Registration Document

Annual financial report

2017

axway

imagination takes shape

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

Registration Document 2017

Annual financial report

This Registration Document was filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on 26/04/2018 in accordance with Article 212-13 of the AMF General Regulations. It may be used in connection with a financial transaction if accompanied by a memorandum approved by the French Financial Markets Authority (AMF). This document was prepared by the issuer whose authorised signatories alone assume responsibility for its content.

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

Messages from the Chairman and the CEO

" Although the economy and technologies are currently undergoing dramatic changes, the transformation capabilities and the commitment of the Axway team give me confidence in the company's plan."

Pierre Pasquier
Axway, Chairman of the Board of Directors

" In the Middleware sector, 2017 was a seminal year for the adoption of Cloud computing and SaaS *(Software as a Service)* models, which are now extensively integrated in the digital strategies of major organizations. Although the change to this form of consumption was initially confined to application software, it is now making significant inroads in the technical software market. Naturally, Axway sits right at the heart of this transformation.

In this global technological shift, long-standing players such as Axway have to guarantee a high quality on-premise product offering whilst accelerating the transition of their product portfolios toward so-called "as a service" models. The Axway's objective is to stabilize the sales of its foundation products whilst ramping up investments linked to accelerating the innovation of its core "digital" platform offerings.

In addition to the technology changes in their markets, companies today are facing a number of other changes. They have to be simultaneously strong financial performers, innovative, responsible and transparent in an environment that is increasingly regulated and more global than ever. The employees and governance bodies at Axway work day in day out to rise to these challenges.

Supported by the dynamism of the entire organization, Axway has implemented the first stages of its transformation strategy. Benefiting from a global footprint and powerful ecosystem of employees, customers and partners, the Group has numerous assets to help it become a leader in its markets.

Axway's transformation plan will continue until 2020 under the guidance of Patrick Donovan who was recently appointed Chief Executive Officer by the Board of Directors. His main mission will be to accelerate the implementation of the strategy by engaging all the company's stakeholders to move toward the tremendous opportunities that call for strategic choices and farsighted tactics.

As always, Axway can count on the support of the Sopra Steria Group, with which its already extensive collaborations continue to grow. The complementary fields of expertise between Axway and Sopra Banking Software have, for example, landed us a significant role in projects to overhaul the information systems of leading banks and financial institutions.

Although the economy and technologies are currently undergoing dramatic changes and transformation, the capabilities and the commitment of the Axway team give me confidence in the company's plan. "

Pierre Pasquier

Patrick Donovan, new Chief Executive Officer of Axway

To accelerate the Group's transformation plan, Axway's Board of Directors appointed Patrick Donovan as Chief Executive Officer at its meeting on 6 April 2018.

Previously serving as Chief Financial Officer, he played a significant role in the success of Axway's spin-off/listing transaction in 2011. Patrick Donovan has in-depth knowledge of Axway's business model as well as the software industry more broadly.

Supported by an experienced Executive Committee, in which the Board of Directors has renewed its confidence, and on the commitment of more than 1,800 employees worldwide, Axway aims to pursue the transformation of its strategy and offers to support its 11,000 customers in the success of their digital projects.

Patrick Donovan
Axway Chief Executive Officer

"Today, Axway is in the middle of its transformation plan and I'm honored by the confidence placed in me by the Group's Board of Directors, which recently appointed me Chief Executive Officer.

For more than ten years, I have had the pleasure of taking part in the development of Axway's projects around the world, and I am confident of our ability to achieve our objectives. We will therefore continue the transformation of our business model by focusing on shifting our offers toward the Cloud and our perpetual desire to improve our customers' satisfaction.

In order to successfully carry out this transformation while ensuring our company's economic performance, I will be supported by the varied skills of our employees, the added value of our numerous partners, and the long-standing trust of the companies we support on a daily basis.

Among the strategic focuses identified for 2018, we have decided to step up our investments dedicated to enhancing our product portfolio, and we will work on adjusting our business processes and marketing strategy.

The recent acquisition of Syncplicity, a native SaaS provider, bolstered our technological expertise and agility. We now need to anchor ourselves as a facilitator of the digital transformation by stimulating the adoption of our new offers.

Axway's new organization, which I am delighted to be leading, will be designed so as to meet our customers' new digital challenges and will naturally gravitate to innovation, especially through our AMPLIFY™ platform.

With the support of the management team and the determination of Axway's employees, I am convinced of our ability to become a market leader in Hybrid Integration Platforms by 2020."

Patrick Donovan

Axway: continuing our digital transformation

Who we are

"We unlock digital experiences for everyone by connecting individuals, systems, businesses and ecosystems as if they were peers of each other"

Our Business Model

In 2017, Axway continued to transform its business model, balancing cloud deployed subscriptions with on-premise licenses and the associated professional services and maintenance.

Presence

Acquisition strategy

Acquisitions have played a key role in Axway's development as a leader in providing critical integration and engagement capabilities. We will continue to identify opportunities to leverage acquisitions to accelerate the execution of our strategy and to enhance the capabilities provided through AMPLIFY™ to our customers and partners.

History

Sopra (RDJ, CFT, Interpel software)

January 2001
Creation of Sopra's software infrastructure subsidiary, Axway

April 2002
Acquisition of **Viewlocity** (United States)

January 2006
Acquisition of **Cyclone Commerce** (United States). Relocation of Executive Management to Phoenix AZ

February 2007
Acquisition of **Atos** B2B software business (Germany)

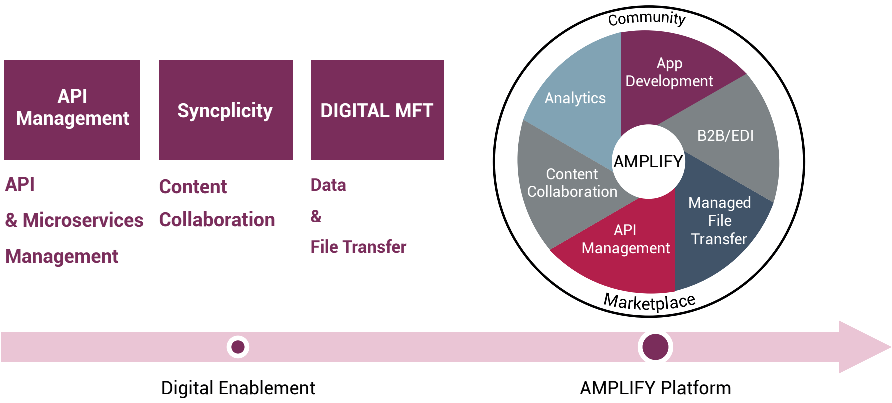
September 2007
Development of the **Synchrony™** offer, a comprehensive B2B management platform

September 2008
Acquisition of **Tumbleweed** (United States)

This information is detailed in Chapter 1 of the Registration Document.

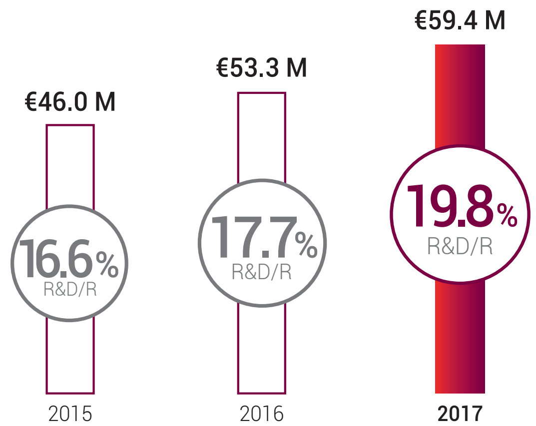
Axway's unique approach: transform disparate data and services into a simple and seamless digital experience for the customer

Enterprise IT architectures and data exchange modes have evolved at the pace of technological innovation. In today's digital transformation, Axway's unique approach streamlines all connections between people or systems. Employees, partners, suppliers and developers collaborate within the network ecosystem to transform data and services into a simple and seamless digital experience for the user.



AMPLIFY™, Axway's hybrid integration platform, connects data from any device anywhere, expands collaboration, fuels millions of apps and supplies real-time analytics to build customer experience networks. From idea to execution, Axway's expertise in API management, secure file exchange and B2B/EDI integration have solved the toughest data challenges for more than 11,000 organizations in 100 countries.

Innovate to Transform Our Portfolio in Digital Business



Customers & target markets

In 2017 we invested to develop our customer satisfaction program and help customers achieve their objectives.

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

June 2011
IPO on the Euronext market in Paris

November 2012
Acquisition of **Vordel** and **API** solutions (Ireland)

February 2013
Creation of the Axway 5 Suite global offer

September 2013
Acquisition of **SCI** (Brazil)

January 2014
Acquisition of the assets of **Information Gateway** (Australia)

April 2014
Acquisition of **Systar**, provider of operational performance management software (France)

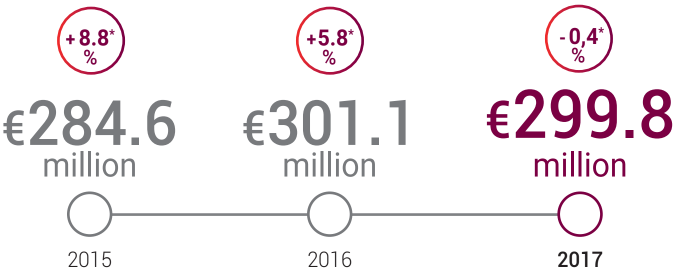
January 2016
Acquisition of **Appcelerator**, mobile integration platform (United States)

February 2017
Acquisition of **Syncplicity**, enterprise file synchronization & sharing (United States)

Key figures

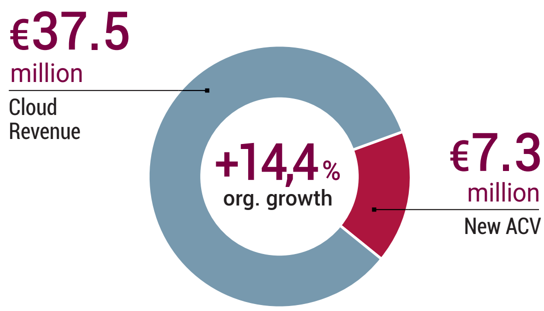
A business model with a good balance between Licences, Cloud, Maintenance, Services revenue and geographical areas.

Revenue



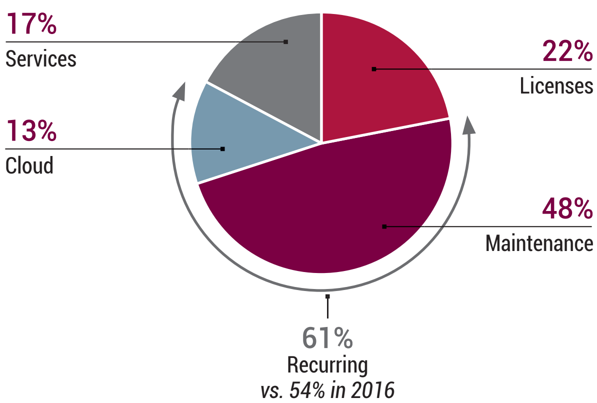
* Total growth

Cloud

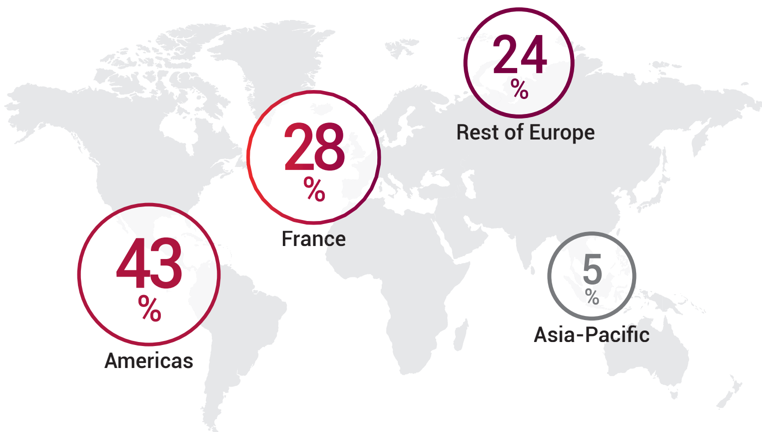


Breakdown of revenue

By activity

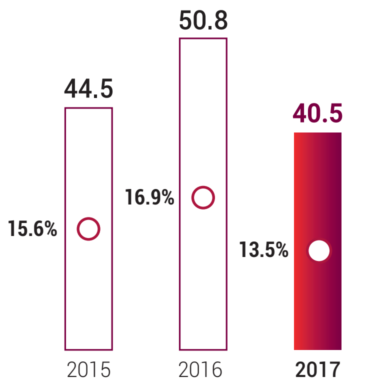


By location



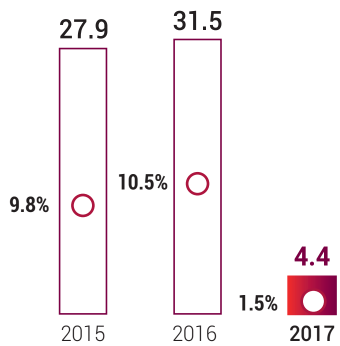
Operating profit on business activity

(in millions of euros)



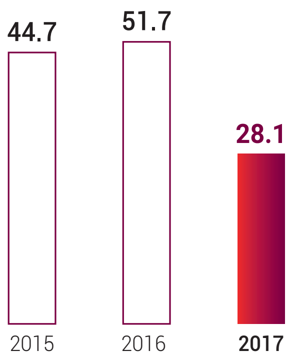
Net profit

(in millions of euros)



Cash

(in millions of euros)



Operating margin (%/R)

This information is detailed in Chapter 1 of the Registration Document.

Basic earnings per share
(in euros)

2015	2016	2017
1.35	1.51	0.21

Net dividend per share
(in euros)

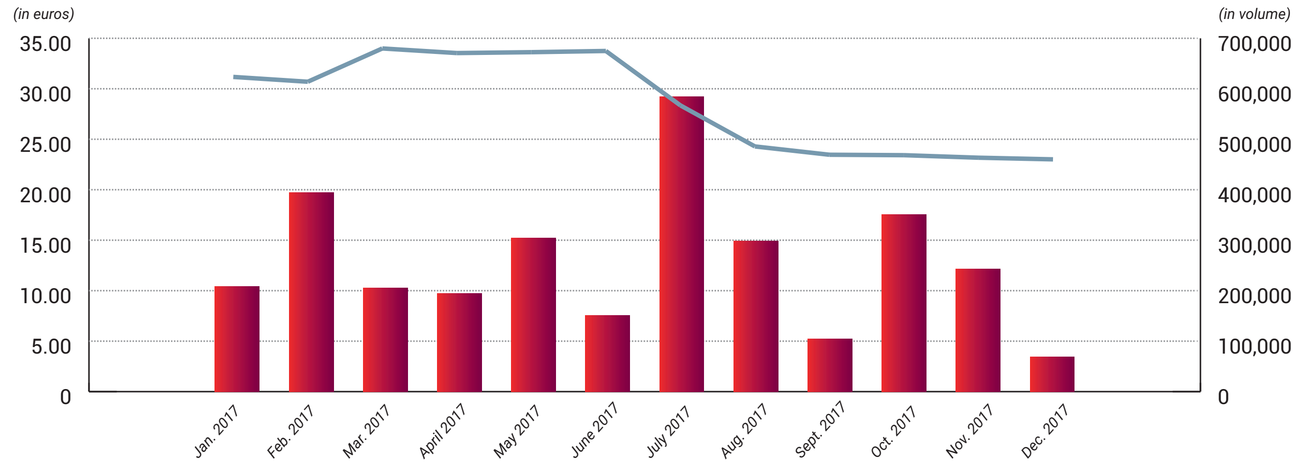
2015	2016	2017
0.40	0.40	0.20*

* proposed during the General Meeting 6 June 2018

Stock market

Share price & monthly trading volume

Axway has been listed on Compartment B of Euronext Paris since June 2011.



closing share price — monthly trading volume

Source: Euronext Paris

Axway shareholder structure

Breakdown of share capital at 31 December 2017

21,210,231 shares outstanding

34,301,758 voting rights

	Sopra Steria Group	Pasquier Family	Odin Family	Managers	Sopra GMT	Caravelle	Public	Treasury Shares
Share Ownership	32.59%	0.13%	1.37%	1.64%	21.23%	12.13%	30.77%	0.13%
Voting Rights	35.08%	0.14%	1.52%	1.62%	26.26%	15.00%	20.38%	

Concerted action

56.97 % of the shares

64.62 % of the voting rights

This information is detailed in Chapter 6 the Registration Document.

Governance based on **best practices**

Axway follows the Middlenext Code of Corporate Governance. It has chosen for its governance structure to separate the offices of Chairman of the Board of Directors and CEO.

Board of Directors

Pierre Pasquier
Chairman of the Board of Directors

Kathleen Clark Bracco
Director - Deputy Chairman
(Chairman)

Pierre-Yves Commanay
Director

Hervé Dechelette
Independent Director

Nicole-Claude Duplessix
Director

Emma Fernandez
Independent Director

Michael Gollner
Independent Director

Helen Louise Heslop
Independent Director

Pascal Imbert
Independent Director
(Chairman)

Véronique de La Bachelerie
Director

Hervé Saint-Sauveur
Independent Director
(Chairman)

Yves De Talhouët
Independent Director

Yann Metz-Pasquier
Observer

2017 General Meeting: proposed appointment of two new directors.

Member of the Audit Committee

Member of the Selection, Ethics and Governance Committee

Member of the Remuneration Committee

58% independent directors

42% women

13 members

4 nationalities represented

95% attendance rate

6 meetings in 2017

This information is detailed in Chapter 3 of the Registration document.

Audit committee

- Four members with in-depth knowledge of finance and of Axway's industry
- Audits the annual and half-yearly financial statements
- Supervises the internal control and management system
- Monitors the Statutory Auditors' statutory audit

4
meetings in 2017

95 %
attendance rate

Selection, Ethics, and Governance Committee

- Makes proposals for the appointment of directors and corporate officers
- Assesses the Board of Directors and the operation of corporate governance
- Verifies the application of good governance rules

4
meetings in 2017

100 %
attendance rate

Remuneration committee

- Proposes fixed and variable compensation
- Verifies the application of compensation rules
- Checks information quality

4
meetings in 2017

100 %
attendance rate

Work performed by the Board in 2017

In 2017, the work of the Board of Directors included the Syncplicity integration, the Legal reform of Audit, the Sapin Law on the Ethics domain and the compensation of Corporate Officers.

The 6th of April 2018, the Board of Directors of Axway Software, convened under the chairmanship of Pierre Pasquier, approved the appointment of Patrick Donovan as Group Chief Executive Officer.

Chairman of the Board of Directors

Pierre Pasquier has been Chairman of Axway's Board of Directors since December 2001.

Co-founder of Sopra Group in 1968, he founded Axway in 2001. Sopra Group, which became Sopra Steria in 2014, is now one of Europe's leading digital transformation companies.

Chief Executive Officer

Patrick Donovan, with over 20 years of software industry experience and 10 years with Axway Group, was appointed Chief Executive Officer on 6 April 2018.

An American, who has been living in France for a number of years, played an important role in the success of Axway's 2011 spin-off/listing transaction. Since then, he has been supervising the Group's financial, legal and IT functions.

A collaborative culture

The new Axway business positionning in the digital software market is supported by an adapted and strong Human Resources policy. In 2017 the HR team continued to focus their efforts on three main axes: attract, develop and retain talented people. Corporate Social Responsibility plays a large part in Axway's performance assessment, with the implementation of new initiatives and new labels.

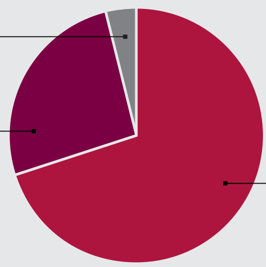
Human Resources at Axway

2013	2014	2015	2016	**2017**
1,783	1,961	1,884	1,930	**1,839**

41.7 years
old on average

26.8 %
women

Breakdown of workforce by location



283
new employees
54% Europe
30% North America
4% Asia-Pacific

Axway surveys: 2018 Resolution

One of the 2017 internal surveys was a "discussion" with employees on the internal social network to choose together the 2018 resolutions:

- **820 Votes**
- **240 Likes**
- **4 500 comments and suggestions** proving 2018 resolutions :
  - **Collaboration**
  - **Customer-centric**
  - **Continuous improvement**
  - **Empowerment and accountability**

Axway University

E-learning, seminars, podcasts & on demand digital shelves

This training service implements plans to develop skills and talents. It shares knowledge and know-how to support Axway's strategy and digital engagement.

34,273
hours of training

8,744
training sessions in 2017 versus 7,367 in 2016

This information is detailed in Chapter 2 of the Registration Document.

Corporate Social Responsibility

COMMITMENT

Some 2017 initiatives:

Global Impact – United Nations

Axway Ethics Charter: In 2017, Axway introduced an ethics charter applicable to its internal and external employees and contacts as well as the stakeholders with whom the Group works on a daily basis.

New alert system to enable all stakeholders to alert the Group to behaviors that are deviant or contrary to the values it wishes to see applied and transmitted in the course of its activities.

For Customers:
Ecovadis

For Providers:
Sub-contractors & purchasing policy

For Individual Shareholders & Investors:
1 e-mail =1 tree planted.
47% shareholders accepted

For Investors:
- In 2017 Axway entered the Gaïa Responsible Investment Index
- No paper for **247** investor relations meetings

Employees:
Employees' societal programs supported health associations, civic initiatives and environmental challenges.
Throughout the Group, **500** employees took part in socially responsible initiatives in 2017 in France, Romania, Germany, Ireland and the USA.

Environmental Responsibility

2017

CO_2

Axway has decided to launch a carbon footprint assessment study in 2018 based on 2017 consumption

New internal team correspondents created in 2017 to consolidate environmental metrics

2017: exceptional recycling during French offices' move

Employee awareness raised through the guide to eco-friendly behaviors, published and distributed in 2009

Virtualization of IT infrastructure:
90% virtual servers

Rigorous management of the "physical" server fleet to minimize energy consumption

Optimization of hardware life and recycling at end of life

Encourage video conferencing

Car policy supports less polluting means of transport

Switch to paperless documents

This information is detailed in various chapters of the Registration Document.

Axway Group and its business activities

1

"Axway: continuing our digital transformation"

This chapter describes changes in the enterprise software market, including how the digital transformation trends are affecting the middleware sub-segment. Accelerating adoption of cloud computing, the Internet of Things (IoT) and the expanding engagement within business ecosystems with the resulting customer and user behavior change is dramatically impacting the market landscape in which Axway and its customers operate.

Through innovation, transformation and potential acquisitions, Axway will offer solutions based on hybrid integration platform capabilities that enable its customers to engage across their ecosystems and build and grow their digital business.

1.1 General situation in the enterprise software market

1.1.1 Enterprise software market

Enterprise software is typically packaged for sale to enterprises to install on premise, in the cloud, or in a hybrid model. The Enterprise Software market is segmented into two major categories:

- application software
- infrastructure software

Gartner estimates global spending on application and infrastructure software in 2018 will reach almost $388.7 billion, growing 8.5% CAGR from 2016 through 2021[(1)]. Axway competes in sub-segments of the “infrastructure software” category, mostly in the application infrastructure and middleware sub-segment, encompassing technologies such as Managed File Transfer, B2B integration, API Management, Mobile App Development, Enterprise File Sync and Share and Integration Platform as a Service. Axway calculates that it operates in an available market of $14.5B and is affected by regional market dynamics. Gartner estimates 2018 application and infrastructure software growth by region as follows: North America 7.9%, Latin America 10.5%, Western Europe 7.1%, and Asia/Pacific 11.3%.

Axway provides its solutions also via a cloud deployment or SaaS-based model in addition to its historical on-premise offering. Gartner estimates the “Cloud Application Infrastructure Services” software market[(2)], for the application infrastructure and middleware sub-segment is estimated to reach $7.7 billion in 2018, growing 16.3% CAGR from 2017 through 2022. 2018 regional growth is estimated as: United States 20.4%, France 19.4%, United Kingdom 21.0%, Germany 19.5%, Brazil 25.2%, Australia 21.6%.

The market of Integration technologies has evolved in the recent years in mainly two ways:

- the nature of the “endpoints” which need to be integrated within an enterprise ecosystem: it is no longer just applications, databases and businesses, but now it extends to: mobile applications, cloud applications (SaaS), cloud data storage, “things”, spoke endpoints such as wearables, virtual private assistants, bots, etc.;
- the deployment and operation models of the integration solutions: now offered as a “platform as a service”, or deployable on a customer managed private cloud.

(1) *“Gartner Forecast: Enterprise Software Markets, Worldwide, 2014-2021, 4Q17 Update”, 15 December 2017.*

(2) *“Gartner Forecast: Public Cloud Services, Worldwide”, 2016-2022, 1Q18 Update, 13 April 2018.*
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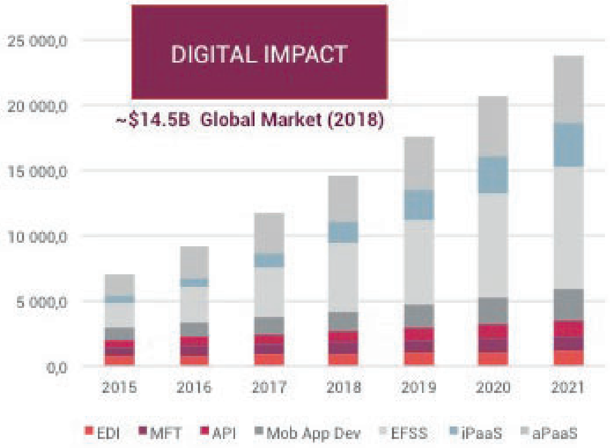
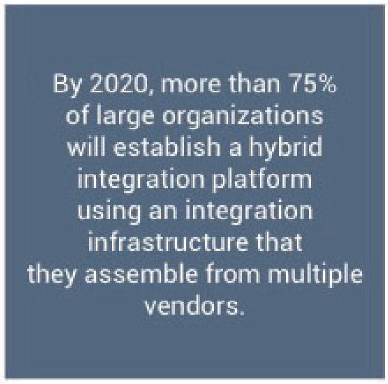
This evolution has given rise to a market referred to as “Hybrid Integration Platform” in which Axway operates and intends to grow. It includes the aforementioned technology segments (MFT, B2B integration, API management, iPaaS… as shown in the following picture):



Source: Gartner, Forecast: Enterprise Software Markets, Worldwide, 2014-2021, 3Q17 Update, 25 September 2017



Source: Gartner, Market Guide for HIP-enabling Technologies, Keith Guttridge, Elizabeth Golluscio, 29 June 2017

According to Gartner, “By 2020, more than 75% of large organizations will establish a Hybrid Integration Platform using an integration infrastructure that they assemble from multiple vendors.”(1) Therefore, in Axway’s main market (large organizations), there is a place for different flavors of Hybrid Integration Platforms: hence the importance of a differentiated positioning – which Axway has developed from its long history in certain integration patterns.

