a demo version and the final version are generally minor, which means that the costs incurred in this phase of development, which may be capitalised, are not significant.

1.9. Property, plant and equipment

Property, plant and equipment essentially comprise fixtures and fittings, office furniture and equipment and IT equipment.

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. No amounts have been revalued.

Depreciation is based on the straight-line method according to the expected useful economic lives of each non-current asset category as follows:

Fixtures and fittings	ten
Equipment and tooling	three to five years
Furniture and office equipment	five to ten years

Depreciation is applied against asset acquisition costs after deduction of any residual value. Residual asset values and expected useful lives are reviewed at each balance sheet date.

1.10. Leases

a. Finance leases

Leases on property, plant and equipment under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as finance leases. The related assets are recognised at the fair value of the leased assets, or if lower, at the present value of the minimum payments due under the leases.

Axway does not have any finance lease contracts in its own name; however it uses certain assets that are held by the Sopra Group under finance leases.

b. Operating leases

Leases under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as operating leases. Payments under these contracts are recognised as an expense on a straight-line basis over the duration of the applicable leases.

1.11. Impairment of assets

a. Cash-generating units

Under IAS 36 *Impairment of Assets*, an impairment test must be conducted at each reporting date where there is an indication of impairment of an asset. Where there is such an indication, the entity must estimate the recoverable value of the asset.

Irrespective of whether there is any indication of impairment, an entity must also:

- test intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination annually.

In practice, impairment testing is above all relevant to goodwill which comprises the main portion of Axway Software's consolidated 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.

The Group's segmentation into cash-generating units is consistent with the operating structure of its businesses, its management and reporting structure and its segment reporting structure. 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 Group provides IT solutions enabling the automatic management of data exchange within and outside the Company.

Axway has in part expanded by external growth over the past few years, the main acquisitions having been as follows: Cyclone Commerce in the United States in 2006, Actis in Germany in 2007, Tumbleweed in the United States in 2008 and Vordel in Ireland in 2012.

All of the products developed internally or related to acquisitions are integrated in a common technical platform.

Axway operates as an international software developer. Its main markets are the USA and Europe. The technical platform's various software packages are distributed by sales subsidiaries that pay royalties on the income they earn from licences and maintenance.

In view of the global nature of products and markets, a breakdown by country of the contribution to the Group's results would not be meaningful. Cash inflows related to business in different countries are thus not considered to be separate from the cash inflows generated by the activities of other countries, and Axway as a whole is considered as the smallest grouping of assets that generates broadly independent cash inflows. Since Axway operates as a software developer on a global market, the Group is treated as a single cash-generating unit for the purposes of impairment testing.

b. Methods for measuring value in use

In accordance with IAS 36, where the carrying amount of a cash-generating unit to which goodwill has been allocated is tested for impairment and exceeds its fair value less costs to sell (or where it is not possible to determine the fair value less costs to sell), the carrying value of the CGU is compared to its value in use.

The value in use is determined using the present value of future cash flows method:

- cash flows for a plan period of five years, with cash flows for the first year of the plan based on the budget;
- cash flows beyond the five-year plan period used in value-in-use calculations are increased in line with historic long-term growth rates adjusted for inflation.

Cash flow projections for the explicit period are determined by taking into account:

- the general growth rate of the economy;
- the impact of technological advances in the sector.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money rate;
- supplemented by the market's risk premium multiplied by a sensitivity coefficient (b) specific to the entity.

c. Measurement of impairment losses

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to profit or loss as part of Other operating income and expenses. Impairment losses on goodwill cannot be reversed.

1.12. Financial assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through profit or loss;
- assets held to maturity;
- loans and receivables; and
- assets available for sale.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and performs a reassessment at each interim or annual reporting date.

Financial assets are carried in the balance sheet at their initial fair value. Their subsequent measurement corresponds, depending on their classification, either to fair value or to amortised cost.

a. Assets measured at fair value through profit or loss

This category comprises derivatives, financial assets held for trading (*i.e.* acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through profit or loss. Changes in the fair value of assets of this category are recognised in profit or loss.

b. Held to maturity assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the Group has the intention and ability to hold to maturity. If any such asset is disposed of prior to maturity all other assets of the category must obligatorily be reclassified as available for sale. Assets held to maturity are otherwise 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 rate method.

The Group has identified within this category:

- non-current financial assets comprising receivables associated with non-consolidated investments as well as guarantee deposits for leased property. Impairment losses are recognised for receivables associated with non-consolidated investments whenever their estimated recoverable amounts are lower than their carrying amounts; and
- current trade receivables. Current trade receivables are initially measured at the nominal amounts invoiced which generally equate to the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is in sixty days. If necessary, impairment losses are recognised on an individual basis reflecting any problems of recovery.

d. Available for sale assets

Assets available for sale are those non-derivative financial assets not entering any of the above categories, whether or not the Group intends to dispose of them. Changes in the fair value of these assets are recognised directly in equity with the exception of impairment losses and foreign exchange gains and losses which are recognised in profit or loss.

With regard to available for sale assets, the Group assesses the impairment losses in order to determine if these are significant or permanent, in which case, the asset concerned is written down. This assessment is made by taking into account all available information and in particular, market conditions, data specific to the companies concerned and their sector of activity, the size of the impairment loss and the period in which this loss was observed, as well as the Group's intention and ability to hold the investment.

The Group has included in this category its investments in non-consolidated entities over which it exercises neither control nor any significant influence.

As such investments comprise equity instruments whose price is not quoted in an active market, and whose fair value cannot otherwise be reliably measured, they are maintained at cost less any impairment losses. Their recoverable amount is estimated based on criteria such as the Group's share of an entity's net assets and its outlook for growth and profitability. An impairment loss recognised cannot subsequently be reversed.

1.13. Deferred tax

Deferred tax is recognised using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the balance sheet date and expected to apply when assets will be realised or liabilities settled.

Deferred tax assets relating to both temporary differences and tax losses carried forward are recognised only to the extent that it appears probable that the future tax savings they represent will be achieved.

1.14. Cash and cash equivalents

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included as part of *Short-term financial debt*.

Under IAS 7 cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS proposed by the *Association française de gestion* (AFG) and the *Association française des trésoriers d’entreprise* (AFTE) and adopted as the reasonable basis for recognition by the *Autorité des marchés financiers* (AMF):

- UCITS classified by the AMF as “euro-denominated” money-market instruments are presumed to satisfy the four criteria to be defined as cash equivalents under IAS 7; In accordance with AMF Recommendation 2011-13 on the classification of UCITS as cash equivalents, a regular assessment of historical performance is carried out in order to confirm that the risk of a change in the value of these instruments is negligible, especially in times of crisis or market tension;
- the eligibility of other UCITS to be considered as “cash equivalents” is not automatic but must be established with reference to the four criteria.

Cash equivalents are recognised at their fair value; changes in fair value are recognised in the income statement under *Other financial income and expense*.

1.15. Share-based payments

a. IFRS 2

The application of IFRS 2 to Axway relates to options for share subscription and allocations of bonus shares granted to employees. As allowed under the standard, the Group will only adjust its financial statements for options granted on or after 7 November 2002 and exercisable after 1 January 2005.

The fair values of the share subscription options allocated before 2011 were determined using the binominal model recommended by IFRS 2.

The fair value of the options under the 2011 plan was determined using the average of the closing prices for the twenty trading days prior to the date on which the decision was made to allocate options. This value is constant 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 linear basis over the vesting period.

This charge is recognised in the income statement under *Stock option* plans and similar expenses, balanced by a credit to an issue premiums account recognised under *Capital reserves* within shareholders’ equity. There is thus no net impact on shareholders’ equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees.

b. Sale or conversion to bearer shares during lock-up periods

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. Accordingly no provision is required.

1.16. Treasury shares

All Axway shares held by the parent company are recognised at their acquisition cost, deducted from shareholders’ equity.

Gains or losses on the sale of treasury shares are added or deducted net of tax from consolidated reserves.

1.17. Employee benefits

The method used to recognise and report employee benefits complies with IAS 19.

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 plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements, and to a lesser extent Italy, for the payment of legally required post-employment benefits (*Trattamento di Fine Rapporto*).

The defined-benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on conditions below.

The Group uses the projected 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 values separately each of the units to obtain the final obligation.

The above calculations reflect 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 currency of payment of benefits and with a maturity approximating with 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 and similar commitments corresponds to the present value of the obligation in respect of defined benefits. Actuarial differences resulting from changes in the value of the discounted obligation in respect of defined benefits 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 differences are fully recognised in equity, for all of the Group's defined-benefit plans, in conformity with the SoRIE option introduced by the amendment to IAS 19.

There are no pension commitments, medical cover, or long-service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the financial year.

d. Termination benefits

These must be recognised when the employer has made a firm commitment to pay termination benefits on the retirement of employees initiated by the Company before the scheduled retirement date, or where the employer makes an offer of voluntary redundancy.

1.18. Financial debt

Financial debt essentially comprises:

- bank loans: these are initially recognised at fair value less transaction costs. Bank borrowings are subsequently recognised at amortised cost; any difference between the capital amounts borrowed (net of transaction costs) and the amounts repayable is recognised in profit or loss over the duration of the borrowings using the effective interest rate method;
- the current account with the Sopra Group: until the capital increase was carried out in July 2011, all bank loans were entered into directly with the Sopra Group, which refinanced its subsidiaries through a cash agreement;
- profit-sharing debt towards employees for amounts locked up in current accounts: such debt is adjusted for any difference between the contractual interest rate applied to balances and the applicable minimum rate. For any given year, this difference applies to liabilities requiring the recognition of an additional charge under staff costs. This difference reduces the financial expenses over the following five years;
- current bank overdraft facilities.

Financial debt repayable within 12 months of the balance sheet date is classified within current liabilities.

1.19. Provisions

A provision is recognised when an obligation exists with respect to a third party originating subsequent to the balance sheet date and when the loss or liability is probable and may be reliably estimated.

To the extent that this loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group among its commitments given.

1.20. Revenue recognition

The applicable IAS is IAS 18 *Revenue*.

Services provided within the scope of the Group's software operations include:

- the right of use under licence of the software provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

a. In general, separate contracts are concluded with clients for licences 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:

- licence revenue is recognised immediately on delivery as licence sale agreements constitute, in substance, a sale of rights. Delivery must be 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 endanger the client's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised on a time basis, and is generally billed in advance;
- ancillary services revenue is generally provided on the basis of time spent and is recognised when the services are performed, *i.e.* usually when invoiced. Ancillary services are sometimes performed within the scope of fixed-price contracts in which case they are recognised using the percentage of completion method described in the paragraph below.

b. Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the licence is obtained by 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 on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

c. In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which 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 the paragraph below.

d. 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 balance sheet 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 the *Accrued income* item *Trade receivables*;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the *Deferred revenue item*, *Other current liabilities*.

e. 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 on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

1.21. Segment information

Internal business management information is made available to Axway's management based on the developer/distributor model. Segment information for Axway is presented according to this organisation.

1.22. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group's share in the net profit as follows:

- basic earnings per share are based on the weighted average number of shares in issue during the financial year, calculated according to the dates when the funds arising from cash share issues were received and, in respect of shares issued for contributions in kind *via* equity, the date on which the corresponding new Group companies were consolidated for the first time;
- diluted earnings per share are calculated by adjusting the Group share of net profit 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 financial year. The share buyback method has been applied at the market price, based on the average share price throughout the year.

Note 2. Key events and scope of consolidation

The key event in 2012 was the acquisition of the Irish company Vordel, which was fully consolidated from 1 November 2012.

2.1. Change in the scope of consolidation

a. Deconsolidated entities

Following its deregistration, the Korean subsidiary Axway Software Korea Corp. Ltd was deconsolidated.

b. Consolidated entities

In mid-November 2012, Axway acquired, for cash, 100% of the shares in Vordel Ireland and its subsidiaries. This acquisition enabled Axway to strengthen its position in the market for inter-application interfacing and identity management solutions and so assume a leading position in an emerging market segment. The company had revenue of about €8 million in 2011.

2.2. List of consolidated companies at 31 December 2012

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%	100%	FC
Axway Nordic AB	Sweden	100%	100%	FC
Axway GmbH	Germany	100%	100%	FC
Tumbleweed Communications Holding GmbH	Switzerland	100%	100%	FC
Axway BV	Netherlands	100%	100%	FC
Axway Belgium	Belgium	100%	100%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	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 Software Sdn Bhd	Malaysia	100%	100%	FC
Axway Pty Ltd	Australia	100%	100%	FC
Vordel Ireland	Ireland	100%	100%	FC
Vordel UK Ltd	United Kingdom	100%	100%	FC
Vordel Inc.	United States	100%	100%	FC

FC: Fully consolidated.

Note 3. Comparability of the accounts

Two changes occurred in 2012.

The first, with no significant impact, concerned the deconsolidation of the Korean subsidiary Axway Software Korea Corp. Ltd.

The second concerned the consolidation, from 1 November 2012, of Vordel and its subsidiaries. The impact of this acquisition on the Group's income statement and key performance indicators was below the materiality threshold (25%) required by the General Regulations of the *Autorité des marchés financiers* (AMF) (Article 222-2) for the preparation of *pro forma* information.

The main impacts of this acquisition on the 2012 consolidated financial statements were as follows:

CONTRIBUTION OF THE COMPANY ACQUIRED TO REVENUE AND PROFIT FROM OPERATIONS

(in thousands of euros)	Excluding acquisition	Contribution	Reported
Revenue	221,384	2,936	224,320
Operating profit on business activity	33,969	997	34,966

IMPACT OF THE ACQUISITION ON GOODWILL

See Note 14.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4. Revenue

4.1. Revenue by activity

(in millions of euros)		2012		2011		2010
Licences	71.4	31.8%	77.8	35.8%	77.9	37.4%
Maintenance	98.2	43.8%	85.0	39.1%	78.6	37.7%
Services	54.7	24.4%	54.4	25.0%	51.9	24.9%
TOTAL REVENUE	**224.3**	**100.0%**	**217.2**	**100%**	**208.4**	**100%**

4.2. International revenue

(in millions of euros)		2012		2011		2010
France	75.4	33.6%	80.9	37.2%	80.0	38.4%
International	148.9	66.4%	136.3	62.8%	128.4	61.6%
TOTAL REVENUE	**224.3**	**100.0%**	**217.2**	**100.0%**	**208.4**	**100.0%**

Note 5. Employee costs

5.1. Breakdown of employee costs

(in thousands of euros)	2012	2011	2010
Salaries	108,782	103,259	102,224
Social charges	30,027	28,358	26,575
Employee profit sharing	1,167	1,002	2,079
TOTAL	**139,976**	**132,619**	**130,878**

5.2. Workforce

No. of employees at 31 December	2012	2011	2010
France	629	624	597
International	1,145	1,131	1,064
TOTAL	**1,774**	**1,755**	**1,661**

Average no. of employees	2012	2011	2010
France	633	619	603
International	1,131	1,102	1,037
TOTAL	**1,764**	**1,721**	**1,640**

5.3. Employee profit-sharing and incentive schemes

Pursuant to the application of IAS 32 and IAS 39, liabilities in respect of profit sharing were restated, as described in Notes 1.18 and 23.1.

In 2012, employee profit sharing totalled €1,071 thousand in respect of Axway Software. This compares with €758 thousand in 2011 and €1,747 thousand in 2010.

For the record, the profit-sharing agreement put in place in 2009 by the Sopra Group for three years included Axway Software.

Note 6. Purchases and external expenses

6.1. Purchases

(in thousands of euros)	2012	2011	2010
Purchases of subcontracting services	10,609	12,539	10,998
Purchases held in inventory of equipment and supplies	751	827	607
Purchases of merchandise and change in stock of merchandise	1,652	2,129	1,926
TOTAL	**13,012**	**15,495**	**13,531**

Purchases of subcontracting services in 2012 related to subcontracting to Sopra India (€2.6 million) and the Sopra Group (€0.8 million).

6.2. External expenses

(in thousands of euros)	2012		2011		2010	
Leases and charges	8,816	24.7%	9,154	26.1%	9,583	27.4%
Maintenance and repairs	1,791	5.0%	1,521	4.3%	1,227	3.5%
External structure personnel	397	1.1%	432	1.2%	371	1.1%
Remuneration of intermediaries and fees	3,985	11.2%	2,012	5.7%	2,235	6.4%
Advertising and public relations	2,649	7.4%	2,913	8.3%	3,134	9.0%
Travel and entertainment	10,224	28.6%	10,690	30.4%	9,850	28.2%
Telecommunications	3,705	10.4%	3,594	10.2%	2,920	8.4%
Sundry	4,148	11.6%	4,818	13.7%	5,628	16.1%
TOTAL	**35,715**	**100%**	**35,134**	**100%**	**34,948**	**100%**

Note 7. Depreciation, amortisation and provisions

(in thousands of euros)	2012	2011	2010
Amortisation of intangible assets	248	247	298
Depreciation of property, plant and equipment	1,972	1,658	1,156
Depreciation and amortisation	**2,220**	**1,905**	**1,454**
Impairment of current assets net of unused reversals	1,334	298	(48)
Provisions for contingencies and losses net of unused reversals	1,352	706	321
Provisions and impairment	**2,686**	**1,004**	**273**
TOTAL	**4,906**	**2,909**	**1,727**

Note 8. Amortisation of allocated intangible assets

This item corresponds to the amortisation expense in respect of intangible assets obtained in connection with acquisitions of companies (mainly Vordel and Tumbleweed) of €2,130 thousand in 2012, €1,858 thousand in 2011 and €1,944 thousand in 2010.

Note 9. Other operating income and expenses

The following non-recurring expenses have been recognised under this item:

- in relation to the spin-off from the Sopra Group. These expenses mainly consist of fees for external consultants and other specific costs incurred in the spin-off. The amounts recognised were €3,583 thousand in 2010 and €3,297 thousand in 2011;
- in relation to the legal and advisory costs arising from the dispute with the US government agency GSA (see Note 32) of €670 thousand in 2011 and €1,433 thousand in 2012;
- related to the acquisition, in November 2012, of Vordel for €1,507 thousand. These expenses mainly consist of fees for external consultants and other specific costs incurred in the spin-off.

Note 10. Cost of net financial debt

(in thousands of euros)	2012	2011	2010
Income from cash and cash equivalents	3	7	10
Interest charges	-54	-1,640	-1,725
TOTAL	**-51**	**-1,633**	**-1,715**

In 2010 and 2011, interest expense mainly comprised the interest charged to Axway Software on the debt relating to the Sopra Group current account, fully repaid in July 2011.

Note 11. Other financial income and expense

11.1. Foreign exchange gains and losses

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange gains and losses relating to intercompany loans are considered as an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognised as a distinct component of equity under *Translation differential* in application of IAS 21.

(in thousands of euros)	2012	2011	2010
TOTAL	**-241**	**-888**	**-160**

11.2. Other financial income and expense

(in thousands of euros)	2012	2011	2010
Reversals of provisions	50	11	-
Other financial income	420	24	59
Total other financial income	**470**	**35**	**59**
Charges to provisions	-8	-10	-14
Discounting of retirement commitments	-245	-195	-182
Discounting of employee profit sharing	44	38	35
Change in the value of derivatives	-87	-	-
Other financial expense	4	-14	-31
Total other financial expense	**-292**	**-181**	**-192**
TOTAL OTHER FINANCIAL INCOME & EXPENSE	**178**	**-146**	**-133**

Discounting of retirement commitments: see Note 24.1.

Discounting of employee profit sharing: see Note 23.1.

Note 12. Tax expense

12.1. Analysis

(in thousands of euros)	2012	2011	2010
Current tax	7,349	3,773	4,227
Deferred tax	-3,373	1,435	-7,273
TOTAL	**3,976**	**5,208**	**-3,046**

12.2. Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	2012	2011	2010
Net profit	24,660	21,457	26,596
Tax expense	-3,976	-5,208	3,046
Profit before tax	28,636	26,665	23,550
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax charge	**-9,859**	**-9,181**	**-8,108**
Reconciliation			
Permanent differences	-793	-109	731
Impact of non-capitalised losses for the year	-473	-29	31
Use of non-capitalised tax loss carry forwards	1,668	2,898	4,367
Impact of research tax credits	2,085	1,936	1,711
CVAE reclassification (net of tax)	-780	-788	-685
Capitalisation of tax loss carry forwards from previous years	4,955	-	4,153
Tax rate differences – France/other countries	861	628	551
Prior year tax adjustments	-	18	-
Other	-1,640	-581	295
Actual tax charge	**-3,976**	**-5,208**	**3,046**
Effective tax rate	**13.88%**	**19.53%**	**-12.93%**

In 2010 and 2011, unused tax loss carry forwards (€4.4 million and €2.9 million respectively) mainly relate to the capital gains arising on the internal transfer of intangible assets, which allowed Axway Inc. to make use of a portion of its tax losses.

In 2012, the Group's assessment with respect to the possibility for future use of tax loss carry forwards by the subsidiary Axway Inc. resulted in the decision to apply deferred tax assets of $12.5 million (€9.5 million), up €2.4 million on 31 December 2011.

12.3. Tax impact of gains and losses recognised directly in equity

	2012			2011			2010		
(in thousands of euros)	Gross	Tax impact	Net	Gross	Tax impact	Net	Gross	Tax impact	Net
Translation differential	-2,195	22	-2,173	4,636	379	5,015	12,208	-625	11,583
Actuarial gains and losses on retirement obligations	-208	71	-137	-76	26	-50	-598	206	-392
Change in derivatives	-84	29	-55	-	-	-	-	-	-
TOTAL	**-2,487**	**122**	**-2,365**	**4,560**	**405**	**4,965**	**11,610**	**-419**	**11,191**

Note 13. Earnings per share

The basic earnings per share figure is calculated by dividing net profit by the weighted average number of shares outstanding in the period for which the calculation is made. The diluted earnings per share figure is calculated by dividing net profit by the weighted average number of shares outstanding in the period for which the calculation is made, adjusted for dilutive items. The only dilutive instruments existing at present are the stock options mentioned in Note 22.2.

(in euros)	2012	2011	2010
Net profit – Group share	24,659,347	21,456,393	26,595,368
Weighted average no. of ordinary shares in issue	20,255,501	17,899,416	15,920,000
BASIC EARNINGS PER SHARE	**1.22**	**1.20**	**1.67**

(in euros)	2012	2011	2010
Net profit – Group share	24,659,347	21,456,393	26,595,368
Weighted average number of ordinary shares in issue	20,255,501	17,899,416	15,920,000
Weighted average number of securities retained in respect of dilutive items	50,526	189,303	-
Weighted average number of shares retained for the calculation of diluted net earnings per share	20,306,027	18,088,719	15,920,000
FULLY DILUTED EARNINGS PER SHARE	**1.21**	**1.19**	**1.67**

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 14. Goodwill

14.1. Changes in goodwill

The principal movements in 2010, 2011 and 2012 were as follows:

(in thousands of euros)	Gross value	Impairment	Net carrying amount
31 December 2010	**174,541**	**8,869**	**165,672**
Translation differential	3,919	13	3,906
31 December 2011	**178,460**	**8,882**	**169,578**
Acquisition of Vordel	28,488	-	28,488
Translation differential	-1,432	78	-1,510
31 DECEMBER 2012	**205,516**	**8,960**	**196,556**

14.2. Determination of goodwill for business combinations during the period

Goodwill recorded during 2012 concerned the acquisition of Vordel. and was measured at the date of acquisition of the business using the method set out in Note 1.7.

The acquisition contract provides a price adjustment clause dependent on the subsidiary's future cash flows. The amount of this adjustment was not included in the acquisition cost since it was not determined at the reporting date.

(in thousands of euros)	Vordel Group
Acquisition price	42,570
Discounted value of earn-outs	-
Acquisition cost	**42,570**
Net assets acquired, excluding existing goodwill	3,941
Intangible assets allocated net of deferred taxes	10,141
GOODWILL	**28,488**

Vordel's goodwill was the subject of a provisional allocation, measurements still being made concerning the various intangible items acquired (software, customer relations, etc.). Allocation of goodwill will be made final within the allocation period of 12 months, in time for preparation of the financial statements at 31 December 2013.