1.1.2 Market drivers, digital business and customer experience

The most pervasive trend in business today and for the foreseeable future is digital disruption. It impacts all businesses in many ways: customer experience and business processes, organization and employees working model and ability to collaborate, regulation, business models and distribution channels, to name a few examples. It changes the way businesses and people buy and consume. Digital disruption changes the way providers deliver their products and services.

Companies and governments alike are either proactively pursuing new opportunities that are enabled by the continued development and deployment of digital technologies, or they are being pulled more deeply into the digital world by their customers or other members of their ecosystem.

Most of the market studies surveying CIOs converge and show that digital technologies – mobile, big data, analytics, the Internet of Things (IoT), artificial intelligence, cognitive computing, social media and cloud computing – are already impacting their business. Although they show that most business executives say they have a “digital strategy,” only a portion of them have reached full deployment, while the remainder are in the early phases of understanding how to transform their businesses with the right product(s) and platform(s).

There are many drivers contributing to the acceleration of digital transformation in enterprises. Some are reasonably new while others have been driving the change for a number of years. The primary drivers are:

1. **Cloud** – “83% Of Enterprise Workloads Will Be In The Cloud By 2020”(2). Increasingly business leaders and IT leaders are looking to the cloud not only as a delivery mechanism for the solutions they have or wish to deploy, but as a source of new, highly scalable, highly elastic services that they can incorporate quickly into their business to drive both operating efficiency and new business opportunities for them. Furthermore, cloud has brought a shift toward subscription-based consumption of IT resources. Thus, the adoption of cloud, and its business models, has created a significant

(1) *Gartner, Market Guide for HIP-enabling Technologies, Keith Guttridge, Elizabeth Golluscio, 29 June 2017.*

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

change in how businesses and consumers think about purchasing and deploying IT, as well as how they interact with each other in today's changing market;

2. **Mobile** – Gartner says, "Application leaders must embrace new ways of interacting with mobile apps to keep consumers engaged as mobility becomes the gateway to digital business"[1]. Mobile has become nearly ubiquitous. Access points for exposing and consuming data and services are moving, meaning that any participant in the ecosystem can be "productive" from anywhere at any time. Productivity is the ability for a customer to place orders at any time and track them in real-time, enabled by a collaborative ecosystem of suppliers who can dynamically adjust shipment routing, re-schedule transportation, and allow service personnel to check their next stop on demand. This level of customer or business productivity is shifting to span all channels of delivery and interaction;
3. **Internet of Things** – All market studies show that tens of billions of "things" will be connected by 2020. Not only the number of connected "things" will increase over time, but the scope of what can be accomplished through this connectivity is also increasing. There is a continuum of capability from monitoring through control. Initially "things" such as cars, industrial equipment, healthcare devices, smart cities will be monitored, primarily capturing and transferring data to be used by a person or within a specific business process. However, the increasing sophistication of sensors and controllers, along with their declining costs, have enabled an increasing capability to control and make changes to the thing based on the context and the activity that is happening in real-time;
4. **Artificial Intelligence** – going mainstream in many application areas, starting with virtual assistants and bots, which revolutionize the way people interact with systems. We see also more and more use cases based on machine learning, leveraging inferential statistics and probability, to provide predictive analytics based on learning from historical records;
5. **Platform** – Most successful businesses nowadays are platform businesses. "Platform" here means a business model which enables the exchange of value between peer producers and consumers. Platforms disintermediate relationships and interactions. Blockchain is a kind of platform technology which removes the central authority to govern the transactions within an ecosystem. Platforms also enable ecosystem participants to leverage one another. In the API domain, for example, platforms allow businesses to create new services from their own data assets but also from the data assets from third party suppliers. Ecosystems become a key success factor in the digital economy.

In a company digital ecosystem, as much as two thirds of the information is created and used by consumers:

a. searching, researching and comparing their options on one website before they buy on another;
b. shopping on a website, continuing from their mobile devices, and picking up what they ordered – and perhaps a few things that were recommended to them – at a store (often from a different brand, a phenomenon known as showcasing);
c. reading and posting user reviews for products and services they purchase, from homes and cars to food and travel;
d. sharing their lifestyle choices, daily habits, work experiences, and wish lists with their family, friends, and coworkers on social networks;
e. staying connected with all their "things" – homes, cars, thermostats, phones, TVs, washers, refrigerators and almost everything else – around the clock, conveniently wherever they are;
f. keeping their skills fresh through e-learning services, video content, and open forums.

As a result, digital business interactions are exploding, putting tremendous pressure on businesses to respond in order to take advantage of the opportunities or be left behind.

The primary challenges and opportunities for business and their information technology capabilities driven by these trends are:

- expectations of customers, employees, suppliers, and partners for increased digital interactions and experiences;
- new opportunities to "expose" and "consume" new data flows and services across the ecosystem in order to decrease time to market for new services and improve customer experience;
- interactions within the ecosystem will become increasingly agile/flexible and collaborative, allowing more real-time engagement and agility in managing the lifecycle of participants (partners, things, services, etc.) in ecosystem;

(1) Gartner, Predicts 2018: Mobile Apps and Their Development, 04 December 2017.

- application strategy and resulting integration strategy have to effectively run at multiple speeds to meet agility and innovation requirements while maintaining solid IT foundation (security, data access, core application systems, etc.);
- increasing volume and variety of data flows and channels (mobile, web, connected objects, etc.) drives an increasing need for a platform-based, unified approach to creating, protecting, and managing data flows in a digital solution paradigm.

A new generation of fast-growing technology companies is rewiring the flow of communication, collaboration and commerce. They are discovering innovative ways to monetize social, location, sensor and public data exposed through APIs and generated by connected things. Entrepreneurs are designing new services, products, and platforms and delivering them as APIs, mobile apps, and SaaS applications and in the process, are impacting entire industries. For businesses and consumers, these disruptions have removed the lines between physical and digital. For those businesses that seek to lead the digital transformation, they will need to rapidly respond to changes in customer expectations, remove the limitations of the traditional omni-channel experience, and innovate around new business models in the broader digital ecosystem.

To summarize what this means: all businesses are facing pressure to become digital. This pressure requires changes in strategy, business model, operating model, organization, and technology. To account for these changes, all businesses must be able to leverage their existing IT and software investments to modernize them for the digital era. Simultaneously, businesses need to adopt modern platform- and API-based approaches, that are capable of unlocking access to data, deriving insights, providing flexible interaction schemes, engaging their ecosystems and developing “apps” to create unique value propositions.

1.2 History of Axway

Significant events in the development of the Group’s businesses

Date	Event
January 2001	Sopra’s software infrastructure business spun-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	IPO on the NYSE Euronext market in Paris
November 2012	Acquisition of Vordel (Ireland)
September 2013	Acquisition of the assets of SCI (Brazil)
January 2014	Acquisition of the assets of Information Gateway (Australia)
April 2014	Acquisition of Systar (France)
January 2016	Acquisition of Appcelerator (USA)
February 2017	Acquisition of Syncplicity (USA)

2001-2010: Axway, a subsidiary of Sopra

Spin-off and European development

The name Axway, emerged in January 2001 with the spinoff of the Sopra's software infrastructure division: the goal was to bring together, under the same company, the Group's infrastructure software (notably the "Règle du Jeu" software and the CFT and InterPel Managed File Transfer tools) – setting them apart from the application software segment (banking, real estate and HR sectors) owned by Sopra. This separation is a common practice in the software market. During this period, the two main objectives were to industrialize software development businesses and reach a significant position on the Europe market. Between 2001 and 2005, Axway doubled its customer base from 3,100 to 6,000.

With the acquisition of Viewlocity in 2002, Axway stepped up its globalization. By the end of 2005, it was present in most European countries and even had its first premises in the USA and Asia.

North American development and market leadership

The second step in Axway's development was to align the Company's geographical spread on the market, notably by significantly developing its operations and presence in the USA (accounting for over half of the market, while the share of Axway's revenue from the USA was only 4% in 2005). Another ambition for Axway during this period was to become a leader in certain specific market segments: those of Managed File Transfer (MFT) and Business-to-Business (B2B) integration. This objective was achieved as of 2009, with Axway positioned as a leader in these segments with the principal market analysts.

This development and leadership was achieved through the strategy based on Synchrony™, a comprehensive business interaction management platform, as well as through the following 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 business of Atos Origin in Germany in 2007, making Axway a leader in the automobile sector;
- Tumbleweed Communications 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.

At the end of 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 major accounts in certain key sectors such as banking, the main supply chains (manufacturing, retail, logistics, etc.), the federal government and in particular the Department of Defense and tax authorities.

Since 2011: Axway, a global independent software publisher

Having acquired operational autonomy, Axway ensured its independent development and built up its own services. Axway consolidated its position as an independent software publisher with the completion of the plan to separate its activities from those of Sopra through a spin-off/stock market listing project approved at the General Meeting of 8 June 2011. Sopra retained a 26.27% stake in Axway's share capital. Axway's IPO on Euronext Paris took place on 14 June 2011. Following the capital increase, Axway is now financially independent.

Since 2015: Commitment to Digital business

With its unique position in the field of data exchange from 2015, Axway started transforming its positioning towards digital engagement. To support its customers, the Group developed its product portfolio, on-premise and in the cloud. The acquisition of Vordel, Systar and Appcelerator enabled the Group to integrate the new API, Analytics and mobile technologies, while increasing the number of customers. Axway launched the AMPLIFY™ platform in November 2016 and for the second year running, the American market topped the Group's revenue chart.

Since 2017: Business Model transformation

Early 2017 Axway acquired Syncplicity, the leader in File Sharing and Secure collaboration with a large customer base of 25,000 users. Axway is adapting the company's business model towards subscription business model. On December 31st 2017, Axway published its Cloud revenue for the first year, with 14.4% growth and confirms its strategic positioning as a software editor for digital transformation with its Hybrid Integration Platform, AMPLIFY™.

1.3 Strategy and activities

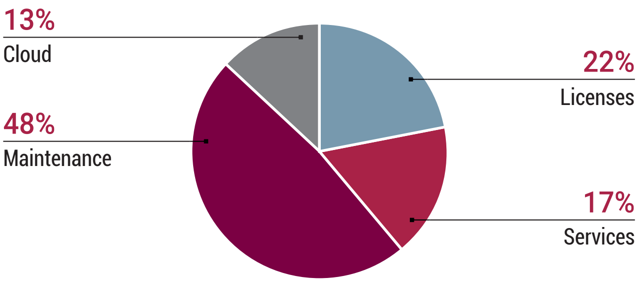
1.3.1 General information

Axway is a publisher of enterprise software for digital transformation, facilitating new and dynamic interactions across extended ecosystems of medium and large commercial enterprises or governments. With revenue of €299,8 million at 31 December 2017, 1,839 employees, a global presence in the United States (its first market), Europe (with a leadership position in France), and in Asia Pacific region.

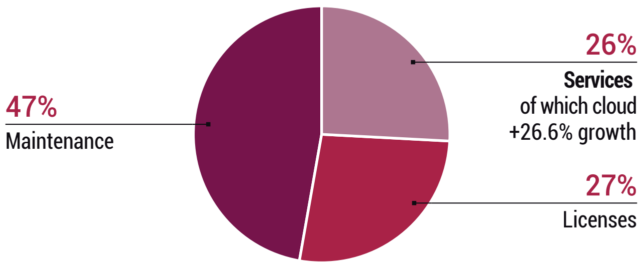
Axway revenue is broken down into License, Cloud, Maintenance, and Services. From now on, Axway will report the Cloud business line, which grew organically +14.4% in 2017, showing the progressive transition of the revenue distribution in favor of recurring revenue, which accounted for 61% in 2017 vs 54% in 2016.

Analysis by type of activity

Revenue in 2017: €299.8 million

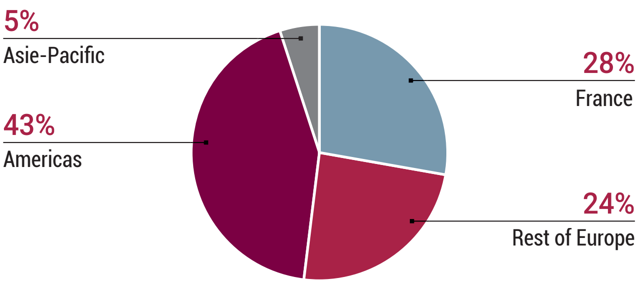


Revenue in 2016: €301.1 million

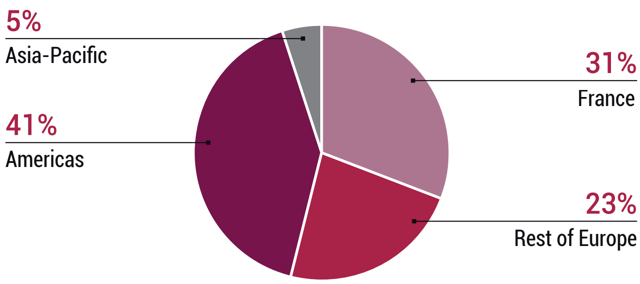


Analysis by location

Revenue in 2017: €299.8 million



Revenue in 2016: €301.1 million



1.3.2 Axway vision and strategy: digital business enablement

Our vision:

Axway unlocks digital experiences by connecting individuals, systems, businesses and customer ecosystems with digital infrastructure solutions. AMPLIFY™, Axway's hybrid integration platform, connects data from any device anywhere, expands collaboration, fuels millions of apps and supplies real-time analytics to build customer experience networks. From idea to execution, Axway's expertise in API management, secure file exchange and B2B/EDI integration have solved the most complex data challenges for more than 11,000 organizations in 100 countries.

We enable an ecosystem-based economy, where people and businesses engage with each other through the connection and the integration of the systems they use, to deliver immersive customer experiences.

Our business vision:

Customer experience is now ecosystem centric.

The experience of a consumer or a client is no longer limited to the touchpoints she has with an enterprise. She is now at the center of a network of interactions, mostly digital, with access to a vast amount of information about enterprise offers, as well as the ability to search and try products or services in advance, thereby becoming a much savvier buyer and user than in the past. That digital experience spans the whole customer journey and lifecycle, and can only be rendered if the enterprise unlocks its data and services not only directly to its customers, but also to the participants of its ecosystems.

Successful businesses are platform businesses.

Enterprises have developed the omni-channel approach to reach out to their customers and ecosystems: but the omni-channel approach is enterprise-centric, versus customer/ecosystem centric. The best way enterprises should multiply their reach is to enable the participants of their ecosystem to create value: they can do this if they transform their business into a platform business, by which they broker the access and the sharing of data and services from and to the participants of their ecosystems.

Security and compliance matter even more as ecosystems expand.

The compliance pressure is not decreasing: it is the least we can say. It takes different forms: SLA compliance, legal compliance, regulatory compliance, security compliance. As business ecosystems evolve with completely new players enterprises were not used to dealing with before, security and compliance are raised as first-class priorities. Businesses have to find the right balance between openness and governance, between productivity and control. Axway has always been at the forefront of security and compliance, as we know this is the necessary condition for the adoption of digital innovation. New standards like PSD2 in finance and FHIR in Healthcare cannot be deployed without scrupulous attention to security and compliance. More regulations will arise, such as GDPR in Europe.

Our IT vision:

The cloud has set the standard for IT.

The cloud, as IT resources made available on demand in a self-service manner on a pay-per-use business model, is changing the rules of IT. Whether they use public cloud SaaS applications, or they deploy parts of their information systems on a private cloud that they build or buy from cloud infrastructure provider, businesses are moving to the cloud. The cloud changes expectations of IT. It also changes the experience expected from IT. IT must now be a self-service service, with a perceived infinite availability and capacity (zero downtime, elasticity), and fully automated behind the scenes: you must be available to provision as many instances of a service as you want, without any manual intervention.

Digital transformation drives IT modernization.

This transforms IT with new technology standards and industrialization processes, from development to operation. IT systems move towards so-called "microservices", autonomous from development to operation, with a completely new approach when it comes to software production, referred to as "DevOps". IT tends to move away from monoliths, to create an architecture of services made available through system interfaces (application programming interfaces, "API"): hence the increasing need for API and microservice management. These smaller services are deployed as "containerized applications", the same way the logistics industry has standardized on containers: new standards have arisen for the continuous integration, deployment and configuration of those application services.

No ecosystem blooming without highly productive connectivity and integration.

For enterprises to develop their ecosystems, they need to change paradigm. From "high control" to "high productivity". Past integration technologies were "high control" driven, with integration specialists managing the end-to-end connectivity and integration with applications (enterprise application integration), businesses (B2B integration) and databases (data integration). Now the shift is twofold. On one hand, the "what you have to integrate with" in order to develop your ecosystem has multiplied: businesses need now to integrate with SaaS applications, mobile applications, cloud object stores, "things", client endpoints such as wearables, virtual private assistants, bots, etc., and microservices. On the other hand, no single team can handle all these integration scenarios: vendors like Axway need to offer "high productivity" solutions to enable people with different levels of skills (from the non-specialist to the occasional user of integration technologies to the integration specialist) to realize these integrations. And the only way to "enable" those integration users is through a platform approach: hence the strategic direction of Axway to deliver a "Hybrid Integration Platform".

1.3.3 Industry and competitive landscape

Software-enabled platform businesses are achieving the highest market cap of any company. Platform businesses create value which they can then monetize by hosting an environment for producers and consumers to engage in high-value exchanges, typically flows of data. These interactions, amassed over time, become a strategic source of business model innovation, growth, and competitive advantage.

As of mid-April 2018, certain companies that have platform-based business models achieve high stock exchange capitalizations: Alphabet and Amazon are around $750 billion, Apple around $870 billion and Microsoft $740 billion.

Axway is moving towards such a platform business model.

Axway's competitors can be classified in two categories:

- the platform generalists:

  Some platform generalists come more from a "cloud" background (Amazon, Google) and some from a "ground" background (IBM, Redhat). Some platform generalists come more from an application background (SAP, Oracle, Microsoft), and some from an "infrastructure" background (IBM, Computer Associates). In general, those platform generalists provide a "good enough" integration "commodity". Axway's differentiators against those platform generalists are:

  - our specialization in the integration domain; and our deeper solution expertise to meet large customer integration requirements,
  - our independence: we leave the customers with the freedom to choose the infrastructure of their choice,
  - Axway allows for hybrid deployment options: we leave the customers with the freedom to use the public cloud service or to deploy the product in their own private cloud infrastructure;
- the integration specialists:

  Some integration specialists come more from a "cloud" background (Dell/Boomi, Jitterbit) and some from a "ground" background (Software AG, Tibco). Some integration specialists come more from a "service/API"-driven integration background (Progress, Salesforce/Mulesoft), and some from a data/file-driven integration background (Talend, Informatica). Axway's differentiators against those integration specialists are:

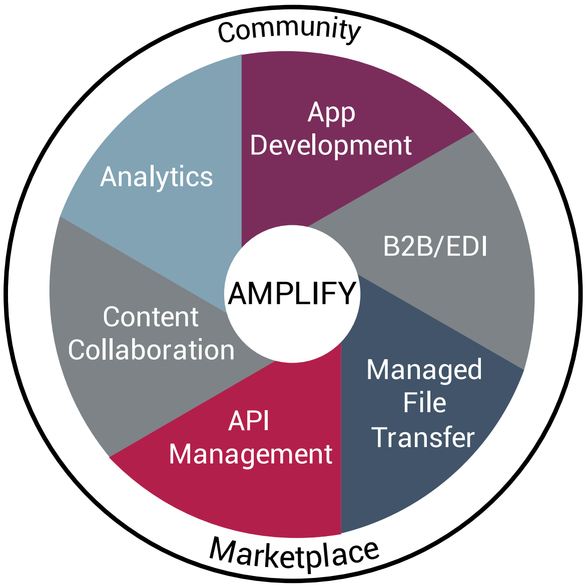
  - our roots in file exchange and file-based integration, with Managed File Transfer (MFT) and Enterprise File Sync and Share (EFSS). Many, if not most, of enterprise data are files, which need to be moved and shared within and beyond the walls of the enterprise,
  - our API-based governance which allows our customers to create their own experience on top of Axway products as well as on top of third-party non-Axway products;
  - Axway allows for ecosystem enablement, whether for file-based interactions or for API-based interactions. We offer a simple, safe and cost-effective solution enabling a company to share its files and folders with the members of its ecosystem; we give the company scope for creating new services to support the company's own services and those of its ecosystem partners in a simple, safe and cost-optimized environment.

1.3.4 Axway AMPLIFY™: Axway's Hybrid Integration Platform

In November 2016, Axway launched Axway AMPLIFY™, an integration and engagement platform that enables the connectivity and the integration between people, businesses, and systems, in order to deliver more immersive customer experiences. Application and integration teams, developers and operators, IT architects, IT administrators use AMPLIFY™ to power their innovative digital services to their ecosystems.

AMPLIFY™ builds on and extends the leading capabilities of Axway product sets as well as new investments planned:

- AMPLIFY™ API Management: API Central, API Builder, API Gateway, API Manager, API Portal; including API analytics;
- AMPLIFY™ Managed File Transfer: SecureTransport, Central Governance and Transfer CFT; including MFT analytics;
- AMPLIFY™ Content Collaboration: Syncplicity, DataHub; including CC analytics;
- AMPLIFY™ B2B Integration: B2Bi; including EDI analytics;
- AMPLIFY™ App Development: Appcelerator, including Titanium, Studio, Mobile Backend as a Service;
- AMPLIFY™ Analytics: Decision Insight, including predictive and real-time analytics.



AMPLIFY™ is available through perpetual and subscription licensing, and is flexible enough for users to quickly start up with a single use case or designed to run many of their organization's mission-critical digital services, including:

- *a unified user experience* that promotes reuse of skills and reduced dependence on scarce, expensive resources, and includes single sign-on, an intuitive user interface (UI) style, and intuitive functional navigation;
- *a comprehensive API catalog* provides comprehensive documentation to support specialized scenarios and integrate easily with external systems and environments;
- *Easier DevOps adoption* with the ability to import/export and version-control artifacts as part of continuous integration and delivery processes;
- *integrated cloud portal* available with the new axway.com website, including single sign-on access to documentation and support with a unique Axway identity provider (IdP). The Axway IdP provides a user profile that each user can update to receive a more personalized user experience when the user is logged in;
- *embedded analytics* with prebuilt dashboards, queries and data models reduce time to value by providing end-to-end visibility of data flowing through APIs, apps, and processes running on the platform;
- *marketplaces* allow users to discover, share and monetize an extensive catalog of prebuilt "service accelerators," a customizable set of templates.

Depending on each organization's requirements, AMPLIFY's hybrid design adapts to a variety of on premise and cloud deployment models:

- *cloud-connected products* can be deployed with high availability in on premise data centers, in virtual private clouds (VPC), or on cloud-hosted environments as a managed service (one per organization). For some capabilities, such as API Management, self-service trial accounts are available;
- *cloud-native solutions* are architected with tenancy management and elasticity in mind to ensure high resiliency and rapid scaling on any deployment environment. Capabilities such as mobile backend-as-a-service include self-service trial accounts, self-service purchase, monitoring, and delegated administration.

1.3.5 Customers and target markets

Axway delivers market solutions, combining products and services, and specializes and contextualizes the solution relevant to common business cases in each industry.

Axway is helping transform the **banking & financial services** industry (banking, insurance, securities and capital markets, market infrastructures, regulators and central banks). Axway manages data flows between banking applications (on many computing environments), between banks, between the banks and their customers, between banks and market infrastructures and between banks and regulators. Axway developed more specific payment integration and accounting integration solutions. Regulatory compliance, customer service and self-service, and infrastructure consolidation are typical drivers that encourage banks to change and improve the way they deliver experiences to their business and consumer clientele.

Axway serves as a mission-critical intermediary for extended **supply chain** ecosystems. For **logistics service providers,** there cannot be goods flows without data and interactions. The quality of the services delivered to the customers, and connectivity platforms and the Internet of Things will continue to change the way LSPs operate. In the **manufacturing industry,** both discrete and process manufacturers face the digital transformation in their core business. For **retailers,** digital powers on-time inventory replenishment, secures customer personal data, and enables a new consumer experience.

Specific supply chain ecosystems wherein Axway has significant industry domain knowledge include:

Healthcare supply chain (pharmaceutical and life sciences industries, healthcare providers, health insurance and payers). In the upstream side of this ecosystem (drug manufacturers, laboratories, wholesalers, pharmacies, etc.), regulatory requirements, clinical trials and drug traceability, for example, generate large volumes of data and interactions: this involves fighting counterfeiting or parallel trafficking and protecting patients, or for the manufacturer, protecting its brand. In the downstream side of this ecosystem (healthcare services, hospitals, public and private health insurance and payers, etc.), it is the exchange or sharing of medical data, or reimbursement of healthcare expenses, which generate many data flows. Health care efficiency, the financial balance of the overall health system, and the fight against fraud, are the main drivers for investments. The evolution of the patient experience, with self-service and access to medical records and services from a mobile, is also a strong driver for investments.