Vordel's net assets break down as follows:

(in thousands of euros)	Carrying amount with the seller	Restatements	Fair value
Intangible assets		11,589	11,589
Property, plant and equipment	52	-	52
Deferred tax assets	1,494	-	1,494
Current assets	3,709	-	3,709
Cash and cash equivalents	3,193	-	3,193
Financial liabilities	-	-	-
Deferred tax liabilities	-	-1,448	-1,448
Provision for post-employment benefits	-	-	-
Current liabilities	-4,507	-	-4,507
NET ASSETS ACQUIRED	**3,941**	**10,141**	**14,082**

14.3. Impairment tests

The aim of the annual impairment tests is to assess whether goodwill is impaired. This is the case when the carrying amount of the cash-generating unit to which the goodwill tested is allocated is lower than its recoverable value. The recoverable value of a cash-generating unit is the higher of its value in use or its fair value less costs to sell. As Axway represents a single CGU, the impairment test for goodwill consists of comparing the overall carrying amount of the Group to its recoverable value.

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Impairment tests carried out at the end of 2010, 2011 and 2012 did not give rise to the recognition of impairment.

For 2012, the fair value less costs to sell the Axway cash-generating unit was determined from its stock market value. The costs to sell are estimated at 2% of Axway's fair value. Thus, at the close of trading on 31 December 2012, the fair value of the Axway CGU, *i.e.* its market capitalisation, was €276.4 million, and the fair value less costs to sell was €270.8 million. The carrying amount of the Axway CGU is the amount of its consolidated shareholders' equity at 31 December, *i.e.* €234.1 million. Based on the above, the recoverable value is higher than the carrying amount, and it was therefore unnecessary to recognise any impairment of the goodwill allocated to the Axway CGU at 31 December 2012.

For 2011, application of this same approach resulted in maintenance of the value of goodwill, the stock market value being determined at €325.3 million for an amount of consolidated shareholders' equity of €213.4 million.

14.4. Translation differential

Changes in exchange rates relate mainly to fluctuations in the euro.

Change euro/currency *(in thousands of euros)*	31/12/2012	31/12/2011	31/12/2010
USD	-2,318	3,798	8,417
SEK	851	132	2,765
Other currencies	-43	-24	148
TOTAL	**-1,510**	**3,906**	**11,330**

Note 15. Intangible assets

(in thousands of euros)	Gross value	Depreciation	Net carrying amount
31 December 2010	**33,086**	**12,241**	**20,845**
Changes in scope of consolidation	-	-	-
Acquisitions	204	-	204
Disposals	-	-	-
Other changes	-16	-	-16
Translation differential	884	371	513
Depreciation and amortisation	-	2,106	-2,106
31 December 2011	**34,158**	**14,718**	**19,440**
Changes in scope of consolidation	11,589	-	11,589
Acquisitions	2,656	-	2,656
Disposals	-364	-365	-
Other changes		-	-
Translation differential	-542	-232	-310
Depreciation and amortisation	-	2,378	-2,378
31 DECEMBER 2012	**47,497**	**16,499**	**30,998**

Intangible assets essentially include non-proprietary software used in the Group's ordinary course of business as well as software and client and distributor relations acquired as part of external growth transactions. These mainly consist of technologies belonging to Vordel and Tumbleweed, for which the amortisation periods are 15 years (from November 2012 and September 2008 respectively).

No expense was incurred in developing the Group's solutions and software was capitalised, either in 2012 or in previous years.

Note 16. Property, plant and equipment

(in thousands of euros)	Furniture, fixtures and fittings	IT equipment	Total
Gross value			
31 December 2010	**6,380**	**12,355**	**18,735**
Translation differential	110	310	420
Acquisitions	631	2,362	2,993
Disposals	-150	-132	-282
Other changes	-	-	-
Changes in scope of consolidation	-	-	-
31 December 2011	**6,971**	**14,895**	**21,866**
Translation differential	-28	-181	-209
Acquisitions	2,353	1,112	3,465
Disposals	-3,340	-407	-3,747
Other changes	-1	-139	-140
Changes in scope of consolidation	69	342	411
31 DECEMBER 2012	**6,024**	**15,622**	**21,646**
Depreciation			
31 December 2010	**5,625**	**9,632**	**15,257**
Translation differential	85	281	366
Provisions	351	1,307	1,658
Reversals	-150	-132	-282
Other changes	-	-16	-16
Changes in scope of consolidation	-	-	-
31 December 2011	**5,911**	**11,072**	**16,983**
Translation differential	-18	-163	-181
Provisions	536	1,436	1,972
Reversals	-3,282	-407	-3,689
Other changes	-2	-47	-49
Changes in scope of consolidation	66	293	359
31 DECEMBER 2012	**3,211**	**12,184**	**15,395**
Net value			
31 December 2010	**755**	**2,723**	**3,478**
31 December 2011	**1,060**	**3,823**	**4,883**
31 DECEMBER 2012	**2,813**	**3,438**	**6,251**

- Investments made by the Group in property, plant and equipment primarily include office equipment in France and abroad, and information technology equipment (central systems, work stations, and networks).
- Amounts included under disposals during the year mainly correspond to the scrapping of computer equipment each year after taking inventory, and premises for which leases were not renewed that the Group no longer occupies.

Note 17. Other non-current financial assets

17.1. Financial asset categories

The Group's non-current financial assets consist of loans and receivables.

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Assets at fair value through profit and loss	-	-	-
Held to maturity assets	-	-	-
Available for sale assets	-	-	-
Loans and receivables	833	819	650
TOTAL	**833**	**819**	**650**

17.2. Loans and receivables

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Loans	-	-	-
Deposits and other non-current financial assets	833	819	650
Provisions for loans, deposits and other non-current financial assets	-	-	-
Loans, deposits and other non-current financial assets – net value	**833**	**819**	**650**
TOTAL	**833**	**819**	**650**

Deposits and other non-current financial assets consist mainly of guarantees given for the leased premises. Non-remunerated deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Note 18. Deferred assets and liabilities

18.1. Breakdown by maturity

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Deferred tax assets (DTA)			
• Less than one year	3,550	3,121	2,516
• More than one year	14,155	11,361	15,426
TOTAL DTA	**17,705**	**14,482**	**17,942**
Deferred tax liabilities (DTL)			
• Less than one year	-847	-847	-
• More than one year	-6,025	-6,151	-9,182
TOTAL DTL	**-6,872**	**-6,998**	**-9,182**
NET DEFERRED TAX	**10,833**	**7,484**	**8,760**

18.2. Change in net deferred tax

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
At 1 January	**7,484**	**8,760**	**1,345**
Changes in scope of consolidation	46	-	-
Tax – income statement impact	3,373	-1,435	7,273
Tax – equity impact	101	26	205
Translation differential	-171	133	-63
AT 31 DECEMBER	**10,833**	**7,484**	**8,760**

18.3. Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Differences related to consolidation adjustments			
Actuarial gains and losses on retirement obligations	571	527	532
Software depreciation and amortisation of revalued software	3,539	3,809	4,659
Fair value of amortisable allocated intangible assets	-3,010	-1,985	-6,879
Derivatives	59	-	-
Discounting of employee profit sharing	82	69	112
Tax-driven provisions	-3,160	-4,019	-2,303
Activated tax losses	2,280	3,219	6,879
Other	52	-	-
Temporary differences from tax returns			
Provision for retirement benefits	1,412	1,188	993
Provision for employee profit sharing	369	321	584
Provision for “Organic” tax	69	81	61
Activated tax losses	8,559	4,251	4,116
Other	11	23	6
TOTAL	**10,833**	**7,484**	**8,760**

At 31 December 2010, deferred tax relating to the fair value of amortisable intangible assets from the final allocation of the acquisition cost of Tumbleweed, led to the separate allocation of goodwill and intangible assets identified as amortisable (€21.7 million). Consequently, a deferred tax liability was recognised, of €6.9 million. In addition, a deferred tax asset was used in respect of tax losses relating to temporary differences generated by the allocation of these intangible assets. As part of the reorganisation begun in 2010 to centralise intellectual property and software development in France, two transfers of assets were made to Axway Software:

- in 2010, Axway Software acquired the technologies belonging to Cyclone Commerce from Axway Inc. for $18.2 million. At the time of this internal transfer, Axway Software was able to recognise additional amortisation in excess of that required to secure a tax benefit over a 12-month period for the software, which had been revalued. This transaction generated net deferred tax of €2.5 million, arising from deferred tax assets of €4.6 million (Amortisation of revalued software) and deferred tax liabilities of €2.1 million (Tax-driven provisions). In 2012, deferred tax assets and deferred tax liabilities both amounted to €2.9 million, and therefore had no impact;
- on 1 April 2011, Axway Software acquired Tumbleweed’s technologies (Mailgate, Secure Transport and Secure Messenger) from Axway Inc. for $18 million (€12.7 million). This transaction generated a deferred tax asset of €0.7 million in 2012.

The Group’s assessment with respect to the possibility for future use of tax loss carry forwards by the subsidiary Axway Inc. resulted in the decision to apply deferred tax assets, at 31 December 2012, to the extent that taxable profits are likely to be available over the next two years, in the amount of $12.5 million (€9.5 million). Likewise, on the subsidiary Vordel Ltd, prospects led to activation of deferred tax in the amount of €0.6 million.

At 31 December 2012, deferred tax relating to the fair value of amortisable intangible assets from the provisional allocation of the acquisition cost of Vordel, led to the separate allocation of goodwill and intangible assets identified as amortisable for €11.6 million. A deferred tax liability was recognised, of €1.4 million.

With regard to the *cotisation sur la valeur ajoutée des entreprises* (CVAE), a component based on the value added each year by the business and forming part of the new *contribution économique territoriale* (CET), the replacement for the professional tax introduced by the Finance Law for 2010, the Group has decided to recognise this component under corporate income tax 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 made public on 10 February 2010. No deferred tax assets or liabilities were recognised, as their impact was not material.

18.4. Deferred tax assets not recognised by the Group

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Tax losses carried forward	43,025	40,150	48,912
Temporary differences	1,011	520	373
TOTAL	**44,036**	**40,670**	**49,285**

18.5. Maturity of tax losses carried forward

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
N+1	1,573	2,052	17,864
N+2	603	1,118	20,270
N+3	506	1,780	1,100
N+4	296	731	703
N+5 and subsequent years	152,433	127,201	103,046
Tax losses carried forward with a maturity date	155,411	132,882	142,983
Tax losses which may be carried forward indefinitely	16,531	12,958	20,767
TOTAL	**171,942**	**145,840**	**163,750**
Deferred tax basis – portion used	38,679	21,710	31,760
Deferred tax basis – unused portion	133,263	124,130	131,990
Deferred tax – used	10,838	7,384	10,995
Deferred tax – unused	43,025	40,150	48,912

At 31 December 2012, Deferred tax – unused on tax losses carried forward were €43.0 million and mainly concerned the following subsidiaries: Axway Inc. (€37.2 million), Axway UK (€1.6 million), Vordel US (€1.2 million), Axway Pte Ltd in Singapore (€1.2 million) and Axway Srl in Italy (€0.9 million).

Axway Inc.'s tax loss carry forwards primarily result from the acquisition of Tumbleweed Communications Corp. in 2008. They are subject to an overall time limit (20 years) as well as an annual limit on their use ($7 million) imposed by US tax regulations following a change in shareholding structure.

Note 19. Trade receivables

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Trade receivables	69,969	52,885	60,558
Accrued income	5,064	5,668	6,743
Accrued credit notes	-695	-752	-981
Provision for doubtful debtors	-2,136	-745	-555
TOTAL	**72,202**	**57,056**	**65,765**

Net trade receivables, expressed in terms of days of revenue, corresponded to 102 days of revenue at 31 December 2012, against 87 days at 31 December 2011. This upward change of 15 days was due mainly to sizeable revenue achieved in the last month of the period compared with past periods. This ratio is calculated by comparing "Net trade" receivables with the revenue generated in the final quarter of the year.

Accrued income mainly relates to fees for licences and services, which are recognised according to the methods set out in Note 1.20.

Note 20. Other current receivables

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Employees and social security	180	128	178
Tax receivables (other than corporate income tax)	3,712	2,678	2,337
Corporate income tax	10,105	8,582	5,466
Other receivables	118	182	911
Prepaid expenses	2,702	2,239	2,279
TOTAL	**16,817**	**13,809**	**11,171**

Tax receivables of €3.7 million relate mainly to deductible VAT (of €3.4 million).

Note 21. Cash and cash equivalents

The cash flow statement is presented on page 120.

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Investment securities	-	-	-
Available liquid funds	35,378	23,801	22,379
Cash and cash equivalents	**35,378**	**23,801**	**22,379**
Current bank overdrafts	-8	-126	-105
TOTAL	**35,370**	**23,675**	**22,274**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), liquid marketable securities that meet the definition of cash equivalents as indicated in Note 1.14, bills of exchange presented for collection and falling due before the balance sheet date and temporary bank overdrafts.

Note 22. Equity

The consolidated statement of changes in equity is presented on page 122.

22.1. Changes in the share capital

At 31 December 2011, the share capital stood at €40,301,282, comprising 20,150,641 fully-paid up shares with a nominal value of €2.00 each.

In 2012, 170,397 subscription options were exercised, creating 170,397 new shares at the price of €2.00 with an issue premium of €10.61.

At 31 December 2012, the share capital stood at €40,642,076, comprising 20,321,038 fully-paid up shares with a nominal value of €2.00 each.

Following the authorisation issued by the General Shareholders' Meeting of 28 April 2011, the Board of Directors ratified, on 14 February 2012, the plan to award bonus shares to employees of the Group. Under IFRS 2 *Share-based Payment*, the value of the bonus shares granted calculated at the award date of the rights is expensed over the vesting period, *i.e.* two to four years. This plan will in due course result in the creation of some 50,000 shares.

22.2. Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31/12/2012	
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. 1 – 2007 stock options plan, maximum issue of 1,990,000 shares (General Meeting of 23/05/2007)											
23/05/2007	20,100	€78.90	24/05/2011	23/05/2012	170,397	€12.61	-	-	170,397	-	€12.61
22/11/2007	17,000	€93.54	30/06/2010	31/12/2013	110,190	€14.34	-	46,619	-	63,571	€14.34
22/11/2007	17,000	€93.54	30/12/2012	31/12/2013	63,571	€14.34	-	33,904	-	29,667	€14.34
06/11/2008	8,500	€145.00	30/06/2011	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
06/11/2008	8,500	€145.00	30/12/2013	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
19/05/2009	4,000	€145.00	30/06/2011	31/12/2014	33,904	€17.11	-	33,904	-	-	€17.11
19/05/2009	4,000	€145.00	30/12/2013	31/12/2014	-	€17.11	-	-	-	-	€17.11
Total	**79,100**				**522,154**		**-**	**165,281**	**170,397**	**186,476**	
Plan no. 2 – 2010 stock options plan, maximum issue of 1,990,000 shares (General Meeting of 25/11/2011)											
25/11/2010	5,000	€145.00	30/06/2012	31/12/2015	42,379	€17.11	-	25,427	-	16,952	€17.11
25/11/2010	5,000	€145.00	30/12/2014	31/12/2015	42,379	€17.11	-	42,379	-	-	€17.11
Total	**10,000**				**84,758**		**-**	**67,806**	**-**	**16,952**	
Plan no. 3 – 2011 stock options plan, maximum issue of 1,033,111 shares (General Meeting of 28/04/2011)											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
Total	**1,032,350**				**1,032,350**		**-**	**85,650**	**-**	**946,700**	
TOTAL OF PLANS	**1,121,450**				**1,639,262**		**-**	**318,737**	**170,397**	**1,150,128**	

- 170,397 share subscription options were exercised in 2012.
- 318,737 share subscription options were cancelled in 2012 following the departure of the holders.
- No options were allocated under Plan No. 1.
- The fair values of the share subscription options allocated under Plan No. 1 and Plan No. 2 were determined using the binominal model recommended by IFRS 2.
- The fair value of the share subscription options allocated under Plan No. 3 was determined using the same binomial model and the following assumptions: average expected life of 4.5 and 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 2012 was €14.50.
- The amount recognised in respect of 2012, in accordance with the method indicated in Note 1.15 Share-based payment, was €891 thousand. This current expense relating to the valuation of services provided by beneficiaries in exchange for the granting of stock options was recorded 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 2012.

22.3. Capital reserves

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Share issue, merger and contribution premium	100,613	97,612	-
Legal reserve	2,018	1,587	1,169
TOTAL	**102,631**	**99,199**	**1,169**

The principal movements in 2012 were as follows:

- appropriation of 2011 profit to the legal reserve: €431 thousand;
- issue premium (€10.61 per share) related to the capital increase resulting from the exercise of 170,397 subscription options: €1,808 thousand;
- premium related to the 2011 bonus share plan and stock options still to be exercised: €1,143 thousand.

22.4. Dividends

Upon approval of the 2011 financial statements, the General Shareholders' Meeting of Axway Software held on 24 May 2012 decided to distribute a dividend of €0.25 per share, representing a total of €5,038 thousand.

This dividend was scheduled for payment on 1 June 2012.

Upon approval of the 2012 financial statements, the 2013 General Shareholders' Meeting is invited to distribute a dividend of €0.35 per share, representing a total of €7,089 thousand.

The Company does not propose to adopt a fixed dividend payment policy.

22.5. 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 equity components not considered to be part of the Company's capital.

The Company does not operate under any external capital constraints.

The Company has entered into a liquidity contract 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 amount covered by the liquidity contract enabling the intermediary to carry out transactions under the contract is €1.1 million.

Note 23. Financial debt

23.1. Net debt

(in thousands of euros)	Current	Non-current	31/12/2012	31/12/2011	31/12/2010
Bank loans	4,790	34,776	39,566	-	-
Current account – Sopra Group	-	-	-	-	68,432
Liabilities on finance lease contracts	-	-	-	-	-
Employee profit sharing	455	2,100	2,555	2,372	2,021
Other sundry financial debt	-	-	-	-	-
Current bank overdrafts	8	-	8	126	105
FINANCIAL DEBT	**5,253**	**36,876**	**42,129**	**2,498**	**70,558**
Investment securities	-	-	-	-	-
Cash and cash equivalents	-35,378	-	-35,378	-23,801	-22,379
NET DEBT	**-30,125**	**36,876**	**6,751**	**-21,303**	**48,179**

Current accounts

Until the end of the first half of 2011, the financing of Axway was provided in full by the Sopra Group through current account advances. This current account was reimbursed in full following the capital increase implemented in July 2011.

Bank loans

Axway Software has a €100 million multi-currency credit line contracted with six banks in June 2011 and intended to finance acquisitions and the Group's general needs. This credit line comprises two tranches:

- the first €50 million tranche, "credit line A", is a five-year, multi-currency term loan repayable six-monthly from 15 December 2013. It is intended to finance acquisitions;
- the second €50 million tranche, "credit line B", is a five-year, multi-currency revolving loan, repayable six-monthly over the last two years of the loan term. It is intended to finance the Group's general funding needs, including investments and acquisitions.

The applicable interest rate is Euribor for the drawdown period concerned plus a spread adjusted every six months in relation to the net debt/EBITDA ratio, calculated on a 12-month rolling basis. The net debt figure used does not include employee profit-sharing liabilities. The spread may move within the range of 0.85% to 1.70% for drawdowns in euros and from 1.55% to 2.40% for drawdowns in GBP and USD. A non-use fee equivalent to 35% of the spread may also be applied.

Three financial ratios must be met under covenants entered into with partner banking establishments (see Note 31.3).

During the period, €40 million was drawn down on tranche A of this line to finance the acquisition of Vordel.

Employee profit sharing

Axway Software's profit-sharing reserves are managed in current accounts that cannot be accessed for five years, on which interest accrues at a fixed rate. An agreement struck in 2002 also enables employees to opt for external management in multi-company mutual funds.

Profit-sharing liabilities are subject to adjustment to take into account the differential between the contractual interest rate applied and the applicable regulatory rate ceiling.

23.2. Statement of changes in net debt

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Net debt at 1 January (A)	**-21,303**	**48,179**	**67,123**
Cash from operations after cost of net debt and tax	**30,955**	**26,247**	**29,225**
Cost of net financial debt	51	1,633	1,715
Income taxes (including deferred tax)	3,976	5,208	-3,046
Cash from operations before cost of net debt and tax	**34,982**	**33,088**	**27,894**
Income taxes paid	-4,151	-5,830	-6,587
Changes in working capital requirements	-10,779	8,078	2,517
Net cash from operating activities	**20,052**	**35,336**	**23,824**
Change related to investing activity	-6,193	-3,389	-2,874
Net interest paid	-63	-1,633	-1,715
Available net cash flow	**13,796**	**30,314**	**19,235**
Impact of changes in the scope of consolidation	-39,401	-	-
Financial investments	33	-166	82
Dividends	-5,025	-21,785	-
Capital increase in cash	2,149	61,195	-
Other changes	498	-541	-15
Total net change during the year (B)	**-27,950**	**69,017**	**19,302**
Impact of changes in exchange rates	-104	465	-358
NET DEBT AT 31 DECEMBER (A-B)	**6,751**	**-21,303**	**48,179**

Impact of changes in the scope of consolidation: -39.4 million

There were no significant changes in the scope of consolidation in 2010 or 2011. The 2012 change concerned the acquisition of Vordel.

(in thousands of euros)	31/12/2012
Acquisition cost	-42,570
Net debt/net cash of the Company acquired	3,169
Earn-out	-
IMPACT OF CHANGES IN THE SCOPE OF CONSOLIDATION	**-39,401**

Note 24. Other non-current liabilities

24.1. Provision for post-employment benefits

These provisions relate to two non-financed defined-benefit plans in France and Italy.

(in thousands of euros)	01/01/2012	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversal for the year (unused provisions)	Other changes	Change in actuarial differences	31/12/2012
France	4,983	-	567	-	-	-	208	5,758
Italy	740	-	105	-	-	-	-	845
Germany	92	-	144	-	-	-218	-	18
TOTAL	**5,815**	**-**	**816**	**-**	**-**	**-218**	**208**	**6,621**
Impact (net of expenses incurred)								
Profit from recurring operations			570		-			
Financial items			245		-			
TOTAL			**815**		**-**			

In France, the defined-benefits scheme 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 with respect to the retirement scheme modified in 2004 pursuant to the retirement reform measures introduced by the Loi Fillon of 21 August 2003.

Provisions for retirement benefits are recognised in accordance with the conditions in Note 1.17.

The main actuarial hypotheses retained for this plan are as follows:

	31/12/2012	31/12/2011	31/12/2010
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	2.60%	3.75%	4.10%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65	65	65
Mortality table	Insee 2004-2006	Insee 2004-2006	Insee 2004-2006

Assumptions referring to mortality rates are based on published statistical data.

Turnover tables are established for each company concerned by five-year age groups and are updated at each balance sheet date to reflect data on employee departures for the last five years.

Retirement benefit commitments are discounted using a discount rate corresponding to the interest rate of prime corporate bonds (carrying a rating of AA or higher) denominated in the payment currency, the maturity period of which is close to the average estimated length of the retirement obligation concerned.

Since 31 December 2009, the Group has used the rates published by Bloomberg for the euro zone as the benchmark for the discounting of its retirement obligations. A discount rate of 2.60% was used for 2012.

A ±1.0 point change in the discount rate would have an impact of about (-)€701 thousand/(+)€852 thousand on the total commitment.

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;

- with effect 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 may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily;
- the French pension reform signed into law on 9 November 2010 raised the minimum pensionable age from 60 to 62. This increase will be introduced gradually over the period to 2018, for employees born over a six-year period. The age eligibility requirement for full pension benefits in the event that the required period of contribution to insurance schemes has not been achieved, has also been raised, from 65 to 67. This will also take effect gradually, starting on 1 July 2016 and rising until 2023.

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 force at the date of entry into application of the Act have not been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

TABLE SHOWING THE CHANGE IN PROVISION FOR RETIREMENT INDEMNITIES (FRANCE)

(in millions of euros)	Present value of obligations not financed	Unrecognised actuarial differences	Net commitments recognised in the balance sheet	Taken to the income statement
31/12/2010	**4,429**	**-**	**4,429**	**415**
Past service cost	322	-	322	322
Financial cost	193	-	193	193
Benefits paid to employees	-37	-	-37	-37
Change in actuarial differences	76	-	76	-
31/12/2011	**4,983**	**-**	**4,983**	**478**
Past service cost	366	-	366	366
Financial cost	201	-	201	201
Benefits paid to employees	-	-	-	-
Change in actuarial differences	208	-	208	-
31/12/2012	**5,758**	**-**	**5,758**	**567**

Analysis of the change in recognised actuarial differences

Actuarial differences result solely from the changes in present value of the obligation, in the absence of scheme assets.