Automotive supply chain (car manufacturers, contract manufacturers and first tier suppliers, suppliers' networks, aftermarket or dealership networks). In this ecosystem, Axway equips mostly manufacturers and suppliers. The data flows in this industry are driven by evolving trends such as the green car, the connected car, the electric or hybrid car, the "car as a service", fleet management and car sharing, and by initiatives like telematics, full digital product and process management, international flows and related logistics, supplier collaboration, engineering collaboration, etc.

Axway enables transformation in the **public sector,** mostly within and between central or federal administrations. Single window projects, new electronic government central gate services, large public rationalization projects to cut costs, consolidate infrastructures, and the sharing of information amongst public administrations, and digital identity initiatives are typical drivers where Axway plays a key role in the public sector.

For **telecommunication** service providers, data flows are at the heart of the service delivery platforms.

Axway enables digital business in the **energy and utilities** sector by helping providers to deliver both competitive and sustainable energy solutions. In an increasingly deregulated market, where customers can now select as well as switch providers based on cost and service, these providers need to offer solutions that are reliable, ergonomic and provide value for money. The Axway platform allows energy providers to connect smart meters and grids to critical applications and infrastructure, to collect the large volumes of data generated by those smart meters, and to monitor usage in real time. As providers look for ways to optimize cost efficiencies, they may also become service brokers for 3rd parties and increasingly need a platform to manage and monetize their partner ecosystem.

1.3.6 Geographical markets and main access channels

Axway maintains a global presence in North America, Latin America, Western Europe, and Asia-Pacific. For the most part, Axway makes use of a direct approach in these geographical markets, with an ownership of local presence and an ability to serve customers locally. This allows Axway to support its global customers in their global projects. Axway's business model also relies on distributors to address local market needs and high growth emerging economies. In its strategy to address large projects for multinational customers, Axway develops an alliance strategy with system integrators (SIs), which can vary according to the geography or the industry. Sopra Steria, Accenture and Cognizant are typical SI Axway partners with.

1.4 Research & Development, patents and licenses

The Group has consistently spread its Research & Development efforts across its entire software package portfolio. They amount to the following:

(in millions of euros)	**2017**	**2016**	**2015**
Research & Development	59.4	53.3	46.0

These amounts relate to:

- ongoing maintenance work;
- the convergence of the different technologies used;
- the release of new versions; and
- work on the IT architecture of the Axway AMPLIFY™ Platform, including API and Decision Insight.

These Research & Development expenses, which relate mainly to the direct cost of software development staff, have been recognized in full as operating expenses.

As of 11 April 2018, the Group has been granted 89 patents (Issued and/or Published), and has 3 pending. These patents are filed mainly in the United States and relate to the market segment covering security and integrity of exchanges. The Company's business as a whole is not specifically dependent on a particular patent or technology (see Chapter 1, Section 3.6.1). The Company's degree of dependence on patents and licenses is covered in Chapter 3, Sections 5.1.2 to 5.1.6 and Section 5.2.2.

1.5 Investments in 2017

1.5.1 Investment policy

Software development is not a sector that requires significant investment to be made on a routine basis. In addition, Axway does not own any of its facilities. Axway regularly invests in IT equipment, office furniture, fixtures and fittings. Moreover, the Group's R&D expenses are recognized 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 portfolios 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 has not made any firm commitments regarding significant investment.

1.5.2 Main acquisitions

The acquisition of Syncplicity in February 2017 significantly enhanced the digital portfolio of Axway's product offerings. Syncplicity is recognized for its EFSS (Enterprise File Sharing and Synchronization) technologies.

1.5.3 Research & Development

The Group continued its R&D efforts in 2017 and allocated €59 million (versus €53 million in 2016) 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 recognized in full as operating expenses.

1.5.4 Facilities

A total of €6.0 million was invested in infrastructure and technical facilities in 2017, compared with €10.5 million in 2016.

These investments break down as follows:

- furniture, fixtures and fittings: €2.2 million;
- IT facilities: €3.8 million.

Further information on property, plant and equipment and intangible assets, as well as changes, is presented in Notes 8.3 and 8.4 (Chapter 4) to the 2017 consolidated financial statements.

1.6 Key figures

1.6.1 Financial summary

(in millions of euros)	2017	2016	2015
Revenue	299.8	301.1	284.6
EBITDA	43.9	49.6	40.3
Profit on operating activities	40.5	50.8	44.5
As % of revenue	*13.5%*	*16.9%*	*15.6%*
Profit from recurring operations	30.7	41.8	37.9
As % of revenue	*10.2%*	*13.9%*	*13.3%*
Operating profit	27.7	35.1	27.4
As % of revenue	*9.2%*	*11.7%*	*9.6%*
Net profit – Group share	4.4	31.5	27.9
As % of revenue	*1.5%*	*10.5%*	*9.8%*
Cash and cash equivalents	28.1	51.7	44.7
Total assets	551.1	557.8	488.5
Total non-current assets	420.7	402.7	347.5
Net debt (cash)	24.1	-12.6	-35.7
Shareholders' equity – Group share	344.1	374.8	340.6
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	21,210,231	21,021,354	20,773,976
Basic earnings per share *(in euros)*	0.21	1.51	1.35
Diluted earnings per share *(in euros)*	0.20	1.48	1.33
Net dividend per share *(in euros)*	0.20(1)	0.40	0.40
Staff at 31 December	1,839	1,930	1,884

(1) Amount proposed to the next General Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2017.

1.6.2 Revenue by activity

(in millions of euros)	2017	2016 published	2016 restated(1)	Total growth	Organic growth(1)
Licenses	65.3	81.3	80.3	-19.6%	-18.7%
Cloud	37.5	0.0	32.8	0.0%	14.4%
Maintenance	145.4	143.0	141.4	1.7%	2.8%
Services	51.6	76.8	57.1	-32.9%	-9.6%
Total	**299.8**	**301.1**	**311.6**	**-0.4%**	**-3.8%**

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

(in millions of euros)	2016	2015 published	2015 restated(1)	Total Growth	Organic growth(1)
Licenses	81.3	80.5	79.9	1.0%	1.8%
Maintenance	143.0	137.7	136.6	3.8%	4.7%
Services	76.8	66.4	72.0	15.7%	6.7%
Total	**301.1**	**284.6**	**288.5**	**5.8%**	**4.4%**

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

1.6.3 Revenue by region

(in millions of euros)	2017	2016 published	2016 restated(1)	Total Growth	Organic growth(1)
France	83.8	94.2	94.2	-11.0%	-11.0%
Rest of Europe	71.7	68.8	67.4	4.3%	6.5%
Americas	128.8	122.9	134.9	4.8%	-4.5%
Asia/Pacific	15.6	15.3	15.2	1.8%	2.7%
Total	**299.8**	**301.1**	**311.6**	**-0.4%**	**-3.8%**

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

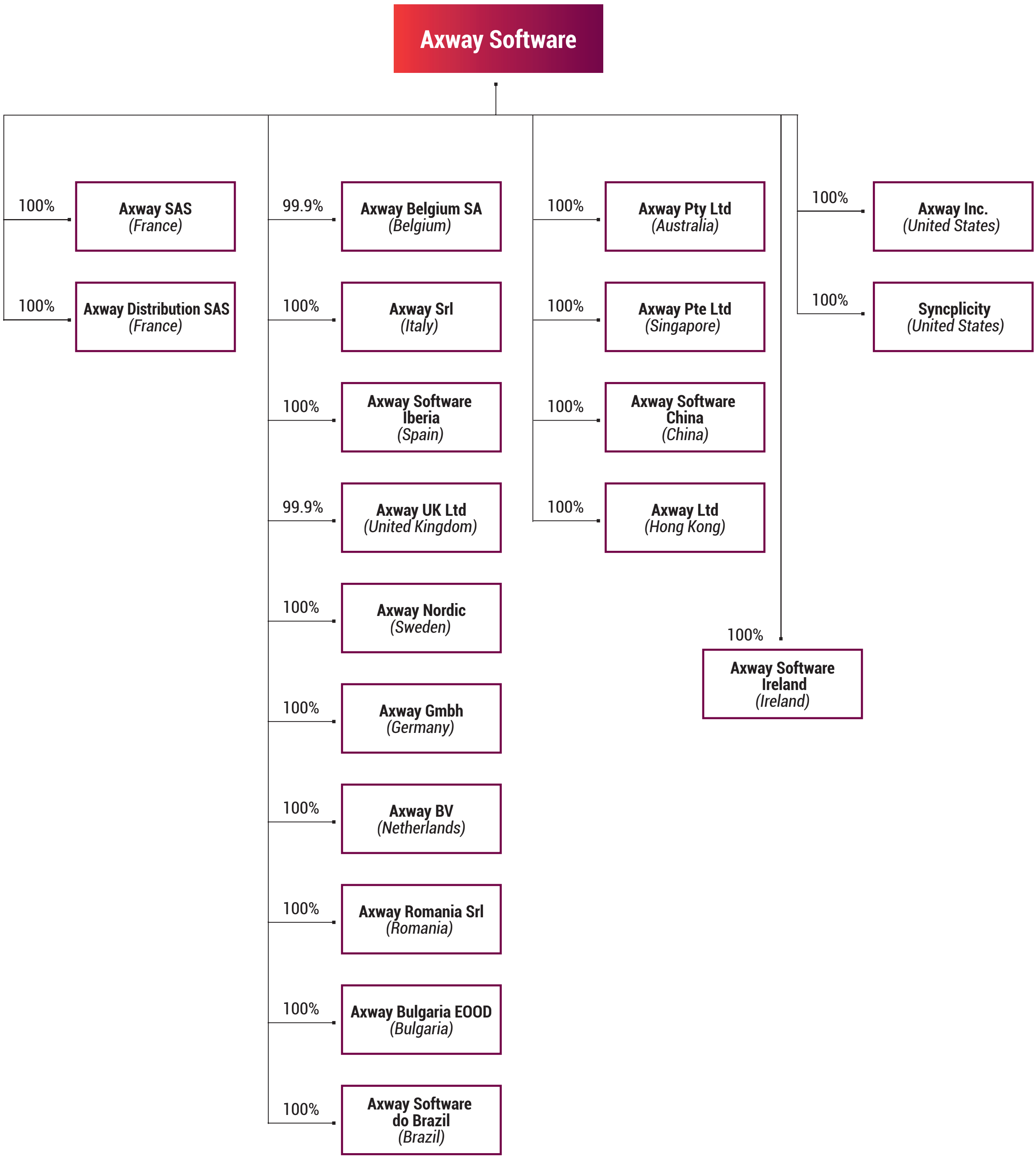
(in millions of euros)	2016	2015 published	2015 restated(1)	Total Growth	Organic growth(1)
France	94.2	95.2	94.8	-1.1%	-0.6%
Rest of Europe	68.8	65.7	64.0	4.6%	7.4%
Americas	122.9	109.7	115.9	12.0%	6.0%
Asia/Pacific	15.3	13.9	13.8	9.8%	10.7%
Total	**301.1**	**284.6**	**288.5**	**5.8%**	**4.4%**

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

1.6.4 Comparison of the fiscal years ended 31 December 2017, 2016 and 2015

(in thousands of euros)	2017	2016	2015
Revenue			
Licenses	65,344	81,280	80,452
Cloud	37,537	19,106	10,251
Maintenance	145,399	142,967	137,741
Total Product Revenue	**248,280**	**243,353**	**228,444**
Services	51,565	57,725	56,168
Total revenue	**299,845**	**301,077**	**284,612**
Cost of sales			
Licenses and maintenance	23,846	23,652	23,150
Cloud	21,069	12,659	12,557
Services	43,315	50,321	50,653
Total cost of sales	**88,230**	**86,632**	**86,360**
Gross profit	**211,615**	**214,446**	**198,252**
Operating expenses			
Sales and marketing	83,817	81,937	81,876
Research & Development costs	59,381	53,318	46,025
General and administrative costs	27,888	28,419	25,855
Total operating expenses	**171,087**	**163,674**	**153,756**
Profit on operating activities	**40,528**	**50,771**	**44,496**
As % of revenue	13.5%	16.9%	15.6%
Expenses related to stock options	-1,308	-1,089	-550
Amortisation of intangible assets acquired	-8,543	-7,863	-6,044
Profit from recurring operations	**30,678**	**41,818**	**37,902**
As % of revenue	10.2%	13.9%	13.3%
Other income and expenses	-2,943	-6,738	-10,493
Operating profit	**27,735**	**35,080**	**27,409**
Financial income and expense	691	141	-1,653
Tax expense	-24,021	-3,745	2,101
Consolidated net income	**4,405**	**31,477**	**27,856**

1.7 Simplified Group structure at 31 December 2017



1.8 Group organization

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

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

1.8.1 Ongoing structure

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

Executive Management

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

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

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

The Board of Directors

The Company's Board of Directors is composed of 12 directors (seven of which are independent directors) which elected Mr. Pierre Pasquier as Chairman at a Board meeting on 28 July 2015, and a non-voting member of the Board. Information on the Board's organization and working procedures is given in Chapter 3, Section 1 of this Registration Document.

Operational departments

These are the entities that make up Axway's value chain and participate in the processes of defining, 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 Group Product Management and R&D Departments, which are in charge of the development and maintenance of products and their subsequent upgrades;
- the Global Customer Services Department which provides clients with telephone assistance and support, and the Professional Services teams, who provide support for users in installing and implementing the solutions sold and provide assistance in using them;
- the Sales Department, which consists of the Group's software package sales teams.

These global departments have regional or national structures below them:

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

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

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

National sales subsidiaries are responsible for managing local clients: sales relationships, invoicing and receivables collections. These subsidiaries benefit from the support of cross-functional programs organized 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 program, MailGate program, AI Suite program).

Functional structures

Functional Divisions (Corporate Secretariat, Finance, Logistics, Human Resources Management, Communication, IT Resources, Internal Information Systems, Legal Affairs) and the Operations Department are centralized 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 standardize and propose management rules (IT 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.

1.8.2 Temporary structures: businesses and projects

The Group's organization 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 matter must be organized and operate based on a fundamental objective: client service, economic success, and contribution to the general growth of the Group.

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

As a software company, the Axway Group's business relies on the experience and synergies of its teams, operating in 20 countries, to serve its international customers.

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

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

1.9 Comments on the Group's 2017 consolidated financial statements

1.9.1 Consolidated income statement

Group results

(in millions of euros)	2017	2016	2015
Revenue	299.8	301.1	284.6
EBITDA	43.9	49.6	40.3
Profit on operating activities	40.5	50.8	44.5
As % of revenue	*13.5%*	*16.9%*	*15.6%*
Profit from recurring operations	30.7	41.8	37.9
As % of revenue	*10.2%*	*13.9%*	*13.3%*
Operating profit	27.7	35.1	27.4
As % of revenue	*9.2%*	*11.7%*	*9.6%*
Net profit – Group share	4.4	31.5	27.9
As % of revenue	*1.5%*	*10.5%*	*9.8%*

In 2017, Axway generated profit from operations of €40.5 million, compared to €50.8 million in 2016. This profit from operations is a 3.4 percentage point drop at 13.5% in 2017, compared with 16.9% in 2016, and falling below the growth in profit from operations observed from 2015 to 2016. Total revenue declined 0.4% in 2017 owing to the fall in license and service revenues.

This fall in license and service revenues was nevertheless offset by a strong increase in our cloud activities and solid growth in maintenance. Overall, total revenue declined by 3.8% in the fiscal year on an organic basis. This year ended with net income of €4.4 million, down from 2016, and equivalent to €0.21 per share compared with €1.51 per share in 2016.

Revenue by business line

(in millions of euros)	2017	2016 Published	2016 Restated	Total Growth	Organic Growth(1)
Licenses	65.3	81.3	80.3	-19.6%	-18.7%
Cloud	37.5	0.0	32.8	0.0%	14.4%
Maintenance	145.4	143.0	141.4	1.7%	2.8%
Services	51.6	76.8	57.1	-32.9%	-9.6%
Axway	**299.8**	**301.1**	**311.6**	**-0.4%**	**-3.8%**

(1) At comparable scope and exchange rate.

License revenue of €65.3 million, representing organic growth of -18.7%, nevertheless rebounded in the 4th quarter with +8.0% growth compared to the 4th quarter of 2016.

The Cloud activity, with 14.4% organic growth in its first full year, is on track to fulfilling the new Axway product strategy with a hybrid offer of Licenses and private or public Cloud. To this 2017 figure should be added the value of contracts signed for the year – ACV – amounting to €7.3 million for a full year's subscription, which will be recognized in the 2018 fiscal year.

Maintenance, with organic growth of 2.8%, remains on a significant uptrend despite the fall in demand for licenses. The strongest increases in organic growth were noted in Germany (+10.3%), the United Kingdom (+9.1%), the Americas zone (+4.1%) and the Asia-Pacific region (+12.0%).

Lastly, the Services activity fell 9.6% across all regions except Asia and Germany where service growth exceeded 10%.

Revenue by region

(in millions of euros)	2017	2016 Published	2016 *Pro Forma*	Total Growth	Organic Growth(1)
France	83.8	94.2	94.2	-11.0%	-11.0%
Rest of Europe	71.7	68.8	67.4	4.3%	6.5%
Americas	128.8	122.9	134.9	4.8%	-4.5%
Asia/Pacific	15.6	15.3	15.2	1.8%	2.7%
Axway	**299.8**	**301.1**	**311.6**	**-0.4%**	**-3.8%**

(1) At comparable scope and exchange rate.

The United States contributed revenue of €128.8 million (+4.8% total growth) and remained Axway's largest market. France, with revenue of €83.8 million, showed a decline of -11.0% due to a fall in licenses in the region, and despite growth of over 40% in the Cloud activity. Total growth for the Rest of Europe was 4.3%, with Germany and Benelux zone contributing characteristic digital transformation projects. The Asia-Pacific region grew overall by 1.8% due to customer demand, particularly for API offers in projects to accelerate Digital Business Enablement.

Comparison of fiscal years ended 31 December 2017, 2016 and 2015

(in millions of euros)	2017	2016	2015
Revenue			
Licenses	65.3	81.3	80.5
Cloud	37.5	19.1	10.3
Maintenance	145.4	143.0	137.7
Total Product Revenue	248.3	243.4	228.4
Services	51.6	57.7	56.2
Total revenue	**299.8**	**301.1**	**284.6**
Total Costs of sales			
Licenses and maintenance	23.8	23.7	23.2
Cloud	21.1	12.7	12.6
Services	43.3	50.3	50.7
Total costs of sales	**88.2**	**86.6**	**86.4**
Gross profit	211.6	214.4	198.3
As % of revenue	*70.6%*	*71.2%*	*69.7%*
Operating expenses			
Sales and marketing	83.8	81.9	81.9
Research & Development	59.4	53.3	46.0
General and administrative costs	27.9	28.4	25.9
Total operating expenses	**171.1**	**163.7**	**153.8**
Profit on operating activities	40.5	50.8	44.5
As % of revenue	*13.5%*	*16.9%*	*15.6%*

Cost of sales and gross margin

In 2017, our gross margin was stable at 70.6%. Our overall costs related to license and maintenance income remained stable in absolute value terms. However, our margin on granting licenses and maintenance fell as a percentage of revenue from 89.5% in 2016 to 88.7% in 2017 because of the fall in license revenue. Our Cloud costs increased throughout 2017, with the inclusion of the costs from the Syncplicity cloud offer and the additional costs related to the Axway cloud environment. However, our gross margin reached 43.9% for the cloud, compared with 33.7% in 2016. This is a clear increase and well on the way to the baseline of over 65.0%. For 2017, the total cost of services fell significantly thanks to the considerable efforts deployed over the years to improve the Service margins to the same level as in 2016.

Sales and marketing, Research & Development, and administrative expenses

In 2017, our sales and marketing costs were 28.0% of revenue, compared with 27.2% in 2016. In absolute value terms, our sales costs increased by €1.9 million. However, we added €6.1 million in costs arising from the Syncplicity acquisition, offset by our sales and marketing teams' savings plan of €6.9 million.

In 2017, our Research & Development expenditure increased by €6.0 million compared with 2016, rising from 17.7% of our revenue in 2016 to 19.8%% in 2017. This €6.0 million increase in our research and development costs includes €8.0 million of costs from Syncplicity, offset by our teams' savings plans in 2015 and 2016, together with a €2.7 million negative impact from currency translation differences.

General and administrative expenses decreased in absolute value terms by €0.6 million in 2017 compared to 2016, accounting for 9.3% of our revenue in 2017, versus 9.4% in 2016. The €0.6 million decrease in our general and administrative expenses from 2016 to 2017 includes a €1.0 million increase from Syncplicity and a (-)€1.7 million impact from currency translation differences.

1.9.2 Balance sheet and financial structure

As of 31 December 2017, Axway's financial position was extremely solid with cash and cash equivalents of €28.1 million, bank debt of €48.7 million and shareholders' equity of €344.1 million.

1.10 Comments on the 2017 annual financial statements of Axway Software SA

1.10.1 Income statement

- Revenue for 2017 rose 0.8% in comparison with 2016. Revenue from non-Group customers fell by 12.3% (license -32.9%, maintenance -2.2%, service -15.2%, cloud +40.3%) while intragroup revenue rose 4.3% due to the implementation of a new transfer pricing policy.
- Operating profit amounted to (-)€1.2 million in 2017, compared with (-)€3.8 million in 2016.
  - The decline in "Other operating income" concerns the 2016 reallocation of payroll expenses of €1.5 million as reorganization costs and reversal of retirement provisions of €0.2 million.
  - The €2.3 million decrease in purchases consumed relates to inter-company billing for R&D.
  - Employee costs fell €5.4 million due to a staff reduction.
  - "Other operating expenses" rose €7 million. This change was the result of a January 2017 seminar in the amount of €1.5 million, and the modified transfer pricing for €5.7 million.
  - Depreciation, amortization, provisions and impairment fell €2.1 million as accelerated depreciation for Cyclone IP ended in 2016.
- Net financial income dropped from €8.5 million in 2016 to €7.6 million in 2017. This change was attributable to a foreign exchange gain of €3.9 million during conversion of the $45 million credit line to euros, the increase in dividends received of €2.7 million and by the establishment of a provision for unrealized foreign exchange losses of €6.3 million.
- Pre-tax current profit rose from €4.7 million in 2016 to €6.4 million in 2017.
- Exceptional income amounted to (-)€0.3 million in 2017 versus (-)€2.0 million in 2016. This decline was attributable to restructuring costs of €1.5 million that appeared in the 2016 financial statements.
- There was no employee profit-sharing in 2017. The amount of €130 thousand corresponds to an additional profit-sharing payment for 2016 that was paid in October 2017.
- Net income amounted to €17.0 million in 2017, versus €10.9 million in 2016.

1.10.2 Balance sheet

Shareholders' equity rose from €224.7 million at 31 December 2016 to €236.3 million at end-2017.

This change was due primarily to the following factors:

- the net income for the fiscal year of €17.0 million;
- the payment of dividends in respect of the 2016 fiscal year, amounting to (-)€8.4 million;
- a capital increase and issuance premiums through the exercise of options for €3.2 million.

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

Article D. 441-1: Unpaid invoices received subject to late payment delays at the fiscal year-end

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment brackets						
Number of invoices	422					177
Total amount of invoices excluding VAT	7,238,714.12	158,745.36	71,062.45	22,731.95	11,908.02	264,447.78
Percentage of total purchases for the fiscal year, excluding VAT	7.98%	0.18%	0.08%	0.03%	0.01%	0.29%
(B) Invoices excluded from (A) regarding disputed or unrecognized debts and receivables						
Number of excluded invoices						NONE
Total amount of excluded invoices						NONE
(C) Customers' payment terms contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code						
Payment terms of reference used to calculate late payments	Legal terms: 30 days from invoice date					

The remaining balance of trade receivables breaks down as follows:

Article D. 441-2°: Unpaid invoices issued subject to late payment delays at the fiscal year-end

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment buckets						
Number of invoices	937					787
Total amount of invoices excluding VAT	27,068,847.44	2,672,198.01	704,982.80	542,262.38	9,075,023.53	12,994,466.72
Percentage of total purchases for the fiscal year, excluding VAT	16.70%	1.65%	0.43%	0.33%	5.60%	8.02%
(B) Invoices excluded from (A) regarding disputed or unrecognized debts and receivables						
Number of invoices excluded						
Total amount of invoices excluded						NONE
(C) Customers' payment terms contractual or legal terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code						
Payment terms of reference used to calculate late payments						Legal terms: 30 days from invoice date

Invoices at more than 91 days mainly concern intragroup receivables.

Significant facts between these two fiscal years included the financing of the Syncplicity acquisition with a $45 million loan from LCL and the 13.8% change in the value of the dollar, which significantly impacted the Axway Software financial statements (2016 closing exchange rate 1.0541 and 2017 closing exchange rate 1.1993).

Axway Inc. acquired Syncplicity in February 2017. To complete this acquisition, Axway Software borrowed $45 million and transferred this amount to the Axway Inc. current account. The increase in "Financial investments" is mainly attributable to this transaction (at year-end, the Axway Inc. current account was up €37 million) and to a reversal of provisions for Axway GMBH equity investments of €3.7 million.

The change in "Trade receivables" is due to implementation of a new transfer pricing policy which led to a €11.5 million increase in intragroup billing.

The €10.9 million change in "Other receivables, prepayments and accrued income" is mainly attributable to two matters concerning Axway Inc. The first is a €6 million credit note on 2017 R&D costs, and the second is the dollar exchange rate impact through the calculation of foreign exchange gains and losses on the U.S. subsidiary's current account, amounting to €8 million.

Provisions for risk were impacted by the change in the dollar, which led to a €6.3 million increase in the provision for foreign exchange losses.

"Financial debt" rose by €26 million. This change is attributable to the €13 million increase in current accounts, as well as transactions that impact borrowings. The $45 million loan raised at the start of the year for the Syncplicity acquisition was repaid at year-end, resulting in a foreign exchange gain of €3.9 million, and a new €36 million loan was taken out. In addition, €23 million in loans (including €20 million used for the Appcelerator acquisition) were repaid during 2017.

The €6.5 million change in "Trade payables" resulted from a change in transfer pricing for €3.8 million, and an increase in non-Group accrued expenses for €2.3 million.

The related-party transactions are described in Chapter 3, Section 3, and in Chapter 4, Section 5, in Note 31 "Related-party transactions" of this Registration Document.

1.11 Strategy and targets for 2018

1.11.1 Key events 2017 and progress

In 2017, Axway continued to execute the implementation of its medium-term transformation plan, and passed several milestones:

- **acquisition in February 2017 of Syncplicity:** Axway added the Syncplicity Enterprise File Synchronization and Sharing (EFSS) solution to its platform of hybrid integration capabilities. The EFSS market is approximately $3 billion and growing in excess of 20% per year based on analyst estimates. Combining Axway's leadership in Managed File Transfer Solutions with Syncplicity's leadership in the EFSS space provides a more complete solution for customers regarding their file-based integration needs. In addition, it opens new use cases in content collaboration and infrastructure modernization to Axway's customers. In 2017, Axway fully integrated the sales, and engineering activities into its operations and consolidated 10 months of activity into its financials;
- **adapting the company's business model towards subscription:** As stated in earlier in this document, cloud-based solutions and a subscription business model is accelerating. Although there remains a substantial market for traditional on-premise license solutions, the trend to subscription toward subscription and cloud is undeniable. Axway's cloud-based, subscription solutions represent 12.5% of the total revenue for Axway in 2017 with a 14.4% organic growth. The expected growth required continued adaptation to the roadmap and the operations in order to drive improvement in margin as well as improved customer experience with these solutions, resulting in a low churn of 7% even with the natural impacts of the acquisition of Syncplicity;
- **investing in AMPLIFY™ Hybrid Integration Platform:** In 2016, Axway launched the AMPLIFY™ platform, leveraging capabilities from the acquisition of Appcelerator together with the Group's existing assets. In 2017, Axway increased its investments in AMPLIFY, focusing on innovations to enable our customers to accelerate the digital transformation of their businesses through increased cloud-enabled engagement services. The core foundational services of the AMPLIFY™ platform are available on platform.axway.com, where anyone can register and experience new integration paradigms:
  - unified and consistent User Experience,
  - historical MFT, EDI, API and Analytics products connected to the AMPLIFY™ portals providing consistent access to new online services and accelerators in the Marketplace. This reduces the cost of ownership, modernization and migration for Axway's customers,
  - enable the creation of developer ecosystems *via* a developer portal and online development services,
  - online access to documentation, support, marketplace and user communities;
- **managing costs and investment options:** Cost management has always been an Axway focus, but was especially so in 2017 to reduce the impact on the bottom line from the transition from one-time license-based license revenue to increased ratable subscription revenue. Our headcount grew by 70 through the acquisition of Syncplicity. However, overall, we managed our costs well and reduced total headcount by about 100 people over the year;
- **continuing the shift to strategic services.** In 2017 we accelerated the transition of our professional services portfolio toward more strategic higher value services. Our efforts resulted in improved utilization and a materially higher average daily rate. This led to a planned decrease in overall services revenue with significantly improved gross margin on services reaching 16%.

1.11.2 Strategic priorities for 2018

Axway has established itself as a key enabler of Digital Business. Fundamental to enabling digital business is the ability to design, connect, control and analyze the necessary data flows between the people, systems, companies, and things participating in an ecosystem. Success requires companies to leverage all their ecosystem's data and services, whether they sit in traditional systems or they are provided through the cloud. Axway is uniquely positioned as a vendor that has continually invested in these core integration solutions, as well as identifying opportunities for investment in digital engagement through APIs.

Axway's business in 2017 was heavily driven by the digital transformation initiatives of its customer with 60% of the deals pursued requiring integration and engagement solutions to open new digitally enabled operations within our customers. The foundation of all of digital transformation initiatives is hybrid integration platform capabilities, combining middleware technologies enabling traditional integration patterns with new forms of connectivity and control based on APIs. Based on the continuing acceleration of these initiatives and our historic strength in core integration and engagement solutions, Axway's ambition is to **Become the leader in Hybrid Integration Platform before 2020.**

2018 is the first step toward this 2020 ambition. In 2018 we will complete the core operational transformation required to become a leader in the HIP Market. In addition, we will increase investment by approximately €15 million in key solution areas, cloud operations, and digital marketing in line with the increase in the market for our cloud-deployed, subscription-based hybrid integration solutions.

Focusing our investment on AMPLIFY™ Hybrid Solutions and Cloud offers

The AMPLIFY™ platform is being built to respond to new integration use cases as well as to support the existing MFT and EDI customer base through their digital transformation. In 2018 Axway will increase its focus and make significant investments in three primary areas:

1) invest in the key growth markets of hybrid integration platforms (API Management, EFSS) – delivering new and enhanced API-based SaaS solutions, and expanded content collaboration capabilities;
2) invest to differentiate in our historically strong solutions to provide a strong future for our core customer base combining new API-based capabilities with core MFT and, EDI Cloud Managed Services offers;
3) continue to rationalize the portfolio of products in MFT and B2B/EDI with overlapping capabilities and provide migration paths for those customers to the core products thanks to AMPLIFY™ Hybrid solutions.

In addition, we will continue to offer vertical solutions based on our foundational products and to provide leading ancillary mobile and analytics capabilities that drive increased value for our customers.

Customer Success at the heart of Axway's transformation

The increasing expectation of technology buyers/users of a "consumer-level" experience along with the rise of consumption economics and the shift to subscription business models requires Axway to adapt its operations to have a more consistent and continual relationship with its customers.

In a subscription model and particularly with cloud-deployed or SaaS solutions the way we manage the customer relationship from the time we engage with the customer through all of the post sale activities must be transform. As customers have an increasing ability to shift from one subscription service to another or to increase or decrease use of a subscription or consumption-based service, the "sale" is made every day. Axway's focus must shift to keep customers engaged and ready to renew and expand.

As customer experience becomes an increasingly critical factor in the buyer's decision-making process, we must put the customer at the center of all our business processes and develop a very strong "customer-first" culture. Customers expect optimal user experience, personalized customer care, access to rapid enablement and community expertise.

To adapt to these facts, Axway will be launching a new Customer Success Management organization, expanding on the expertise, processes, and tools acquired from Appcelerator and Syncplicity, who were native to this environment. The new organization will be consolidated under a Global Customer Success Organization that includes professional services, technical expertise, and traditional post-sale support and services.

Sales and Marketing transformation

The Sales and Marketing organization and operational model will also evolve to address the new buying patterns and expectations driven by the new cloud deployments and associated business model. The evolution will entail the establishment of a mid-enterprise sales team to focus on current and future SaaS solutions that can be easily adopted in this market due to the low cost of entry and on-going cost of ownership. In addition, we will be aligning sales capacity to the most productive markets and drive renewed focus on our largest and most critical accounts, ensuring we remain the core solution for delivering on their business goals.

Merger & Acquisitions activity to support the Axway strategy

Mergers and acquisitions have been a key tool in executing our corporate strategy and to achieve our goals. In 2016, we acquired Appcelerator, enhancing our market leading API capabilities, and accelerating our vision for AMPLIFY™ platform services. At the beginning of 2017 we acquired Syncplicity to enrich and extend AMPLIFY™ MFT Solutions, introduce a new market and to leverage their core expertise in strategic Cloud development and operational techniques and processes.

We will continue to identify opportunities to leverage acquisitions to accelerate the execution of our strategy and to enhance the capabilities provided through AMPLIFY™ to our customers and partners. We expect to carry out further acquisitions over the coming years.

The primary goals of future acquisitions would be to:

- increase our "speed to market" for new hybrid integration and digital engagement capabilities to extend the scope of the AMPLIFY™ platform and position us as a leader in the space;
- enlarge our cloud-based subscription revenue and customer base in core geographic markets, expanding opportunities for our current and future solutions;
- strengthen our leadership in a core vertical or high-potential integration-based solution area.

To sum up, 2017 was a year of operational transformation, acceleration on the Cloud markets and investment for the AMPLIFY™ platform. In 2018, additional investments will enable us to achieve new milestones in both the development of our business model, and commercial and marketing transformation, while retaining an innovative spirit focused on customer satisfaction, to become market leader in Hybrid Integration Platforms by 2020.

1.12 Recent changes

On 9 April 2018, the company published the appointment of the new Axway Chief Executive Officer in the following press release:

Paris, April 9, 2018 - The Board of Directors of Axway Software (Euronext: AXW.PA), convened under the chairmanship of Pierre Pasquier on April 6, 2018, approved the appointment of Patrick Donovan, previously Chief Financial Officer, as Group Chief Executive Officer replacing Jean-Marc Lazzari.

Patrick Donovan, 48 years old, has more than 10 years' experience within Axway. Mr. Donovan is an American citizen who spent several years in France, during which time, as CFO, he helped contribute to the success of Axway's spin-off in 2011. He has since supervised the Group's financial and legal functions. A member of the Executive Committee, he has in-depth knowledge of Axway's business model and, more broadly, of the software industry.

This evolution in the governance of the company, effective immediately, will allow the acceleration of the ongoing medium-term transformation plan. Backed by an experienced Executive Committee, in which the Board of Directors has renewed its trust, Patrick Donovan's main mission will be to accelerate the implementation of Axway's strategy.

In line with its transformation plan, Axway reaffirms its ambition to better respond to the major challenges of its market by progressively evolving its business model towards subscription offers.

The Group will report first-quarter sales on April 19th. It is important to note that the first three months of the year are traditionally less significant in the annual sales cycle as license sales are historically concentrated in the second half.

As a reminder, three years ago Jean-Marc Lazzari was named to lead the first stages of Axway's transformation and, under his leadership, several important steps have been taken. He leaves the Group today and the Board of Directors thanks him for his contribution since his nomination.

On 19 April 2018, the company published its 1st Quarter revenues for 2018 in the following press release:

Axway Software – Q1 2018 Revenue: €63.2 million

- Growth in Cloud revenue and ACV [(1)]
- Revenue decrease in License and associated Services
- Confirmation of medium-term transformation ambitions

Paris, April 19, 2018 - Axway Software (Euronext: AXW.PA) reported revenue of €63.2 million for the first three months of 2018, down 4.9% organically.

Consolidated revenue

1st Quarter 2018 (€ million)	Q1 2018	Q1 2017 Published	Q1 2017 Restated*	Total Growth	Organic Growth*	Constant currency Growth*
Revenue	63.8	63.8	66.5	-7.7%	-4.9%	-0.7%

* *Alternative performance indicators are defined in the glossary that appears at the end of the document.*

(1) Glossary available at the end of this document.

Axway's revenue was €63.2 million in Q1 2018, down 4.9% organically and 7.7% in total compared to Q1 2017. Excluding the negative impact of exchange rates (€4.8 million), and notably the significant decline in the US Dollar against the Euro, the decrease in Group sales would have been contained at -0.7%.

The scope effect, for its part, was €2.8 million following the consolidation of Syncplicity from March 1, 2017.

Axway recently reaffirmed its ambition to transform its offerings and business model to continue to adapt to the new economic models in its market. To accelerate the implementation of this transformation plan, Axway's Board of Directors appointed a new Chief Executive Officer on April 6, 2018 in the person of Patrick Donovan, formerly Chief Financial Officer of the Group (see press release dated April 9, 2018).

Patrick Donovan, CEO, said:

« In Q1 2018, Axway's Cloud business growth was not sufficient to offset the decline in Services and License activities. Our business model, and more globally our market, is undergoing a deep transformation and in this context, we must continue our efforts to reinvent ourselves around our customers' new challenges. Our targets remain unchanged, by 2020 we aim to become a market leader in Hybrid Integration Platforms (HIP). This will be achieved by maintaining our revenues through a differentiating strategy for our products, significant growth in our subscription revenues and therefore in our recurring revenues, and potentially, through external growth. The management team for which I am now responsible is fully focused on these objectives. »

Comments on the 1st quarter 2018 activity

Revenue by business line

1st Quarter 2018 (€ million)	Q1 2018	Q1 2017 Reported	Q1 2017 Restated	Total Growth	Organic growth
Licence	8.2	9.6	9.0	-14.3%	-8.7%
Cloud	9.1	7.3	9.0	24.6%	1.5%
Maintenance	34.7	37.3	34.9	-6.8%	-0.5%
Services	11.2	14.4	13.6	-22.0%	-17.8%
Axway	**63.2**	**68.5**	**66.5**	**-7.7%**	**-4.9%**

Over the first three months of the year, License activity was down 8.7% organically, corresponding to revenue of €8.2 million

(13% of Group revenue). The first quarter, which represents on average over the last three years approximately 16% of annual License sales, does not provide much indication of the full year performance. Nevertheless, the Group noted a further lengthening of decision cycles among its customers, confirming a generally deteriorated trend for "on premise" contracts.

The Cloud business generated revenue of €9.1 million over the quarter (14% of Group revenue), up 24.6% overall. Organically, growth amounted to 1.5%. The Annual Contract Value of new subscription contracts (ACV) signed during Q1 increased by nearly 70% compared to the same period in 2017. These signatures, which reflect the good performance of the sales teams, gradually increase the recurring portion of sales by adding to existing multi-year revenues. The favorable pipeline now suggests that organic growth in the Cloud activities will accelerate as of the second quarter of 2018, in line with Axway's medium-term transformation plan.

Maintenance activity was almost stable over the quarter (-0.5% organic growth) with revenues of €34.7 million. Thus, in the first quarter of 2018, the share of recurring revenues (Cloud + Maintenance) increased compared to the previous financial year to reach 69% of the Group's revenues.

Finally, Services, directly linked to License sales, decreased over the period with revenues of €11.2 million, down 17.8% organically, representing around three-quarters of the Group's organic decline over the quarter. Axway continues to explore strategic partnership opportunities in this area where business volume is the main driver.

Revenue by geographic zone

1st Quarter 2018 (€ million)	Q1 2018	Q1 2017 Reported	Q1 2017 Restated	Total Growth	Organic growth
France	17.3	19.5	19.5	-11.2%	-11.2%
Rest of Europe	14.5	15.8	15.7	-8.3%	-7.5%
Americas	28.0	29.5	28.0	-5.1%	0.2%
Asia/Pacific	3.4	3.6	3.3	-7.5%	1.6%
Axway	**63.2**	**68.5**	**66.5**	**-7.7%**	**-4.9%**

Geographically, the Americas (USA & Latam) accounted for 44% of Axway's revenue in Q1 2018 with revenue of €28.0 million, stable compared to Q1 2017. For the second consecutive quarter, License sales were up (over 14% organic growth), bringing in their wake Maintenance operations that also increased.

In the Rest of Europe zone, growth came from Cloud operations (over 15% organic growth), in a volume insufficient to offset the impact of the decrease in the License - Maintenance – Services revenue.

France, for its part, recorded an organic decline of 11.2%, mainly due to License and Services.

Lastly, in Asia-Pacific, organic growth amounted to 1.6%, notably due to the growth of previously undeveloped Cloud activities. Despite heterogeneous situations in different countries, the increased interest of the Asian market in subscription models should be a medium-term driver.

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

1.13.1 Risks associated with the Group's operations

Uncertainties related to the global economic environment

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

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

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

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

The Group has several thousand customers, thus reducing the risk of dependency on a single customer or group of customers. In 2017, no single customer accounted for more than 2.3% of consolidated revenue. This risk is further reduced by the composition of the portfolio, which is made up of public sector entities and private sector companies operating in diverse business segments. Moreover, the structure and internal customer risk management procedures minimize the risk of insolvency and lead to a delinquency rate of less than 0.01% of consolidated revenue. However, a number of industry sectors, such as banking, financial services, logistics, government agencies and health, account for a large part of the Group's revenue and may prove more susceptible than others to the economic uncertainties of the current context. This might lead existing or prospective customers in these segments to limit, postpone or cancel all or part of their information technology purchases or investments, or to reduce or terminate maintenance contracts as well as contracts for ancillary services related to their installed base of systems, which might have an adverse impact on licensing and/or the Group's revenue. Sales cycles for licenses 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 customers, especially in the industry segments mentioned above.

Finally, the fact that customers 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.

Infringement of intellectual property rights of third parties

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

- be time-consuming, costly and result in legal disputes;
- take up management's time and divert its attention from the Group's business;

- require that the Group stop the sale or use of some of its software packages or technologies;
- require the signature of license agreements which could be difficult to negotiate under acceptable terms, especially financial terms;
- require a review of the design of its software packages, which could be costly and force the Group to defer its initial timetable of releases for the targeted software packages;
- require the Group to disclose information concerning its source codes, something which is possible in open source licenses;
- require the Group to fulfill its indemnity commitments to its customers;
- have a material adverse impact on the Group's results and financial position.

Axway strives to mitigate the risk of legal action for infringement of intellectual property rights by filing patents for its software packages whenever this is authorized by local applicable law, by rolling out a compliance program for its open source software, and by developing a legal method to be implemented as soon as any legal action for copyright infringement is likely.

Errors or defects 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 customers 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 roll-out, on first use or when new versions and updates are released.

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

The Group conducts quality assurance tests on all of its new software packages (and on all new versions and updates) so as to ensure, to the extent possible and within reasonable limits, that they are free of errors and defects. In addition, the Group is in the process of adopting a general approach for the tracking and management of non-satisfactory tests (including on performance and reliability criteria). Furthermore, it is the customer's responsibility to test the 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 defense 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 customers and third parties, the Group has taken out product liability insurance (see Section 1.13.7, point 1). Nevertheless, although the amount of coverage provided is considerable, it may not be sufficient to offset all costs incurred as a result of errors of technical deficiencies.

Security of the software packages

The Group operates in a market characterized 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 customers, which may result in major losses. Apart from the potential for data loss, such circumstances may also have material adverse consequences for the Group's operations and its brand image. Moreover, the growing use of laptops and mobile phones (in particular *via* the API technology licensed by the Group) could increase the risk of unauthorized access to customer data.

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 IT systems or its backup procedures, which may have a material adverse impact on its operations or its business results.

Security of cloud services

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

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 customers. The Group must therefore anticipate any developments in technology likely to be desired by the market, in order to offer a range of solutions perceived by its customers as significantly different from existing software and at prices that the market will accept.

The Group is continuing to invest to develop new offers.

Despite the substantial resources that the Group dedicates to the development of new product offers and to the improvement of its existing software packages (and recently the AMPLIFY™ platform), with Research & Development amounting to €59 million in 2017, the new software packages developed by the Group might not meet the expectations of the market, and the demand for its software packages could thus decrease and impact its operating profit and financial position.

Furthermore, the Group has begun reshaping its offers in response to a strong trend, so as to enable its customers to use its software packages in the Cloud in SaaS mode instead of only in on-premise mode. This change is significant since it means that the Group can provide different technical solutions depending on the methods used. These additional offers require new sales methods and ways of implementing solutions for customers.

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.

Competition

The target market for the Group's software packages and services is characterized 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, as well as 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 the future, moves towards consolidation in the sector might favor 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 have a material adverse impact on the Group's operations, business results and financial position.

Production

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

Controlling such risks requires 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.

A training program project management and implementation techniques gave rise to 20,187 hours of training in 2017.

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

Infrastructure and data management

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

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

Furthermore, the Group ensures that it complies with the requirements of various national laws, such as HIPAA regulations in the United States. Lastly, a global information security management project, based on ISO 27001 requirements, was set up (Axway Information Security Policy) and continued to be implemented in 2017. Infrastructure and data management is a key challenge for the Group. However, legal changes could take place within the various national legislations and require time to be implemented by the Group. For this reason, despite the measures implemented, the Group cannot guarantee that the procedures in place are sufficient.

Dependence on key personnel

Given the complexity of its software 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 customer. A significant reduction in the number of highly experienced employees, especially through their move to a competing company, could lead to a deterioration of Group standards, in particular regarding customer service and product quality. Such a reduction in the number of employees could require a significant amount of outsourcing to meet the commitments made to customers. This would have an impact on the Group's revenue. Furthermore, the technologies employed by the Group require the presence of an experienced and motivated sales force on an ongoing basis. Any loss of key members of this team or any steep increase in their turnover rate might have a material adverse impact on the Group's revenue. The Group has not taken out any insurance policy providing coverage for the loss of highly experienced and qualified staff members. However, to mitigate this risk, the Group has set up training and incentive programs, along with stock option and performance-based share awards, which are set out in Chapter 3 of this document. The Group has also developed and rolled out a global training session called "I am Axway", as well as a retention program for employees deemed important. Lastly, the Group has diversified certain key functions and its resources in various geographical areas, in order to reduce its dependence with respect to any one particular site. (For further information see Section 1.8, Chapter 1 of this Registration Document.)

Uncertainty regarding results

a. Seasonality

The software and services sector is characterized 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 package developers, signings of the Group's license agreements are concentrated towards the end of the calendar year, which corresponds to the close of its accounting year. Customers delay their purchases to obtain larger discounts, to regulate the use of their budget or for other factors not related to the Group. 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 recognize 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.

b. Acquisitions

Through Axway Inc., (American subsidiary of the Group), the Group acquired Syncplicity, an American company specialized in enterprise file synchronization and sharing solutions (EFSS) offering users the required tools and experience for secure collaboration. Through this acquisition, Axway has enhanced its Axway AMPLIFY™ platform.

However, the Group cannot guarantee that the objectives defined will be met, due to a variety of factors including the integration of Syncplicity's teams and the retention of the customer base. These factors could make the integration of this company within the Group a difficult task.

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

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

c. Changes in the range of business activities

The Group's revenue is generated by software package licensing together with contracts for maintenance and professional services. In any given period, the results of the Group's operations would be very different should there be a marked shift in favor of one or another of these revenue sources.

d. 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 10%. Accordingly, the Group's exposure to the risk of non-renewal of these maintenance agreements is low. However, maintenance fees account for a significant part of the Group's revenue. Consequently, the non-renewal of maintenance agreements by a significant number of customers, or by customers accounting for a significant percentage of the Group's revenue, could have a negative impact on its net financial income, its financial position and its outlook.

In addition to the risks detailed in this Section 1.13.1 (items a to d inclusive), it should be noted that the Group's net financial income and outlook could be affected by other factors including, in particular, exchange rate fluctuations (Chapter 1, Section 1.13.2.b), the global economic situation (Section 1.13.1), and corrections to Group software (Section 1.13.1).

1.13.2 Risks associated with the Group's assets

Risk related to intangible assets

Intangible assets mainly comprise goodwill. At 31 December 2017, goodwill amounted to €334 million (see Chapter 4) arising from the acquisition of companies in recent years and certain allocated intangible assets. Every year, the Group's executive management team tests its intangible assets for impairment. Acquisitions or disposals, 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.

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 licenses. Continuing to use and develop these software packages is primordial to ensure the Group's future success. The protection of intellectual property rights is crucial to the Group's business. This protection is provided in particular by copyright, patent rights, trademark rights, and professional secrecy. The Group may be the subject of infringement actions brought by third parties, as described in Section 5.1.2 and resulting in its recognition of the violation of their intellectual property rights. It is thus exposed to the risks associated with the protection of its intellectual property rights as described in Section 5.5.2.

Market risks

a. Interest rate risk

The Company is exposed to 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 €125 million under a "Club Deal". In addition to this loan, bank overdrafts in the amount of €20 million are also available.

Moreover, the Group's exposure to interest rate risks and hedging instruments is detailed in Note 30.3 a) 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 portion of the Group's assets, liabilities, revenue and expenses is denominated in currencies other than the euro, mainly the US dollar, while the consolidated financial statements are denominated in euros. Consequently, fluctuations in these currencies, and especially the US dollar, against the euro, have had a material impact on the Group's financial position and business results, and 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 10.6.3.b of Chapter 4 "Consolidated financial statements."

On the date of this document, the Company and the Group in general do not envisage putting into place any exchange-rate hedges for commercial operations.

c. Equity risk

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

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

Risks associated with various national legal frameworks

The Group carries out its operations in over 15 countries throughout the world, and therefore finds itself subject to the applicable legislation in each of these countries. Most of these countries have laws on foreign investments and on companies under foreign ownership operating within their territories. These laws may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. These amendments may also alter tax regimes or make it more difficult to bring funds into or out of these countries, with the risk of excess costs. For example, the 2017 changes in U.S. tax law had a negative impact on the Group's net financial income, and more generally on all foreign groups with significant operations in the USA. Owing to its worldwide presence, the Group is also faced with other types of risks, such as: unfavorable developments in tariffs, taxes, export controls, and other commercial barriers, unexpected amendments to legislative and regulatory requirements, and economic and political instability in some countries. Any occurrence of this type of risk event might have a material adverse impact on the Group's business results.

1.13.3 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 (with a contractual maturity of five years from the date of the initial quotation) of €125 million with various banking institutions (Club Deal, comprising the following banks: BNP Paribas, CIC Lyonnaise de Banque, Crédit Agricole Corporate and Investment Bank, HSBC France, Crédit Lyonnais and Société Générale Corporate & Investment Banking).

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

$$R1 = \frac{\text{Net financial debt}}{\text{EBITDA}}$$

This ratio must remain below 3 up until 30 June 2018 exclusive, be less than 2.5 as from such date until 31 december 2018, and less than 2.0 as from such date until 30 June 2020. Net financial debt as included in the calculation for these ratios does not take into account liabilities related to employee profit-sharing.

$$R2 = \frac{\text{EBITDA}}{\text{Costs of net financial debt}}$$

This ratio must be higher than 5.

$$R3 = \frac{\text{Net financial debt}}{\text{Equity}}$$

This ratio must be lower than 1.

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 2017, the calculation of these ratios gives the following result: R1= 0.47 R2= 40.19 R3= 0.06

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 practice for this type of financing, particularly with respect to restructuring efforts, acquisitions and disposals of certain assets. For information, at 31 December 2017, the gross value of all intangible assets stood at €100,382 thousand and the net book value was €48,917 thousand (see Note 8.3 of Chapter 4).

1.13.4 Credit risk

At present, the Group's customers are the main source of any credit risk to which it might be exposed. The Group's software packages are designed to handle millions of transactions and are particularly useful for major organizations 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 customer (see Chapter 1 "Uncertainties related to the global economic environment"). However, even though the Group's customers are of first rank, it cannot be assumed that the Group will not be exposed to a possible customer insolvency, for a significant amount. In addition, the geographic scope of its operations exposes the Group to longer payment cycles.