These differences include the effects of changes in actuarial assumptions and the effects of the differences between the actuarial assumptions used and actual experience (experience adjustments detailed below).

In 2012, the actuarial loss recognised for the year (€208 thousand) relates to:

- experience impacts on liabilities (downward adjustment in the commitment of €144 thousand);
- the impact of the 1.15 point decrease in the discount rate used compared with 2011 (upward adjustment in the commitment of €889 thousand);
- updating of five-year workforce turnover rates and assumptions relating to departure procedures (downward adjustment in the commitment of €567 thousand).

Experience adjustments arising on scheme liabilities are presented in the table below:

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Present value of obligations for defined benefits	5,758	4,983	4,429
Experience adjustments on scheme liabilities	-114	45	249
Experience adjustments on scheme liabilities (% of commitments)	-1.98%	0.90%	5.62%

The breakdown by maturity of the French retirement benefit commitment, discounted at 2.60%, is shown in the table below:

(in euros)	
Present value of theoretical benefits to be paid by employer:	
• less than one year	2,974
• one to two years	115,941
• two to three years	329,537
• three to four years	109,321
• four to five years	515,546
• five to ten years	1,204,256
• 10 to 20 years	2,275,382
• more than 20 years	1,205,392
TOTAL COMMITMENT	**5,758,349**

In Italy, the defined-benefits scheme relates to the payment of regulatory termination benefits (*Trattamento di Fine Rapporto*). These payments are calculated as a proportion of the employee's gross annual salary and are linked to the price index issued by the Italian Institute of Statistics (ISTAT).

24.2. Non-current provisions

CHANGES IN PROVISIONS IN 2012

(in thousands of euros)	01/01/2012	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversal for the year (unused provisions)	Other changes	31/12/2012
Provisions for disputes	151	-	607	-55	-5	-	698
Provisions for guarantees	720	-	10	-	-100	-	630
Other provisions for contingencies	96	-	272	-11	-27	-	330
Subtotal provisions for contingencies	**967**	**-**	**889**	**-66**	**-132**	**-**	**1,658**
Other provisions for losses	155	-	23	-7	-	-	171
Subtotal provisions for losses	**155**	**-**	**23**	**-7**	**-**	**-**	**171**
TOTAL	**1,122**	**-**	**912**	**-73**	**-132**	**-**	**1,829**
Impact (net of expenses incurred)							
Profit from recurring operations			904		-122		
Financial items			8		-10		
TOTAL			**912**		**-132**		

- A provision for guarantees of €630 thousand is recognised in the financial statements of Axway Software GmbH.
- Provisions for disputes mainly relate to labour arbitration proceedings, severance pay and a number of trade disputes.

24.3. Other non-current liabilities

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Non-current asset liabilities – portion due in more than one year	-	-	-
Employee profit sharing during the year	859	608	1,909
Contingent advances	-	-	-
Derivatives	86	-	-
TOTAL	**945**	**608**	**1,909**

Employee profit sharing represents amounts booked to employee costs for the year by Axway Software. These amounts increase financial debt for the following year.

Note 25. Trade payables

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Trade payables	9,966	8,184	7,460
Trade payables – advances and payments on account, accrued credit notes	-	-	-
TOTAL	**9,966**	**8,184**	**7,460**

Note 26. Other current liabilities

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Non-current asset liabilities – portion due in less than 1 year	131	262	521
Employee cost liabilities	23,661	23,608	26,475
Tax liabilities (excluding corporate income tax)	9,207	8,755	8,040
Corporate income tax	1,529	1,596	540
Deferred income	40,014	31,564	29,243
Other liabilities	222	29	21
TOTAL	**74,764**	**65,814**	**64,840**

Employee cost liabilities include only amounts owed to social security organisations and employees.

Accrued taxes primarily correspond to value added tax collected from clients: the amount payable in respect of the month of December and the VAT collected on trade receivables.

Deferred income mainly comprises the portion of billings issued in advance on fixed-price and maintenance contracts. Growth in 2012 resulted mainly from the high level of revenue achieved in December compared with earlier periods.

OTHER INFORMATION

Note 27. Segment information

GEOGRAPHICAL BREAKDOWN OF REVENUE

(in thousands of euros)	2012		2011		2010	
Europe	131,033	58.4%	135,017	62.1%	131,877	63.3%
Americas	86,509	38.6%	76,736	35.3%	72,402	34.7%
Asia Pacific	6,778	3.0%	5,491	2.5%	4,142	2.0%
TOTAL REVENUE	**224,320**	**100%**	**217,244**	**100%**	**208,421**	**100%**

Note 28. Derivatives reported in the balance sheet

AT 31 DECEMBER 2012

	31/12/2012		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	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 equity
Financial assets	833	833	-	-	833	-	-	-
Trade receivables	72,202	72,202	-	-	72,202	-	-	-
Other current receivables	16,817	16,817	-	-	16,817	-	-	-
Cash and cash equivalents	35,378	35,378	35,378	-	-	-	-	-
FINANCIAL ASSETS	**125,230**	**125,230**	**35,378**	**-**	**89,852**	**-**	**-**	**-**
Financial debt – long-term portion	36,876	36,876	-	-	-	36,876	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	945	945	945	-	-	-	-	-
Financial debt – short-term portion	5,253	5,253	5,253	-	-	-	-	-
Trade payables	9,966	9,966	-	-	9,966	-	-	-
Other current liabilities	74,764	74,764	-	-	74,764	-	-	-
FINANCIAL LIABILITIES	**127,804**	**127,804**	**6,198**	**-**	**84,730**	**36,876**	**-**	**-**

The fair value of trade receivables, other current receivables, trade payables and other current liabilities is the same as the balance sheet value, owing to their very short settlement times.

AT 31 DECEMBER 2011

	31/12/2011		Breakdown by class of derivative instrument					
(in thousands of euros)	Balance sheet value	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 equity
Financial assets	819	819	-	-	819	-	-	-
Trade receivables	57,056	57,056	-	-	57,056	-	-	-
Other current receivables	13,809	13,809	-	-	13,809	-	-	-
Cash and cash equivalents	23,801	23,801	23,801	-	-	-	-	-
FINANCIAL ASSETS	**95,485**	**95,485**	**23,801**	**-**	**71,684**	**-**	**-**	**-**
Financial debt – long term portion	1,968	1,968	-	-	-	1,968	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	608	608	608	-	-	-	-	-
Financial debt – short-term portion	530	530	530	-	-	-	-	-
Trade payables	8,184	8,184	-	-	8,184	-	-	-
Other current liabilities	65,814	65,814	-	-	65,814	-	-	-
FINANCIAL LIABILITIES	**77,104**	**77,104**	**1,138**	**-**	**73,998**	**1,968**	**-**	**-**

AT 31 DECEMBER 2010

	31/12/2010		Breakdown by class of derivative instrument					
(in thousands of euros)	**Balance sheet value**	**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 equity**
Financial assets	650	650	-	-	650	-	-	-
Trade receivables	65,765	65,765	-	-	65,765	-	-	-
Other current receivables	11,171	11,171	-	-	11,171	-	-	-
Cash and cash equivalents	22,379	22,379	22,379	-	-	-	-	-
FINANCIAL ASSETS	**99,965**	**99,965**	**22,379**	**-**	**77,586**	**-**	**-**	**-**
Financial debt – long-term portion	1,774	1,774	-	-	-	1,774	-	-
Current account – Sopra Group	68,432	68,432	-	-	68,432	-	-	-
Other non-current liabilities	1,909	1,909	1,909	-	-	-	-	-
Financial debt – short-term portion	352	352	352	-	-	-	-	-
Trade payables	7,460	7,460	-	-	7,460	-	-	-
Other current liabilities	64,840	64,840	-	-	64,840	-	-	-
FINANCIAL LIABILITIES	**144,767**	**144,767**	**2,261**	**-**	**140,732**	**1,774**	**-**	**-**

Note 29. Risk factors

29.1. Credit risk

a. Maturity of trade receivables

2012

				Of which: not impaired at the balance sheet date but past due, with the following breakdown					
(in thousands of euros)	**Carrying amount**	**Of which: impaired**	**Of which: neither impaired nor past due at the balance sheet 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**
Receivables (including doubtful debtors)	69,969	2,136	46,678	12,635	3,018	1,474	2,322	1,256	450

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Impairment of trade receivables at start of period	**745**	**555**	**701**
Provisions	1,432	340	16
Reversals	-102	-152	-196
Changes in scope of consolidation	91	-	-
Translation differential	-30	2	34
IMPAIRMENT OF TRADE RECEIVABLES AT END OF PERIOD	**2,136**	**745**	**555**

29.2. Liquidity risk

According to the definition given by the *Autorité des marchés financiers*, liquidity risk arises when assets are longer term than liabilities. This can result in an inability to repay short-term debt if the Company is unable to sell the asset in question or obtain bank credit lines.

At 31 December 2012, there was no liquidity risk.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2012:

(in thousands of euros)	Carrying amount	Total contractual flows	Less than one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
Bank loans	39,566	41,244	4,862	9,188	9,091	18,103	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	-	-
Employee profit sharing	2,555	2,796	328	380	323	504	498	763
Other sundry financial debt	-	-	-	-	-	-	-	-
Current bank overdrafts	8	8	8	-	-	-	-	-
Financial debt	**42,129**	**44,048**	**5,198**	**9,568**	**9,414**	**18,607**	**498**	**763**
Investment securities	-	-	-	-	-	-	-	-
Cash and cash equivalents	-35,378	-35,378	-35,378	-	-	-	-	-
CONSOLIDATED NET DEBT	**6,751**	**8,670**	**-30,180**	**9,568**	**9,414**	**18,607**	**498**	**763**

29.3. Market risk

a. Interest rate risk

Interest rate risk is managed by the Group's Finance Department in liaison with the partner banking institutions.

Hedging of borrowings

When the multi-currency credit line was subscribed, a hedging contract was put in place to guard against the risks of a rise in the interest rate applicable to this line, the 3-month Euribor.

At 31 December 2012, a swap contract concerning the drawdown made on the multi-currency credit line was under way. The notional amount hedged is 100% of the drawdown made over the total life of the borrowing, *i.e.* until redemption at 15 June 2016.

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 2012.

	Interest rate	31/12/2012	Less than one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
Cash and cash equivalents	Fixed rate	35,378	35,378	-	-	-	-	-
Financial assets	**Fixed rate**	**35,378**	**35,378**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank loans	Variable rate	-39,566	-4,790	-8,941	-8,706	-17,129	-	-
Employee profit sharing	Fixed rate	-2,555	-455	-503	-409	-611	-577	-
Current bank overdrafts	Variable rate	-8	-8	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-2,555**	**-455**	**-503**	**-409**	**-611**	**-577**	**-**
	Variable rate	**-39,574**	**-4,798**	**-8,941**	**-8,706**	**-17,129**	**-**	**-**
NET EXPOSURE BEFORE HEDGING	**Fixed rate**	**32,823**	**34,923**	**-503**	**-409**	**-611**	**-577**	**-**
	Variable rate	**-39,574**	**-4,798**	**-8,941**	**-8,706**	**-17,129**	**-**	**-**
Interest rate hedging instruments	**Fixed-rate payer swap**	**39,566**	**4,790**	**8,941**	**8,706**	**17,129**	**-**	**-**
NET EXPOSURE AFTER HEDGING	**Fixed rate**	**-6,743**	**30,133**	**-9,444**	**-9,115**	**-17,740**	**-577**	**-**
	Variable rate with cap and floor	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**-8**	**-8**	**-**	**-**	**-**	**-**	**-**

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for companies based in the USA and Sweden. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, since each of the entities involved mainly carries out business in its own country and its own currency.

Furthermore, as part of its intra-group transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided from a centre located in Romania. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of licence fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss is not significant;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to equity. These money flows are not systematically hedged. However, the Group contracts specific hedges, if appropriate, for all large individual foreign currency transactions.

At 31 December 2012, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

INTRA-GROUP COMMERCIAL TRANSACTIONS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Assets	11,724	1,342	1,583	1,288	383	1,288	17,608
Liabilities	6,594	172	587	118	486	557	8,514
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**5,130**	**1,170**	**996**	**1,170**	**-103**	**731**	**9,094**
Hedging instruments	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**5,130**	**1,170**	**996**	**1,170**	**-103**	**731**	**9,094**

SENSITIVITY ANALYSIS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	-
NET IMPACT ON PROFIT	**257**	**59**	**50**	**59**	**-5**	**37**	**457**
IMPACT ON EQUITY	**-**	**-**	**-**	**-**	**-**	**-**	**-**

CURRENT ACCOUNTS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	Total
Assets	5,916	638	1,511	-	-	184	8,249
Liabilities	16,820	1,656	151	82	31	1,498	20,238
Foreign currency commitments	-	-	-	-	-	-	-
Net position before hedging	**-10,904**	**-1,018**	**1,360**	**-82**	**-31**	**-1,314**	**-11,989**
Hedging instruments	-	-	-	-	-	-	-
NET POSITION AFTER HEDGING	**-10,904**	**-1,018**	**1,360**	**-82**	**-31**	**-1,314**	**-11,989**

SENSITIVITY ANALYSIS

(in thousands of euros)	USD	GBP	EUR	SEK	SGD	Other	TOTAL
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	
NET IMPACT ON PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IMPACT ON EQUITY	**-545**	**-51**	**68**	**-4**	**-2**	**-66**	**-600**

c. Equity risk

At 31 December 2012, Axway Software held 35,753 of its own shares, acquired under the terms of the share repurchase programmes authorised by the General Shareholders' Meeting at an average price of €13.43, for a total outlay of €480 thousand.

All transactions in treasury shares are taken directly to shareholders' equity. The impact at 31 December 2012 was €57 thousand (see Statement of changes in consolidated shareholders' equity).

Note 30. Related-party transactions

30.1. Remuneration of senior management

The items shown in the table below concern the directors and Executive Management.

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Short-term employee benefits[1]	912	1,188	559
Equity compensation benefits	240	28	-
TOTAL	**1,152**	**1,216**	**559**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

The item Equity compensation benefits relates to the value of the services rendered by Christophe Fabre, which were compensated through the granting of options in 2011.

The General Shareholders' Meeting of 24 May 2012 set at €250 thousand the amount of directors' fees to be shared between the directors.

30.2. Transactions with the Sopra Group, Sopra Group companies and GMT

The tables below detail the transactions between the Group and Sopra Group SA, the companies in the Sopra Group, and the GMT holding company.

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Transactions with the Sopra Group			
Sale of goods and services	257	996	2,970
Purchase of goods and services	-4,574	-8,191	-11,179
Operating receivables	126	307	330
Operating payables	-231	-490	-2,616
Financial expense	-	-752	-1,503
Financial liabilities (current account)	-	-	-68,432
Transactions with Sopra Group companies			
Sale of goods and services	894	623	67
Purchase of goods and services	-3,590	-3,200	-2,727
Operating receivables	998	795	96
Operating payables	-1,006	-470	-725
Transactions with GMT			
Purchase of goods and services	-216	-64	-
Operating payables	-36	-	-

The purchase of goods and services from the parent company concerns the use of premises, the use of IT resources, internal sub-contracting and non-recurring expenses related to the spin-off of Axway Software from the Sopra Group.

30.3. Subsidiaries and associated entities

Transactions and balances between Axway Software and its subsidiaries were eliminated in full on consolidation, since all of the subsidiaries are fully consolidated.

30.4. Relationships with other related parties

None.

Note 31. Off-balance sheet commitments and contingent liabilities

31.1. Contractual obligations

Contractual obligations	Payments due per period			31/12/2012	31/12/2011	31/12/2010
(in thousands of euros)	Less than one year	One to five years	More than five years			
Long-term liabilities	4,790	34,776	-	39,566	-	-
Current account – Sopra Group(1)	-	-		-	-	68,432
Finance lease obligations	-	-	-	-	-	-
Employee profit sharing	455	2,100	-	2,555	2,372	2,021
Other sundry financial debt	-	-	-	-	-	-
Current bank overdrafts	8	-	-	8	126	105
TOTAL COMMITMENTS RECOGNISED	**5,253**	**36,876**	**-**	**42,129**	**2,498**	**70,558**

(1) This current account was reimbursed in full following the capital increase implemented on 19 July 2011.

Other commercial commitments	Amount of commitments per period			31/12/2012	31/12/2011	31/12/2010
(in thousands of euros)	Less than one year	One to five years	More than five years			
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	625	-	625	-	187
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	-	-	-	-	-	-
TOTAL COMMITMENTS NOT RECOGNISED	**-**	**625**	**-**	**625**	**-**	**187**

Sopra Group currently guarantees Axway Inc.'s lease in Phoenix, Arizona (USA). This guarantee totals $1.6 million and reduces over time as the time remaining on the leases decreases.

In relation to the commitments received, Axway Software has an unused credit line of €20 million.

Axway Software also has a €100 million multi-currency credit line (see paragraph 23.1), which was used in the amount of €40 million at 31 December 2012.

The Group hires its IT equipment, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totalled €8.8 million in 2012, €9.2 million in 2011 and €9.6 million in 2010.

At 31 December 2012, the minimum annual payments due in the future under non-cancellable lease contracts were as follows:

(in thousands of euros)	Operating leases
2013	4,264
2014	3,511
2015	2,735
2016	1,677
2017	558
2018 and subsequent years	173
TOTAL MINIMUM FUTURE LEASE PAYMENTS	**12,917**

31.2. Commitments given related to recurring operations

(in thousands of euros)	31/12/2012	31/12/2011	31/12/2010
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	225	-	187
Bank guarantees for effective project completion	-	-	-
Collateral, guarantees, mortgages and sureties	400	-	-
Exchange rate hedging instruments	-	-	-

At 31 December 2012, the values of interest rate hedging derivatives put in place for internal financing in currencies concerned a euro/US dollar swap with a negative value of €88 thousand for a nominal amount of $10 million (countervalue of €7.7 million).

31.3. Covenants

As part of the syndicated facility put in place in June 2011, Axway Software undertook to respect the following covenants:

- net debt/EBITDA ratio of lower than 3.0 between 30 June 2011 and 30 June 2013, and lower than 2.5 from 31 December 2013. This ratio stood at 0.11 at 31 December 2012;
- EBITDA/financial expense ratio of higher than 5.0 throughout the term of the loan. This ratio stood at 724.0 at 31 December 2012;
- net debt/shareholders' equity ratio of lower than 1.0 throughout the term of the loan. This ratio stood at 0.02 at 31 December 2012.

Note that the net debt figure used in the calculations does not include employee profit-sharing liabilities.

31.4. Contingent liabilities

No liability is to be taken into account except that mentioned in Note 32.

31.5. Collateral, guarantees and surety

Under the terms of the loan agreement signed on 7 June 2011, and in relation to the loans obtained, Axway Software pledged its goodwill to the lenders as collateral and surety for the obligations guaranteed. The amount of this guarantee is equal to the amount of the medium-term loan obtained, *i.e.* €100 million.

Note 32. Exceptional events and legal disputes

At the date of this report, proceedings had been brought against the Group by a US government agency (the General Services Administration or "**GSA**") in the matter of a trade dispute relating to the price schedule to which the Group is alleged to have agreed for the supply of licences to this client. No specific amount has been officially claimed at this stage by the GSA and the Group is currently exploring possible ways to reach an out-of-court settlement of this dispute.

Due to the uncertainty as to the outcome of this claim, the Group is not able, at the date of this report and given the elements currently in its possession, to estimate the total amounts that might be requested and found to be payable by the Group should this matter enter litigation, and has therefore allocated no provisions in this regard.

As far as the Group is aware, and notwithstanding the information provided in this report, there were no disputes or litigation known of or under way that may have a significant negative impact on the Group's financial position, at the date of this report.

Note 33. Events subsequent to the financial year-end

Between 1 January 2013 and the date of the Board meeting, no significant event liable to impact the financial statements presented took place.

Note 34. Rates of conversion of foreign currencies

€1/currency	Average rate for the period			Period-end rate		
	2012	2011	2010	31/12/2012	31/12/2011	31/12/2010
Swiss franc	1.2053	1.2318	1.3795	1.2072	1.2156	1.2504
Pound sterling	0.8108	0.8675	0.8576	0.8161	0.8353	0.8608
Swedish krona	8.7025	9.0261	9.5374	8.5822	8.9119	8.9654
Romanian leu	4.4567	4.2371	4.2093	4.4444	4.3234	4.2620
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.2849	1.3904	1.3243	1.3194	1.2939	1.3362
Australian dollar	1.2407	1.3478	1.4415	1.2712	1.2723	1.3136
Hong Kong dollar	9.9671	10.8237	10.2891	10.2260	10.0513	10.3853
Singapore dollar	1.6052	1.7487	1.8040	1.6111	1.6819	1.7136
Yuan (China)	8.1813	8.9847	8.9646	8.2210	8.1586	8.8222
Rupee (India)	68.5871	64.7668	60.5327	72.5689	68.7285	59.7729
Ringgit (Malaysia)	3.9683	4.2537	4.2589	4.0347	4.1054	4.0950
Korean won	1,449.2754	1,538.4615	1,538.4615	1,408.4507	1,492.5373	1,492.5373

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2012 on:

- the audit of the accompanying consolidated financial statements of the Group;
- the justification of our assessments;
- the specific procedures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

We certify that the consolidated financial statements are, with respect to IFRS as adopted in the European Union, true and fair and provide a true and fair view of the net worth, financial situation and earnings of the consolidated entity at the end of the financial year under review.

II. Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected credit unit method, as indicated in Notes 1.17.b and 24.1 of the consolidated financial statements. In the course of our assessments, we examined the data used, we assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements, as well as the appropriateness of the information provided in the note;
- at each balance sheet date, the Company systematically performs an impairment test on goodwill, based on the methods described in Notes 1.11 and 14.3 to the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments;
- the Company recognises deferred tax assets in application of the procedures described in Notes 1.13 and 18.3 to the consolidated financial statements. In the course of our assessments, we verified the consistency of all of the data and assumptions that underpin the measurement of deferred tax assets.

These assessments form part of our overall audit approach of the consolidated financial statements and thus contributed to the formulation of our unqualified opinion expressed in the first section of this report.

III. Specific verification

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information relating to the Group provided in the management report.

We have no comments to make on the sincerity and consistency with the consolidated financial statements.

Paris and Courbevoie, 18 April 2013

The Statutory Auditors

Auditeurs & Conseils Associés	Mazars
François Mahé	Christine Dubus

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2012 PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS *(in thousands of euros)*	2012	2011
Intangible assets	28,839	29,852
Property, plant and equipment	3,912	2,391
Financial investments	182,049	140,363
Non-current assets	**214,801**	**172,606**
Trade receivables	47,111	40,055
Other receivables, prepayments and accrued income	10,932	9,297
Cash and cash equivalents	16,478	8,453
Current assets	**74,521**	**57,805**
TOTAL ASSETS	**289,322**	**230,412**

EQUITY AND LIABILITIES *(in thousands of euros)*	2012	2011
Share capital	40,642	40,301
Premiums	99,324	97,466
Reserves	7,214	3,629
Carried forward	12	-
Net profit for the year	15,083	8,623
Tax-driven provisions	8,602	11,062
Equity	**170,878**	**161,082**
Provisions	**4,979**	**3,825**
Financial debt	75,113	25,525
Trade payables	12,295	15,374
Tax and social charge payables	20,855	19,733
Other liabilities, accruals and deferred income	5,202	4,873
Liabilities	**113,465**	**65,505**
TOTAL LIABILITIES	**289,322**	**230,412**

INCOME STATEMENT

(in thousands of euros)	2012	2011
Net revenue	135,959	134,568
Other operating income	220	301
Operating income	**136,179**	**134,869**
Purchases consumed	50,101	44,817
Employee costs	54,530	51,389
Other operating expense	17,441	22,161
Taxes and duties	3,083	2,864
Depreciation, amortisation and provisions	5,685	4,586
Operating expenses	**130,841**	**125,816**
Operating profit	**5,338**	**9,053**
Financial income and expense	5,760	1,487
Pre-tax profit on ordinary activities	**11,098**	**10,539**
Exceptional income and expenses	2,498	-6,113
Employee profit-sharing and incentive schemes	-1,070	-939
Corporate income tax	2,557	5,136
NET PROFIT	**15,083**	**8,623**

NOTES TO THE 2012 PARENT COMPANY FINANCIAL STATEMENTS

1 Significant events, accounting policies and valuation rules

1.1 Significant events

Setting up of a free share plan

The award of 45 rights to receive free shares per employee was approved by the Board of Directors on 14 February 2012. This award concerns all the Group's employees. Shares will be available at the end of the vesting periods of two to four years.