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

1.13.5 Legal risks

Disputes – Legal proceedings and arbitration

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

Intellectual property rights held by the Group

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

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

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

1.13.6 Dependence on the Sopra Group

Ongoing influence on major Group decisions

Sopra Steria Group SA and Sopra GMT, the lead holding company of Sopra and Axway, along with the founders, retain an influence on the Company, and have the ability to make important decisions concerning the Company, since they control Axway through their combined ownership of approximately 56.97% of the shares and 64.62% of the voting rights (see Chapter 6, Section 2).

Furthermore, Sopra Steria 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.

In addition, Sopra GMT provides a certain number of services to Sopra Steria Group SA and Axway Software (see Chapter 2, Section 3).

Operational dependence

The Company benefits from, and will continue to benefit from, services provided on the basis of contracts negotiated at normal market prices by Sopra Steria Group SA for certain support functions over a transitional period. The cancellation or expiration of one of these contracts could have an unfavorable impact on the Group's business and financial position (in particular due to the Group's incapacity to handle the functions concerned in-house and/or the related replacement costs).

Furthermore, for its activities in India, the Group continues to use the material and Human Resources (157 people) seconded by the Sopra Group *via* its Indian subsidiary Sopra India Private Limited. These resources are invoiced to the Group at a rate negotiated on an annual basis (see Note 31.2 in Chapter 4).

1.13.7 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 program to protect against the risks to which the Group is exposed, namely civil liability coverage for the Group's operations and property damage coverage for the Group's assets.

This insurance program covers the risks associated with its operations in IT systems engineering, the design, production, distribution, development, sales and marketing, publishing and/or installation and maintenance of 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 program 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 program 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 expenses incurred to prevent accidents or reduce their impact.

This insurance program is made up of a master policy, which is supplemented by local policies in the countries where the Group has subsidiaries (in particular Germany, Belgium, Brazil, Bulgaria, Spain, the United States, Ireland, Italy, Romania, the Netherlands, Sweden, the UK, Australia, China, Hong Kong and Singapore).

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.

2) Cyber insurance

The Group has implemented a global insurance program dedicated to cyber risks. The parent company Axway Software and all its subsidiaries are covered by this program. Subject to certain conditions, this insurance program covers financial losses following an attack on the security of the IT system and the personal and/or confidential data used by the Group as part of its operations, particularly its Cloud services.

3) Employer's liability insurance

The purpose of this insurance policy is to cover the reimbursement of financial losses incurred by the Company (involving persons covered by laws relating to workplace accidents), comprised of supplementary contributions and compensation provided for in Articles L. 452-2 and L. 452-3 of the French Social Security Code.

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

4) Senior executives' professional indemnity insurance

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

5) Property damage and business interruption insurance

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

6) 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 accidents or illness occurring during work-related travel.

7) Claims history and Group insurance programs

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

Subject to the 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 favorable conditions for coverage.

Corporate responsibility

2

"Axway: a collaborative corporate culture"

This section describes Axway's strategy concerning Human Resources, corporate social, societal and environmental responsibility.
Within its ecosystem in the software sector and now including Digital and the Cloud, Axway is seeking to interact and cooperate as a responsible actor with all stakeholders: employees, customers, partners, professional bodies, suppliers and shareholders.
In 2017, Axway introduced a number of new initiatives of which it presents the non-financial indicators here.

2.1 Human Resources

Axway's new strategic position in the software publishing and digital industry requires an appropriate and robust Human Resources (HR) strategy. In 2017, the Axway HR teams continued to focus their efforts in three areas: attracting, developing and retaining talent.

Attracting, developing and retaining talent

In line with the needs expressed by our employees during the commitment survey carried out at the end of 2016, this year we implemented a new internal mobility policy. This policy was initially distributed to our managers, and subsequently to all Axway employees. It is composed of various procedures, based on the principle that all job postings (except those that are exceptionally confidential) can be viewed by all employees. When visiting our "Make Your Move" (or MY Move) career portal on Jive, (our corporate social network), employees can review all job postings through an application management tool, iCIMs. The policy and the rules – a more dynamic way to present internal mobility standards – are available in various formats and distributed on a regular basis. 326 employees changed positions internally during 2017. In addition, we use this same portal to invite employees to promote open positions at Axway in their network, using a co-option program known as "Refer".

Dialogue, understanding and measuring the quality of employees' work life

2017 was dedicated to implementing initiatives to improve Axway's ranking as an employer with respect to three factors identified during the October 2016 commitment survey. We formed three working groups made up of employees from various functions, reporting levels and countries. The themes of these working groups were "Career", "Communication" and "Recognition".

The Career Group

Several initiatives were implemented by this group, including the "Job Architecture Matrix" for all employees, accompanied by an explanatory document to help employees understand their current position, along with the various positions available to them at Axway. Development and distribution of the new internal mobility policy described in this chapter's introduction is also a part of these initiatives.

Communication Group

This group focused on the creation and roll-out of the "Red Griffin Tour". During 2017, members of the Executive Committee visited 7 Axway sites. Nine sessions were held, with more than 340 employees taking part in these sessions. Each session consisted of two stages. First, a member of the Executive Committee presented the Axway strategy and action plan. A question and answer session then followed. These sessions led to the distribution of photos and on-line discussions in our corporate social network, in a dedicated space known as "The Quantum Meet".

The Recognition Group

This highly active group launched 3 key initiatives: the "Global Kudo Box", the loyalty recognition program, and the promotions page within our corporate social network. The "Global Kudo Box" is a program that builds upon actions already encouraged within certain teams, making them available to all employees with the goal of encouraging peer recognition, giving greater visibility to reporting levels, and making a "bottom-up" recognition system more accessible to all. The loyalty recognition program recognizes employees who have worked with Axway for 3,5,10,15,20,25 and 30 years, awarding certificates and posting our thanks on the corporate social network. Finally, the promotions program aims to feature employees on our corporate social network who have been promoted within the organization.

2

Axway internal survey and 2018 resolutions

At the end of 2017 we launched an internal discussion on our corporate social network (Jive) to jointly develop the 2018 Axway resolutions "How do you see Axway, how do you want to work at Axway".

820	240	4,500
employee votes	Likes	comments and suggestions

enabled the 2018 resolutions to be established:
Collaboration ● Customer Centricity ● Continuous Improvement ● Empowerment and Accountability

2.1.1 Change in Axway's total workforce

	FY 2017	FY 2016	FY 2015	FY 2014	2013	2012	2011	2010
Staff	1,839	1,930	1,884	1,961 (1)	1,783	1,774	1,755	1,661

(1) Of whom 121 as a result of acquisitions.

At the end of 2017, Axway had 1,839 employees including **518** in France and **498** in the United States.

The breakdown of staff by geographical area is as follows:

- Europe 1,251 (68.02%) (permanent contracts);
- North America: 498 (27.7%);
- South America: 17 (0.92%);
- Asia/Pacific: 74 (4.02%).

Americas 515 (28%);

Number of dismissals

In 2017, Axway dismissed employees mainly for personal reasons, such reasons representing approximately a fourth of the departures.

Recruitment

Axway recruited **283** new employees in 2017.

Nearly 54% of the new hires took place in Europe and nearly 30% in North America.

The recruitment of staff with highly-specialized skill sets was also stepped up.

These recruitment figures represent global figures for Axway over one year.

In support of its recruitment drive, Axway continued its internal communication policy regarding available positions, along with its co-option program. During 2017, the careers page on the Jive intranet was reviewed, and an internal mobility guide was produced.

Nearly all employees recruited were higher education graduates.

Also note that Axway's recruitment policy is almost exclusively based on permanent contracts (excluding temporary cover) (more than 95% in 2017).

Staff by age and length of service

The average length of service of Group employees was 7.2 years at 31 December 2017.

It is higher in Europe at 8 years, compared with 5.3 years in North America.

In France, the average length of service stands at 10.7 years compared with 9.8 years last year.

The average age of employees is slightly higher than in 2016, but has been stable for several years. Maintaining the average age at this level is the direct result of the recruitments carried out.

The average age of employees has remained stable for several years. Keeping the average age at this level is the direct result of recruiting young graduates.

Average age by geographical area

	2017	2016	2015	2014	2013
Europe	39.6	37.8	39	37.8	39
North America	44.5	42.8	44	43.2	44
Asia	41.0	40.3	41.3	39.1	39

Breakdown by gender

In 2017, women accounted for over 26.8% of the workforce, of whom 82% were managers at Axway Software.

2.1.2 Career development

Compensation and performance evaluation policy

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

In order to simplify the annual evaluation interview form and to make it more effective, the Human Resources Department presented a new version. Beyond being a simple revision of the form, the goal is to reduce the pressure and stress which may be inherent to a year-end evaluation cycle and an annual evaluation interview. In order to do so, support which would be particularly customized for managers, but also for employees, was proposed.

Procedure to assist in the definition of the year-end process

A procedure to help define the year-end process and prepare for annual interviews remains in place. More precisely, there were four modules that were created to assist the managers in understanding the evaluation process and to give them the necessary tools:

- to integrate effectively and to understand the year-end evaluation, the steps, and the expectations;
- to perform an objective and clear performance evaluation of each employee;
- to know how to set SMART objectives: Simple, Measurable, Acceptable, Realistic, and Time-bound; and
- to conduct annual evaluation interviews.

During 2017 we completed this process with half-day workshops to support our managers in their talent development discussions.

Over the course of the year, 156 managers took part and expressed positive views about this practical training program.

For the employees, a module was also created, in order to enable them to prepare for their interview calmly and to give them the opportunity to have exchanges with their management on the subject of their hopes for development. Extensive work on the implementation and roll-out of the Job Interview in 2017 enabled new tools to be offered to all employees in order to better understand their career expectations.

- Based on this evaluation, salary increases were awarded to the employees who achieved or exceeded their performance targets in 2016. This strong link between performance assessment and the awarding of individual wage increases is the cornerstone of Axway's compensation policy.
- Lastly, in 2017, the project for the evaluation of Axway wages compared with those of the market was completed. This major initiative made it possible to resolve some of the wage disparities noted within the ecosystem in which Axway is evolving.
- The Group's compensation policy is founded on the following objectives:
  - respect for the principle of internal fairness;
  - maintaining a sound incentive through a compensation policy aligned with performance goals consistent with the Company's major challenges; and
  - remaining competitive so as to attract and retain the most qualified candidates.

In 2017, as every year, 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.

Payroll (including social contributions)

(in millions of euros)	2017	2016	2015	2014	2013
Total	188	190	180	169	149

Profit-sharing at Axway Software SA

In France, an amendment to the June 2011 profit-sharing agreement was signed in June 2017. This agreement covers all employees of Axway Software SA. By way of derogation, the special profit-sharing reserve is calculated on the basis of total revenue and Axway Group profit (loss) from operations. The entire amount was allocated according to length of service in 2016.

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.

Axway University

The development of skills and contribution of new digital tools

Once again, Axway has invested significant efforts in skills development during 2017.

Investments in development of e-learning modules allowed us to train nearly all our sales staff in practical applications of the Axway Global Sales Process to our main products:

- Sales Foundation – Introduction to Selling Axway's Analytics Solution: **135** sales team employees trained;
- Sales Foundation: Introduction to Selling Axway's API Management Plus Solution: **138** sales team employees trained;
- Sales Foundation: Introduction to Selling Axway's Appcelerator Solution: **124** sales team employees trained;
- Sales Foundation – Introduction to Selling Axway's MFT Solution: **115** sales team employees trained;
- Sales Foundation – Introduction to Selling Axway's B2Bi Solution: **131** sales team employees trained.

Managerial training was also a priority in this year's workshops, which were offered to help managers better lead their teams. We launched theoretical/practical workshops to help managers learn about new personal management concepts, practical applications and peer exchanges. The first workshop, "Talent Conversations" – developed by the Center for Creative Leadership – helps our managers identify and implement more effective types of conversations with each employee. It was attended by **156** managers. The second workshop, "Managing Virtual Teams", was launched in late November 2017 and was attended by 81 managers in 2017. It was intended to give our managers concepts and practical tools to improve their virtual teams' cohesiveness and effectiveness. Feedback from managers was very positive, so we intend to continue such workshops in 2018.

In 2017 we also improved training for our product management and marketing teams through a partnership with Sirius Decisions, rolling out 7 courses for a total of 790 hours offered to **68** employees.

Finally, in a more technical field, we focused training on developing cloud-related skills. In this area, we implemented a significant number of training programs on "Docker", "AWS", Cloud Fundamentals, etc. In 2017 we implemented 17 training programs on related subjects, with more than **320** employees taking part in this type of training.

This new approach has proved its continuing effectiveness, as evidenced by the sharp rise in employee participation in training programs. There were 34,710 hours of training provided in 2017 versus 23,714 hours in 2016.

2.1.3 Employee relations

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, employees are represented by 21 staff representatives (11 representatives + 10 alternates) and by 11 representatives in Germany.

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, three Personnel Representative bodies (TRAID UNION – CFDT CGT – LIBRE and three Trade Union Representatives (CGT – CFDT & TRAID UNION).

Labor relations at Axway GMBH

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

Summary of collective agreements

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

The collective agreements signed at Axway Software SA in 2017 are the following:

- **June 2017: Amendment No. 6 to the 30 June 2011 profit-sharing agreement;**
- **July 2017: Agreement on procedures to support transformation of the Annecy site.**

The collective agreements signed at Axway GmbH in 2016 are the following:

4 agreements signed with the Works Council in Germany:

- Bonus scheme 2016;
- Sales commission scheme 2016;
- “Incent” system 2016;
- Annual Performance Appraisal 2016.

Moreover, talks concerning the French government’s “generation contract” employment scheme have resulted in the drafting of an action plan whose measures were set up at the beginning of 2018.

2.1.4 Work organization

Organization of working time

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

2.5% of Axway Group employees work part-time.

Organization 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 30 part-time employees, the largest number work 4/5 time, mainly within the framework of parental leave.

Absenteeism

At Axway, the overall absenteeism rate was 2.48% in 2017, of which 1.19% was due to illness[(1)].

Absenteeism at Axway

Reasons for absenteeism	% of absenteeism
Illness	1.19%
Occupational/commuting accident – occupational illness	0%
Maternity – adoption	1.18%
Family events	0.11%
Total	**2.48%**

(1) The absenteeism rate includes absenteeism due to illness, occupational/commuting accidents, occupational illness, maternity/adoption, and family events as detailed in the table below. This indicator has only been set up for Axway Software SA.

2.1.5 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 2017, the CHSCT held five meetings.

During this period, there were:

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

Measures taken to improve safety

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

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

Summary of collective agreements concerning health

No agreement has been signed in this regard.

Occupational health doctors

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

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

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

Evaluation of psychosocial risks

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

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 annual appraisals, assessment cycles and annual reviews. 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 450 local managers and 100% of employees who are present must have an annual appraisal.

2.1.6 Commitments in favor of:

Gender equality at Axway Software SA

On 13 December 2012, a collective agreement in favor 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 staff;
- prepare for return to work after a maternity leave, adoption, or a parental educational leave, or any other continuous absence of more than six months;
- narrow the gaps, through the use of the Syntec classification, between the average basic wage of men and women to plus or minus 5% over a three-year period;
- guarantee as many promotions for women as for men.

Negotiations with the employee representative bodies began in late 2017 to renew this agreement.

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.

Employment and integration of disabled workers

A collective agreement was signed on 26 June 2013 to promote the hiring and continued employment of disabled persons. It includes a certain number of objectives over the agreement's three-year term:

- appoint a spokesperson for disabled employees within the CHSCT;
- launch an awareness-raising, communication and manager-training campaign;
- hire three disabled workers;
- continue to employ disabled persons;
- outsource work to the protected sector.

A new agreement with the UES (economic and social unit) was being negotiated in late 2017.

Senior employability

At the start of the year, Axway Software introduced measures relating to the action plan for the generation contract.

These measures aim, in particular, to encourage the employment of both the young and seniors, to help them to settle into the Company and to develop their employability throughout their career at Axway.

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

In addition to the issues concerning collective bargaining rights and abolishing employment discrimination described in Section 10.1.2.3 ("Relations with Employees") and Section 10.1.2.6 ("Equal treatment"), Axway promotes the abolition of forced labor and child labor. 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 Labor Organization's fundamental principles.

In addition, the Group operates in countries that have ratified the international conventions of the International Labor Organization. It is therefore bound to comply with the laws and regulations in force as well as the international conventions ratified by the signatory countries, in which it operates. Moreover, the Group's operations are not risky. As a result, the risk of violating international standards is very low.

However, the Group wishes to highlight the importance of these commitments in its daily operations. This is why the Group is currently working on extending the scope of the Code of Business Conduct. This Code, which is currently applicable only to its external partners, such as customers, suppliers, subcontractors, would also apply to employees of the Group.

Finally, in any case, all Axway entities are required to check the age of their new employees at the time of hiring.

Methodology note

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

Employee information

Scope of consolidation

The headcounts shown in the "Staff" and "Breakdown of Workforce by Geographical Area" tables correspond to the total number of employees at 31 December 2016.

Indicators

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

Data

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

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

Health and safety information

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 information was collected by the site managers for Axway Software SA.

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

2.2 Environmental responsibility

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

Software publishing is not an industrial activity. It does not directly release waste into the air, water or soil and therefore does not really present any direct risks to the environment. Nevertheless, Axway is committed to preserving the environment. Due to its presence in various regions of the world, with teams operating in several different countries, Axway uses audio and video means to reduce travel.

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 program that specifically involves the relevant functional divisions, employees, service providers and shareholders.

2.2.1 General environmental policy

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

Management of business premises

Axway leases its premises at all of its sites and takes measures relating to the operation of the buildings, the equipment and maintenance:

- installing modern environmentally-friendly heating and air-conditioning systems when existing systems require replacement;
- using automatic timers to switch off lights, reducing heating, ventilation and air conditioning outside of working hours;
- air conditioning/heating: radiant ceiling with the option for individual control;
- installing water fountains directly connected to the drinking water distribution network to reduce plastic bottle use;
- promotion by site managers of respect for the environment and best practices on a daily basis;
- using low-energy (LED) light bulbs;

- presence detector to activate/deactivate the lighting combined with individual remote controls to adjust intensity;
- use of non-toxic and non-hazardous products by the cleaning services;
- reducing energy consumption by using energy-saving laptops and shutting down computers during prolonged absences;
- reducing carbon emissions by encouraging use of the least polluting means of transport;
- carrying out preventive maintenance of facilities to save energy;
- furnishing premises with ergonomic workstations enhancing the quality of working conditions for its staff;
- infra-red taps to optimize consumption;
- using sticky walls and whiteboards instead of flip charts;
- availability of sorting or recycling bins.

2.2.2 Axway's new internal system to collect environmental data

Correspondent network

During 2017, Axway developed an internal network of correspondents in its main countries of operation to collect environmental data regarding energy consumption, recycling and charitable initiatives.

These countries are: France, United States, Germany, Bulgaria and Romania.

Indicators used:

- gas, fuel, electricity and water consumption;
- kilometers traveled as part of the carbon footprint;
- donations of computer equipment;
- recycling and waste management;
- charitable initiatives.

Employee training and awareness-raising regarding environmental protection

Axway encourages its employees to play a key role in the eco-responsibility process in order to make them aware of the environmental challenges. 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. With regard to purchases of consumables, office equipment and IT hardware, Axway has a proactive policy of working with suppliers who offer eco-responsible 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. These geographic factors result in frequent business travel, which impacts the environment in terms of pollution and consumption of energy resources.

To limit travel, Axway Software strongly encourages its teams to use videoconferencing equipment, with which most sites are equipped. All new workstations are equipped with cameras and software to enable videoconferences.

2.2.3 Pollution and waste management

Measures to eliminate, recycle and prevent waste

Axway's activity generates waste with a high recycling potential. It mainly includes paper and cardboard as well as computer consumables. For this reason we have chosen a supplier who ensures collection for recycling of cardboard, paper, plastic, cans and printer cartridges. The supplier does both regular and exceptional collections.

Again this year, Axway pursued its initiative to virtualize its IT infrastructures, optimizing the average use of physical resources. Indeed, the pooling of material resources reduces the energy cost. The advantages of virtualization are numerous. Among other things, it makes possible the following:

- a drastic reduction of energy consumption;
- significant space gains in IT centers;
- a longer life cycle for the use of equipment resources, thereby reducing waste.

Axway continues to streamline its network of photocopiers and printers, favoring shared and multifunctional equipment (printers, copiers, scanners). They are configured by default to double-sided printing.

Waste management

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

In 2017, due to the relocation of Axway's French premises to Tour W in La Défense, Axway recycled 3,900 kg of cardboard, 450 kg waste electrical and electronic equipment, 230 kg of plastic and 60 kg of ink cartridges.

Water consumption and supply in keeping with local constraints

Since software publishing does not involve the consumption of water beyond normal use within buildings, Axway has not implemented any monitoring of consumption.

Nevertheless, being aware that water is one of the main resources to be preserved, Axway strives to reduce the amount of water used, especially by its employees. It raises its employees' awareness on the preservation of this resource and its proper use.

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

The implementation of electronic document management tools allows Axway to pursue its switch to paperless documents. Moreover, Axway regularly encourages its employees to print less by means of an automatic message included in the e-mail signature. The introduction of specific measures to switch to paperless documents and raise employees awareness has a number of positive impacts on the environment since it reduces paper consumption and the consumption of energy linked to printing. The switch to electronic documents also reduces the physical transport of documents and finally, the amount of waste to be treated.

The switch to paperless documents within the Group concerns: the activity reports produced monthly by each employee, the management of leave and absence, IT requests linked to the management of the installed IT base, the working documents required for in-house and external meetings, which are systematically sent by e-mail, with the instruction to only print what is absolutely necessary.

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

In its aim to improve energy efficiency, Axway has chosen DELL computer equipment that meets the EnergyStar® and EPEAT® specifications and more generally all suppliers that meet the Green IT specifications.

Since the move to Tour W one year ago, and the creation of a computer room in the basement level, Axway launched an initiative to reduce the number of rooms and streamline equipment to reduce overall consumption.

2.2.4 Climatic impact of the Group's operations

During the 2017 fiscal year, the Axway Group decided to step up its environmental-protection approach by setting up a network of internal local correspondents in the countries deemed key to collect environmental data on energy consumption relating to fuel, electricity, gas and water.

Axway Group carbon assessment

It was decided to undertake a carbon assessment in order to measure the impact of group operations on the environment.

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

The following should also be kept borne in mind:

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

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

The GHG emissions account (BEGES) was produced by the independent service provider CommenTerre. The GHG emissions account (BEGES) was drawn up on the basis of the updated official greenhouse gas emissions assessment in accordance with version 4 of the assessment production methodology published in July 2015 by the Ministry for the Ecology, Sustainable Development and Energy.

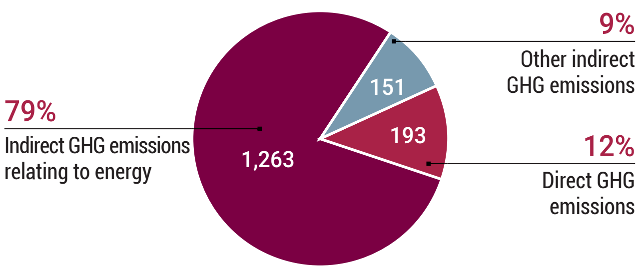
The findings of the report are:

- Direct greenhouse gas emissions in CO2 tonne equivalents came to 193 (t CO2); and
- Indirect GHG emissions associated with the production of electricity, imported steam or heat amounted to 1,263 CO2 tonne equivalents (t CO2e); and
- Other indirect greenhouse gas emissions amounted to 151 CO2 tonne equivalents (t CO2 e).

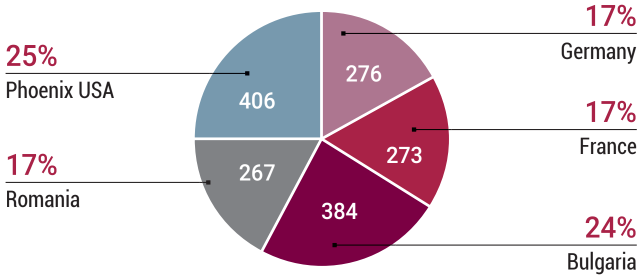
Thus, total greenhouse gases emissions by the Axway Group within the scope defined above totaled 1,607 t CO2e.

Details of the greenhouse gas emission are as follows:

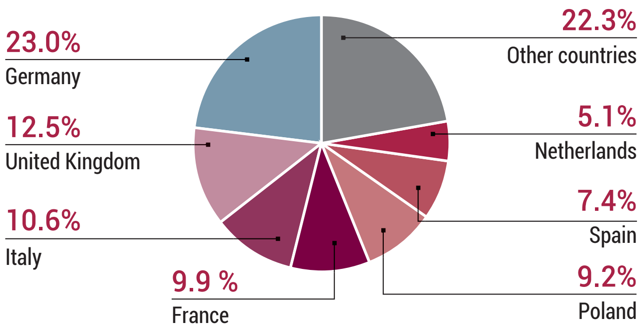
GHG emissions by scope
(in tCO2e and %)



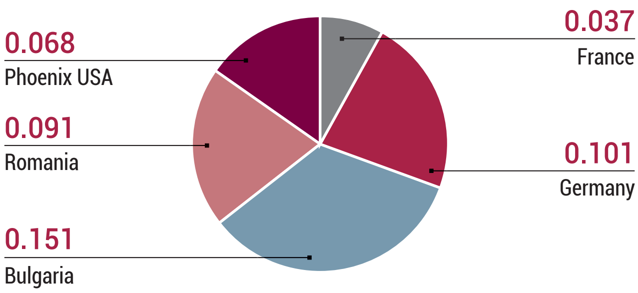
Breakdown by country of GHG emissions
(in tCO2e and %)

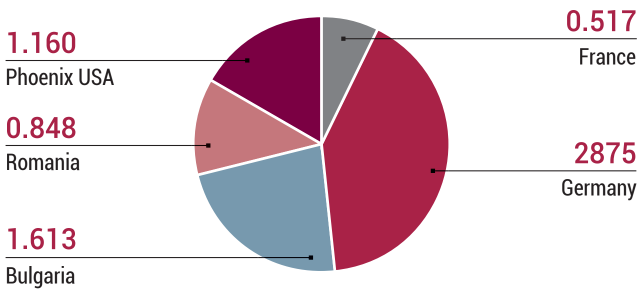


Breakdown of European CO2 emission by member state



Breakdown per m² and per person for each country





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

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

2.3 Corporate social responsibility

2.3.1 Ethics charter

In 2017 Axway established an ethics charter applicable to its in-house and external employees, as well as stakeholders with whom the Group works on a regular basis. The purpose of this ethics charter is to highlight the key values that the Group expects to uphold in its operations, and prevent fraud and corruption within the Group. The Group's ethics charter aims to comply with the regulatory principles applicable to fraud and corruption prevention.