Acquisition of Vordel Ltd

In November 2012 Axway Software signed a sale and purchase agreement (SPA) related to all the securities in Vordel Ltd for an amount of €42.6 million.

This acquisition will enable the Group to extend its data flow offering to cloud computing and mobile equipment.

Vordel Ltd is a group comprising three entitles:

- Vordel Limited, based in Ireland and also active in France, Germany and Spain;
- Vordel (UK) Limited, a subsidiary of Vordel Limited Ireland, based in the United Kingdom;
- Vordel Inc., a subsidiary of Vordel Limited Ireland, based in the United States.

To make this acquisition, Axway Software used its medium-term credit line in the amount of €40 million.

Takeover of the lease and fixed assets of the Puteaux 1 site

Axway Software took over the lease of the Puteaux 1 building from the Sopra Group on 1 July 2012. The annual rent is €899 thousand and the lesser was provided with a bank guarantee of €225 thousand.

The Company also acquired all the building's installations and fittings from the Sopra Group for €2 million. The transaction was completed at the net carrying amount and the fixed assets are amortised over their remaining life.

Tax audit

A tax audit has been under way since September 2012 and relates to the period from 1 January 2009 to 31 December 2011.

At the end of 2012, Axway received the notification for the 2009 accounting period.

Of a settlement of total tax arrears of €938 thousand, Axway provisioned an amount of €581 thousand at the end of 2012. The unfunded part concerns, on the one hand, withholding tax in Brazil for an amount of €89 thousand for which Axway has obtained the necessary documentation from the Brazilian authorities and, on the other hand, provisions for impairment of trade receivables for an amount of €268 thousand, which were reversed in 2010 and 2011 and included in taxable income.

1.2 Accounting policies and valuation rules

The 2012 financial statements were prepared in accordance with French generally accepted accounting principles.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next;
- accrual basis;
- and in accordance with general guidelines for the preparation and presentation of annual financial statements.

No change has been made in accounting policies during the periods under review.

Research and Development expenses

All research expenses are charged to the income statement 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 the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

No software development expenses have been recognised under intangible assets, as all of the conditions described above have not been met.

Software acquired

Software acquired corresponds mainly to the transfer made by the Sopra Group in 2001 and to the acquisition of the intellectual property relating to the software of Cyclone and Tumbleweed from Axway Inc. in 2010 and 2011 and the LiveDashboard software from Access UK in 2012.

The software transferred by the Sopra Group was recognised at the net carrying amount recorded in the financial statements of the Sopra Group at 31 December 2000. It is amortised on a straight-line basis over three, five or ten years.

The Cyclone and Tumbleweed software was recognised at the purchase cost, which was calculated by an independent expert in the USA. Amortisation for the Cyclone software is 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 15 years.

Business goodwill

The business goodwill comes from the partial contribution of assets from the EAI (Enterprise Application Integration) division.

Business goodwill is not amortised systematically, but if appropriate, a provision may be set aside for impairment. Amortisation applied prior to 1 January 2001 in the financial statements of the Sopra Group has been retained in the balance sheet.

The Company conducts impairment tests on its business goodwill each time that there is an indication of an impairment loss. It writes down the value of an asset if its current value (either the market value or the economic value, whichever is highest) is less than its carrying amount.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at their acquisition cost or the pre-transfer carrying amount.

Depreciation is based on the straight-line method according to the useful economic lives of each non-current asset category as follows:

Fixtures and fittings	Ten years
Equipment and tooling	Three to five years
Furniture and office equipment	Five to ten years

Equity investments

On initial recognition, equity investments are recognised at their acquisition or subscription price.

The carrying amount of equity investments corresponds to their value in use.

Impairment is recognised if the value in use of equity investments, which includes the net assets of subsidiaries (see paragraph 2.1.3) and an analysis of the growth and profitability projections, is lower than the carrying amount in the financial statements. The analysis of growth projections may involve the discounting of future cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A growth rate in perpetuity of 2.5% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a discount rate of 10%.

Revenue

Services provided within the scope of the Group's software operations include:

- the right of use under licence of the software and solutions provided;
- maintenance;
- ancillary services: installation, configuration, adaptation, training, etc.

a. In general, separate contracts are concluded with clients for licences 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:

- the licence fee is recognised when delivery takes place, which is reputed to be the case when all contractual obligations have been fulfilled, *i.e.* when any remaining services to be provided are insignificant and not liable to endanger the client's acceptance of goods supplied or services rendered;
- maintenance is generally billed in advance and is recognised on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognised when performed, *i.e.* in general when invoiced (see paragraph d. below). Ancillary services are sometimes performed within the scope of fixed-price contracts in which case they are then recognised using the percentage of completion method described in paragraph e below.

b. Sometimes, contracts comprising multiple elements (licence, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the licence is obtained by 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 on the basis of the list prices applying in the case of a separate sale or alternatively, on the basis of management's best estimate. The residual amount attributed to the licence is recognised at the time of delivery.

c. In fairly rare instances, ancillary services may be considered essential to the operation of a software package

This may be the case for very complex projects, the completion of which may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring. They are accounted for using the percentage of completion method described in paragraph e below.

d. 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 balance sheet 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 the Accrued income item Trade receivables;
- services already billed but not yet entirely performed are deducted from invoiced revenue and included in the balance sheet under the Other liabilities item Deferred income.

e. 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 on the basis of 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 financial year and impairment is recognised in the event of a risk of non-recovery linked to collective proceedings. Doubtful debts for which legal proceedings have not been instigated are treated as accrued credit notes.

Retirement benefits

Since 2004, Axway Software has provided for its retirement commitments in accordance with the provisions of the Syntec collective bargaining agreement regarding retirement and pensions.

Axway Software's obligation towards its employees is determined on an actuarial basis, using the projected 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 the level of future salary, life expectancy and employee turnover. Changes in actuarial assumptions that affect the valuation of the obligation are recognized 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)	Concessions, patents, similar rights	Business goodwill	Total
Gross value			
At 1 January 2012	**37,769**	**6,609**	**44,378**
• Acquisitions	2,622	-	2,622
• Disposals	-	-	-
At 31 December 2012	**40,391**	**6,609**	**47,000**
Depreciation			
At 1 January 2012	**14,491**	**35**	**14,526**
• Provisions	3,634	-	3,634
• Reversals	-	-	-
At 31 December 2012	**18,125**	**35**	**18,160**
Net value			
At 1 January 2012	**23,278**	**6,574**	**29,852**
At 31 December 2012	**22,266**	**6,574**	**28,839**

Intangible assets mainly comprise software and business goodwill transferred by the Sopra Group in 2001 and acquired from Axway Inc. in 2010 and 2011 and from Access UK in 2012.

Software development costs, which totalled €14.271 million in 2012, are recorded as expenses (see Note 1.2.1).

Property, plant and equipment

(in thousands of euros)	Technical installations	Fittings and installations	Furniture and office equipment	Total
Gross value				
At 1 January 2012	**3,352**	**-**	**-**	**3,352**
• Acquisitions	500	1,662	409	2,571
• Disposals	-	-	-	-
At 31 December 2012	**3,853**	**1,662**	**409**	**5,923**
Depreciation				
At 1 January 2012	**961**	**-**	**-**	**961**
• Provisions	894	128	28	1,050
• Reversals	-	-	-	-
At 31 December 2012	**1,855**	**128**	**28**	**2,011**
Net value				
At 1 January 2012	**2,391**	**-**	**-**	**2,391**
At 31 December 2012	**1,998**	**1,534**	**381**	**3,912**

Sopra Group has made available to Axway Software fully equipped offices, chiefly at the Annecy-le-Vieux and Puteaux 2 sites.

Purchases of technical installations consist solely of IT equipment.

Acquisitions of fittings, installations and furniture correspond to the lease transfer of the Puteaux 1 site between Sopra and Axway Software.

Financial investments

(in thousands of euros)	**Equity investments**	**Receivables related to equity investments**	**Loans and other financial investments**	**Total**
Gross value				
At 1 January 2012	**169,489**	**1,778**	**869**	**172,136**
• Acquisitions/increase	42,570	173	139	42,782
• Disposals/decrease	-42	-1,624	-187	-1,753
At 31 December 2012	**212,017**	**327**	**822**	**213,166**
Impairment				
At 1 January 2012	**31,140**	**633**	**-**	**31,774**
• Provisions	-	-	17	17
• Reversals	-40	-633	-	-674
At 31 December 2012	**31,100**	**-**	**17**	**31,117**
Net value				
At 1 January 2012	**138,349**	**1,145**	**869**	**140,363**
At 31 December 2012	**180,917**	**327**	**805**	**182,049**

Details concerning equity investments are provided in the “Subsidiaries and associated entities” tables presented in Note 4.8.

a. Gross amounts

In 2012 the increase in securities resulted from the acquisition of Vordel Ltd and the decrease corresponded to the dissolution of the Axway Korea subsidiary.

The decrease in receivables related to equity investments corresponded chiefly to the dissolution of Axway Korea (€403 thousand) and the change in the current account of Axway Pte (€1.138 million).

The increase in “Loans and other financial investments” was due to the payment of a security deposit for Puteaux 2. The decrease concerned the change in the liquidity contract with Kepler for market making in Axway shares.

b. Impairments

The reversal of provisions for the impairment of investments in associates involves the disposal of Axway Korea shares.

The reversal of the provision for impairment of receivables related to equity investments concerned the repayment of part of the current account of Axway Malaysia (€230 thousand) and the dissolution of Axway Korea (€403 thousand).

2.2 Other assets

Trade receivables

(in thousands of euros)	2012	2011
Non-Group clients	22,804	20,332
Accrued income	21,200	17,762
Group clients	3,103	2,126
Doubtful debtors	30	25
Provision for doubtful debtors	-25	-190
TOTAL	**47,111**	**40,055**

Trade receivables are recognised as assets and are stated net of all client-related debit and credit balances.

Impairments concerned Doubtful debtors.

Other receivables, prepayments and accrued income

(in thousands of euros)	2012	2011
Corporate income tax	8,763	7,875
Tax at source	250	-
VAT	377	363
Other receivables	425	256
Prepaid expenses	876	581
Translation differential – Assets	241	222
TOTAL	**10,932**	**9,297**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Provisions	Reversals	Amount at end of year
Impairment of trade receivables	190	7	172	25
TOTAL	**190**	**7**	**172**	**25**

Reversals related mainly to receivables with subsidiaries in Asia totalling €168 thousand.

2.3 Equity

Share capital

At 31 December 2012, the share capital of Axway Software totalled €40,642,076. It comprises 20,321,038 shares, each with a nominal value of €2.00.

The Company holds 35,753 treasury shares.

Changes in shareholders' equity

(in thousands of euros)	Share capital	Issue premiums	Legal reserve	Discretionary reserves	Net profit for the year	Tax-driven provisions	Carried forward	Total
Position at 1 January 2012	**40,301**	**97,466**	**1,587**	**2,042**	**8,623**	**11,062**	**-**	**161,082**
Appropriation of earnings 2011	-	-	431	3,155	-8,623	-	12	-5,025
Amortisation of intellectual property	-	-	-	-	-	-2,461	-	-2,461
Option exercise	341	1,808	-	-	-	-	-	2,149
Cancellation of provision following capital increase	-	50	-	-	-	-	-	50
Profit for the year	-	-	-	-	15,083	-	-	15,083
Position at 31 December 2012	**40,642**	**99,324**	**2,018**	**5,196**	**15,083**	**8,602**	**12**	**170,878**

The total amount of dividends paid in 2012 was €5.025 million.

In May 2012, some of the stock options awarded to the Chief Executive Officer, Mr Christophe Fabre, in 2007, under the plan No. 1, expired. They were exercised in full and led to the creation of 170,397 shares for a price of €12.61 (€2 nominal value and €10.61 issue premium). An issue premium was recognised for €1.808 million.

Tax-driven provisions corresponded to the amortisation over six years of Cyclone software for accounting purposes (€2.461 million in 2012).

Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31/12/2012	
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. 1 – 2007 stock options plan, maximum issue of 1,990,000 shares General Meeting of 23/05/2007											
23/05/2007	20,100	€78.90	24/05/2011	23/05/2012	170,397	€12.61	-	-	170,397	-	€12.61
22/11/2007	17,000	€93.54	30/06/2010	31/12/2013	110,190	€14.34	-	46,619	-	63,571	€14.34
22/11/2007	17,000	€93.54	30/12/2012	31/12/2013	63,571	€14.34	-	33,904	-	29,667	€14.34
06/11/2008	8,500	€145.00	30/06/2011	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
06/11/2008	8,500	€145.00	30/12/2013	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
19/05/2009	4,000	€145.00	30/06/2011	31/12/2014	33,904	€17.11	-	33,904	-	-	€17.11
19/05/2009	4,000	€145.00	30/12/2013	31/12/2014	-	€17.11	-	-	-	-	€17.11
Total	**79,100**				**522,154**		**-**	**165,281**	**170,397**	**186,476**	
Plan no. 2 – 2010 stock options plan, maximum issue of 1,990,000 shares General Meeting of 25/11/2010											
25/11/2010	5,000	€145.00	30/06/2012	31/12/2015	42,379	€17.11	-	25,427	-	16,952	€17.11
25/11/2010	5,000	€145.00	30/12/2014	31/12/2015	42,379	€17.11	-	42,379	-	-	€17.11
Total	**10,000**				**84,758**		**-**	**67,806**	**-**	**16,952**	
Plan no. 3 – 2011 stock options plan, maximum issue of 1,033,111 shares General Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
Total	**1,032,350**				**1,032,350**		**-**	**85,650**	**-**	**946,700**	
TOTAL OF PLANS	**1,121,450**				**1,639,262**		**-**	**318,737**	**170,397**	**1,150,128**	

- 170,397 share subscription options were exercised in 2012.
- 318,737 share subscription options were cancelled in 2012 following the departure of the holders.
- No options were allocated under Plan No. 1.
- The fair values of the share subscription options allocated under Plan No. 1 and Plan No. 2 were determined using the binominal model recommended by IFRS 2.
- The fair value of the share subscription options allocated under Plan No. 3 was determined using the same binomial model and the following assumptions: average expected life of 4.5 and six 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 2012 was €14.50.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Provisions	Reversals (used provisions)	Reversals (unused provisions)	Amount at end of year
Provisions for HR disputes	151	79	55	5	170
Provisions for foreign exchange losses	222	241	222	-	241
Provisions for risks relating to subsidiaries	-	-	-	-	-
Provisions for retirement benefits	3,452	648	-	-	4,100
Provisions for commercial litigation	-	468	-	-	468
Provisions for tax	-	-	-	-	-
TOTAL	**3,825**	**1,436**	**277**	**5**	**4,979**

Provisions were recorded chiefly in relation to financial risks arising from retirement benefit commitments, exchange rate losses and commercial litigation.

The total commitment for retirement benefits amounted to €5.758 million. The cumulative amount of unrealised actuarial differences on the balance sheet at year-end 2012 was €1.658 million (see Note 1.2.8).

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the balance sheet date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer as part of the benefits due to an employee whose retirement is at the request of the employer. This contribution amounts to 50% and applies irrespective of the age of the employee;
- with effect 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 may not make any retirement decisions of its own accord before asking the employees whether or not they would like to retire voluntarily.

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 force at the date of entry into application of the Act have not been amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

2.5 Liabilities

Financial debt

(in thousands of euros)	Amount at start of year	Provisions	Reversals (used provisions)	Amount at end of year
Syndicated facility	-	40,000	-	40,000
Employee profit sharing fund	2,239	731	558	2,412
Payables related to equity investments	23,148	11,810	2,290	32,668
Other financial debt	138	-	138	-
Accrued interest on financial debt	-	33	-	33
TOTAL	**25,525**	**52,574**	**2,986**	**75,113**

Since 7 June 2011, Axway Software has had a multi-currency credit line of €100 million. This credit line is contracted with six banks, and comprises two tranches.

It was put in place in June 2011 with six partner banks, and is intended to finance acquisitions and the Group's general funding needs.

The first €50 million tranche, "credit line A", is a five-year, multi-currency term loan repayable semi-annually from 15 December 2013. It is intended to finance acquisitions.

The second €50 million tranche, "credit line B", is a five-year, multi-currency revolving loan, repayable semi-annually over the last two years of the loan term. It is intended to finance the Group's general funding needs, including investments and acquisitions.

The applicable interest rate is Euribor for the drawdown period concerned plus a spread adjusted every six months in relation to the net debt/EBITDA ratio, calculated on a 12-month rolling basis. The net debt figure used does not include employee profit-sharing liabilities. The spread may move within the range of 0.85% to 1.70% for drawdowns in euros and from 1.55% to 2.40% for drawdowns in GBP and USD. A non-use fee equivalent to 35% of the spread may also be applied.

Three financial ratios must be met under covenants entered into with partner banking establishments.

To finance the acquisition of Vordel Ltd, Axway used its credit line in the amount of €40 million.

Payables related to equity investments concerned solely current accounts with the Group's companies.

Employee profit sharing funds include the special profit-sharing reserve managed by Axway Software in current accounts that are locked up for a certain period. An agreement struck in 2011 also enables employees to opt for external management in multi-company mutual funds.

Financial debt ratios were observed at 31 December 2012.

Trade payables

(in thousands of euros)	2012	2011
Trade payables and related accounts	1,743	1,256
Accrued expenses	8,121	12,828
Trade payables – Group	2,431	1,291
TOTAL	**12,295**	**15,374**

Tax and social charge payables

(in thousands of euros)	2012	2011
Employee costs and related payables	7,410	6,932
Social security	7,998	7,700
VAT	4,638	4,815
Other tax	808	286
TOTAL	**20,855**	**19,733**

Other liabilities, accruals and deferred income

(in thousands of euros)	2012	2011
Client deposits	625	543
Liabilities in respect of non-current assets	73	182
Group and associates	750	750
Other liabilities	-	-
Deferred income	2,863	2,409
Translation differential – Liabilities	890	989
TOTAL	**5,202**	**4,873**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance contracts.

3 Notes to the income statement

3.1 Revenue

Revenue breaks down as follows by business:

(in thousands of euros)	2012	2011
Licences	28.5%	31.8%
Support and maintenance	50.7%	42.3%
Integration and training services	20.8%	25.9%
REVENUE	**100.0%**	**100.0%**

Of the €136 million in revenue generated in 2012, €64 million derived from international operations.

3.2 Compensation allocated to the members of governing and management bodies

Directors’ fees totalling €187 thousand were paid in May 2012.

Compensation paid in 2012 to governing and management bodies was €428 thousand.

3.3 Financial items

(in thousands of euros)	2012	2011
Dividends received from equity investments	6,395	15,446
Interest on bank borrowings and similar charges	-337	-
Interest on employee profit sharing	-156	-142
Discounting of retirement benefits (provision)	-201	-193
Losses on receivables from equity investments	-578	-281
Interest received and paid on Group current accounts	-513	-925
Positive and negative foreign exchange impact (including provisions)	50	-832
Other allocations to and reversals of financial provisions	826	-11,436
Other financial income and expense	274	-151
FINANCIAL ITEMS	**5,760**	**1,487**

The detail of dividends received is listed in the table of subsidiaries and associated entities (see Note 4.8).

3.4 Exceptional items

In 2012, exceptional items of €2.498 million concerned chiefly:

- the transfer of SCI commercial property to Axway Inc. for an amount of €1.737 million;
- additional amortisation of the Cyclone intellectual property, in the amount of €2.461 million;
- recording of the acquisition costs of Vordel Ltd, in the amount of €1.507 million.

3.5 Employee profit sharing

Employee profit sharing, in an amount of €1,070 million, was determined under the conditions laid down by law.

3.6 Corporate income tax

Research tax credits

Axway Software received research tax credits for 2012 of €5.988 million.

Breakdown of tax between recurring and exceptional operations

(in thousands of euros)	2012	2011
Tax on recurring operations	1,496	2,261
Tax on exceptional items	1,353	-1,738
Provisions for tax reassessment	582	-
Research tax credits	-5,988	-5,624
Other tax credits	-	-35
TOTAL CORPORATE INCOME TAX	**-2,557**	**-5,136**

Deferred and latent tax position

	Basis					
	Start of the year		Change		End of the year	
(in thousands of euros)	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
I. Certain or potential discrepancies						
Tax-driven provisions	--	--	--	--	--	--
Investment grants	--	--	--	--	--	--
Temporary non-deductible expenses						
• To be deducted the following year						
• employee profit sharing	763	-	307	-	1,070	-
• *"Organic" tax*	241	-	-	-41	200	-
• To be deducted thereafter						
• provision for retirement commitments	3,452	-	648	-	4,100	-
• other	-	-	-	-	-	-
Temporary non-taxable income						
• net short-term capital gains	-	-	-	-	-	-
• capital gains on mergers	-	-	-	-	-	-
• long-term deferred capital gains	-	-	-	-	-	-
Deducted expenses (or taxed income) for tax purposes that has not been recognised						
• deferred charges	-	-	-	-	-	-
Total	**4,456**	-	**955**	**-41**	**5,370**	-
II. Items to be offset						
Losses that may be carried forward for tax offset	-	-	-	-	-	-
Long-term capital losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
III. Contingent tax items						
Capital gains on non-depreciable assets contributed on merger	-	**762**	-	-	-	**762**
Special reserve for long-term capital gains	-	-	-	-	-	-
Special reserve for construction profits	-	-	-	-	-	-
Other	-	-	-	-	-	-

4 Other information

4.1 Maturities of receivables and payables at the balance sheet date

Receivables

(in thousands of euros)	Gross amount	Within one year	One to five years
Non-current assets			
Receivables related to equity investments	327	327	-
Other non-current financial assets	805	805	-
Current assets			
Doubtful debts or disputes	30	-	30
Other trade receivables	47,106	47,106	-
Employee costs and related payables	1	1	-
Social security	-	-	-
VAT	377	377	-
Research tax credits	11,612	2,849	8,763
Other tax	250	250	-
Group and associates	-	-	-
Other receivables	425	425	-
Accruals and deferred income	1,117	1,028	89
TOTAL	**62,049**	**53,168**	**8,881**

Other financial investments mainly relate to the liquidity contract and treasury shares.

Liabilities

(in thousands of euros)	Gross amount	Within one year	One to five years
Bank debt			
• Two years maximum at origin	33	33	-
• More than two years maximum at origin	40,000	4,400	35,600
Other financial debt	2,412	452	1,960
Group and associates	32,668	32,668	-
Trade payables	12,295	12,295	-
Employee costs and related payables	7,410	6,340	1,070
Social security	7,998	7,998	-
State and public bodies			
• Corporate income tax	2,849	2,849	-
• VAT	4,638	4,638	-
• Other tax	808	808	-
Liabilities in respect of non-current assets	823	823	-
Other liabilities	625	625	-
Accruals and deferred income	3,753	3,753	-
TOTAL	**116,314**	**77,683**	**38,631**

5

4.2 Information concerning related parties

(in thousands of euros)	**Related parties**
Assets	
Advances and payments on account for non-current assets	-
Equity investments	180,917
Receivables related to equity investments	327
Loans	-
Trade receivables	22,223
Other receivables	-
Translation differential – Assets	240
Liabilities	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Group and associates	32,668
Liabilities in respect of non-current assets	750
Trade payables	9,440
Other liabilities	-
Translation differential – Liabilities	889
Income statement	-
Income from equity investments	6,395
Other financial income	19
Financial expense	532
Write-off of receivables (financial expense)	579
Provisions for impairment of equity investments (financial expense)	-
Provisions for impairment of trade receivables (financial expense)	-
Provisions for impairment of current accounts (financial expense)	-
Reversal of impairment of equity investments (financial income)	40
Reversal of impairment of trade receivables (financial income)	169
Reversal of impairment of current accounts (financial income)	633
Reversal of provisions for risks relating to subsidiaries (financial income)	-

4.3 Accrued income and expenses

(in thousands of euros)	
Accrued income	
Trade payables – Credit notes to be received	1
Trade receivables	21,854
Tax and social charge receivables	-
Other receivables	52
TOTAL	**21,907**
Accrued expenses	
Accrued interest	33
Trade payables	8,121
Trade receivables – Credit notes to be issued	654
Tax and social charge payables	9,962
Other liabilities	-
TOTAL	**18,769**

4.4 Workforce

The workforce at 31 December 2012 comprised 632 employees, and the average number of employees for the year was 629.

4.5 Off-balance sheet commitments

(in thousands of euros)	
Discounted notes not yet due	-
Bank guarantees in place of security deposits for leased premises	225
Bank guarantees for effective project completion	64
Bank guarantees for guaranteeing payment of supplier invoices	-
Unfunded retirement commitments (actuarial differences)	1,659
Guarantees given to subsidiaries to guarantee tender bids	400
Guarantees given to subsidiaries to guarantee leases	-
Collateral, mortgages and sureties	-
Interest rate hedging instruments	see 4.29.3
Exchange rate hedging instruments	7,669

Individual training rights (DIF)

In 2012, 9,563 hours were acquired and 3,468 DIF hours were consumed.

At 31 December 2012, the cumulative balance of training that was not consumed amounted to 40,001 hours.

Bank guarantees

Bank guarantees for effective project completion stood at €64 thousand at 31 December 2012.

A bank guarantee of €225 thousand in place of a security deposit was paid in 2012 when the Puteaux 1 lease was taken over.

Other guarantees

Axway Software stood surety for its subsidiary Axway Srl for an amount of €400 thousand to enable it to tender for bids to the Italian post office.

Retirement commitments

At the end of 2012, the unfunded part of the retirement commitment stood at €1.659 million.

Exchange rate hedging instruments

Axway put in place two USD/EUR exchange rate swap contracts each for an amount of €3.83 million (*i.e.* $5 million each). The first lasting two months (expiring in February 2013) and the second three months (expiring in March 2013). On expiry, Axway recovered the amount of $10 million to which was added the financial income resulting from the placement.

4.7 Exceptional events and legal disputes

To the Company's knowledge, there are no exceptional events or legal disputes that may impact on its financial position, business or results.

4.8 List of subsidiaries and associated entities

Company (in euros)	Share capital	Other shareholders' equity	% of capital held	Carrying amount of securities Gross	Carrying amount of securities Net	Loans and advances granted by the Company and not yet repaid	Latest financial year revenue excl. VAT	Latest financial year profit or loss	Dividends received by the Company during the financial year
Subsidiaries									
Axway UK Ltd (United Kingdom)	122,534	100,134	100.0%	148,270	148,270	-	10,944,514	838,625	1,494,955
Axway GmbH (Germany)	425,000	10,613,660	100.0%	23,038,194	11,038,194	-	23,308,609	1,225,043	70,000
Axway Srl (Italy)	98,040	48,738	100.0%	98,127	98,127	-	3,692,977	-47,503	-
Axway Software Iberia (Spain)	1,000,000	200,000	100.0%	1,000,000	1,000,000	-	5,373,717	508,914	1,700,970
Axway Nordic (Sweden)	11,652	1,009,906	100.0%	20,706,081	1,606,080	-	4,954,324	10,707	-
Axway Inc. (United States)	2	105,311,220	100.0%	120,266,278	120,266,278	-	110,592,857	8,707,470	-
Axway BV (Netherlands)	18,200	276,664	100.0%	200,000	200,000	-	4,566,732	708,156	1,000,000
Axway Belgium (Belgium)	1,000,000	135,684	99.9%	999,000	999,000	-	6,114,784	284,121	699,300
Axway Romania Srl (Romania)	11,810	1,896,579	100.0%	1,972,250	1,972,250	-	8,687,621	1,484,585	517,412
Axway SAS (France)	37,000	-7,422	100.0%	37,000	37,000	-		-2,416	-
Axway Pte Ltd (Singapore)	124,138	238,612	100.0%	1	1	-	3,109,241	227,912	-
Axway Ltd (Hong Kong)	9,779	2,053	100.0%	1	1	171,340	1,489,742	89,303	144,988
Axway Pty Ltd (Australia)	78,666	-104,212	100.0%	1	1	-	1,649,139	53,957	-
Axway Software China (China)	1,381,665	-1,276,411	100.0%	1	1	-	976,319	62,544	-
Axway Software SDN BHD (Malaysia)	61,963	-140,264	100.0%	1	1	150,393	208,555	8,285	-
Axway Bulgaria EOOD (Bulgaria)	2,556	1,019,521	100.0%	979,846	979,846	-	6,482,660	1,155,165	766,938
Axway Distribution France (France)	1,000	-4,965	100.0%	1,800	1,800	5,500	-	-1,980	-
Vordel Ltd (Ireland)	141,815	7,662,109	100.0%	42,570,000	42,570,000	-	2,564,446	1,391,445	-

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2012 on:

- the audit of the accompanying separate financial statements of Axway Software enclosed to this report;
- the justification of our assessments; and
- specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We performed our audit in accordance with generally accepted French auditing standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the annual financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the annual financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

In our opinion, the financial statements give a true and fair view of the state of the financial position and the assets and liabilities of the Company and of the results of operations for the year then ended, in accordance with French accounting regulations.

II. Justification of assessments

In accordance with Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matter:

- the assets of the company Axway Software mainly consist of equity investments, for which the accounting policies are described in Note 1.2. Our work involved assessing the criteria used to estimate the carrying amount of these investments. In the context of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the hypotheses used and the resulting valuations.
- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected credit unit method, as indicated in Notes 1.2 and 2.4. In the course of our assessments, we examined the data used, we assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements.

The assessments made in this way form part of our audit approach with respect to the annual financial statements, taken together, and therefore contributed to the formation of our opinion, as expressed in the first section of this report.

III. Specific procedures and disclosures

We also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information provided in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits in kind paid to company officers as well as commitments granted in their favour, we have verified its consistency with the financial statements or with the data used to prepare these financial statements, and, as applicable, with the information collected by your Company from companies controlling or controlled by it. On the basis of this work, we certify the accuracy and truthfulness of this information.

Pursuant to the law, we have verified that the management report contains the applicable disclosures as to the owners of shares.

Courbevoie and Paris, 18 April 2013

The Statutory Auditors

Mazars	Auditeurs & Conseils Associés
représenté par Christine Dubus	représenté par François Mahé

COMBINED GENERAL SHAREHOLDERS' MEETING OF 4 JUNE 2013

AGENDA

Ordinary General Meeting

- Approval of the parent company financial statements – discharge of members of the Board of Directors;
- Approval of the consolidated financial statements;
- Appropriation of earnings;
- Approval of the agreement to reinvoice the acquisition costs of Vordel Limited falling within the scope of Article L. 225-38 of the French Commercial Code;
- Approval of the service agreement with Sopra GMT, a financial holding company, falling within the scope of Article L. 225-38 of the French Commercial Code;
- Approval of the agreement for the provision of IT resources entered into between Axway Software SA and its subsidiaries falling within the scope of Article L. 225-38 of the French Commercial Code;
- Approval of the Group cash management agreement falling within the scope of Article L. 225-38 of the French Commercial Code;
- Approval of debt forgiveness in favour of Axway Srl falling within the scope of Article L. 225-38 of the French Commercial Code;
- Approval, pursuant to Article L. 225-42 of the French Commercial Code, of the agreement to transfer SCI distribution contracts falling within the scope of Article L. 225-38 of the French Commercial Code concluded between Axway Software SA, SCI Systemas Computação and Axway Inc;
- Approval, pursuant to Article L. 225-42 of the French Commercial Code, of the lease agreement concluded between Axway Software SA and Sopra Group falling within the scope of Article L. 225-38 of the French Commercial Code;
- Conclusions of the special report of the Statutory Auditors on related-party agreements and commitments;
- Ratification of the co-opting of Mr Yves de Talhouët as director following the resignation of Mr David Courtley from his position as director;
- Renewal of *Auditeurs et Conseils Associés* as statutory auditor;
- Renewal of Mazars as statutory auditor;
- Renewal of Mr Jean Louis Simon as alternate auditor from Mazars;
- Appointment of Finexsi as alternate auditor of the statutory auditor *Auditeurs et Conseils Associés*;
- Authorisation given the Board of Directors to buy shares in the Company pursuant to Articles L. 225-209 *et seq*. of the French Commercial Code;
- Determination of the directors' fees for the 2013 financial year.

Extraordinary General Meeting

- Authorisation given to the Board of Directors to cancel shares bought back under the share buyback programme; corresponding reduction in capital, powers granted to the Board of Directors in accordance with Article L. 225-209 of the French Commercial Code;
- Powers granted to the Board of Directors to increase the share capital by incorporating reserves, retained earnings, additional paid-in capital or other items;
- Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, with preferential subscription rights;
- Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, without preferential subscription rights, by private placement;
- Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, without preferential subscription rights, as part of a public tender offer;
- Authorisation granted to the Board of Directors to increase the size of the initial offering involving the issue of ordinary shares or securities convertible into ordinary shares, with or without preferential subscription rights;
- Powers granted to the Board of Directors to issue ordinary shares and securities convertible into ordinary shares to compensate contributions in kind made to the Company and comprising equity securities or convertible securities, outside public exchange offers;
- Authorisation granted to the Board of Directors to set the issue price of ordinary shares or any securities convertible into ordinary shares, without preferential subscription rights, up to a maximum of 10% of the capital per year;
- Overall limit on issue authorisations with or without preferential subscription rights;

- Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for the Group employees who are members of a company savings plan;
- Authorisation granted to the Board of Directors to award stock options to qualifying the Group company officers and employees;
- Authorisation given to the Board of Directors to grant bonus shares, whether existing or to be issued, to qualifying the Group company officers or employees;
- Authorisation given to the Board of Directors to grant share warrants (BSAAR – warrants for redeemable shares) to company officers or employees of the Company or its Group, without shareholder preferential subscription rights;
- Necessary powers granted to carry out formalities.

PROPOSED RESOLUTIONS

Resolutions presented for the approval of the Ordinary General Meeting

First resolution

Approval of the parent company financial statements – discharge of members

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, and the reports of the Statutory Auditors, approves the separate financial statements for the financial year ended 31 December 2012, showing a profit of €15,083,037. It also approves the transactions reflected in those financial statements and summarised in those reports.

It accordingly gives the members of the Board of Directors full and unconditional discharge from their duties for the aforementioned financial year.

The General Meeting also approves the non-tax deductible expenses, referred to in Article 39-4 of the French Tax Code, amounting to €51,604 and the corresponding tax expense of €17,201.37.

Second resolution

Approval of the consolidated financial statements

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors and the report of the Statutory Auditors, approves the consolidated financial statements at 31 December 2012 showing a consolidated net profit – attributable to equity holders of the parent – of €24,659,347. It also approves the transactions reflected in those financial statements and summarised in the report on Group Management included in the management report.

Third resolution

Appropriation of earnings

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, notes that the distributable earnings of Axway Software, determined as follows, are €15,083,036.80:

Profit for the year	€15,083,036.80
Retained earnings: dividends not paid on treasury shares	€12,315.75
TOTAL	**€15,095,352.55**

At the proposal of the Board of Directors, it resolves to allocate the distributable earnings as follows:

Legal reserve	€754,767.63
Dividend	€7,112,363.30
Discretionary reserves	€7,228,221.62
TOTAL	**€15,095,352.55**

The legal reserve will thus stand at €754,767.63, *i.e.* 1.9% of the share capital.

As the number of shares comprising the share capital at 31 December 2012 was 20,321,038, the dividend allocated per share will be €0.35. The dividend will be paid on 12 June 2013.

Under the tax provisions in force (Article 158-3-2° of the French Tax Code), this dividend entitles shareholders who are natural persons resident in France for tax purposes, when calculating income tax, to a 40% reduction on the totality of its amount, codified in Article 117 quater of the French Tax Code and amended by Article 9 of the French Finance Act for 2013 (dividends received from 1 January 2013).

Furthermore, for these shareholders who are natural persons resident in France for tax purposes, this dividend will cumulatively have to give rise (excluding shares held in a company savings plan):

- to (non-final) withholding tax of 21% on the gross dividend, carried out by the Company, equivalent to a downpayment on 2013 income tax. Provided their fiscal household has reference tax income (2011 income) of less than €50,000 (one person) or €75,000 (couple), shareholders will be able to apply to be exempted from this withholding tax. A solemn declaration (before 30 November N-1 in the general case) will then be produced on plain paper. Specific deadline: not later than 31 March 2013 for dividends payable in 2013 for the 2012 accounting period;
- to social security deductions of 15.5% (including deductible general social contribution of 5.1%) withheld at source by the Company (dividends paid since 1 July 2012).

The shares held by the Company on the date of the Meeting shall not be entitled to a dividend and the corresponding dividend will be allocated to "retained earnings" upon payment.

The amount of dividends distributed over the three prior financial years is indicated below, along with the amount of earnings distributed over those financial years that was eligible for the deduction provided for under Article 158-3-2 of the French Tax Code and the corresponding amount of distributed earnings not eligible for said deduction:

	Distributed earnings eligible for the deduction under Article 158-3-2 of the French Tax Code		
FY	**Dividend per share** *(in euros)*	**Other distributed earnings per share** *(in euros)*	**Distributed earnings not eligible for the deduction** *(in euros)*
2011	0.25	0	0
2010	3.98	6.97	0
2009	0	0	0

Fourth resolution

(When it acquired the Vordel Group, the Company turned to American service providers whose costs were borne by Axway Inc. whereas the Vordel Group was acquired by the Company. So it was decided that the costs incurred by Axway Inc. would be reinvoiced to Axway Software SA.)

Approval of the agreement to reinvoice the acquisition costs of Vordel Limited Group falling within the scope of Article L. 225-42 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves the agreement to reinvoice the acquisition costs of Vordel Limited detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Fifth resolution

(The service agreement concluded between Sopra GMT, Sopra Group and Axway relates to the services concerning the strategic review, the coordination of general policy between Sopra Group and Axway and the development of synergies between these Companies. This agreement also makes it possible to see consultancy and assistance assignments of benefit to the Company through to a successful conclusion.)

Approval of the service agreement with Sopra GMT, a financial holding company, falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves the service agreement with Sopra GMT, a financial holding company.

Sixth resolution

(The Company and its subsidiaries have put in place an agreement to provide IT resources with a view to pooling IT resources. After the Vordel Group was acquired, this agreement was amended to include the new companies in the Group's scope of consolidation.)

Approval of the agreement for the provision of IT resources entered into between Axway Software and its subsidiaries falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves the agreement to provide IT resources concluded between Axway Software SA and its subsidiaries.

Seventh resolution

(The cash management agreement makes it possible to rationalise the Group's various cash requirements. After the Vordel Group was acquired, this agreement was amended to adapt it to the new companies in the scope of consolidation.)

Approval of the Group cash management agreement falling within the scope of Article L. 225-38 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves the Group cash management agreement detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Eighth resolution

The Company wishes to avoid the difficulties encountered this year by its Italian subsidiary becoming detrimental to the latter.)

Approval of debt forgiveness in favour of Axway Srl falling within the scope of Article L. 225-42 of the French Commercial Code

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves the commercial debt forgiveness in favour of Axway Srl pursuant to Article L. 225-42 of the French Commercial Code detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Ninth resolution

(The Company wishes to have a better reading of its revenue by geographical area concerned (America, Europe, Asia). So it was decided that the SCI distribution contract concerning the America area and related to the Company's software would be transferred to the Company's American subsidiary.)

Approval, pursuant to Article L. 225-42 of the French Commercial Code, of the agreement to transfer SCI distribution contracts falling within the scope of Article L. 225-38 of the French Commercial Code concluded between Axway Software SA and SCI Systemas – Computação to Axway Inc.

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves, pursuant to Article L. 225-42 of the French Commercial Code, the transfers of the SCI distribution contracts detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Tenth resolution

(The Company concluded a lease contract with Sopra Group under market conditions.)

Approval, pursuant to Article L. 225-42 of the French Commercial Code, of the lease agreement concluded between Axway Software SA and Sopra Group

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on agreements falling within the scope of Articles L. 225-38 *et seq*. of the French Commercial Code, approves, pursuant to Article L. 225-42 of the French Commercial Code, the lease agreement concluded between Axway Software and Sopra Group detailed in the special report of the Statutory Auditors and the corresponding conclusions of said report.

Eleventh resolution

Conclusions of the special report of the Statutory Auditors on related-party agreements and commitments

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the special report of the Statutory Auditors on the agreements falling within the scope of Articles L 225-38 *et seq*. of the French Commercial Code, notes the conclusions of the special report of the Statutory Auditors on the related-party agreements and commitments previously concluded and authorised and which continued to be in place during the past financial year.

Twelfth resolution

(The purpose of this replacement is to ensure the continuity of the composition of the Company's Board of Directors.)

Ratification of the co-opting of a new director following another's resignation

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, decides to ratify the co-opting as director of Mr Yves de Talhouët following the resignation of Mr David Courtley from his duties as director, for the latter's remaining term of office, *i.e.* for a term ending at the end of the 2015 Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2014.

Thirteenth resolution

(The mandates of the Company's statutory and alternate auditors expire at the end of the meeting called to approve the financial statements of the year ended 31 December 2012.)

Renewal of the mandate of the first Statutory Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, noting that the mandate of Mazars, Statutory Auditor, expires this day, decides to renew as statutory auditor Mazars, to be presented by Ms Dubus, for a term of six financial years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

Fourteenth resolution

Renewal of the mandate of the second Statutory Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, noting that the mandate of *Auditeurs et Conseils Associés*, Statutory Auditor, expires this day, decides to renew as Statutory Auditor *Auditeurs et Conseils Associés*, to be presented by Mr Mahé, for a term of six financial years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

Fifteenth resolution

Renewal of the mandate of the first alternate Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, noting that the mandate of Mr Jean Louis Simon, alternate Auditor of Mazars, expires this day, decides to renew Mr Jean Louis Simon as alternate Auditor of Mazars for a term of six financial years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

Sixteenth resolution

Appointment of a second alternate Auditor

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, noting that the mandate of AEG Finances, alternate Auditor of *Auditeurs et Conseils Associés*, expires this day, decides not to renew it and instead to appoint Finexsi as alternate Auditor of *Auditeurs et Conseils Associés* for a term of six financial years expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year ended 31 December 2018.

Seventeenth resolution

Determination of the directors' fees for the 2013 financial year

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, resolves to set at €262,500 the amount of directors' fees to be split between the members of the Board of Directors for the current financial year.

Eighteenth resolution

Authorisation to be given to the Board of Directors to buy back shares in the Company

1 the General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the report of the Board of Directors, authorises the Board of Directors with immediate effect, with the option to further delegate this power, in accordance with the provisions of Articles L. 225-209 *et seq*. of the French Commercial Code, Articles 241-1 to 241-6 of the General Regulation of the *Autorité des marchés financiers* and European Commission Regulation (EC) no. 2273/2003 of 22 December 2003, and market practices permitted by the *Autorité des marchés financiers*, to buy back, on one or more occasions and as and when it sees fit, shares in the Company on the terms and conditions below;

2. this authorisation is granted to the Board of Directors up to the date of its renewal at a subsequent Ordinary General Meeting and, in any case, for a maximum of eighteen (18) months from the date of this Meeting. It deprives of effect, from this day, up to the amount, as the case may be, of the part still not used, any authorisation in force with the same purpose;

3. any purchases of shares in the Company made by the Board of Directors under this authorisation may not in any event result in the Company owning more than 10% of the shares in its share capital at the purchase dates;

4. the transactions effected under the share buyback programme established by the Company may be carried out, on one or more occasions, by any means authorised under applicable regulations, on or off market, on a multi-lateral trading platform, with a systematic internaliser or over the counter, in particular by means of the purchase or sale of share blocks, or alternatively through the use of derivatives traded on a regulated market or over the counter (such as call and put options or any combination thereof) or warrants or more generally securities convertible into shares in the Company and which, on the terms and conditions permitted by the competent market authorities and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors. It should be noted that the portion of the share buyback programme carried out by means of the acquisition of blocks of shares is unlimited and may represent the full amount of said programme;

5. the purchases may involve a maximum number of shares of up to 10% of the total number of shares as of the date on which these purchases are made. Nevertheless, the number of shares acquired by the Company with a view to retaining them or subsequently using them as consideration or in exchange as part of a merger, spin-off or transfer of assets, may not exceed 5% of the Company's shares;

6. the price paid for these shares may not exceed a unit price of €37, excluding acquisition costs, it is nevertheless being noted that in the event of changes to the Company's share capital, in particular capital increases with preservation of shareholders' pre-emptive subscription rights or by means of the incorporation of reserves, retained earnings or additional paid-in capital followed by the creation and bonus awarding of shares, the splitting or reverse-splitting of shares, the Board of Directors will be able to adjust the aforementioned maximum purchase price to reflect the impact of these changes on the value of the share.

   The maximum amount that the Company may devote to buying shares under this resolution will be €75,187,840.60;

7. this authorisation is designed to enable the Company to buy back shares for any purpose permitted, or that may be permitted in the future, under applicable laws and regulations. In particular, the Company may use this authorisation to:

   (a) cover Company share purchase option plans benefiting (some or all) qualifying company officers and/or (some or all) employees of the Company and of companies or groupings that are or will be associated with it under the terms of Article L. 225-180 of the French Commercial Code,

   (b) award shares in the Company to qualifying corporate officers, employees and former employees, or certain of them, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law,

   (c) award shares free of charge under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq*. of the French Commercial Code to employees and qualifying corporate officers, or certain of them, of the Company and/or of companies and economic interest groupings associated with it under the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award shares in the Company to these employees and corporate officers,

(d) retain shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and contribution in line with market practices permitted by the *Autorité des marchés financiers*,

(e) deliver shares upon exercise of rights attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors,

(f) enable market making in shares *via* an investment services provider under a market making agreement 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 shares bought back in this respect shall, for the purposes of calculating the 10% limit mentioned in section 5 above, equal the number of shares bought back, less the number of shares sold during the period of this authorisation,

(g) cancel all or some of the shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary General Meeting allowing it to reduce the capital by cancelling shares bought back under a share buyback programme;

8. the transactions carried out by the Board of Directors under this authorisation may take place at any time during the period of validity of the share buyback programme;
9. in the event of a public tender offer for the Company's shares, the latter may continue to apply its share buyback programme in compliance with Article 232-15 of the General Regulation of the *Autorité des marchés financiers*;
10. the Company may also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq*. of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

The General Meeting fully empowers the Board of Directors, with the option to further delegate this in the legally permitted manner, to resolve to exercise this authorisation and to set the terms and conditions in line with the law and in line with the terms and conditions of this resolution and, in particular, to draw up and publish the description of the share buyback programme, place any stock market orders, sign any documents, enter into any agreements relating in particular to the keeping of share purchase and sale records, carry out any filings and formalities, in particular vis-à-vis the *Autorité des marchés financiers*, allocate or reallocate the shares acquired between the different purposes and, more generally, do everything necessary.

The Board of Directors must inform the General Meeting, in the report detailed in Article L. 225-100 of the French Commercial Code, of the transactions carried out under this authorisation.