The Group has supplemented this ethics charter with a whistleblower system to enable all stakeholders to alert the Group to improper behavior or actions that are contrary to the values it seeks to apply and convey through its operations.

During the 2018 fiscal year, the Group intends to continue and strengthen implementation of the charter by raising employee awareness of these issues.

Concerning the Company's local, economic and social impact, Axway has a duty to act in a responsible way and wishes to contribute to useful projects, for instance by supporting NGOs. Axway wishes to develop balanced long-term relationships with its subcontractors and suppliers, with due regard for social and environmental concerns.

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

Axway promotes local employment, thus fostering regional development while remaining attentive to local populations.

Concerning regional employment and development

In France, Axway Software has sites in Paris La Défense, Annecy and Lyon.

Concerning local and neighboring populations

Overall, Axway's sites and subsidiaries establish good relations with their neighboring ecosystems and strive to create exemplary working conditions for their employees. Axway has, in this context, decided to highlight its core business, which is based on the digital economy, with respect to its shareholders and investors to reduce paper consumption and documents exchanged, by favoring electronic communications.

Relations with people and organizations interested in the Company's business, such as social integration associations, educational institutions, environmental protection organizations, consumer organizations and neighboring populations

Dialogue with these people and organizations

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

Solidarity

Improvement of the quality of life in the ecosystems in which the employees live remains a major commitment for the Axway teams. A number of initiatives are being implemented in this regard, in three main areas:

- **Environment.** Axway is involved in initiatives supporting preservation of the environment and environmental education. Recyclable waste collection has been implemented, along with purchasing from the recycling chain;
- **Health.** There are a growing number of initiatives to encourage employees to take care of their health: races, cycling, balanced meals, gym at the La Défense site;
- **Community.** For most countries where its offices are located, Axway contributes its support to populations in need. Employees in Phoenix and Paris provide support to young graduates, helping them develop resumes and prepare for job interviews. In Romania, numerous charitable sales are held each year and the funds gathered are paid to an orphanage.

Donations of equipment

Axway donates equipment to employees. This year in Europe, around 200 workstations (CPU and monitors) and several servers were also donated to schools and humanitarian associations.

Partnerships and corporate patronage

Local actions and initiatives previously undertaken have continued in 2018:

- 5-year partnership with ADIE (non-profit association) to which Axway supplies software. This association helps people outside the labor market (without access to a traditional banking system) to set up businesses, and thus create their own jobs, *via* the use of microcredit;
- donations to Aura Ion association (Romania), which provides help and support to children and the elderly.

2.3.3 Responsibility towards its market

Axway interacts with all its stakeholders: employees, customers, partners, shareholders, etc. In 2017, Axway launched the new initiatives presented here.

Actions involving customers: EcoVadis

In 2017, Axway renewed its eco-responsible commitment by participating in and subscribing to the EcoVadis label. The objective of this label is to assess the situation of companies asking for this label in relation to the various measures put into place by such companies, in order to anticipate and to respond to various problems raised in matters of corporate social responsibility.

EcoVadis manages the leading collaborative platform offering assessments of the sustainable-development performance of suppliers for worldwide supply chains. EcoVadis has become the partner of choice for the purchasing departments in a number of multinationals based in Europe, Asia and the United States.

Bringing employees, process, and platform together, EcoVadis has put into place a broad-spectrum CSR assessment methodology covering 150 purchasing categories, 110 countries and 21 CSR indicators. Over 20,000 businesses turn to EcoVadis in order to reduce risk, steer innovation, and promote transparency and trust between commercial partners.

This renewal at the beginning of 2018 reaffirmed the Silver label already obtained in the previous year.

Membership of the United Nations Global Compact

The Axway Group deemed it necessary to sign up to the United Nations Global Compact in November 2016. The Group considers this first step as a necessary prerequisite to progressing with its eco-responsible approach. The Group is conscious of future challenges in terms of the environment. In any case, the Group's policy is to improve gradually in this area.

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

As part of its responsible purchasing policy, Axway requires the following certifications from its suppliers:

- illegal working;
- child labor;
- disabled workers.

Further, in 2017, Axway continued its participatory approach to the social solidarity economy, by contracting with the adapted company, the "protected Isope workshop" for the purchase of office furniture.

Fair trade practices

Actions undertaken to prevent corruption

Axway supports the fight against corruption, abides by the United Nations Convention of 31 October 2003 against corruption, and is committed to applying the laws in force, including anti-corruption laws.

Measures taken in favor 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. Our clients are enterprises which use our software within the scope of their activities.

Methodology note

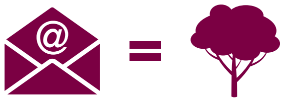
Information provided about Axway Software SA concerns France.

The indicators used are those of the French Grenelle II Act. The principle of consistency of accounting methods from one year to the next is respected.

The data was collected from the departments concerned.

Eco-responsible actions with respect to the shareholders

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



In 2017, Axway continued its switch to paperless documents, "1 e-mail = 1 tree" among its individual shareholders in order to limit paper printing in communications and in particular as part of the preparations for the 2017 General Meeting. 12,236 sheets of paper were eliminated and replaced by sending documents for the General Meeting of Shareholders by e-mail.

At the end of 2017, 47% of Axway shareholders had agreed to receive documents by e-mail. At the same time, Axway continued its participation in the Alto Huayabamba reforestation program in Peru, a PurProjet organization. Those shareholders who had agreed to provide their personal e-mail address received a certificate for the planting of a tree in the Amazon in exchange for their consent to digitized exchanges.

This is a small "sprout" which will gradually replace the considerable volume of documents exchanged. By involving the shareholders upstream, the Company also hopes to increase their awareness of the environmental difficulties encountered by the Group, both in its commercial operations as well as in the framework of its resource management on a daily basis. By putting this process into place, the Company is able to reduce paper consumption, the transport necessary for sending by mail, and consequently, its CO_2 impact, and more globally, its annual environmental impact.

Internet voting for shareholders: the Vote Access website

In 2017, the Axway Group also provided individual shareholders with access to online voting. This tool enables them to vote for resolutions at the General Meeting and to consult all the regulatory documents made available in digital version. This new procedure has thus limited the exchange of paper mails between the Company and its shareholders under the postal voting system.

Responsible investment

Digital tools for investors: website and mobile applications

Relations with investors are based upon individual meetings, forums, road shows and conferences. They accounted for 247 meetings in 2017 for Axway. Each of the contacts was asked to download Axway's PDF presentation from the Investors website or the Axway IR mobile application. This paper and document transport savings was well received by investors and financial investors.

Admission to the Gaïa socially-responsible investment index

In 2017, Axway was admitted to the Gaïa index, which selects 70 from among 200 stock exchange-listed companies, based on CSR, environmental and governance criteria. This index, recognized in the financial markets, enables investors to evaluate company performance beyond financial criteria, and to promote responsible investment.

Adherence to the Middlenext Code of Governance

The Company renewed its adherence to the Middlenext Corporate Governance Code, since this is the most appropriate in terms of its size and challenges.

The Group also decided to take a proactive approach to Middlenext by participating in surveys as well as various working groups, to highlight implementation issues and take part in discussions with other players.

Verifying auditors' report Year ended 31 December 2017

To the Shareholders,

Further to the request made to us by the Axway Software company and in our capacity as a third-party independent body whose accreditation has been accepted by COFRAC under No. 3-1081 (scope available at www.cofrac.fr), we present to you our report on the consolidated employee, environmental and societal information presented in the annual report for the year ended 31 December 2017, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

Management's responsibility

The Board of Directors is responsible for producing an annual report including the consolidated employee, environmental and societal information required under Article R. 225-105-1 of the French Commercial Code (hereinafter the "Information"), drawn up in accordance with the benchmarks used (the "Reference Guide") by the company, and available upon demand at the registered office of the company AXWAY SOFTWARE SA.

Independence and quality control

Our independence is defined by regulatory texts, the Code of Ethics of the profession, as well as by the provisions set out in Article L. 822-11 of the French Commercial Code. Moreover, we have set up a quality assurance system which includes documented policies and procedures aimed at ensuring compliance with the rules of ethics, work standards, and applicable legislation and regulations.

Responsibility of the third-party independent body

Our role, based on the work we carry out, is to:

- certify that the required Information is present in the annual report or, if not, certify that any omission has been explained in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Order No. 2012-557 of 24 April 2012 (Certification of disclosure);
- express a moderate assurance conclusion on whether the Information is presented, in all material respects, fairly, in accordance with the reference guide used (Moderate assurance report).

Certification of disclosure

We have carried out the work pursuant to the professional standards applicable in France:

- we have compared the Information presented in the annual report with the list provided in Article R. 225-105-1 of the French Commercial Code;
- we have verified that the Information covers the scope of consolidation, i.e. the Company, its subsidiaries within the meaning of Article L. 233-1, and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code;
- in the event of the omission of any consolidated information, we have verified that explanations had been given in accordance with Order No. 2012-557 of 24 April 2012.

On the basis of this work, we certify the inclusion in the annual report of the required information.

Reasoned opinion on the truthfulness of the CSR information

Nature and scope of the audit

Our work was conducted between 29 March 2018 and 20 April 2018 for a duration of five man-days.

We performed the work in accordance with standards applicable in France, with ISAE 3000 and the order dated 13 May 2013 setting forth the procedures by which the third-party independent body carries out its mission.

We conducted 4 interviews with the persons responsible for preparing the CSR information of Departments responsible for information gathering processes and, if applicable, managers of internal control and risk management procedures, in order to:

- assess the appropriate nature of the reference guides with regard to their relevance, comprehensiveness, neutrality, understandable and reliable character, while taking into account, where applicable, the best practice of the sector;
- verify the establishment within the Group of a process for collection, compilation, processing and control aimed at the comprehensiveness and consistency of the CSR Information. We reviewed internal control and risk management procedures pertaining to the preparation of the CSR Information.

We identified the consolidated information to be tested and determined the nature and extent of the tests, taking into consideration their importance with regard to the employee-related, societal and environmental consequences linked to the Group's operations and characteristics, its CSR guidelines and segment-based best practice.

For CSR information that we deemed most important at the consolidating entity level:

- we consulted documentary sources and conducted interviews to corroborate qualitative information (organization, policies, actions, etc.);
- we put into place analytical procedures for quantitative information and verified, on the basis of sampling, the calculations as well as the consolidation of the data;
- we performed detailed testing on the basis of sampling, consisting of verifying the calculations made and reconciling the data with the supporting documents, and we verified their consistency with other information set forth in the management report.

For other consolidated CSR information, we assessed its consistency according to our knowledge of the company.

Lastly, we assessed the relevance of the explanations pertaining, where applicable, to the total or partial absence of certain information.

We believe that the sampling methods and size of the samples used when exercising our professional judgment allow us to provide a moderate assurance conclusion. A higher level of assurance would have required more extensive verification work.

Our work covered more than 80% of the consolidated value of quantified indicators pertaining to the employee-related section and more than 80% of the consolidated value of quantified indicators pertaining to the environmental section.

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

Comments on the information

The environmental section mainly consists of qualitative information.

Conclusion

On the basis of our work, we have not found any significant anomalies of such type as to call into question the fact that the information is being presented, in all of its meaningful aspects, in a truthful manner, pursuant to the reference guide.

Lyon, 20 April 2018

FINEXFI

Isabelle Lhoste

Associate

Corporate governance

3

"Axway: Governance based on best practices"

Axway has decided to adopt a two-tier governance structure which separates the functions of Chairman of the Board of Directors and Chief Executive Officer. Axway is subject to the laws, Codes and regulations in force in the countries where the Group operates. The Company thus complies with the various recommendations made by the Autorité des marchés financiers (AMF) and has decided to apply the Middlenext Code of Governance for small and medium companies.

3.1 Administrative bodies and executive management

3.1.1 Composition of the Board of Directors

The Company is a public listed company *(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 covered in Chapter 7, Section 2 of this document.

Unless otherwise indicated, the term “Articles of Association” in this chapter refers to the Company’s Articles of Association adopted by the Board of Directors on 23 June 2011 and last updated at the Board of Directors’ meeting on 22 February 2017.

3.1.2 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 (4) years.

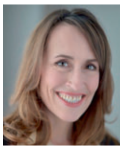
The Board of Directors elects from among its members a Chairman, who must be a natural person in order for the appointment to be valid. The Board of Directors can dismiss him or her at any time.

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

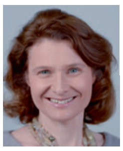
The Board of Directors determines the overall business strategy of the Company and supervises its implementation.

The Board of Directors, at its meeting of 22 June 2015, 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, last name and professional address	Position held on the Board of Directors	Date of appointment	Expiration of term	Offices and duties held during the last five years	Directors considered as independent[(1)]	Attendance rate at Board meetings and committees
 **Pierre Pasquier** **Nationality:** French - Age 82 **Professional address:** Sopra Steria Group SA PAE Les Glaisins BP 238 74942 Annecy Cedex France **Shares in the Company held personally:** 0	Chairman of the Board of Directors	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** Chairman of Axway Software; Director or company officer of the Group's foreign subsidiaries (direct or indirect). **Outside the Group:** Chairman of Sopra Steria Group; director or corporate officer of the Group's foreign subsidiaries (direct or indirect). Chairman and CEO of Sopra GMT. **Expired offices:** None.	***No***	100%
 **Kathleen Clark Bracco** **Nationality:** American - Age 50 **Professional address:** Sopra GMT PAE Les Glaisins BP 238 74942 Annecy Cedex France **Shares in the Company held personally:** 9,930	Director Vice-Chairman of the Board of Directors	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** None. **Outside the Group:** Director of Corporate Development of Sopra Steria Group SA.; Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group SA. **Expired offices:** Director of Sopra Group (19/06/2012 to 27/06/2014).	***No***	100%
 **Pierre-Yves Commanay** **Nationality:** French - Age 52 **Professional address:** Axway Software SA Tour W 101 Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in relation to his position as director of Axway Software SA) **Shares in the Company held personally:** 2,816	Director	General Meeting held on 4 June 2014	General Meeting convened to approve the financial statements for the year ended 31 December 2017	**Within the Group:** None. **Outside the Group:** None. **Expired offices:** None.	***No***	100%
 **Hervé Déchelette** **Nationality:** French - Age 73 **Professional address:** Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France **Shares in the Company held personally:** 22,406	Director	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** Director **Outside the Group:** None. **Expired offices:** None.	***Yes***[(2)]	100%

3

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Expiration of term	Offices and duties held during the last five years	Directors considered as independent[(1)]	Attendance rate at Board meetings and committees
 **Nicole Claude Duplessix** **Nationality:** French - Age 59 **Professional address:** Sopra Group SA PAE Les Glaisins BP 238 74942 Annecy-le-Vieux Cedex France **Shares in the Company held personally: 50**	Director	General Meeting held on 6 June 2017	General Meeting convened to approve the financial statements for the year ended 31 December 2020	**Within the Group:** Director **Outside the Group:** None. **Expired offices:** None.	***No***	100% (since her appointment)
 **Emma Fernandez** **Nationality:** Spanish - Age 54 **Professional address:** Axway Software SA Tour W 102 Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in relation to her position as director of Axway Software SA) **Shares in the Company held personally:** 0	Director	General Meeting held on 21 June 2016	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** Director. **Outside the Group:** Director of Sopra Steria Group; Director of Metrovacesa; Director of ASTI Mobile Robotics SA; Director of Kleinrock Advisors SL; Director of Effect Consultoria y servicios digitales; Director of Grupo Ezentis. **Expired offices:** None.	***Yes***	100%
 **Michael Gollner** **Nationality:** American - Age 59 **Professional address:** 28 Addison Place – Suite 100 London W114RJ **Shares in the Company held personally:** 7,000	Director	General Meeting held on 6 June 2017	General Meeting convened to approve the financial statements for the year ended 31 December 2020	**Within the Group:** None. **Outside the Group:** Director of Get Healthy Inc., The Idea Village. **Expired offices:** None.	***Yes***	100%
 **Helen Louise Heslop** **Nationality:** British - Age 48 **Professional address:** Axway Software SA Tour W 101 Terrasse Boieldieu **92085 Paris La Défense Cedex** **France** **Shares in the Company held personally:** 0	Director	General Meeting held on 21 June 2016	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** Director **Outside the Group:** Director of Hiscox Insurance Company Limited. **Expired offices:** None.	***Yes***[(2)]	100%

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Expiration of term	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board meetings and committees
 **Pascal Imbert** **Nationality:** French - Age 59 **Professional address:** Wavestone Tour Franklin 100-101 Terrasse Boieldieu 92042 Paris La Défense Cedex France **Shares in the Company held personally:** 340	Director	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** None. **Outside the Group:** Chairman of the Management Board of Wavestone. **Expired offices:** None.	*Yes*	100%
 **Véronique de La Bachelerie** **Nationality:** French - Age 59 **Professional address:** SGBT 11, Avenue Emile Reuter L-2420 Luxembourg **Shares in the Company held personally:** 0	Director	General Meeting held on 22 June 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** None. **Outside the Group:** Director or corporate officer of foreign subsidiaries of the Société Générale Group; Deputy Director of SGBT; Director of the Luxembourg stock exchange. **Expired offices:** None.	*No*	90%
 **Yann Metz-Pasquier** **Nationality:** French - Age 30 **Professional address** Sopra Steria Group PAE Les Glaisins BP 238 74942 Annecy Le Vieux France Shares in the Company held personally: 18,877	Observer	General Meeting held on 4 June 2014	General Meeting convened to approve the financial statements for the year ended 31 December 2017	**Within the Group:** None. **Outside the Group:** Director of Sopra GMT; Director of Upfluence Inc.	*No*	67%
 **Hervé Saint-Sauveur** **Nationality:** French - Age 73 **Professional address:** Axway Software SA Tour W 101 Terrasse Boieldieu 92085 Paris La Défense Cedex France (only for the offices held within Axway Software SA France) **Shares in the Company held personally:** 900	Director	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** None. **Outside the Group:** Director of Sopra Steria Group SA; Director of VIPARIS Holding; Elected member of Paris Chamber of Commerce and Industry; Member of the National Council on Statistical Information (CNIS). Expired offices: **Director of LCH Clearnet;** Director of COMEXPOSIUM.	*Yes*	90%

First name, last name and professional address	Position held on the Board of Directors	Date of appointment	Expiration of term	Offices and duties held during the last five years	Directors considered as independent[1]	Attendance rate at Board meetings and committees
 **Yves de Talhouët** **Nationality:** French - Age 59 **Professional address:** 39 rue Boileau 75016 Paris France **Shares in the Company held personally:** 0	Director	General Meeting held on 22 June 2015 and Board of Directors meeting held on 28 July 2015	General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Within the Group:** None. **Outside the Group:** Director of TWENGA; CEO of TABAG; Director of Devoteam; Director of Tinubu. **Expired offices:** Chief Executive Officer of EMEA HP.	*Yes*	*90%*

(1) At its meeting of 22 February 2017, the Board of Directors decided that the concept of independence defined by Recommendation No. 8 of the Middlenext Code should be retained in its current form and, on this basis, qualified as independent those directors meeting the criteria set out in that recommendation. The significance of business relations is assessed on a qualitative and quantitative basis since it is based on the percentage of revenue earned with companies in which the independent directors may be Board members. Moreover, the directors' independence is appraised throughout the fiscal year. The directors concerned are required to notify the Company's Board of Directors if any significant event comes to alter this qualification.

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

Changes in the composition of the Board of Directors for the year ended 31 December 2017

Appointments	• Nicole-Claude Duplessix effective 6 June 2017
Non-renewal	-
Resignations	-
Cooptations	-

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

Pierre Pasquier has some 45 years experience in the fields of IT and corporate management. In 1968 he co-founded Sopra Group SA (which became Sopra Steria Group SA in 2014 following the merger with the Steria Group), the Company that created Axway, which is now one of France's leading consulting, systems and solutions integration companies. He is a graduate of the University of Rennes (Mathematics, 1962).

Kathleen Clark Bracco has served as a member of the Board of Directors since 28 April 2011 and Vice-Chairman of the Board of Directors since 24 October 2013. Kathleen Clark Bracco has served as Deputy Managing Director of Sopra GMT since 1 January 2012. She is also Sopra Steria Group SA's Director of Corporate Development. She was responsible for all investor relations in the same company for 12 years. Kathleen Clark Bracco began her professional career in the United States education sector. She is a graduate of the University of California at Irvine (Literature, 1994) and the University of California at San Jose (English, 1989).

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

Véronique de la Bachelerie was appointed director following the resignation of Françoise Mercadal Delasalles at the meeting of the Board of Directors which took effect on 24 February 2015. Véronique de la Bachelerie began her career as an account auditor and joined the Société Générale Group in 1987. Since then, she has held various positions of management of the financial teams of the Société Générale Group. She was also CFO (Chief Financial Officer) of the retail networks of the Société Générale Group in France. Since May 2013 she has acted as CEO (Chief Executive Officer) of the Société Générale Bank & Trust Luxembourg Group and has held various terms of office as director within the subsidiaries of the Société Générale Group in Luxembourg, Switzerland, Monaco and Tunisia. She is a graduate of the ESCP and is a French chartered accountant graduate.

Pierre Yves Commanay is a Senior Manager in the Sopra Steria Group, where he has been Head of international development since early 2011. He has also had previous roles within the Group, which he joined in 1991. Specifically, he served as Chief Executive Officer of the subsidiary Sopra Group UK from 2009 to 2012 and he was previously Industrial Director of Sopra Group India Pvt. Ltd. He is a graduate of the Université de Lyon (DESS postgraduate diploma in Management) and the Université de Savoie (Masters degree in Information Technology).

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

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

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

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

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

Emma Fernandez has served on the Board of Directors since 21 June 2016.

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

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

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

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

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

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

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

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

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

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

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

He has acted as 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*.

3.1.3 Senior executives and company officers

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

3.1.4 Family relationships

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

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

3.1.5 Legal information

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

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

To the best of the Company's knowledge, none of the 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.

3.1.6 Conflicts of interest within administrative and management bodies

The Company maintains significant relationships for its business, control, strategy and development with Sopra GMT, the lead holding company of which Pierre Pasquier is Chairman and Chief Executive Officer and in which the Pasquier family hold a 56.97% interest in the share capital and 64.62% of the voting rights.

Sopra GMT controls the Company as a result of its direct and indirect holding of more than half of the Company's share capital (56.97%) and 64.62% of its voting rights (see Chapter 6, Section 2).

As a result, Sopra GMT exercises a considerable influence over the Company's business, strategy and development.

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

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

It should also be noted that:

- Axway's Board of Directors includes seven (7) independent directors, appointed at a meeting held on 22 February 2017, in accordance with Recommendation No. 3 of the Middlenext Code of Corporate Governance;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the charter and the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Code of Ethics for Board members). Moreover, the internal regulations of the Board of Directors stipulate in Article 13 "Conflicts of Interest" that: *"Any member of the Board of Directors finding himself in a situation of conflict of interest or potential conflict of interest, due to the offices they hold with another company, may not take part in the vote on the corresponding matter. The Chairman may ask the Board member to refrain from taking part in related discussions*;
- the Company decided to separate the offices of Chairman and CEO during its meeting of 22 June 2015.

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

(1) *In accordance with Article L. 225-42-1 of the French Commercial Code and pursuant to the recommendations of its Remuneration Committee, the Board of Directors, at its meeting of 21 October 2015, authorized the principle of severance payments for involuntary departure, to the benefit of the Chairman and Chief Executive Officer, Jean-Marc Lazzari.*
These severance payments in the event of the termination of service are only due in the case of forced departure of the Chief Executive Officer from the Company. No severance payments shall be due if (i) the Chief Executive Officer leaves his position at his own initiative, or (ii) in the case of gross negligence or serious misconduct, or (iii) in the case of a wrongful act which is unrelated to his position, or (iv) in the case of the departure of the Chief Executive Officer within the Sopra Steria Group. The maximum amount of severance payments that may be paid is $500,000. This amount is consistent with Middlenext Code Recommendation No. 16. It represents less than two (2) years of compensation (fixed and variable). Such amount will be calculated according to the criteria set out below. In the event of dismissal during the 2015 fiscal year, 50% of the amount of the severance pay will be due if Axway Software's yearly organic growth with respect to such fiscal year is positive (at constant scope), and 50% of the remaining severance pay will be due if the strategic plan is considered as having been implemented by the Board of Directors.
The commitment made by the Board of Directors will be put to vote at the next General Meeting for regulated agreements, in accordance with Article L. 225-42-1 of the French Commercial Code. It shall take effect as from such date, and shall be noted in the Statutory Auditors' special report.

3.1.7 Committees

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

- Hervé Saint-Sauveur (Chairman);
- Véronique de la Bachelerie;
- Hervé Déchelette;
- Michael Gollner.

The procedures of the Audit Committee are described in Chapter 3, 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, following the renewal of the directors during 2015, on its composition, its operating procedures and its powers, with immediate effect. Its members are:

- Pierre Pasquier;
- Kathleen Clark Bracco (Chairman);
- Pascal Imbert;
- Hervé Déchelette.
- Pierre Yves Commanay.

The procedures of the Selection, Ethics and Governance Committee are described in Chapter 3, Section 4.1.5.

A Remuneration Committee was created by resolution of the Board of Directors held on 22 May 2012, which also decided, following the renewal of the terms of the directors during 2015, on its composition, its operating procedures and its powers, with immediate effect. Its members are:

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

The procedures of the Remuneration Committee are described in Chapter 3, Section 4.1.5.

3.1.8 Compensation paid to corporate officers

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

The Company's Combined General Meeting of 6 June 2017 allocated directors' fees in the amount of €302,000 for the fiscal year ended 31 December 2017 as part of its Resolution No. 8.

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

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

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

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

Company officers	Amounts due in the 2017 fiscal year*	Amounts due in the 2016 fiscal year*	Amounts due in the 2015 fiscal year*
Pierre PASQUIER			
Directors' fees	19,505	18,582.81	19,819.00
Other compensation	-	-	-
Hervé SAINT-SAUVEUR			
Directors' fees	0(1)	37,304.16	35,787.50
Other compensation	-	-	-
Hervé DÉCHELETTE			
Directors' fees	37,222	33,579.34	31,850.00
Other compensation	-	-	-
Pascal IMBERT			
Directors' fees	29,572	24,732.11	28,568.75
Other compensation	-	-	-
Kathleen CLARK BRACCO			
Directors' fees	27,054	25,357.98	26,381.25
Other compensation	-	-	-
Pierre-Yves COMMANAY			
Directors' fees	21,811	21,803.29	24,193.75
Other compensation	-	-	-
Nicole-Claude DUPLESSIX			
Directors' fees	6,080	-	-
Other compensation	-	-	-
Véronique DE LA BACHELERIE			
Directors' fees	26,562	23,969.41	28,131.25
Other compensation	-	-	-
Michael GOLLNER			
Directors' fees	29,672	23,960.41	28,131.25
Other compensation	-	-	-
Yves de TALHOUËT			
Directors' fees	19,294	20,800.69	22,006.25
Other compensation	-	-	-
Yann METZ-PASQUIER			
Directors' fees	11,535	13,460.41	17,631.25
Other compensation	-	-	-
Emma FERNANDEZ			
Directors' fees	16,988	9,479.16	-
Other compensation	-	-	-
Helen Louise HESLOP			
Directors' fees	16,988	9,479.16	-
Other compensation	-	-	-
Total	**262,371**	**262,500**	**262,500**

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

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

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 compensation received by the Chairman of the Board of Directors, Pierre Pasquier, and that received by the Chief Executive Officer of the Axway Group, Jean-Marc Lazzari and in respect of the last three fiscal years in application of the 2009-16 Position-Recommendation, amended on 17 December 2013 and 4 December 2014 and in accordance with the recommendations of the new MiddleNext Code:

Summary of compensation, stock options and shares awarded to each executive officer across the Group

(in euros and gross amounts)	**2017**	**2016**	**FY 2015**
Pierre PASQUIER			
Compensation payable in respect of the fiscal year	157,498	139,819	144,208
Valuation of multi-year variable compensation allocated during the fiscal year	-	-	-
Valuation of options allocated during the year	-	-	-
Valuation of bonus shares awarded	-	-	-
Jean-Marc LAZZARI			
Compensation payable in respect of the fiscal year		502,021	358,604
Valuation of multi-year variable compensation granted during the fiscal year	706,448	-	-
Valuation of options allocated during the year	-	-	
Valuation of bonus shares allocated during the year		702,000	
Granting of bonus shares as part of the Bonus Share Plan already in place	-	-	-

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

	2017		2016	
(gross amounts in euros)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Pierre PASQUIER				
Fixed compensation[(1)]	138,000	138,000	120,000	120,000
Bonus compensation	-	-	-	-
Multi-year bonus compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees[(1)]			19,819	24,701
Value of benefits in kind	-	-	-	-
Total			**139,819**	**144,208**
Jean-Marc LAZZARI				
Fixed compensation[(2)]	553,643	553,643	562,018	562,018
Bonus compensation[(2) (3) (4)]	0	230,040	230,040	485,292
Multi-year bonus compensation			-	-
Exceptional compensation			-	-
Directors' fees	-	-	-	-
Value of benefits in kind[(1) (4)]	152,805	152,805	162,704	162,704
Total	**706,448**	**936,488**	**986,190**	**1,271,310**

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

(2) The fixed and variable compensation and the benefits in kind are paid by Axway Software and Axway Inc., in dollars. The conversion rate used for this table at 31 December 2016 was €1 = $1.1.1651 and the rate applicable at 31 December 2017 was €1 = $1.12703.

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

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

Following his expatriation to the United States, the Group's Chief Executive Officer was subject to an excessive tax burden. In view of these circumstances, the Group decided to offer him the same plan applicable to expatriate employees. Accordingly, the Group will pay the additional tax arising from this situation, totaling €136,273 for the fiscal year ended 31 December 2017. This amount is paid as tax and therefore is not classified as income.

Furthermore, Mr. Pasquier received, in his capacity as Chairman and Chief Executive Officer of Sopra GMT, the Company's lead holding company, fixed compensation of €60,000 in respect of his functions within Sopra GMT and €529,077 in respect of his functions within Sopra Steria Group SA for the year ended 31 December 2017.

History of share subscription options granted to company officers

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

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

During the fiscal year ended 31 December 2017, no stock options were granted to executive officers. A summary table has been inserted in the Board of Directors' report pertaining to share subscription options, Point I A. in Chapter 3.

Stock options exercised during the fiscal year by each executive officer

No stock options were exercised during the fiscal year ended 31 December 2017 by any executive officer. A table is presented in the Board of Director's report pertaining to subscription options, Point II A. in Chapter 3.

Historical bonus share grants

Information concerning the bonus shares granted

Date of meeting	21 June 2016
Date of General Meeting	Combined General Meeting of 21 June 2016
Date of Board of Directors' meeting	21 June 2016
Total number of bonus shares granted, of which:	
• Jean-Marc Lazzari	36,000
Valuation of shares based on the method used for the consolidated financial statements	€19.59 per share or a total of €702,000 for the 36,000 shares.
Share acquisition date	Rights to performance shares are acquired by third parties each year counting from the anniversary date, i.e. from 21 June of one year to 20 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the allocation of performance-based shares in Chapter 3, point 3.9.
Lock-in period end date	The bonus shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31/12/2017	-
Cumulative number of bonus shares canceled or having lapsed	18,096
Number of bonus shares remaining at the balance sheet date	-
Date of meeting	21 June 2016
Date of Board of Directors' meeting	21 June 2016
Total number of bonus shares granted, of which:	
Valuation of shares based on the method used for the consolidated financial statements	€19.59 per share or a total of €702,000 for the 36,000 shares.
Share acquisition date	Rights to performance shares are acquired by third parties each year counting from the anniversary date, i.e. from 21 June of one year to 20 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the allocation of performance-based shares in Chapter 3, point 3.9.
Lock-in period end date	The bonus shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.
Number of shares subscribed at 31/12/2017	-
Cumulative number of bonus shares canceled or having lapsed	24,000
Number of bonus shares remaining at the balance sheet date	-
Date of meeting	21 June 2016
Date of Board of Directors' meeting	6 June 2017
Total number of bonus shares granted	
Valuation of shares based on the method used for the consolidated financial statements	€32.42 per share or a total of €2,334,240 for the 72,000 shares.
Share acquisition date	Rights to performance shares are acquired by third parties each year counting from the anniversary date, i.e. from 6 June of one year to 5 June of the following year, subject to a combination of performance and attendance conditions detailed in the report on the allocation of performance-based shares in Chapter 3, point 3.9.
Lock-in period end date	The bonus shares awarded must be kept by the Chief Executive Officer throughout his tenure at the head of the Company.

3.1.9 Role and compensation of senior executives and company officers

I Role of the senior executives and company officers

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

The Company is also integrating the recommendations issued by the Middlenext Code, adopted since the Company's listing, in its approach to the roles and duties of its company officers. Determination of the amount and distribution of the compensation awarded to the company officers are evaluated annually in light of the tasks performed by said officers as well as by comparing these with the compensation allocated to company officers of the Group's competitors in France and the United States.

In practicing good governance, the Board of Directors entrusts the Remuneration Committee with reviewing the compensation policy thus instituted annually, so that it is consistent with the challenges faced by the Group. The Remuneration Committee will meet on average two to three times a year on these subjects.

The recommendations made by the Remuneration Committee are sent to the Board of Directors, which discusses them and takes them into account in its decisions.

II Company officers' succession plan

The Board of Directors has instituted a succession plan for its Chairman.

III Report on the activities of the Chairman of the Board of Directors

The Chairman of the Board of Directors works as a full time officer throughout the year. His activity covered managing the work of the Board, as well as certain operational tasks covering a strictly defined scope.

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

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

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

At its meeting on 6 June 2017, on a proposal from the Board of Directors, the General Meeting decided to set the compensation for the Chairman of the Board of Directors at 138,000 euros gross

The Company's Board of Directors decided not to change Mr Pierre Pasquier's compensation for FY 2018.

IV Report on the activities of the Executive Management

We recall that the Company's Board of Directors, meeting on 6 April 2018, decided to appoint Mr Patrick Donovan as the Company's Chief Executive Officer to replace Mr Jean-Marc Lazzari.

A. Compensation payable to Mr Jean-Marc Lazzari as Chief Executive Officer

On 6 June 2017, the General Meeting approved the compensation principles and criteria applicable to Mr Jean-Marc Lazzari for the fiscal year ended 31 December 2017 and set out below:

The Company's Chief Executive Officer receives (i) fixed annual compensation of US$625,500 gross, (ii) variable compensation, capped at 100 % of his fixed compensation and broken down as follows: (ii a) 40 % of the total maximum amount of this sum, i.e. US$250,000, will be linked to organic growth in license and cloud revenue, and (ii b) 40 % of the total maximum amount of this sum, i.e. US$250,000, will be linked to the profit (loss) from operations, and (ii c) 20 % of the total maximum amount of this sum, i.e. US$125,000, will be linked to qualitative non-financial criteria. The exact criteria are not disclosed for confidentiality reasons.

In addition, the Chief Executive Officer, an expatriate in the USA, will receive, as consideration for this situation, benefits in kind amounting to US$224,000 a year, as well as an additional amount linked to the excess tax burden, adjusted to reflect tax changes.

The interests of the shareholders were also aligned with those of the Chief Executive Officer. He is the recipient of a performance-based share plan detailed in this section.

Finally, the Chief Executive Officer is liable to receive a severance payment amounting to US$500,000. Payment of this amount is subject to his achieving certain performance criteria and is also compliant with the Middlenext recommendations. Accordingly, no severance payment will be made if the Chief Executive Officer voluntarily leaves his post to take up other duties within the Group or within the Sopra Steria group. Furthermore, the amount of severance payment is lower than the amount of the Chief Executive Officer's fixed annual compensation.

After taking into account his level of achievement of the targets set, Mr Jean-Marc Lazzari's variable compensation for FY 2017 was set at 0 euros.

As a reminder, any payment of variable compensation is subject to a favorable vote by the General Meeting on 6 June 2018.

At its meeting on 14 February 2018, the Board of Directors decided not to change Mr Jean-Marc Lazzari's compensation for FY 2018.

B. Compensation payable to Mr Patrick Donovan as Chief Executive Officer for FY 2018

It is proposed for FY 2018 to pay Mr Patrick Donovan compensation broken down as follows: (a) gross fixed compensation amounting to (a - i) US$180,000 for the period from 6 April 2018 until 30 June 2018 inclusive, and (ii) a gross amount of US$210,000 for the period from 1 July to 31 December 2018, and (b) variable compensation capped at (b – i) US$77,000 for the period from 1 January to 30 June 2018 and (b - ii) a maximum of US$168,000 for the period from 1 July to 31 December 2018.

Payment of the variable compensation is subject to both (60%) quantitative and (40%) qualitative criteria being satisfied. These criteria are not published owing to the confidentiality that is attached to them.

V Additional details

Any payment of any item of compensation to senior executives and company officers is tied to approval of such items by the General Meeting.

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

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

3.1.11 Code of Corporate Governance

The Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and mid caps in September 2016, 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 fiscal year. However, for the fiscal year ended 31 December 2017, the status of the application of the Code's recommendations is as follows:

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

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

(2) This recommendation is followed, with the exception of the full publication of the internal regulations. Nevertheless, the limitation of the powers of the Company's Chief Executive Officer, and the roles of the Chairman and Vice-Chairman as set forth in the Company's internal regulations are presented in Chapter 2, Section 2, Point 4.1.2 "Provisions governing the organization and working procedures of the Board of Directors" of this Registration Document. The main provisions of the Company's internal regulations can be communicated to any shareholder at their request.

(3) The watch-points are reviewed annually during the first half of each year. As such, the watch-points will be reviewed during the first half of 2018 in order to include the last quarter of 2017. The Company took this approach so as to ensure that the review covered a sufficient period of time.

3

3.2 Statutory Auditors

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3.2.1 Statutory Auditors and alternate auditors

The information concerning the Statutory Auditors and Alternate Auditors is presented in Chapter 7, Section 5 of this Registration Document.

3.2.2 Fees for Statutory Auditors and members of their networks

	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands of euros)	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Statutory audit, certification and review of the individual company and consolidated financial statements												
• Issuer	146	129	123	37%	36%	34%	121	113	113	61%	62%	70%
• Fully consolidated subsidiaries	251	223	236	63%	62%	66%	43	38	43	22%	21%	27%
Subtotal	**397**	**352**	**359**	**99%**	**98%**	**100%**	**164**	**151**	**156**	**83%**	**83%**	**97%**
Other services than certification												
• Issuer	2			1%	0%	0%	2			1%	0%	0%
• Fully consolidated subsidiaries		7		%	2%	0%	31	32	5	16%	17%	3%
Subtotal	**2**	**7**	**-**	**1%**	**2%**	**0%**	**33**	**32**	**5**	**17%**	**17%**	**3%**
Total	**399**	**359**	**359**	**100%**	**100%**	**100%**	**197**	**183**	**161**	**100%**	**100%**	**100%**

3.3 Regulated agreements

3.3.1 New agreements concluded in 2017

The Company is currently working with Sopra Banking Software to create a DigitalExperience Platform.

To achieve this, the Company has provided some of its products to Sopra Banking Software for integration into this platform.

- The agreement aims to incorporate Company products into the platform developed by Sopra Banking Software in order to sell these products to Sopra Banking Software's end customers, through the grant of licenses or through cloud-based services. The agreement has a six-year term, automatically renewable for periods of one year. It can be terminated by giving notice 90 days prior to the anniversary date.
- The intellectual property rights of both parties are preserved. In addition, Appendix B of the distribution agreement provides for standard clauses that must be included in contracts between Sopra Banking Software and its end customers.

Pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code, prior to its signing, the draft agreement shall be subject to the procedure applicable to regulated agreements, *i.e.* approval by the Board of Directors, and after signing, ratification by the next General Meeting.

The Company's Board of Directors (i) approved this agreement for a total amount of €357,165 and (ii) proposed that it be renewed for the 2018 fiscal year.

The Board of Directors will submit this agreement for approval at the General Meeting to be held on 6 June 2018.

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

The Company renewed the introduction of an agreement on severance payments for the Chief Executive Officer and also concluded various business agreements with the Sopra Group. These agreements were extended for the year ended 31 December 2017.

Regulated agreement entered into between the Company and Jean-Marc Lazzari – Chief Executive Officer of the Company

The Company has put in place an agreement on severance payments for the Chief Executive Officer for the year in which he started his term of office in order to comply with market practices. In order to preserve the interests of the Company, it was decided to put a framework around the granting of such compensation, in accordance with the rules of good governance and market practices applicable to small and midcaps.

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

The maximum amount of severance payments that may be paid is $500,000. This amount is consistent with Middlenext Code Recommendation No. 16. It represents less than two (2) years of compensation (fixed and variable). Such amount will be calculated according to the criteria set out below. In the event of dismissal during the 2017 fiscal year, 50% of the amount of the severance payments will be due if Axway Software's yearly organic growth with respect to such fiscal year is positive (at constant scope), and 50% of the remaining severance payments will be due if the strategic plan is considered as having been implemented by the Board of Directors.

In accordance with Article L. 225-42-1 of the French Commercial Code and pursuant to the recommendations of its Remuneration Committee, the Board of Directors, at its meeting of 22 February 2017, authorized the principle of severance payments for involuntary departure, to the benefit of the Chief Executive Officer, Jean-Marc Lazzari.

Agreements entered into between Axway Software and Sopra Steria Group SA

Agreement for the provision of business premises

The Company signed an agreement with the Sopra Group for the provision of business premises initially to accommodate the business activities of Axway Software SA, a wholly-owned subsidiary, upon incorporation. This agreement, governed by commercial lease legislation, should be extended for 2017 to ensure the continuity of the Company's business and sustain the modifications carried out to locate its business there, in particular, at the Annecy site.

The Company has also incurred significant costs to bring the business premises into compliance with regulations applicable to its industry. As a result, any move could give rise to considerable works entailing significant costs for the Company.

The Company has, therefore, decided to remain in its current business premises.

The Board of Directors voted unanimously (with interested directors abstaining), to renew this agreement for the provision of the business premises for 2018 and approved expenditure of €248,488 for the year ended 31 December 2017.

Agreement concluded between Axway Software and Sopra GMT

The assistance agreement relating to Functional Divisions concluded between Sopra GMT on the one hand, and the Company and Sopra Steria Group SA on the other, defines Sopra GMT's role as the financial holding company for these two companies. This agreement, which was initially entered into on 1 July 2011, for a period of two (2) years and then renewed in July 2013, has been amended to make it an open-ended agreement, which may be canceled by giving twelve (12) months prior notice, in writing. This agreement aims to improve strategic planning and general policy coordination between the Sopra Steria Group and the Company, in particular, by developing synergies subsequent to the spin-off of Axway Software, as well as providing the Company with support and consultancy services.

The Board of Directors unanimously approved (with interested parties abstaining), (i) the continuation of this agreement in 2018 and (ii) the payment of €472,218.04 to Sopra GMT for services rendered in the year ended 31 December 2017.

3.4 Report of the Board of Directors on corporate governance and internal control

Dear shareholders,

The purpose of this report is to inform you of the composition of the Board of Directors of Axway Software SA, of the application of the principle of balanced gender representation within its members, of the manner in which its work is prepared and organized, and of the internal control and risk management procedures implemented by the Group during the fiscal year ended 31 December 2017. It is presented to you as a supplement to the management report contained in the Registration Document.

This report was prepared in accordance with Article L. 225-37 of the French Commercial Code and the recommendations and guides for SMEs (VaMPs) published by the *Autorité des marchés financiers* (AMF).

3.4.1 Information required pursuant to Article L. 225-37 of the French Commercial Code

The list of all offices and duties held by the corporate officers is available in Chapter 3 Section 3.1 (“Administrative Bodies and Executive Management”).

The only agreement signed between the Company and one of its officers, specifically its Chief Executive Officer, concerns severance payments. The terms and conditions of this agreement are set forth in Chapter 3 point 3.3 “Regulated agreements” in the Registration Document.

The table summarizing the delegations of authority still valid is included in Chapter 6 point 6.5 “Issuance authorizations given to the Axway Board of Directors – Delegations granted by General Meetings”.

The Company decided to separate the functions of Chairman and Chief Executive Officer.

The report presenting the draft resolutions submitted for shareholders’ approval of the principles and criteria to determine senior executive compensation, as well as all compensation paid to each corporate officer, are detailed in Chapter 3 Section 3.1 (“Administrative Bodies and Executive Management”) of this Registration Document.

Information on matters that could have an impact in the event of a public offering are set forth in Chapter 6 Section 6.11 (“Information on takeover bids”).

3.4.2 Manner in which the work of the Board of Directors was prepared and organized

Composition of the Board of Directors and compensation of its members

The composition and compensation of the members of the Board of Directors is presented in Chapter 3, Section 3.1 of this Registration Document.

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

Regulatory framework governing the Board of Directors, its organization and its working procedures

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

Legal provisions

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

Provisions included in the Articles of Association

The rules governing the organization and procedures of the Board of Directors are set forth in Articles 14 to 21 of the Articles of Association included in Chapter 7 of this Registration Document: Legal and administrative information.

The Articles of Association currently incorporate the recommendations of the MiddleNext Code of Corporate Governance on the term of office of directors, which is set at four (4) years.

Internal regulations of the Board of Directors

The internal regulations cover the following topics: reminder of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, directors' fees, confidentiality and Works Council representatives.

Board of Directors' charter

The charter addresses the following issues: proxies, duties and performance conditions, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance and confidentiality.

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

Powers of the Chief Executive Officer

The Chief Executive Officer exercises his or her powers within the limits of the corporate purpose and applicable laws, the Articles of Association and the internal regulations. The Chief Executive Officer has authority over the Group as a whole and directs its operating activities. He 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 chairs the Group's Executive Committee (ExCom).

The Chief Executive Officer is moreover in charge of providing the Board of Directors and its committees with the information that they need and implementing the decisions made by the Board. The internal regulations of the Board of Directors specify the role of the Chief Executive Officer and the conditions for exercising the prerogatives of the office. The Chief Executive Officer thus closely coordinates his 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 authorization 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 authorizations 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 effect or which are likely to have a material impact on the financial position or the commitments of the Company or of its subsidiaries and in particular those related to:

- the implementation of the strategy:
  - adaptation of the business model,
  - any decision to acquire or dispose of companies or business activities, with powers delegated to the Chairman by the Board for transactions less than €5 million,
  - the conclusion of strategic alliances;
- organizational matters:
  - the appointment or dismissal of a member of the management team (members of the Executive Committee, functional heads and heads of support divisions) with powers delegated to the Chairman by the Board,
  - any significant modification of internal organization or operations, with powers delegated to the Chairman by the Board;
- financial matters:
  - financial transactions that have or could have a future material impact on the parent company financial statements or the consolidated financial statements,
  - any procedural commitment, treaty, settlement or compromise, in the case of litigation, for an amount exceeding €1,000,000,
  - the capital increase or reduction of a subsidiary,
  - any surety, security or guarantee granted by the Company.

Role entrusted to the Chairman of the Board of Directors

Pursuant to the provisions of Article L. 225-51 of the French Commercial Code and the stipulations of Article 2 of the Company's internal regulations, the role of the Chairman of the Board of Directors includes:

- organizing and directing the work of the Board of Directors;
- setting the dates and agenda of the Board of Directors' meetings;
- ensuring the smooth running of the Company's management bodies and the application of best governance practices; as well as;
- ensuring that directors are able to carry out their duties; and
- ensuring that they have the required information.

Role entrusted to the Vice-Chairman of the Board of Directors

It is hereby recalled that the Board of Directors, at its meeting of 24 October 2013, decided, based on the recommendations of the Selection, Ethics and Governance Committee, to appoint a Vice-Chairman to take over the Chairman's duties in the event of the latter's incapacity. Accordingly, it was decided to amend the internal regulations of the Board of Directors. The directors, whose terms of office were renewed by the Combined General Meeting of 22 June 2015, decided to (i) maintain the office of Vice-Chairman of the Board of Directors, and (ii) renew Kathleen Clark Bracco in this capacity.

Article 2.6 of the Board of Directors' internal regulations also provides that "Pursuant to Article 15 paragraph 4 of the

Company's Articles of Association, the Board of Directors shall appoint a Vice-Chairman of the Board of Directors, chosen from among the directors who are natural persons.

The Vice-Chairman is appointed for a duration that cannot exceed his term of office as a director. His term of office may be renewed without any limitation. S/he can be dismissed at any time by the Company's Board of Directors".

The Vice-Chairman's role is to assist the Chairman in his missions at the latter's request, especially in the organization and management of the Board's work, the supervision of corporate governance and internal control procedures and representation of the Company and its Group. He may be required to assume the Chairman's duties in the event of the latter's incapacity, provided he is a member of the Board of Directors when said incapacity occurs.

Observer

In application of Article 23 of the Company's Articles of Association and in accordance with the recommendation issued by the Selection, Ethics and Governance Committee, it was decided to appoint a non-voting member to the Company's Board of Directors. This appointment, ratified by the Combined General Meeting of 4 June 2014 aims to strengthen good governance within the Board of Directors and assist the Board with specific and/or one-off missions. The observer attends Board of Directors' meetings. S/he does not have the right to vote.

MiddleNext Code

The Company has chosen to comply with the MiddleNext Code (available on the MiddleNext site: www.middlenext.com). Compliance with the different recommendations of the Code of Corporate Governance is detailed in Chapter 3, under "Code of Corporate Governance". A summary table of directors qualified as independent under the crieteria used by the Middlenext Code is included in Chapter 3 "Summary table of independent directors with regard to the criteria established by the Middlenext Code".

Meetings of the Board of Directors

Number of meetings held during the fiscal year and attendance of members of the Board of Directors

In accordance with its internal regulations, the Board of Directors is required to meet at least 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 2017. The attendance rate was 95%.

The Board of Directors was regularly informed of and based its decisions on the work of the Audit Committee, that of the Selection, Ethics and Governance Committee, and that of the Remuneration Committee.

Issues discussed

The main issues discussed in 2017 included the following:

- strategy and business plan;
- both internal and external growth plans of the Company and the Axway Group;
- quarterly performance;
- the 2017 budget and major guidelines;
- approval of the financial statements for the year ended 31 December 2016;
- approval of the interim financial statements for the first half of 2017;
- approval of financial information and forward-looking information documents;
- operating procedures of the Board of Directors, its internal regulations and its charter;
- compensation paid to corporate officers.

Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive any information required for the performance of his or her duty and can request any documents he or she deems pertinent;
- in advance of each meeting of the Board, a set of preparatory materials shall be addressed to members presenting the items on the agenda requiring special analysis and prior reflection, provided that confidentiality guidelines allow for communication of this information;
- the members of the Board shall also receive, in the intervals between meetings, all pertinent and critical information concerning significant events or operations for the Company. This information shall include copies of all press releases disseminated by the Company.

Training

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

There were no requests for training from the directors in the year ended 31 December 2017.