Resolutions presented for the approval of the Extraordinary General Meeting

Nineteenth resolution

Authorisation given to the Board of Directors to cancel shares bought back under the share buyback programme; corresponding reduction in capital; powers granted to the Board of Directors

The General Meeting, having reviewed the management report of the Board of Directors, and the special report of the Statutory Auditors:

- authorises the Board of Directors, with the right of delegation within the limits specified by law, to cancel, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, on one or more occasions, at its sole discretion, all or some of its own shares held by the Company that have been bought back under a delegation of powers granted on the basis of this same article, within the limit of 10% of the capital per period of 24 months, subject to the fact that such percentage is applied to the capital adjusted on the basis of operations affecting it after this meeting;
- decides that the Company's capital will be reduced as a result of the cancellation of such shares, as decided, as the case may be, by the Board of Directors under the aforesaid conditions.
- grants all powers to the Board of Directors to carry out the operation(s) authorised under this resolution, and particularly to charge to the available premiums and reserves of its choosing the difference between the buyback price of the shares cancelled and their nominal value, to amend the

Articles of Association accordingly and to carry out the formalities required;

- decides that this authorisation is granted for a period of 24 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twentieth resolution

Powers granted to the Board of Directors to increase the share capital by incorporating reserves, retained earnings, additional paid-in capital or other items

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with the right to subdelegate under the conditions specified by law, its right to decide, on one or more occasions, on capital increases, in the proportion and at the times that it sees fit, by incorporating into the capital premiums, reserves, profits or other sums whose capitalisation is possible under the law and the Articles of Association, by allocating free of charge new ordinary shares to the shareholders, or by raising the nominal value of existing ordinary shares, or by combining these two procedures;
2. decides that the nominal amount of the capital increases liable to be carried out pursuant to this delegation will be increased by the amount needed to preserve, in accordance with the law, the rights of holders of securities or holders of other rights giving access to the capital, may not exceed twenty million euros (€20,000,000) and is independent of and distinct from the ceilings for capital increases that may result from issuing ordinary shares or securities giving access to the capital authorised by the other resolutions submitted to this meeting;
3. grants to the Board of Directors, in particular and without this list being exhaustive, all powers, with the power to subdelegate under the conditions provided by law, if this delegation is used:
   (a) to determine the amount and nature of the sums to be incorporated into the capital and the item(s) from which they will be deducted, to determine the number of new ordinary shares to be issued or the amount by which the nominal amount of the existing ordinary shares comprising the share capital will be increased, to decide on the dividend eligibility date, which may be retroactive, of the new ordinary shares or the date on which the raising of the nominal amount will take effect,
   (b) to decide, if ordinary shares are allocated free of charge, that the rights forming odd lots will not be transferable and that the corresponding ordinary shares will be sold; the sums resulting from the sale will be allotted to the holders of the rights under the conditions specified by law,
   (c) to proceed with any adjustments required by the laws and regulations and, as the case may be, the contractual stipulations or stipulations under the Articles of Association specifying other cases where adjustments are necessary,
   (d) to record the completion of each capital increase and to amend the Articles of Association accordingly,
   (e) to take all appropriate measures and to conclude all agreements to successfully complete the operations envisaged and generally to do everything necessary to carry out all acts and formalities to finalise the capital increase(s) that may be carried out pursuant to this delegation;
4. decides that this delegation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-first resolution

Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, with preferential subscription rights and/or securities giving entitlement to the allocation of debt securities

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-129-2, L. 225-132, L. 225-134, L. 228-91 *et seq*. and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under the conditions specified by law, its power to decide, with the preferential subscription rights of the holders of ordinary shares maintained, on one or more capital increases, by issuing, both in France and abroad, ordinary shares in the Company, and/or securities convertible by all means, including by share subscription warrants, immediately and/or in the future, into ordinary shares in

the Company issued free of charge or for consideration, and/or securities giving entitlement to the allocation of debt securities, on the stipulation that shares and other securities may be subscribed in cash or by offsetting liquid, certain and payable claims against the Company;

2. decides that issuing preference shares pursuant to Article L. 228-11 of the French Commercial Code and issuing any securities convertible into preference shares are excluded from this delegation;
3. decides that the total nominal amount of the capital increases liable to be carried out immediately and/or in the future pursuant to this delegation may not exceed twenty million euros (€20,000,000) or the countervalue on the issue date of this amount in foreign currency, not taking account of the nominal value of the shares to be issued to preserve, in accordance with the law and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations, on the stipulation that this amount is charged to the amount of the nominal ceiling for capital increases specified in the twenty-seventh resolution;
4. decides that the securities giving access to the Company's capital issued under this resolution may in particular consist of debt securities or be associated with the issuance of such securities, or enable their issuance as intermediary securities. Such securities giving access to the Company's capital may in particular take the form of subordinated or unsubordinated securities, with a fixed or indefinite duration, and be issued in euros or in foreign currency or in any monetary units established by reference to more than one currency, on the stipulation that the nominal amount of the debt securities thus issued may not exceed two hundred million euros (€200,000,000) or the countervalue on the issue date of this amount in foreign currency. This threshold covers all debt securities that may be issued under this resolution and the twenty-second, twenty-third and twenty-fifth resolutions;
5. decides that the holders of ordinary shares may exercise, under the conditions specified by law, their preferential right to subscribe for the new ordinary shares and securities as of right (*à titre irréductible*) issued under this resolution and that the Board may also grant the holders of ordinary shares a preferential right to subscribe for excess shares (*à titre réductible)*, which the latter may exercise in proportion to their subscription rights and, in any event, within the limit of their applications. If subscriptions for excess shares (*à titre irréductible*) and, as the case may be, for new shares as of right (*à titre réductible*) have not absorbed the totality of any issuance of ordinary shares or securities, the Board may, at its discretion, use, in the order that it determines, the rights offered by Article L. 225-134 of the French Commercial Code, or some of them only, and particularly the right to offer the public all or some of the unsubscribed shares;
6. takes note that this resolution entails waiver by the holders of the ordinary shares of their preferential right to subscribe for the ordinary shares into which the securities issued on the basis of this delegation may be convertible;
7. gives, in particular and without this list being exhaustive, all powers to the Board of Directors, with the right to subdelegate in accordance with the terms and conditions set forth by law:
   (a) to determine the form, nature and characteristics of the securities to be created and to determine the issuing conditions and notably the issue date, time limits and terms and conditions of issuance,
   (b) to determine the issue price, the amounts to be issued and the dividend eligibility date, which may be retroactive, of the ordinary shares and/or the securities giving access to the capital to be issued,
   (c) to determine the method for paying for the ordinary shares and/or the securities,
   (d) to determine, as the case may be, the terms under which the Company will be entitled to buy or exchange on or off the stock exchange, at any time or for predetermined periods, the ordinary shares and/or the securities giving access to the capital issued or to be issued,
   (e) to take, as a result of issuing ordinary shares and/or securities convertible into ordinary shares, all measures needed to protect the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations, this being in accordance with the laws and regulations and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, and to suspend, as the case may be, exercise of the rights attached to such securities, this being in accordance with the laws and regulations,
   (f) at its sole discretion and as it sees fit, to charge the costs, duties and fees occasioned by the issues to the amount of the corresponding premiums and to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital after each issue,
   (g) as the case may be, to have the ordinary shares or securities to be issued admitted for trading on a regulated market,
   (h) and generally to take all measures, to conclude all agreements and to carry out all formalities to complete the issues envisaged, to record the completions of the

resulting capital increases and to amend the Articles of Association accordingly,

(i) if debt securities are issued, to decide in particular whether or not they are subordinated, to determine their interest rate, currency and duration and the fixed or variable redemption price with or without premium, the amortisation terms and the conditions under which such securities are to be convertible into the Company's ordinary shares (including the fact of conferring guarantees or sureties for them);

8. decides that this delegation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-second resolution

Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, without preferential subscription rights and/or securities giving entitlement to the allocation of debt securities, by private placement

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 and L. 228-92 of the French Commercial Code: and Article L. 411-2 of the French Monetary and Financial Code:

1. delegates to the Board of Directors, with the power to subdelegate under the conditions specified by law, its power to decide, with the preferential subscription rights of the holders of ordinary shares abolished, on one or more capital increases, by issuing, both in France and abroad, by an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code, ordinary shares and/or securities convertible by all means, immediately and/or in the future, to ordinary shares in the Company and/or securities giving entitlement to the allocation of debt securities, on the stipulation that shares and other securities may be subscribed in cash or by offsetting liquid, certain and payable claims against the Company;
2. decides that issuing preference shares pursuant to Article L. 228-11 of the French Commercial Code and issuing any securities convertible into preference shares are excluded from this delegation;
3. decides that:

   (a) the total nominal amount of the capital increases liable to be carried out immediately and/or in the future under this delegation may not exceed ten million euros (€10,000,000) or the countervalue on the issue date of this amount in foreign currency, on the stipulation that such amount is charged to the nominal ceiling for capital increases specified in the twenty-seventh resolution and that it is determined not taking account of the nominal value of the shares to be issued to preserve, in accordance with the law and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations, on the stipulation that the total amount of the capital increases liable to be carried out immediately and/or in the future under this delegation may in any case not exceed the limits specified by the applicable regulations (currently 20% of the Company's share capital per year, in accordance with Article L. 225-136(3) of the French Commercial Code),

   (b) the nominal amount of the debt securities liable to be issued under this delegation may not exceed one hundred million (€100,000,000) or the countervalue of this amount in foreign currency, on the stipulation that such amount is charged to the ceiling of the nominal amount of the debt securities specified in the twenty-first resolution;
4. decides to abolish the preferential subscription rights of holders of ordinary shares to ordinary shares or securities convertible into ordinary shares issued under this resolution and to offer such securities within the framework of an offer referred to in Article L. 411-2 II of the French Monetary and Financial Code under the conditions and within the maximum legal limits specified by the law and regulations;
5. decides that, if the subscriptions have not absorbed the totality of any issuance of ordinary shares or securities giving access to the capital, the Board of Directors may use, in the order that it determines, either or both of the following options:

   (a) to limit the issue to the amount of the subscriptions provided such amount reaches at least three-quarters of the increase decided on,

   (b) to distribute free of charge all or some of the unsubscribed shares;
6. takes note that this resolution entails waiver by the holders of the ordinary shares of their preferential right to subscribe for the ordinary shares into which the securities issued on the basis of this delegation may be convertible;

7. decides that (i) the issue price of the ordinary shares will be at least equal to the minimum amount specified by the laws and regulations in force when this delegation is used, after correction, if applicable, of this amount to take account of the difference in dividend eligibility date and that (ii) the issue price of the securities will be such that the sum received immediately by the Company, plus, as the case may be, the amount liable to be received subsequently by the Company is, for each ordinary share issued as a result of issuing such securities, at least equal to the amount referred to in paragraph (i) hereinabove after correction, if applicable, of such amount to take account of the difference in dividend eligibility date;
8. gives, in particular and without this list being exhaustive, all powers to the Board of Directors, with the right to subdelegate under the conditions provided by law:
   (a) to draw up the list of beneficiaries of the private placements carried out under this delegation and the number of securities to be allocated to each of them,
   (b) to determine the form, nature and characteristics of the securities to be created and to determine the issuing conditions, particularly the issue date, time limits and terms,
   (c) to determine the issue prices, if applicable the amount of the premium, the amounts to be issued and the dividend eligibility date, which may be retroactive, of the ordinary shares and/or the securities giving access to the capital to be issued,
   (d) to determine the method for paying for the ordinary shares and/or the securities,
   (e) to determine, as the case may be, the terms under which the Company will be entitled to buy or exchange on or off the stock exchange, at any time or for predetermined periods, the ordinary shares or the securities convertible into ordinary shares issued or to be issued,
   (f) if applicable, to decide to grant guarantees or sureties for the securities to be issued and for the debt securities to whose allocation such securities would give entitlement, and to decide on their nature and characteristics,
   (g) to take, as a result of issuing ordinary shares and/or securities convertible into ordinary shares, all measures needed to protect the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations, this being in accordance with the laws and regulations and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, and to suspend, as the case may be, exercise of the rights attached to such securities, this being in accordance with the laws and regulations,
   (h) at its sole discretion and as it sees fit, to charge the costs, duties and fees occasioned by the issues to the amount of the corresponding premiums and to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital after each issue,
   (i) as the case may be, to have the ordinary shares or securities to be issued admitted for trading on a regulated market, and generally to take all measures, to conclude all agreements and to carry out all formalities to complete the issues envisaged, to record the completions of the resulting capital increases and to amend the Articles of Association accordingly,
   (j) if debt securities are issued, to decide in particular whether or not they are subordinated, to determine their interest rate and duration and the fixed or variable redemption price with or without premium, the amortisation terms and the conditions under which such securities are to be convertible into the Company's ordinary shares;
9. decides that this delegation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-third resolution

Powers granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities convertible into ordinary shares, without preferential subscription rights and/or securities giving entitlement to the allocation of debt securities, as part of a public offer

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 *et seq*. and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the power to subdelegate under the conditions specified by law, its power to decide, with the preferential subscription rights of the holders of ordinary shares abolished, on one or more capital increases, by issuing, both in France and abroad, ordinary shares and/or securities convertible by all means, immediately and/or in the future, to ordinary shares in the Company and/or securities giving entitlement to the allocation of debt securities, on the stipulation that shares and other securities may be subscribed in cash or by offsetting liquid, certain and payable claims against the Company;

2. decides that issuing preference shares pursuant to Article L. 228-11 of the French Commercial Code and issuing any securities convertible into preference shares are excluded from this delegation;
3. decides that:
   (a) the total nominal amount of the capital increases liable to be carried out immediately and/or in the future pursuant to this delegation may not exceed twenty million euros (€20,000,000) or the countervalue on the issue date of this amount in foreign currency, on the stipulation that this amount is charged to the amount of the nominal ceiling for capital increases specified in the twenty-seventh resolution and that it is determined not taking account of the nominal value of the shares to be issued to preserve, in accordance with the law and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations,
   (b) the nominal amount of the debt securities liable to be issued under this delegation may not exceed two hundred million euros (€200,000,000) or the countervalue of this amount in foreign currency, on the stipulation that such amount is charged to the ceiling of the nominal amount of the debt securities specified in the twenty-first resolution;
4. decides to abolish the preferential subscription rights of holders of ordinary shares to ordinary shares or securities convertible into ordinary shares issued under this resolution and to offer such securities within the framework of a public offer under the conditions and within the maximum legal limits specified by the laws and regulations, on the stipulation that the Board of Directors may institute in favour of the holders of ordinary shares a preferential right to subscribe for new shares as of right (*à titre irréductible*) and, as the case may be, for excess shares (*à titre réductible*) in all or part of the issue, during the period and under the conditions that it determines in accordance with the laws and regulations and which must be exercised in proportion to the number of ordinary shares possessed by each holder of ordinary shares, with no possibility of such preferential right giving rise to the creation of transferable shares;
5. decides that, if the subscriptions have not absorbed the totality of any issuance of ordinary shares or securities giving access to the capital, the Board of Directors may use, in the order that it determines, either or both of the following options:
   (a) to limit the issue to the amount of the subscriptions provided such amount reaches at least three-quarters of the increase decided on,
   (b) to distribute free of charge all or some of the unsubscribed shares;
6. takes note that this resolution entails waiver by the holders of ordinary shares of their preferential right to subscribe for the ordinary shares into which the securities issued on the basis of this delegation may be convertible;
7. decides that (i) the issue price of the ordinary shares will be at least equal to the minimum amount specified by the laws and regulations in force when this delegation is used, after correction, if applicable, of this amount to take account of the difference in dividend eligibility date and that (ii) the issue price of the securities will be such that the sum received immediately by the Company, plus, as the case may be, the amount liable to be received subsequently by the Company is, for each ordinary share issued as a result of issuing such securities, at least equal to the amount referred to in paragraph (i) hereinabove after correction, if applicable, of such amount to take account of the difference in dividend eligibility date;
8. gives, in particular and without this list being exhaustive, all powers to the Board of Directors, with the right to subdelegate under the conditions provided by law:
   (a) to determine the form, nature and characteristics of the securities to be created and to determine the issuing conditions, particularly the issue date, time limits and terms,
   (b) to determine the issue prices, the amounts to be issued and the dividend eligibility date, which may be retroactive, of the securities to be issued,
   (c) to determine the method for paying for the ordinary shares and/or the securities,
   (d) to determine, as the case may be, the terms under which the Company will be entitled to buy or exchange on or off the stock exchange, at any time or for predetermined periods, the ordinary shares or the securities convertible into ordinary shares issued or to be issued,
   (e) to take, as a result of issuing ordinary shares and/or securities convertible into ordinary shares, all measures needed to protect the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations, this being in accordance with the laws and regulations and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, and to suspend, as the case may be, exercise of the rights attached to such securities, this being in accordance with the laws and regulations,
   (f) at its sole discretion and as it sees fit, to charge the costs, duties and fees occasioned by the issues to the amount of the corresponding premiums and to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital after each issue,
   (g) as the case may be, to have the ordinary shares or securities to be issued admitted for trading on a regulated

market, and generally to take all measures, to conclude all agreements and to carry out all formalities to complete the issues envisaged, to record the completions of the resulting capital increases and to amend the Articles of Association accordingly,

(h) if debt securities are issued, to decide in particular whether or not they are subordinated, to determine their interest rate and duration and the fixed or variable redemption price with or without premium, the amortisation terms and the conditions under which such securities are to be convertible into the Company's ordinary shares;

9. decides that this delegation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-fourth resolution

Authorisation granted to the Board of Directors to increase the size of the initial offering involving the issue of ordinary shares or securities convertible into ordinary shares, with or without preferential subscription rights approved pursuant to the twenty-first, twenty-second and twenty-third resolutions

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1. authorises the Board of Directors to decide, for each of the issues carried out in accordance with the twenty-first, twenty-second and twenty-third resolutions submitted to this General Meeting, that the number of ordinary shares and/or securities convertible into the Company's ordinary shares to be issued may be increased by the Board of Directors, at the same price as that used for the initial issue, under the legal and regulatory conditions, with the right to subdelegate under the conditions specified by law, if an issue is oversubscribed, particularly with a view to granting an overallocation in accordance with market practices and within the limit of the ceilings specified respectively by the twenty-first, twenty-second and twenty-third resolutions;
2. decides that this authorisation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-fifth resolution

Powers granted to the Board of Directors to issue ordinary shares and securities convertible into ordinary shares to compensate contributions in kind made to the Company and comprising equity securities or convertible securities, outside public exchange offers

The General Meeting, having fulfilled the quorum and majority requirements for extraOrdinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-129-2 and L. 225-147 of the French Commercial Code:

1. delegates to the Board of Directors, with power to subdelegate under the conditions specified by law, its power to decide, on one or more occasions, within the limit of 10% of the Company's capital (as existing on the date of use by the Board of Directors of this delegation), to issue ordinary shares and/or securities convertible by all means, immediately and/or in the future, into ordinary shares or other equity securities existing or to be issued in the Company to compensate contributions in kind made to the Company and comprising equity securities or convertible securities, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable;
2. decides to abolish in favour of holders of the securities contributed in kind the preferential subscription rights of holders of ordinary shares to ordinary shares or securities thus issued and takes note that this delegation entails waiver by the holders of the ordinary shares of their preferential right to subscribe for the ordinary shares in the Company into which the securities issued on the basis of this delegation may be convertible;
3. gives all powers to the Board of Directors with power to subdelegate under the conditions specified by law to implement this resolution and in particular to approve, on the report of the Statutory Auditors on the contributions mentioned in the first and second paragraphs of Article L. 225-147 of the French Commercial Code, the valuation of the contributions and the granting, if applicable, of particular benefits and to reduce the valuation of the contributions or the compensation of the particular benefits if the contributors consent thereto, to determine the amount of the issues and the nature of the securities to be issued, to determine the exchange parity and, as the case may be, the amount of the balancing payment to be made in cash, to determine the dividend eligibility dates, which may be retroactive, of the securities to be issued, to determine the terms making it

possible, as the case may be, to preserve the rights of holders of securities or other rights giving access to the capital, this being in accordance with the legal and regulatory provisions and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, to record the completion of the capital increase compensating the contribution, to list the securities to be issued, to charge to the contribution premium, at its sole discretion and as it sees fit, the costs, duties and fees occasioned by such issues and to deduct from this premium the sums needed to raise the legal reserve to one-tenth of the new capital after each issue and to amend the Articles of Association accordingly;

4. decides that the total nominal amount of the capital increases liable to be carried out under this delegation, which may not exceed 10% of the share capital, will be charged to the ceiling specified in the twenty-seventh resolution submitted to this meeting;
5. decides that this delegation is valid for a period of 26 months from this Meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-sixth resolution

Authorisation granted to the Board of Directors to set the issue price of ordinary shares or any securities convertible into ordinary shares, without preferential subscription rights, up to a maximum of 10% of the capital per year

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of Article L. 225-136 of the French Commercial Code, authorises the Board of Directors, with power to subdelegate under the conditions specified by law, if ordinary shares and/or securities convertible into the Company's ordinary shares are issued without preferential subscription rights, under the conditions, particularly of amount, specified in the twenty-second and twenty-third resolutions, to derogate from the price setting conditions specified by the twenty-second and twenty-third resolutions and to set the issue price of the ordinary shares or securities convertible into ordinary shares at any amount to be (i) for ordinary shares at least equal to the weighted average share price of the last three trading sessions before it is set, less a discount that may not be more than 10%, and (ii) for securities convertible into ordinary shares, such that the sum received immediately by the Company plus, as the case may be, the amount liable to be received subsequently by the Company is, for each ordinary share issued as a result of the issuance of such securities, at least equal to the amount referred to in paragraph (i) hereinabove after correction, if applicable, of such amount to take account of the difference in dividend eligibility date.

The total nominal amount of the capital increases liable to be carried out under this resolution may not exceed 10% of the share capital per period of 12 months and the ceiling specified by the twenty-seventh resolution to which it is charged.

This authorisation is valid for a period of 26 months from this meeting and deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Twenty-seventh resolution

Overall limit on issue authorisations with or without preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and as a result of adopting the aforesaid twenty-first, twenty-second, twenty-third, twenty-fourth, twenty-fifth and twenty-sixth resolutions, decides to set at the overall sum of twenty million euros (€20,000,000) the maximum nominal amount of the capital increases liable to result from said resolutions, on the stipulation that to this nominal amount will be added, as the case may be, the nominal value of the shares to be issued to preserve, in accordance with the law and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, the rights of the holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations. As a result, each issuance of shares and/or securities convertible into ordinary shares carried out in accordance with the aforesaid twenty-first, twenty-second, twenty-third, twenty-fourth, twenty-fifth and twenty-sixth resolutions will be charged to this ceiling.

Twenty-eighth resolution

Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for the Group employees who are members of a company savings plan

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq*. of the French Labour Code:

1. authorises the Board of Directors, with power to subdelegate under the conditions specified by law, to increase the share capital, on one or more occasions and on its decisions alone, at the times and under the terms that it determines, by issuing ordinary shares in the Company reserved for members (hereinafter called 'Beneficiaries') of any of the Company savings plans of any of the legal entities of the Group, which designates, for the purposes of this resolution, Axway Software SA, the enterprises or groupings coming with the scope of consolidation of the financial statements of Axway Software SA (including the companies that entered the scope of consolidation of Axway Software SA by the day before the day of opening of the subscription period or the opening of the reservation period if a decision has been taken to open one) and their subsidiaries and the entities of the groupings under the control of Axway Software SA in accordance with Article L. 225-180 of the French Commercial Code and Articles L. 3344-1 and L. 3344-2 of the French Labour Code;
2. decides to abolish, in favour of the aforesaid Beneficiaries, the preferential rights of the holders of ordinary shares to subscribe for ordinary shares to be issued, as the case may be allocated free of charge, under this authorisation;
3. decides to set at 3% of the share capital the maximum amount of the capital increase(s) that could be carried out under this authorisation, on the stipulation that this amount is independent of and distinct from the ceilings for capital increases that may result from issuing ordinary shares or securities giving access to the capital authorised by the other resolutions submitted to this General Meeting and that such amount is set not taking account of the nominal value of the shares to be issued to preserve, in accordance with the law and, as the case may be, the contractual stipulations specifying other cases where adjustments are necessary, the rights of holders of securities giving access to the Company's capital, share subscription or purchase options or rights to free share allocations;
4. decides that the issue price of the Axway Software SA ordinary shares to be issued under this resolution may not be greater than the average of the listed prices of the Axway Software SA ordinary share on the regulated market of NYSE Euronext in Paris during the 20 stock exchange sessions preceding the day when the decision is taken by the Board of Directors or the CEO or, with the latter's agreement, one or more officers, setting the opening date of subscriptions, no less than more than 20% of this average and 30% of the same average when the period of unavailability specified by the plan is greater than or equal to ten years. When this delegation is implemented, the Board of Directors may reduce or do away with the aforesaid discount, case by case, as it sees fit, to comply with the legal and regulatory constraints and particularly the tax, accounting and social security constraints applicable in a particular country where the Group companies or groupings participating in the capital increase are located;
5. authorises the Board of Directors to allocate free of charge to the subscribers of ordinary shares, whether to be issued or already issued, on the stipulation that the total benefit resulting from this allocation and, as the case may be, the discount mentioned in paragraph 4 hereinabove may not exceed the legal and regulatory limits;
6. decides that this delegation is valid for a period of 26 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

   The General Meeting grants all powers to the Board of Directors with power to subdelegate under the conditions specified by law, and without this list being exhaustive, to determine the terms and conditions for implementing the capital increase(s) decided on under this resolution and in particular:

   (a) to determine the criteria that the legal entities forming part of the Group must satisfy for the Beneficiaries to be able to subscribe for the capital increases that are the subject of this autorisation,

   (b) to determine the conditions that the Beneficiaries of the new ordinary shares issued must meet and in particular to decide whether the ordinary shares may be subscribed directly by the Beneficiaries who are members of a company savings plan, or through company investment funds or other structures or entities permitted by the legal or regulatory provisions applicable,

   (c) to decide on the characteristics, conditions, amount and terms of the issues to be carried out under this resolution and, in particular for each issue, to determine the number of ordinary shares to be issued, the issue price and the applicable reduction rules when beneficiaries oversubscribe,

(d) to determine the opening and closing dates of subscriptions, the subscription terms and conditions and the reservation periods before subscription and to determine the methods for paying for and delivering the ordinary shares issued and their dividend eligibility date,

(e) to choose to replace in full or in part the discount on the price of the ordinary share with the allocation free of charge of ordinary shares issued or to be issued, under the conditions and within the limits specified in Article L. 3332-21 of the French Labour Code,

(f) to record or cause to be recorded the completion of the capital increase(s) in the amount of the ordinary shares to be actually subscribed,

(g) to charge the costs of the capital increase(s) to the amount of the premiums related thereto and to deduct the sums needed to raise the legal reserve to one-tenth of the new capital after each increase,

(h) to make the corresponding amendment(s) to the Articles of Association,

(i) and generally to do what is necessary and to take all measures to complete the capital increase(s), to conclude all agreements, to carry out all appropriate formalities resulting from the aforesaid capital increase(s), as the case may be, admission to trading on a regulated market, the financial servicing of the ordinary shares issued under this resolution and exercise of the rights related thereto.

Twenty-ninth resolution

Authorisation granted to the Board of Directors to award stock options to qualifying the Group company officers and employees

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code:

1. authorises the Board of Directors, under the provisions of Articles L. 225-177 *et seq*. of the French Commercial Code, to grant, on one or more occasions, options to subscribe for or purchase shares in the Company in favour of members of the salaried staff, or some of them, and eligible company officers, or some of them, of the Company and of the economic interest groupings or companies related to the Company under the conditions specified in Article L. 225-180 of the French Commercial Code;
2. decides that the options granted under this authorisation may not give entitlement to subscribe for or purchase a total number of shares greater than 7% of the number of shares comprising the Company's capital on the day of allocation of options by the Board of Directors, on the stipulation that this ceiling is determined not taking account of the number of shares to be issued, as the case may be, in respect of the adjustments made to preserve, in accordance with the law, the rights of the beneficiaries of options;
3. decides that the Board of Directors will decide, on the day when it grants the options, on the subscription or purchase price of the shares within the limits and under the terms specified by law, on the stipulation that this price may not be lower than the average of the listed prices of the Company's share on the regulated market of NYSE Euronext in Paris during the 20 stock exchange sessions preceding the day when the options are granted. For the duration of the options allocated, their price may not be amended unless the Company carries out one or more financial operations or operations on securities for which the law requires the Company to take the measures needed to protect the interests of the beneficiaries of the options. In this case the Board of Directors will take, under the regulatory conditions, the measures needed to take account of the occurrence of the operation(s) and may decide to temporarily suspend, as the case may be, the right to exercise the options in the event of completion of any financial operation giving rise to adjustment in accordance with Article L. 225-181, paragraph 2, of the French Commercial Code or of any other financial operation within the framework of which it sees fit to suspend such right;
4. takes note that this authorisation entails, in favour of the beneficiaries of the subscription options, express waiver by the shareholders of their preferential right to subscribe for the shares to be issued as when options are exercised;
5. decides that the Board of Directors will determine the conditions under which the options will be granted, which may comprise the achievement of one or more quantitative performance conditions determined by the Board of Directors and clauses prohibiting immediate resale of all or some of the shares provided the lock-up period does not exceed three years from exercise of the option. Notwithstanding the foregoing, the Board of Directors may, under the conditions specified by law concerning the Company officers to which it refers, impose clauses prohibiting exercise of the options before they leave office or immediate resale with an obligation to keep in a registered account all or some of the shares resulting from exercise of the options until they leave office;
6. decides that the subscription or purchase options must be exercised within a time limit determined by the Board of Directors before expiry of a maximum period of eight years

from their allocation date. But this time limit may not expire less than six months after the end of the prohibition on exercising said options imposed on any company officer by the Board of Directors in accordance with Article L. 225-185 of the French Commercial Code, and will be extended accordingly;

7. grants to the Board of Directors, with power to subdelegate, all powers to implement, within the limits determined hereinabove, this resolution and in particular:
   (a) to determine the nature of the options allocated (share subscription and/or purchase options),
   (b) to determine the prices and conditions under which the options are to be granted,
   (c) to draw up the list of beneficiaries and the number of options allocated to each of them,
   (d) to determine the conditions for exercising the options and in particular to limit, restrict or prohibit (i) exercise of the options or (ii) sale of the shares obtained by exercising the options for certain periods or from certain events, such that its decision may relate to all or some of the options and concern all or some of the beneficiaries,
   (e) to decide on the conditions under which the price and the number of shares to be subscribed or purchased are to be adjusted in accordance with the regulations,
   (f) to charge, as the case may be, the costs of the capital increases to the amount of the premiums related to such increases and, as it sees fit, to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital after each increase,
   (g) to carry out or cause to be carried out all acts and formalities to finalise the capital increases(s) carried out under this resolution, to amend the Articles of Association accordingly and more generally to do what is necessary;
8. decides that this delegation is granted for a period of 38 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

The Board of Directors will each year inform the shareholders at the Ordinary General Meeting of the operations carried out under this authorisation.

Thirtieth resolution

Authorisation granted to the Board of Directors to grant bonus shares, whether existing or to be issued, to qualifying the Group company officers or employees

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with Articles L. 225-197-1 *et seq*. of the French Commercial Code:

1. authorises the Board of Directors to make, on one or more occasions, free allocations, at its discretion, of existing shares in the Company or shares to be issued in favour of members of the salaried staff or eligible company officers (within the meaning of Article L. 225-197-1 II, paragraph 1, of the French Commercial Code) of the Company or certain categories of them and of the companies and economic interest groupings related to the Company under the conditions specified in Article L. 225-197-2 of the French Commercial Code;
2. decides that this delegation is granted for a period of 38 months from this meeting and that it deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose;
3. decides that the total number of shares allocated, whether existing shares of shares to be issued, may not represent more than 1% of the Company's share capital on the date of the decision by the Board of Directors to allocate them, not taking account of the number of shares to be issued, as the case may be, in respect of adjustments made to preserve the rights of the beneficiaries of the free allocations of shares, such ceiling being independent of the overall ceiling specified in the twenty-seventh resolution of this Meeting;
4. decides that the allocation of the shares to their beneficiaries will be definitive, at the discretion of the Board of Directors, for all or some of the shares allocated:
   (a) either at the end of an acquisition period lasting a minimum of four years, and in this case with no lock-up period,
   (b) or at the end of an acquisition period lasting a minimum of two years, on the stipulation that the beneficiaries will then have to keep said shares for a minimum period of two years from the end of the acquisition period;

   subject to specific regulations applicable to beneficiaries abroad and that make it necessary, for such beneficiaries, to modify the acquisition and/or lock-up periods (as the case may be) of the shares;

in any case, irrespective of the respective durations of the acquisition and lock-up periods, they will end ahead of schedule if the beneficiary is affected by any of the cases of disability covered by the law;

5. decides that the existing shares that may be allocated under this resolution will have to be acquired by the Company either within the framework of Article L. 225-208 of the French Commercial Code or, as the case may be, within the framework of the share buyback programme authorised by the eighteenth resolution submitted to this meeting or any subsequently applicable share buyback programme;
6. takes note that, as regards the shares to be issued, (i) this authorisation will entail, at the end of the acquisition period, capital increase by incorporation of reserves, profits or issue premiums in favour of the beneficiaries of said shares and corresponding waiver by the shareholders in favour of the beneficiaries of the allocation of the part of the reserves, profits or premiums thus incorporated, (ii) this authorisation entails as of right, in favour of the beneficiaries of said shares, waiver by the shareholders of their preferential subscription right. The corresponding capital increase will be finalised solely on account of the definitive allocation of shares to the beneficiaries;
7. delegates all powers to the Board of Directors, within the limits determined hereinabove, to implement this resolution and in particular:
   (a) to decide on the identity of the beneficiaries of the allocations of shares and the number of shares allocated to each of them,
   (b) to rule, as regards the eligible company officers, in accordance with the last paragraph of Article L. 225-197-1 II of the French Commercial Code,
   (c) to determine the dates and terms for allocating shares, particularly the period at the end of which such allocations are definitive and, as the case may be, the lock-up period required for each beneficiary,
   (d) to determine, as the case may be, the conditions associated in particular with the performance of the Company, the Group or its entities and, as the case may be, the allocation criteria according to which the shares are to be allocated,
   (e) to determine whether the shares allocated free of charge are shares to be issued or existing and, if new shares are issued, to increase the capital by incorporation of reserves, profits or premiums, to determine the nature and amounts of the reserves, profits or premiums to be incorporated into the capital so that said shares are paid up, to record completion of the capital increases, to make the corresponding amendments to the Articles of Association and more generally to do what is necessary to ensure that the operations are successfully completed,
   (f) to provide, as the case may be, for the option of making during the acquisition period adjustments in the number of shares allocated free of charge on the basis of any operations concerning the Company's capital in such a way as to preserve the rights of the beneficiaries, on the stipulation that the shares allocated in accordance with such adjustments are deemed to be allocated on the same day as the shares initially allocated,
   (g) more generally, with power to subdelegate, to record the definitive allocation dates and the dates from which the shares may be freely sold given the legal restrictions, to conclude all agreements, to draw up all documents, to carry out all formalities, to make declarations to all organisations and generally to do what is necessary.

Thirty-first resolution

Authorisation given to the Board of Directors to grant share warrants (BSAAR – warrants for redeemable shares) to company officers or employees of the Company or its Group, without shareholder preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having heard the management report of the Board of Directors and the special report of the Statutory Auditors in accordance with the provisions of Articles L. 228-91 *et seq*., L. 225-129 *et seq*. and L. 225-138 of the French Commercial Code:

1. delegates to the Board of Directors, with power to subdelegate under the conditions specified by law, the power to decide to issue, on one or more occasions, warrants to subscribe for and/or acquire redeemable shares (BSAAR);
2. decides that under the authorisation, the Board of Directors may allocate at most 7% of the Company's capital on the day of the decision of the Board of Directors and that the amount of the capital increase resulting from the issuance of the shares resulting from the subscription will be charged to the ceiling specified in the twenty-ninth resolution;
3. decides, in accordance with the provisions of Article L. 225-138 of the French Commercial Code, to abolish the preferential subscription rights of the shareholders to the share warrants and to reserve such right for company officers or employees of the Company and its French and foreign subsidiaries. The Board of Directors will draw up the list of persons authorised to subscribe for the share warrants (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) will determine all the characteristics of the share warrants, particularly their subscription price, which will be determined, having taken advice from an independent expert, based on the parameters influencing its value (namely, mainly: exercise price, lock-up period, exercise

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period, triggering threshold and redemption period, interest rate, dividend distribution policy, price and volatility of the Company's share) as well as the terms of the issue and the terms and conditions of the issuance contract,

(b) will 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) a 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 20 stock exchange 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 share warrants will entail as of right waiver by the shareholders – in favour of holders of such warrants – of their preferential right to subscribe for the shares to be issued by exercising share warrants;
6. gives all powers to the Board of Directors, with power to subdelegate under the legal and regulatory conditions, to take all measures, to conclude all agreements and to carry out all formalities making it possible to issue share warrants, to record the completion of the resulting capital increases, to amend the Articles of Association accordingly and to amend, as it deems it necessary (and subject to the agreement of the holders of share warrants), the contract for issuing the share warrants;
7. decides in accordance with Article L. 225-138 III of the French Commercial Code that the issuance may not be carried out beyond a period 18 months from this meeting.

In accordance with Article L. 225-138 of the French Commercial Code, the Board of Directors will prepare an additional report to the next General Meeting on the conditions under which this delegation has been used.

This delegation of power is granted for a period of 18 months from the day of this meeting and deprives of effect, from this day, in the amount, as the case may be, of the part still not used, any authorisation in force having the same purpose.

Thirty-second resolution

Powers to perform formalities

The General Meeting fully empowers the bearer of an original, a copy or an extract from the minutes of this Meeting for the purposes of carrying out all legal or administrative formalities and carrying out all filing and disclosure requirements stipulated under applicable law.

The Board of Directors

CAPITAL AND AXWAY SOFTWARE STOCK

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1 GENERAL INFORMATION

Axway Software was listed on the regulated NYSE Euronext market in Paris on 14 June 2011.

At 31 December 2012, the capital of Axway Software was comprised of 20,321,038 shares with a par value of €2, representing a total of €40,642,076.

Axway Software shares are listed on Compartment B of NYSE Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

2 CURRENT OWNERSHIP

Shareholders	Number of shares owned	% of capital	Number of voting rights	% of voting rights
Sopra Group SA	5,287,935	26.02%	5,287,935	26.02%
Sopra GMT(1)	4,382,858	21.57%	4,382,858	21.57%
Pasquier family group(1)	19,535	0.10%	19,535	0.10%
Odin family group(1)	242,595	1.19%	242,595	1.19%
Sopra Développement(2)	255,818	1.26%	255,818	1.26%
Management(2)	242,507	1.19%	242,507	1.19%
Shareholder agreement between the Founders, the Managers and Sopra Group SA(3)	**10,431,248**	**51.33%**	**10,431,248**	**51.33%**
Geninfo	1,793,575	8.80%	1,793,575	8.80%
Shareholder agreement between the Founders, Sopra Group SA and Geninfo	**11,726,498**	**57.71%**	**11,726,498**	**57.71%**
Total of shareholder agreement between the Founders, the Managers, Sopra Group SA and Geninfo	**12,224,823**	**60.20%**	**12,224,823**	**60.20%**
Caravelle	2,572,458	12.70%	2,572,458	12.70%
Float	5,488,004	26.90%	5,488,004	26.90%
Treasury shares	35,753	0.20%	35,753	0.20%
TOTAL	**20,321,038**	**100%**	**20,321,038**	**100%**

(1) *Sopra GMT, the Pasquier family group and the Odin family group being together referred to as the "Founders".*
(2) *Sopra Développement and Management being together referred to as the "Managers".*
(3) *Of which 5,140,313 shares held by the Founders and Managers subgroup (i.e. 25.34% of the capital and voting rights), and 5,287,935 held by Sopra Group SA (i.e. 26.00% of the capital and voting rights).*

No individual shareholder owns more than 5% of the capital.

At 31 December 2012, Axway Software did not own any treasury shares other than those held under the market-making agreement (35,753 shares).

Sopra GMT's ownership structure is as follows:

Sopra GMT's ownership structure	31/12/2012		31/12/2011		31/12/2010	
Shareholders	**Shares**	**% of capital**	**% of capital**	**Shares**	**% of capital**	**% of capital**
Pierre Pasquier family	318,050	67.31%	67.31%	318,050	67.31%	67.31%
François Odin family	132,050	27.95%	27.95%	132,050	27.95%	27.95%
Sopra Group management	22,435	4.74%	4.74%	22,435	4.74%	4.74%
TOTAL	**472,535**	**100.00%**	**100.00%**	**472,535**	**100.00%**	**100.00%**

2.1 Share ownership thresholds

«Any shareholder who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.» (Article 28 of the Articles of Association).

Other than Sopra Group, Sopra GMT, Geninfo (Société Générale Group) and Caravelle, no other shareholder has declared exceeding these thresholds.

2.2 Approximate number of shareholders

As of 31 December 2012, Axway Software had 324 registered shareholders who owned an aggregate of 15,342,120 registered shares out of a total of 20,321,038 shares.

On the basis of the most recent data received by the Company, the total number of Axway Software shareholders can be estimated at circa 2,000.

2.3 Shareholders' agreements notified to the stock market authorities

Sopra Group and Sopra GMT, financial holding company of Sopra Group SA and of Axway, acting in concert vis-à-vis Axway with:

- on the one hand, the Pasquier family group, the Odin family group, Sopra Développement and managers pursuant to an amendment of 27 April 2011 to the shareholders' agreement concluded on 7 December 2009 on Sopra Group SA, such that the provisions of said agreement were extended for the same period to encompass the Company's shares. With respect to the Company this means:
  - an undertaking by the parties to act in concert so as to implement shared policies and, in general, to 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 capital or voting rights of the Company,
  - an undertaking by the parties to act in concert in order to adopt a shared strategy in the event of a public tender offer for the Company's shares,
  - a pre-emptive right granted to the Pasquier and Odin family groups, Sopra GMT and Sopra Développement in the event of any disposal (i) by a senior Company manager of Company shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group, right of fourth refusal for Sopra Développement) or (ii) by Sopra Développement of Company shares (right of first refusal for Sopra GMT, right of second refusal for the Pasquier family group, right of third refusal for the Odin family group). The exercise price for the pre-emptive right shall equal (x) the price agreed by the transferor and the transferee in the event of an off-market sale, (y) the average share price over the ten trading days preceding the announcement of the disposal in the event of a sale on the market, and (z) in all other cases, the transaction value of the shares;
- on the other hand, GENINFO, it being noted that this concerted action, which was confirmed by GENINFO, has not led to a shareholders' agreement with respect to Axway. There is, however, an agreement dated 16 November 2004 between Sopra GMT, Messrs Pasquier and Odin on the one hand and GENINFO on the other hand, in which they represent acting in concert vis-à-vis Sopra Group SA, of which they own circa 43.60% of the capital and voting rights (47.45% including the interest held in concert by Sopra GMT, the Pasquier family group and the Odin family group together with Sopra Développement and the managers).

An amendment No. 2 of 14 December 2012 to the aforementioned shareholders' agreement of 7 December 2009 has also been signed. This amendment No. 2 has no effect on the Company insofar as Sopra Executives Investments does not hold any shares in the Company.

2.4 Control of the Company

The Company does not believe that there is a risk that the control of the Company will be exercised in an abusive manner by Sopra Group SA and Sopra GMT, since:

- the Company has decided to refer to the Middlenext Code of corporate governance for Small and Midcaps of December 2009, due to its suitability in relation to the size of the Company and its capital structure;
- the Board of Directors of Axway has a number of independent directors (Michael Gollner, Pascal Imbert and Hervé Saint-Sauveur), who were selected, at a meeting on 9 May 2011,

in accordance with the recommendations of the Middlenext Code (see Chapter 2 section 1.2);

- the directors are bound by the obligation to protect the Company's interests, to comply with the Board's charter and its internal regulations and to observe the rules of good governance, as defined in the Middlenext Code (code of ethics for Board members);
- the Company has established 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 2, section 4.1.5).

Sopra Group and Sopra GMT, financial holding company of Axway and Sopra Group SA, the founders and Geninfo have an influence on the Company and the power to take major decisions in respect of the Company. Their ownership, in concert, of around 60.20% of the voting rights means that they control Axway.

3 CHANGES IN SHARE CAPITAL

				Number of shares		Contributions	
Year	**Description**	**Capital following transaction**	**Nominal value**	**Created**	**Total**	**Nominal 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	Splitting par value by 8	75,620,000	€4.75		15,920,000	-	-
2011	Capital increase by incorporation of reserves	76,572,437	€4.75	200,513	16,120,513	-	-
2011	Capital reduction by means of par value reduction	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 exercises of options	40,642,076	€2	170,397	20,321,038	-	-

4 SHARES HELD BY THE COMPANY OR ON ITS BEHALF – SHARE BUYBACK PROGRAMME

The Company's Ordinary General Meeting of 24 May 2012 authorised the Board of Directors to implement a Company buyback programme, pursuant to the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the General Regulation of the *Autorité des marchés financiers*.

No more than €37,500,341 may be allocated to this share buyback programme for a maximum of 2,015,064 shares. It was also decided that the Company may not directly or indirectly hold over 10% of its share capital.

The authorisation to establish the share buyback programme was given to the Board of Directors for a period of 18 months from the date of the Ordinary General Meeting of 24 May 2012.

This authorisation is meant to enable the Company to achieve the following objectives:

(a) cover Company share purchase option plans benefiting (some or all) qualifying company officers and/or (some or all) employees of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code;

(b) award ordinary shares to qualifying corporate 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) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq*. of the French Commercial Code to qualifying company officers and employees, or certain categories thereof, of the Company and/or of companies and economic interest groupings associated with it as per the terms of Article L. 225-197-2 of the French Commercial Code and more generally to award ordinary shares in the Company to these 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 attaching to securities giving entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to the allocation of 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 market making 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 General Meeting allowing it to reduce the capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

The Company could also use this resolution and continue to apply its buyback programme in compliance with legal and regulatory provisions and, in particular, the provisions of Articles 231-1 *et seq*. of the General Regulation of the *Autorité des marchés financiers* during the course of a public tender offer or public exchange offer made by the Company.

Pursuant to the provisions of Article L. 225-211 of the French Commercial Code, the Company sets out the terms of exercise of the share buyback programme over the past financial year.

In the financial year ended 31 December 2012, this share buyback programme was exclusively used for the purposes of the market-making agreement designed to facilitate a secondary market in and ensure the liquidity of the Company's stock *via* an investment services provider.

From 10 June 2012 and for a 12-month period, which may be tacitly renewed, the Company entrusted Kepler Capital Markets with the performance of this market-making agreement. Under this agreement, Kepler Capital Markets traded on behalf of Axway Software on the stock market in order to ensure trading liquidity and stock price stability and thereby avoid price fluctuations not justified by underlying market trends. On 31 December 2012, Kepler Capital Markets held €486,241 in cash and 35,753 Axway Software shares on behalf of Axway Software.

The Company set aside €1 million for the implementation of this agreement. This agreement complies with the Code of Ethics drawn up by the Association Française des Marchés Financiers dated 23 September 2008 and approved by the AMF by decision of 1 October 2008. Note that a decision was taken to implement the liquidity contract in the context of the authorisation granted by the Ordinary General Meeting of 28 April 2011 and its necessary tacit renewal under the thirteenth resolution of the Ordinary General Meeting of 24 May 2012.

On 16 April 2013 the Board of Directors resolved to ask the General Meeting of 4 June 2013 to renew this authorisation (see Chapter 6 Resolutions).

5 ISSUE AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS OF AXWAY – POWERS GRANTED BY THE GENERAL MEETING

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO BUY BACK ORDINARY SHARES IN THE COMPANY (FIFTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	18 months
Expiry date	28 October 2012
Scope of powers	10% of total ordinary shares as of the date of the buybacks, for up to €75,000,000 and a theoretical maximum of 1,612,051 ordinary shares
Use made of these powers during the financial year *(in euros)*	486,241
Remaining balance	9.2% of total ordinary shares as of the date of the buybacks, for up to €75,000,000 and a theoretical maximum of 1,612,051 ordinary shares

POWERS GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE INCORPORATION OF RESERVES, RETAINED EARNINGS, ADDITIONAL PAID-IN CAPITAL OR OTHER ITEMS (EIGHTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000(1)
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	20,000,000

(1) This threshold is independent and separate from the capital increase thresholds potentially arising from the issue of ordinary shares or convertible securities authorised by the other resolutions of the General Meeting of 28 April 2011.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITH PREFERENTIAL SUBSCRIPTION RIGHTS (NINTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000 200,000,000(1) (debt securities)
Use made of these powers during the financial year *(in euros)*	8,060,256 0
Remaining balance	11,939,744 200,000,000

(1) This threshold covers all debt securities that may be issued under this resolution and the tent^h, eleven^th and thirteent^h resolutions.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, OUTSIDE PUBLIC TENDER OFFERS (TENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000(1) 200,000,000(2) (debt securities)
Use made of these powers during the financial year *(in euros)*	0 0
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the capital increase par value threshold set in the ninth resolution of the General Meeting of 28 April 2011.
(2) This amount is deducted from the nominal amount of debt securities set in the ninth resolution of the General Meeting of 28 April 2011.

POWERS GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, AS PART OF A PUBLIC TENDER OFFER (ELEVENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	20,000,000(1) 200,000,000(2) (debt securities)
Use made of these powers during the financial year *(in euros)*	0 0
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the capital increase par value threshold set in the ninth resolution of the General Meeting of 28 April 2011.
(2) This amount is deducted from the nominal amount of debt securities set in the ninth resolution of the General Meeting of 28 April 2011.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SIZE OF THE INITIAL OFFERING INVOLVING THE ISSUE OF ORDINARY SHARES OR SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS APPROVED PURSUANT TO THE NINTH, TENTH AND ELEVENTH RESOLUTIONS (TWELFTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	27 June 2013
Scope of powers *(in euros)*	Thresholds provided for respectively in the ninth, tenth and eleventh resolutions
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	20,000,000 200,000,000

POWERS GRANTED TO THE BOARD OF DIRECTORS TO ISSUE ORDINARY SHARES AND/OR SECURITIES CONVERTIBLE TO ORDINARY SHARES TO COMPENSATE CONTRIBUTIONS IN KIND MADE TO THE COMPANY AND COMPRISING EQUITY SECURITIES OR CONVERTIBLE SECURITIES, OUTSIDE OF PUBLIC EXCHANGE OFFERS (THIRTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	10% of the share capital at the date of the General Meeting, *i.e.* 7,562,000[1]
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	7,562,000

(1) This amount is deducted from the threshold set in the fifteenth resolution of the General Meeting of 28 April 2011.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO SET THE ISSUE PRICE OF ORDINARY SHARES OR ANY SECURITIES CONVERTIBLE TO ORDINARY SHARES, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, UP TO A MAXIMUM OF 10% OF THE CAPITAL PER ANNUM (FOURTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers	10% of the share capital per period of twelve (12) months as well as the threshold set in the ninth resolution from which it is deducted
Use made of these powers during the financial year *(in euros)*	Unused
Remaining balance	Unused

OVERALL LIMIT ON ISSUE AUTHORISATIONS WITH OR WITHOUT PREFERENTIAL SUBSCRIPTIONS RIGHTS (FIFTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	20,000,000[1]
Use made of these powers during the financial year *(in euros)*	8,060,256
Remaining balance	11,939,744

(1) Overall maximum par value of share capital increases that may be carried out on the basis of the nint[h], tent[h], elevent[h], twelft[h], thirteent[h] and fourteenth resolutions o[f] the General Meeting of 28 April 2011.

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY MEANS OF THE ISSUE OF ORDINARY SHARES RESERVED FOR EMPLOYEES OF THE AXWAY GROUP WHO ARE MEMBERS OF A COMPANY SAVINGS PLAN (SIXTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	26 months
Expiry date	28 June 2013
Scope of powers *(in euros)*	3% of the share capital at the date of the General Meeting, *i.e.* 2,268,600[1]
Use made of these powers during the financial year *(in euros)*	0
Remaining balance	2,268,600

(1) This threshold is independent and separate from the capital increase thresholds potentially arising from the issue of ordinary shares or convertible securities authorised by the other resolutions of the General Meeting of 28 April 2011.

AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO AWARD STOCK OPTIONS TO QUALIFYING COMPANY OFFICERS AND EMPLOYEES OF THE AXWAY GROUP (SEVENTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	38 months
Expiry date	28 June 2014
Scope of powers	7% of the number of shares in the Company's capital on the date the options are awarded by the Board of Directors
Use made of these powers during the financial year	4.70%
Remaining balance	2.30%

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT BONUS SHARES, WHETHER EXISTING OR TO BE ISSUED, TO QUALIFYING COMPANY OFFICERS OR EMPLOYEES (EIGHTEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	38 months
Expiry date	28 June 2014
Scope of powers	1% of the Company's share capital as of the date on which they are granted by the Board of Directors
Use made of these powers during the financial year *(in euros)*	0.3%
Remaining balance	0.7% of the Company's share capital as of the date on which they are granted by the Board of Directors

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO GRANT SHARE WARRANTS (BSAAR – WARRANTS FOR REDEEMABLE SHARES) TO EMPLOYEES AND COMPANY OFFICERS OF THE COMPANY OR ITS GROUP, WITHOUT SHAREHOLDER PREFERENTIAL SUBSCRIPTION RIGHTS (NINETEENTH RESOLUTION)

Date of General Meeting granting the powers	28 April 2011
Duration of powers and expiry date	18 months
Expiry date	28 October 2012
Scope of powers	7% of the Company's capital as of the date on which the Board of Directors makes it decision
Use made of these powers during the financial year *(in euros)*	0%
Remaining balance	7% of the Company's capital as of the date on which the Board of Directors makes it decision

AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY MEANS OF THE CANCELLATION OF ORDINARY SHARES (TWENTY-FIRST RESOLUTION)

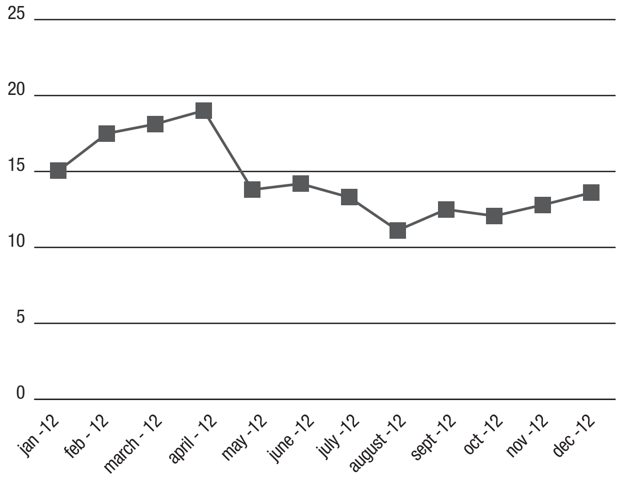
Date of General Meeting granting the powers	28 April 2011
Duration of powers	24 months
Expiry date	28 April 2013
Scope of powers	10% of capital per period of twenty-four (24) months from the date of the Meeting
Use made of these powers during the financial year	0%
Remaining balance	10% of the capital

6 SHARE SUBSCRIPTION OPTIONS

The table below summarises the status as of 31 December 2012 of stock option plans granted by Axway to its employees:

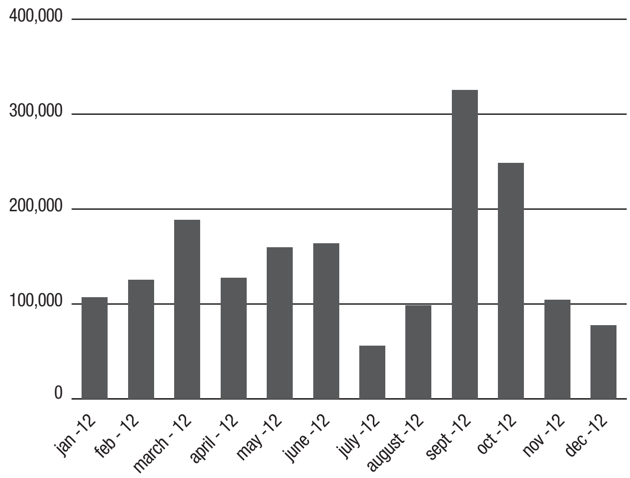
	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options			Position at 31/12/2012	
Grant date	**Number of options**	**Exercise price**	**Start date**	**Expiry date**	**Number of options**	**Exercise price**	**awarded**	**cancelled**	**exercised**	**Number of options**	**Exercise price**
Plan no. 1 – 2007 stock options plan, maximum issue of 1,990,000 shares General Meeting of 23/05/2007											
23/05/2007	20,100	€78.90	24/05/2011	23/05/2012	170,397	€12.61	-	-	170,397	-	€12.61
22/11/2007	17,000	€93.54	30/06/2010	31/12/2013	110,190	€14.34	-	46,619	-	63,571	€14.34
22/11/2007	17,000	€93.54	30/12/2012	31/12/2013	63,571	€14.34	-	33,904	-	29,667	€14.34
06/11/2008	8,500	€145.00	30/06/2011	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
06/11/2008	8,500	€145.00	30/12/2013	31/12/2014	72,046	€17.11	-	25,427	-	46,619	€17.11
19/05/2009	4,000	€145.00	30/06/2011	31/12/2014	33,904	€17.11	-	33,904	-	-	€17.11
19/05/2009	4,000	€145.00	30/12/2013	31/12/2014	-	€17.11	-	-	-	-	€17.11
Total	**79,100**				**522,154**		**-**	**165,281**	**170,397**	**186,476**	
Plan no. 2 – 2010 stock options plan, maximum issue of 1,990,000 shares General Meeting of 25/11/2010											
25/11/2010	5,000	€145.00	30/06/2012	31/12/2015	42,379	€17.11	-	25,427	-	16,952	€17.11
25/11/2010	5,000	€145.00	30/12/2014	31/12/2015	42,379	€17.11	-	42,379	-	-	€17.11
Total	**10,000**				**84,758**		**-**	**67,806**	**-**	**16,952**	
Plan no. 3 – 2011 stock options plan, maximum issue of 1,033,111 shares General Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	516,175	€14.90	-	42,825	-	473,350	€14.90
Total	**1,032,350**				**1,032,350**		**-**	**85,650**	**-**	**946,700**	
TOTAL OF PLANS	**1,121,450**				**1,639,262**		**-**	**318,737**	**170,397**	**1,150,128**	

7 SHARE PRICE



Source: NYSE Euronext Paris.

8 MONTHLY TRADING VOLUME



Source: NYSE Euronext Paris.

9 SHARE PRICE PERFORMANCE

High	Date of High	Low	Date of Low	Closing price	Average price	Average opening price	Number of securities	Capital *(in millions of euros)*
17.1000	2 January 2012	15.0100	31 January 2012	15.0500	15.6873	15.7600	107,344	1.73
17.7400	24 February 2012	15.1000	3 February 2012	17.5000	16.6362	16.5495	125,535	2.06
18.3900	13 March 2012	17.4000	1 March 2012	18.1200	17.8718	17.8482	188,720	3.34
19.3900	27 April 2012	18.0000	2 April 2012	19.0100	18.7521	18.6663	127,438	2.38
19.3000	3 May 2012	13.8000	31 May 2012	13.8000	16.5400	16.7377	159,930	2.75
14.5000	27 June 2012	13.1000	5 June 2012	14.1900	13.9086	13.8729	164,028	2.34
14.3000	13 July 2012	12.8000	30 July 2012	13.3000	13.8150	13.8677	56,025	0.77
13.5000	1 August 2012	11.0000	28 August 2012	11.1200	11.9822	12.1030	98,694	1.17
12.5100	24 September 2012	11.0000	11 September 2012	12.5000	11.7840	11.7435	325,218	3.85
12.5100	12 October 2012	11.9100	31 October 2012	12.0700	12.3257	12.3300	248,891	3.06
12.8100	29 November 2012	11.4000	12 November 2012	12.8000	12.0455	12.0282	104,645	1.24
13.6000	31 December 2012	12.7100	17 December 2012	13.6000	13.1279	13.0637	77,683	1.01

Source: NYSE Euronext Paris.

10 EARNINGS PER SHARE

The Board of Directors of Axway, at its meeting of 14 February 2012, resolved to ask the upcoming General Meeting to approve a dividend of €0.35 per share, *i.e.* €7,112,363.30.

8 ADMINISTRATIVE AND LEGAL INFORMATION

1 AXWAY SOFTWARE AT A GLANCE

Name: Axway Software

Registered office: PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy-le-Vieux, France

The telephone number for the Company's registered office in Annecy is: +33 (0)4 50 33 30 30

Head office: 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA

Legal status: French *société anonyme*.

The Company and its activities are subject to French legislation, however other laws and/or regulations may apply locally and/or in other countries.

Date of incorporation: 28 December 2000, with a term of 99 years. The Company's term will therefore expire on 28 December 2099 unless it is dissolved before that date or the term is extended.

Corporate purpose: "The Company's purpose in France and abroad is:

- the publishing, sale, distribution, installation and maintenance of all types of software packages, the design and development of any software 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 assets or premises; the registration, purchase, use or disposal of any processes and patents connected with these activities.

And, in general, all industrial, commercial, financial, procedural, movable property or real-estate transactions that may be directly or indirectly related to the corporate purpose or any similar or connected purpose."

(Article 2 of the Articles of Association).

Registration No.: 433,977,980 RCS Annecy.

Place where legal documents may be consulted: Axway Software, 26 rue des Pavillons, 92807 Puteaux CEDEX, France.

Financial year: 1 January to 31 December of each year.

Allocation and Distribution of earnings under the Articles of Association:

"The income statement summarises the income and expenses for the financial 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. Said allocation shall no longer be mandatory when this reserve represents one-tenth of the 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 optional, 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 each owns.

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.

Aside from in the event of a capital reduction, no distribution may be carried out by shareholders where the equity is, or would subsequently be, under the amount of capital plus reserves that by law or pursuant to the Articles of Association cannot be distributed. 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 financial years, until fully used up."

(Article 37 of the Articles of Association).

2 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Article 14 – Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of 18, 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 called to approve the financial statements for the financial year then ended and held in the year in which their term of office comes to an end.

No-one can be appointed director if, having exceeded the age of 85, his/her 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, he 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 entity he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Meetings, carry out temporary appointments in accordance with the conditions set forth in Article L. 225-24 of the French Commercial Code. The director appointed to replace another performs his duties for the remainder of his predecessor's term of office.

Where the number of directors falls below the legal minimum, the remaining directors must immediately call an Ordinary General Meeting in order to appoint further Board members.

An employee of the Company may only be appointed as a director if his employment contract corresponds to an actual post. The number of directors tied to the Company by an employment contract cannot exceed one third of the directors in office.

Article 15 – Organisation of the Board of Directors

The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board determines his remuneration.

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 85 can be appointed Chairman. If the Chairman in office has reached this age, 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 eldest Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

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.

General Meetings shall take place at the registered office or in any other place specified in the convening 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.

Policies and procedures shall be defined.

The policies and procedures may include a provision whereby directors who participate in the Meeting by videoconference 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 should the following decision be adopted:

- the closing of the annual accounts and consolidated accounts 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 the legal provisions in force and signed by the Meeting Chairman and at least one director. In the absence of the Meeting Chairman, it is signed by at least two directors.

The copies or extracts of the minutes are certified by the Chairman of the Board of Directors, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Where there is a Workers' Council, representatives of this Committee, appointed pursuant to the provisions of the French Labour Code, must be invited to 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 on by the shareholders in a General Meeting.

In its dealings with third parties, the Company is bound even 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 in the circumstances, the mere publication of the Articles of Association not constituting 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 Memorandum and 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 – Powers of the officers

Operating procedures

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 decision of the Board of Directors relating to the choice of management method is taken on the basis of a majority of directors present or represented. The shareholders and third parties are informed of this choice in the conditions provided for by the regulations in force.

The choice made by the Board of Directors applies for an unlimited period.

Chief Executive Officer

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. Once the Chief Executive Officer has reached the age limit, he or she 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 Shareholders' Meetings and the Board of Directors by the law.

He represents the Company in its dealings with third parties. The Company is bound even 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 not constituting such proof.

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 officer.

The Board of Directors may or may not choose the officers from among the directors up to a maximum of five.

The age limit is set at 70. Once an officer has reached this age limit, he or she is deemed to have resigned from office.

The length of the term of office of the officers is determined when s/he is appointed although it may not, in any event, exceed that of his/her powers.

The 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 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 officers. In their dealings with third parties, the officers have the same powers as the Chief Executive Officer.

Article 20 – Remuneration of directors and officers

1. The General Meeting may award 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 remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the officers. Such remuneration may be fixed and/or variable.
3. For assignments or mandates 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 from the Company remuneration, whether permanent or not, other than that set out in the previous paragraphs, unless they are tied to the Company by an employment contract in conditions authorised by the law.

Article 21 – Concurrently held mandates

A single individual may not serve as a director or Supervisory Board member of more than five French-based public listed companies (*sociétés anonymes*).

Excluded from the aforementioned provisions are the mandates of director or Supervisory Board member held by this person in the companies controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is a director.

In application of the above provisions, the mandates of directors of companies whose shares are not traded on a regulated market or are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the same company only count as one mandate, provided the number of such mandates held does not exceed five.

A single individual may not serve as a Chief Executive Officer, Management Board member or sole Chief Executive Officer of more than one French-based public listed company (*sociétés anonymes*). Exceptionally, a second mandate of Chief Executive Officer or a mandate of Management Board member or sole Chief Executive Officer may be held in a company controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company of which he is Chief Executive Officer. Another mandate of Chief Executive Officer, Management Board member or sole Chief Executive Officer can be held in one 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 mandates must relinquish one of the mandates within three months of his appointment, or the mandate 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 the remunerations received, although the validity of the deliberations in which he took part is not called into question.

3 RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO EACH CATEGORY OF SHARES

Article 12 – Rights and obligations attaching to shares

1. Each share gives entitlement to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the 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 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 the General Meeting.

3. Where necessary to hold a certain number of shares to enjoy a particular right, owners not holding that number shall make it their business to group together, or potentially buy or sell the required number of shares.

Article 13 – Indivisibility of shares – Bare ownership – Beneficial interest

1. Shares are indivisible from the Company's perspective.

   Join 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 belong to beneficial owners in Ordinary General Meetings and to 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/her voting rights can never be completely eliminated. The beneficial owner cannot be denied the right to vote on decisions involving the allocation of earnings.

   Voting rights of pledged securities are exercised by the owner.

4 GENERAL MEETINGS

Article 25 - General Meetings

The decisions collectively made by the shareholders shall be taken in General Meetings characterised either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special General Meetings are called 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 for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 26 - Venue and procedure for convening General Meetings

General Meetings are called and held pursuant to the terms and conditions laid down by law.

General Meetings shall take place at the registered office or in any other place specified in the convening 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 determined percentage of capital and acting in the manner and timeframes provided by law, may have draft resolutions included on the Meeting agenda.

The workers' council may also request the inclusion of proposed resolutions in 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 obligations

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 who holds more than 3% or more than 4% of the Company's capital shall inform the Company in the same manner and based on the same methods of calculation as required with respect to legal thresholds.

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.

Shareholders are entitled to take part in General Meetings provided they are able to demonstrate their standing *via* an entry in their own name or in the name of the intermediary duly registered on their behalf pursuant to Article L. 228-1 (7) of the French Commercial Code, either in the registered share registry kept by the Company or in the bearer share registry kept by the authorised intermediary, no later than 00:00 Paris time three business days prior to the date of the Meeting.

A shareholder may be represented in the manner established by law and regulatory provisions, with the proxy being required to demonstrate his/her powers. If a shareholder does not name a proxy-holder in a form of proxy, 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 videoconference 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* videoconference 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.

Shareholders may vote remotely by filling in a form sent to the Company, in the manner provided for by law and regulation. 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 Workers' 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 Meetings, on all shares in the class in question, less any shares denied 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 the quorum.

The voting rights attached to shares are proportional to the share capital they represent. With the same par value, each capital share or dividend share gives entitlement to one vote.

Article 32 - Ordinary General Meetings

An Ordinary General Meeting is a meeting called to take decisions which do not amend the Memorandum and 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 financial 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

The Extraordinary General Meeting alone shall be authorised to amend the Memorandum and 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 later than the date on which it was originally convened; the quorum of one-fifth is also required for this second meeting.

The Meeting makes decisions by a majority of two-thirds of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely, except in the event of a legal exemption.

Article 34 - Special General Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by a Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

5 PREPARATION AND SUPERVISION OF THE REGISTRATION DOCUMENT AND THE INFORMATION CONTAINED THEREIN

Name and position of the person responsible for the Registration Document

Christophe Fabre, Chief Executive Officer

Information Officer

Patrick Donovan, Chief Financial Officer

Axway Software, 6811 East Mayo Blvd, Suite 400, Phoenix, Arizona 85054, USA

Persons responsible for auditing the financial statements

Statutory Auditors

Auditeurs et Conseils Associés

31 rue Henri-Rochefort, 75017 Paris, France

Represented by François Mahé

Mandate expiring at the General Meeting convened to approve the financial statements for the 2012 accounting period and renewal of whose mandate is requested at this General Meeting.

First appointed: May 2007.

Auditeurs et Conseils Associés is a member of the Paris Regional Statutory Auditors' Association (Compagnie Régionale des Commissaires aux Comptes de Paris).

Cabinet Mazars

61 rue Henri-Regnault, 92400 Courbevoie

Represented by Christine DUBUS

Mandate expiring at the General Meeting convened to approve the financial statements for the 2012 accounting period and renewal of whose mandate is requested at this General Meeting.

First appointed: May 2007.

Mazars is a member of the Versailles Regional Statutory Auditors' Association (Compagnie Régionale des Commissaires aux Comptes de Versailles).

Alternate Auditors

AEG Finances

4 rue de Châtillon, 75014 Paris

Mandate expiring at the General Meeting convened to approve the financial statements for the 2012 accounting period and renewal of whose mandate is requested at this General Meeting.

First appointed: May 2007.

AEG Finances is a member of the Paris Regional Statutory Auditors' Association (Compagnie Régionale des Commissaires aux Comptes de Paris).

Jean-Louis Simon

61 rue Henri-Regnault, 92400 Courbevoie

Mandate expiring at the General Meeting convened to approve the financial statements for the 2012 accounting period and renewal of whose mandate is requested at this General Meeting.

First appointed: May 2007.

Mr Jean Louis Simon is a member of the Paris Regional Statutory Auditors' Association (Compagnie Régionale des Commissaires aux Comptes de Versailles).

6 PROVISIONAL REPORTING TIMETABLE

Publication Q1 2013: Wednesday 17 April 2013

General Meeting: Tuesday 4 June 2013

Publication H1 2013: Wednesday 31 July 2013

Publication half-yearly report: Thursday 29 August 2013

7 DOCUMENTS ON DISPLAY

The Company's press releases and historical financial information on the Company can be found on the Company's website: www.axway.com and a copy can be obtained from Axway's administrative headquarters (26 rue des Pavillons, 92807 Puteaux Cedex, France). The Company's Articles of Association as well as the minutes of General Meetings, the separate and consolidated financial statements, reports of the Statutory Auditors and all other corporate documentation may be consulted, on paper, at the Company's registered office.

Person responsible for shareholder relations

Patrick Gouffran, Director of Financial Communications

Axway Software, 26 rue des Pavillons, 92807 Puteaux Cedex, France

Tel: +33 (0)1 47 17 24 65

Email: pgouffran@axway.com

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I declare, after having taken all reasonable measures for this purpose, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and 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, and that the management report appearing on page 81 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, in accordance with professional standards and doctrine applicable in France, the financial and accounting information provided in this Registration Document and that they have read the document as a whole.

The consolidated financial statements presented in this document are subject to a report by the Statutory Auditors, appearing on page 166, which contains a technical observation relating to changes in accounting methods and in the presentation of the financial statements.

This observation relates to the consolidated financial statements for financial year 2011. You are reminded that the Statutory Auditors' Report appears on page 150 of the Registration Document filed on 27 April 2012 under number R. 12-007 .

Phoenix, April 23, 2013

Christophe Fabre

CEO

TABLE OF CONCORDANCE

In order to enhance the readability of the annual report filed as a Registration Document, the following theme-based table allows the reader to identify the headings required by Commission Regulation (EC) 809/2004 of 29 April 2004.

n.a.: not applicable.

TABLE OF CONCORDANCE OF SOCIAL AND ENVIRONMENTAL INFORMATION

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