Committees of the Board of Directors

The committees, the working procedures of which are detailed below, lack the authority to take decisions alone but submit their findings and make respective recommendations to the Board of Directors.

Audit Committee (formerly Accounting Committee)

The Audit Committee was created on 9 May 2011. Following the renewals of the directors' terms of office, its current members are:

- Hervé Saint-Sauveur (Chairman);
- Véronique de la Bachelerie;
- 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 half-yearly and annual financial statements.

The members of the Audit Committee have in-depth economic and/or industry knowledge as detailed in Chapter 3, Section 1 ("Administrative bodies and Executive Management"), enabling them to fully investigate all issues submitted to them by the Company.

Without prejudice to the powers given by law to the Board of Directors, the Audit Committee's main responsibilities include the following:

- examine the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify the procedures for collecting and validating the reliability of information,
  - ensure that accounting policies have been applied consistently and are relevant,
  - check the working methods used by the Statutory Auditors;
- promote the effectiveness of internal control and risk management procedures;
- monitor the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensure compliance with the independence requirement for Statutory Auditors.

In addition, the Audit Committee:

- issues a recommendation on the Statutory Auditors proposed for appointment by the General Meeting, where applicable. This recommendation to the Board is prepared in accordance with regulations: it also issues a recommendation to the Board when renewal of the Statutory Auditor(s)' term of office is proposed under the conditions defined by regulations;
- monitors the statutory auditor's performance of its mission and takes into account the findings and conclusions of the *Haut Conseil du commissariat aux comptes* following audits conducted in accordance with regulations;
- ensures that the statutory auditor complies with the conditions of independence under the terms set forth by regulations;
- approves the provision of services other than the certification of financial statements in compliance with applicable regulations;
- regularly reports to the Board regarding performance of its duties. It also reports the results of the certification of financial statements, ensuring that such certification ensured the integrity of the financial information and the role it played in the process. It immediately notifies the Board of any problems encountered.

The Committee met five times in 2017 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2017 impairment tests;
- the intra-group transfer pricing policy;
- review of the consolidated and parent company financial statements for the year ended 31 December 2016;
- review of the financial statements for the first half of 2017;
- the organization of work in 2017 for the Group's internal audit function It should be stated in this respect that, since the reform of the law governing audits, the workload of the Audit Committee has significantly increased.

The Audit Committee was responsible for (i) reviewing implementation of statutory audit reforms, (ii) reviewing the Group's implementation of requirements under the Sapin II law, (iii) verifying that the auditors of the financial statements are still independent, (iv) authorizing the ability to contract for services, other than certification of the financial statements, provided the total amount does not exceed €100,000. In addition, the Audit Committee had significant discussions with the Statutory Auditors during preparation of the new Statutory Auditors' report to the Audit Committee:

- update on cyber security within the Group;
- impact of the Cloud on the Group's business model;
- review of the insurance policies contracted by the Group;
- the Chairman's draft report on corporate governance and internal control procedures.

As a general matter, it should be noted that the Board of Directors followed the Audit Committee's recommendations.

The Statutory Auditors appeared before the Committee in the absence of Management and the Finance Department.

Various operating and functional Group managers were also interviewed 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. Following the renewal of the directors' terms of office and the decisions made by the Board of Directors after this General Meeting, its members are:

- Kathleen Clark Bracco (Chairman);
- Pierre Pasquier;
- Hervé Déchelette;
- Pascal Imbert;
- Pierre Yves Commanay.

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 may be convened when requested by its Chairman or by two of its members. It meets prior to the approval of the agenda of the Annual General Meeting, to review draft resolutions that will be submitted to it concerning the positions of members of the Board of Directors.

It met four times in 2017 and its main responsibilities were:

- to make proposals for appointment of members to the Board of Directors and corporate officers, particularly in cases of unplanned vacancies;
- to assess the Board of Directors and the functioning of corporate governance;
- to ensure that in all of the Group's business segments, in all the subsidiaries that it controls, in all communications that it delivers and all acts accomplished in its name, the Group's values are respected, defended and promoted by its corporate officers, its senior executives and its employees;
- to verify the application of rules of good governance in the Company and in its subsidiaries;
- to assess the status of the independent members of the Board of Directors pursuant to the Board's decisions on this subject;
- to inform and propose changes that it deems useful or necessary to support the operations or composition of the Board of Directors;
- to take into account any legal and regulatory changes in 2017.

Remuneration Committee

The Remuneration Committee created on 22 May 2012 was, in the framework of the renewal of the directors' terms of office, reappointed by the Board of Directors. Its members are:

- Pascal Imbert (Chairman);
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Yves de Talhouët; and
- Pierre Yves Commanay.

The Remuneration Committee is composed of three to six members who are appointed by the Board of Directors. The Remuneration Committee may be convened when requested by its Chairman or by two of its members.

The Remuneration Committee met four times during the course of the year ending 31 December 2017, and had as its primary duties:

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

Evaluation of the Board of Directors

The Board of Directors decided to introduce annual self-evaluation of its working procedures in accordance with the recommendations of the MiddleNext Code. This self-evaluation aims, in particular, to check that the Board has all the items of information needed to take informed decisions and to consider any requests for changes to the Board's working procedures. The self-assessment questionnaire was amended to take into account the changes recommended by the model self-assessment questionnaire drafted by MiddleNext. The Board of Directors' self-evaluation is always conducted at the end of the fiscal year in question so as to ensure that all areas for improvement have been identified.

Other information required by Article L. 225-37 of the French Commercial Code

Specific procedures relating to the participation of shareholders in General Meetings

The main provisions of the Articles of Association relating to General Meetings and the rights and obligations of shareholders are included in Chapter 7, Sections 3 and 4 of the Registration Document.

3.4.3 Internal control and risk management procedures implemented by the Company

Legal and regulatory amendments that occurred during the 2017 fiscal year now only require the Company to provide details regarding the internal control system and financial risk management. Nevertheless, the Company deemed it useful to continue providing information about internal controls and general risk management to keep its shareholders better-informed.

Internal control and risk management system

Axway's internal control and risk management system is based on the framework and implementation guidelines published by the *Autorité des marchés financiers* (AMF) in July 2010, and on the recommendations of the AMF, in particular position-recommendation 2016-05 of October 2016 on periodic information for companies listed on a regulated market.

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

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

In general, internal control contributes to the control of the Company's activities, the effectiveness of its operations and the efficient use of its resources. It is also aimed at managing material risks in an appropriate way, whether these risks are operational, financial or compliance-related, and at helping implement the Company's strategy.

With regard to risk management, its aim is to:

- create and preserve the Company's value, assets and reputation;
- safeguard decision-making and other Company processes in order to promote the achievement of objectives;
- promote the consistency of the actions taken with the Company's values;
- give Company employees a common vision of the main risks.

The risks that the Company faces are described in Chapter 1 Section 13 ("Risk factors").

All of the internal control system and risk management procedures described hereunder are implemented in all entities in the scope of consolidation with the aim of reducing the risk factors to an acceptable level, helping the Company achieve its objectives and providing reasonable assurance on their implementation. In the event of a new acquisition, this company will be fully consolidated, within a reasonable delay, into the global internal control and risk management system. As with any control system, it cannot provide an absolute guarantee that such risks have been totally avoided, eliminated or controlled, or that the Group's objectives can be achieved.

Axway's system comprises the five components defined by the AMF reference framework: (a.) organization (b.) internal dissemination of information (c.) a risk identification and management process (d.) control measures (e.) continuous monitoring of the system.

a. Organization

Organizational framework

Legal structure

Axway'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 2017, the Group was composed of 26 active companies. The legal structure is presented under "Simplified Group structure at 31 December 2017": Chapter 1 Section 7.

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

Internal organization

The Group's internal risk management organization consists of the following three levels:

- the Executive Committee (ExCom): Chief Executive Officer, Directors of the Operating Divisions, Directors of the Functional Structures;
- centralized functional structures for the Company as a whole (Human Resources, Finance, IT, etc.);
- operating divisions focused on a specific aspect of software publishing (Global Solutions, Products & Engineering, Marketing, Sales, Global Customer Service) and Business Units, administrative, regional or national branches of these divisions.

Definition of powers and responsibilities

Rules governing delegation define the operating powers attached to each level of the organization and organize the control of functional decisions for all Axway entities. The decision-making levels selected reflect a balance between the autonomy of the business divisions integrating an extended geographic coverage and the controls and limitations that are also necessary. The rules governing delegation are regularly reviewed in order to take into consideration any changes in the Company.

Human Resources management policy

The Company ensures the appropriate development of its Human Resources management policy and strives to retain the personnel who are key to its offerings, development processes, implementation methods and marketing approach.

The Human Resources Department has set up measures aiming to optimize the development of each employee'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: annual employee appraisals and monitoring by HR Business Partners, which are used to define individual action plans (training, mentoring, role playing).

Details of the measures aimed at mastering Human Resource management and the principal indicators are laid out in Chapter 2 "Corporate responsibility".

IT systems

Management of the IT systems is the responsibility of the IT Department, reporting to the Administrative and Finance Department, which directly supervises its activity and resolves any discrepancies. This entity is in charge of IT resources (including procurement) and implementation of security processes, and is also responsible for developing or selecting the applications to be used to meet the Company's internal needs.

By continuously working on the upgrade of the IT system, this department supports Axway's growth in all its aspects: organic growth, integration of acquisitions, geographical expansion, and integration of industry developments such as cloud services.

The objectives of this department are to adapt the information system as effectively as possible to the Company's operating requirements, and to ensure the physical and logistical security of data to which permanent access must be guaranteed due to the service requirements in an international environment. The tools made available are adapted to the users' needs and each one is duly informed. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally.

Procedures

The Company has procedures for which the Operational and Functional Departments are responsible for implementation, maintenance and appropriation through a training program. Each operating division has a unit in charge of defining, deploying, industrializing and monitoring procedures, methods and tools. The procedures are, in part, grouped together in the Quality Management System (QMS) accessible at all times through a collaboration and capitalization portal. Operating manuals are also produced by operational or functional units in dedicated spaces on this portal.

One of the main goals of the procedures is to manage the risks identified by the Company and cover operating activities: the progression and development of products and solutions (Axway Product Development Process, Axway Development Methodology); product support and maintenance (Global Support Policies and Procedures Guide); implementation of solutions comprising on premise implementation projects (Axway Solution Implementation Methodology) and cloud activities; the marketing (Go-to-Market Program Suite, New Product Introduction, Demand Generation) and sales activities (Sales policy); as well as support processes (Human Resources, Infrastructures and IT systems, Finance and Legal and Administrative functions).

Axway procedures are rolled out as rapidly as possible following acquisitions.

The Company also has procedures relating to management of the IT system (ISMS), which are based on the principles of ISO/CEI standards 27001-27002 and 27005 and which aim to ensure that IT systems are protected in terms of access, use, disclosure, disruption, modification or destruction. The Company's IT systems security policy was designed to protect not only the Company's internal data but also that of its clients and partners.

In parallel, internal messages sent on a regular basis to operational and functional managers provide further details on the implementation of the procedures and information on new rules.

b. Internal dissemination of information

Steering meetings are at the core of the information dissemination system and are currently held in all operational and functional entities. Steering meetings are held within the Business Units, operating divisions, functional divisions and Executive Committee. The companies acquired by Axway are integrated as soon as possible into this system. This system is designed not only to organize the dissemination of information, ascending to Executive Management and descending to the operating divisions and functional divisions, but also to direct, control, assist and provide training. Its regular meetings are adjusted according to the different perspectives considered:

- a weekly basis for a monthly horizon: this meeting gives priority to operational monitoring of the activity, and makes it possible to ensure the monitoring of forecasts, execution, and production; in the area of sales, it treats major contracts on a priority basis; it is also the body which deals with alerts and risks, in particular operational or client-related;
- a monthly basis for an annual horizon: in addition to the issues handled on a weekly basis, additional emphasis is placed on economic indicators: previous month's results, review of annual forecasts, budget monitoring, etc.;
- an annual basis for the multi-year timeframe: the budgetary approach falls within the framework of the strategic plan.

The Company steering system is backed by a reporting system developed by the IT Department in collaboration with the operating divisions and Functional Departments.

c. Risk identification and management process

The Company's risk identification and management process aims to anticipate or address risks as quickly possible to favor attainment of its objectives. All staff members, both employees and management, are active participants in this process. The operation of the risk management process is under the supervision of Executive Management, which receives information on risks from operational, functional and audit staff. The risk factors identified through this system are listed in Chapter 1, Section 13 ("Risk factors") of this Registration Document.

Operational risk identification, analysis and management

Standardized steering meetings taking place at all levels across all activities are an essential tool for the identification and management of risks. They ensure identification of operating and functional risks so that they can be handled at the most appropriate level of the organization.

Operational risks associated with business activities, which are classified as "alerts" in Axway'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 organization with the aim of implementing an appropriate action plan as quickly as possible. The organization and definition of responsibilities generally allows for decisions to be taken swiftly, addressing concerns at the level of action, accompanied if necessary by approval from the next reporting level. When a decision is required at the 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 (ExCom) during its meetings, in keeping with Axway's strategic objectives.

The Company's functional divisions responsible for the definition and proper application of policies relating in particular to Human Resources, financing, legal aspects and IT systems, report on a monthly basis to Executive Management on any newly identified risks, the assessment of their possible consequences and the procedures for prevention or remediation put in place or planned.

Risk map

A risk map was created, with the involvement of the Executive Committee (ExCom) in particular; it is updated regularly and examined by the Executive Management and the Audit Committee. This map covers all the Company's business areas (the "Audit Universe"). For each area and issue identified, we assess the associated risks, depending on their potential impact and the probability of occurrence.

The issues and risks covered are consistent with the "Risk factors" described in Chapter 1 Section 13 and are in line with the challenges identified under "Strategy and activities" of this Registration Document.

The risk map is also used to create an annual internal audit plan to focus resources on the areas and risks that are strategic for the Company.

d. Control activities

Control activities take place throughout the Company, at all levels and in all functions. They include controls aimed at prevention and detection, manual and electronic controls, as well as supervisory controls pursuant to applicable delegation rules. 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 specific role is assigned to the Finance Department (Management Audit, Process entity, Risk & Security) and the Legal Department.

Management Audit (Financial Department)

Management Audit is provided by the Finance Department and presently has six members.

The main responsibilities of Management Audit are the following:

- to audit the revenue from licenses, maintenance, services and the cloud prior to each monthly closing, in addition to the costs for all offices within the Axway scope;
- to produce a Group consolidated monthly report with analysis of the results from the internal management system and audit consistency with the monthly forecasts;
- to complete the office reviews: reviews of the distribution entities and cost centers;
- 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 systems.

Process, Risk & Security (Finance Department)

The Process, Risk and Security (PRS) quality assurance unit of the Financial Department comprises eight people and 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 ensuring compliance with client commitments, internal procedures and regulatory requirements, as well as the effectiveness of the quality assurance system. It continuously assesses the effectiveness of quality management, based on operational performance, client satisfaction and alignment with strategic goals. Projects are reviewed on a regular basis, at key phases in their life cycle. These reviews provide an external perspective on the status and organization of business transactions. Plans for changes in the Quality Assurance System are regularly undertaken based on observations made during these controls.

The PRS is also responsible for managing the Quality Assurance System, ensures the formalization, development and application of the Information Security Management System (ISMS) in conjunction with all the operational and functional departments concerned. Lastly, it manages our Quality certifications and responds to audit requests submitted by our customers.

Legal Department

The Legal Department (eight people) ensures that the Company complies with applicable laws and regulations in the countries where the Company operates. It plays a key role in the management of the Company's various contractual commitments. The procedures provide for the consultation of the Legal Department prior to the signing of contracts with third parties where said contracts lay down terms and conditions that differ from the standard terms and conditions in force at the Axway Group.

e. Ongoing supervision of the internal control system

Internal supervision system

The supervision of the internal control system is a responsibility shared by all employees and is subject to a continuous improvement process. Executive Management, which oversees the internal control and risk management system, also plays a key role in this area and helps ensure its effectiveness is maintained.

Internal audit

Pursuant to the internal audit charter adopted by the Company, this system, which has three employees, has the following duties:

- the independent and objective evaluation of the functioning of the internal control system via a periodic audit of entities or the Company's business areas;
- the development of all recommendations to improve the Company's operations;
- monitoring the implementation of corrective actions agreed upon following each audit;
- updating of the risk map.

The audit duties and the associated recommendations aim to reduce the risks identified and improve internal control and procedures, in order to help achieve the strategic objectives of the Company.

The internal audit unit is under the authority of the Chief Executive Officer and has direct access to the Chairman of the Board of Directors. The internal audit plan is built upon the priorities adopted for the year, based on the risk map. It is submitted to the Chief Executive Officer and the Audit Committee for approval.

Board of Directors (Audit Committee)

On behalf of the Board of Directors, the Audit Committee is aware of the main characteristics of the internal control and risk management procedures adopted and implemented by the Executive Management to manage risks: organization, roles and duties of key persons, the process, risk reporting structure and control system monitoring procedure. In particular, it gains an overall understanding of the procedures relating to the preparation and processing of accounting and financial information.

The Audit Committee keeps close track of internal audit activities by:

- reviewing the audit universe and risk map;
- approving the annual internal audit plan previously validated by the Executive Management;
- monitoring the results of the audits and implementation of the recommendations;
- interviewing the internal audit Manager annually in the presence of the Statutory Auditors but without the presence of Management.

External procedures

The internal control system is also monitored externally by the Statutory Auditors and certifying agencies.

Statutory Auditors

The Statutory Auditors assess and test the internal control and procedures in place. The Statutory Auditors are called upon by the Company throughout the year. Their actions are not limited to the accounting department. To gain better understanding of the operations and the transactions in the financial statements, the Statutory Auditors hold regular meetings with Operational Managers, who are in the best position to explain Axway's business activities.

Certifications

In terms of security, Axway remains compliant with HIPAA regulations, published 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. Each year, Axway has an independent audit, performed by a third party, of its cloud services in the United States, France and Germany. The resulting SSAE16/ISAE3204/SOC1 Type II report states how Axway has implemented its main controls and objectives with regard to compliance with these standards. This standard aims to reassure users of these outsourced services in terms of the reliability of the internal security and control system used to monitor services performed on their behalf. Axway will also implement an SOC2 Type II audit for 2018.

Axway also renewed its ISO/IEC 27001:2013 certification for 2018-2021 at the end of an annual audit program conducted by the certifying body Dekra. In addition to its certification processes, the Company has updated its Axway Cloud Security Statement intended for its clients. This guide aims to provide brief responses to questions raised concerning the cloud, in particular, by clients.

Client audits

The system is regularly reviewed during client audits. These are becoming increasingly frequent, particularly due to the strict regulations in the health and finance sectors. The efforts undertaken to ensure we keep up with the state of the art and meet these demands are regularly recognized by our clients; any comments made or watch-points identified are used to improve the system.

Evaluation, improvement process and measures to control the main risks

Internal and external evaluations of the internal control system and its procedures make it possible to identify areas of improvement and give rise to the set-up of action plans aimed at reinforcing internal control. Through internal audits, internal control is continuously evaluated for entities and business segments and lead to the implementation of corrective actions whenever necessary. The implementation of these action plans is continuously monitored to ensure the risks identified are dealt with. No major failure of the internal control system had been identified to date.

Several measures have been set up to improve the internal control system. External certification will be obtained for some of these measures in order to confirm their conformity with best practices.

The continuous improvement program headed by the PRS team, which includes a project to improve the consistency of the Quality Management System (QMS), continued and led to the renewal of the ISO 9001:2008 certification for Global Customer Services operations in France during 2017. The renewal in 2018 will be completed based on its revision ISO 9001:2015.

In 2017, the Company continued to implement its comprehensive program for information security management (Information Security Management System), pursuant to the requirements of ISO/CEI 27001-27002 and 27005, covering internal systems as well as the security aspects built into Axway products.

In addition, there is a team dedicated to the customer experience. A customer satisfaction survey system for clients and partners has been implemented. Campaigns have been carried out, allowing us to measure customer satisfaction and customers' perception of the quality of our products and services, with the aim of constantly improving our offering. Moreover, on closing each case handled by the Support Service, customers are questioned about the quality of the services (transactional study). Finally, the Customer engagement team collects feedback from the user groups.

In addition to the internal control and risk management system described in the previous paragraphs, details of the measures used to minimize risks are given in Chapter 1 Section 13 ("Risk factors").

Production of accounting and financial information

a. Coordination of the accounting and financial function

Organization of the accounting and financial function

Limited number of accounting entities

As indicated above, the legal entities, and consequently the accounting entities, are limited (26 entities) (see "Simplified Group structure at 31 December 2017 – List of main subsidiaries": Chapter 1 Section 7) which provides operational savings and limits operating risks.

Centralization of the accounting and financial function

As for most functions, the financial and accounting function is predominantly centralized within the Company. Local teams are of adequate size to best serve their role as correspondents within the subsidiaries. The Chief Financial Officer closely supervises his teams' activities, in particular through weekly and monthly steering meetings.

The responsibilities of the Finance Department mainly involve maintaining the parent company financial statements of the Company's subsidiaries and preparing the consolidated financial statements, management audits, tax issues, sales administration, 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 system described above: weekly meetings dealing with current operations, monthly meetings devoted to a detailed examination of figures (achieved and forecast), the organization of the function and the monitoring of business. Executive Management is closely involved in the planning and supervision process as well as in preparing the financial statements.
- Role of the Board of Directors: the Board of Directors is responsible for the ongoing oversight of accounting and financial information. It reviews and validates the annual and interim financial statements in consideration of the opinion expressed by the Audit Committee whose organization, working procedures and primary responsibilities for the year ended on 31 December 2017 are described in Section 3.1 of Chapter 3.1 of the Registration Document.

Organization of the accounting information system

All Axway Group companies prepare complete quarterly financial statements on which the Company and the Axway Group base their published quarterly sales figures and interim financial statements. All of these companies are fully consolidated.

Monthly cash flow forecasts and financial statements that include operating profit are prepared for all Group companies. The application of rules is monitored continuously by the Finance Department (Management Audit), particularly regarding the application of revenue recognition rules and project valuation.

The accounting methods and principles used are those presented in the notes to the consolidated financial statements.

Any changes are presented to the Audit Committee.

b. Preparation of the reported accounting and financial information

Reconciliation of accounting data with the internal backend

All of the 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 is the opportunity to apply the strategy approved by the Executive Committee (ExCom), adapt the organization to developments in business segments, market demand and competition, and assign quantitative and qualitative objectives to all entities. Budgets, including detailed monthly operating forecasts, are prepared by each unit.

A monthly operating statement is prepared by each of the Business Units. The third component of the back-end is a revised operating statement prepared each month. This statement includes the results of the previous month and a revised forecast for the remaining months of the current year. All of these documents are combined with numerous management indicators: concerning the economy, invoicing and receipts.

The results derived from the analytical backend are verified by accountants reporting to the Chief Financial Officer, who also reconcile these data with the quarterly accounting results. Revenue is reconciled on a monthly basis.

Procedures for the preparation of the consolidated financial statements

Each company establishes monthly 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 Statutory Auditors.

Process to validate the financial statements

The half-yearly and annual consolidated financial statements are presented to the Executive Management by the Finance Department. For the year-end closing on 31 December the Statutory Auditors perform a statutory audit of the Company's financial statements for the purpose of their certification.

Tasked with monitoring the statutory audits, the Audit Committee reviews the work and conclusions of the Statutory Auditors pursuant to their audits of the half-yearly and annual financial statements. The Audit Committee examines the financial statements, to ensure the consistent application and relevance of accounting policies, and to satisfy itself of the quality of the financial disclosure.

The financial statements are then submitted to the Board of Directors for approval.

Financial disclosure

Financial disclosure is supervised by the Chairman of the Board of Directors.

The Group distributes its financial information by different means and notably via press releases, the Registration Document and the different information reports it includes, and the presentation of half-year and yearly results. All of this information is placed online on the Group's website. The Registration Document is filed with the AMF after auditing by the Statutory Auditors.

Paris, 19 April 2018

The Board of Directors

3.5 Information on company officers

The information required under Article L. 225-102 of the French Commercial Code regarding the list of company officers and their compensation can be found in Chapter 3, Section 1 of this Registration Document.

3.5.1 Information on transactions in securities by senior executives and those persons mentioned in Article L. 621-18-2 of the French Monetary and Financial Code

Pursuant to Article 223-26 of the General Regulation of the *Autorité des marchés financiers* (AMF), the following transactions involving Axway shares fell within the scope of Article L. 681-18-2 of the French Monetary and Financial Code during fiscal year ended 31 December 2017:

Category(1)	Name	Function	Transaction type(2)	Transaction date	Number of securities	Unit price	Transaction amount
-	-	-	-	-	-	-	-

(1) Category a. Members of the Board of Directors, Chief Executive Officer, Sole Executive Officer, Managing Director.
(2) Transaction type:
A. Acquisition;
C. Disposal;
S. Subscription;
E. Exchange.

3.5.2 Employee share ownership

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, Company shares were held either as registered shares or as part of bonus share allocation plans, by its employees or by employees of its affiliates, within the meaning of Article L. 225-180 of the French Commercial Code, at 31 December 2017, as follows:

- 3,330 shares under a company savings plan; and
- 21,900 shares under direct ownership;
- representing a total of 0.15% of the Company's share capital at 31 December 2017.

However, no shares were held by employees and/or former employees of the Company or its affiliates through mutual funds, in application of Article L. 225-180 of the French Commercial Code.

3.6 Statutory Auditors' special report on regulated agreements and commitments

GENERAL MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

To the Shareholders of Axway Software,

As Statutory Auditors of your Company, we present our report on the 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 as well as the justifiable reasons for the company's interest in 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 as to their usefulness or soundness or to ascertain 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 authorized and entered into during the course of the fiscal year ended

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments entered into during the fiscal year just ended which were previously approved by your Board of Directors.

OEM (Original Equipment Manufacturer) agreement entered into with Sopra Banking Software

Prior authorization by your company's Board of Directors on 26 July 2017

While creating its "Digital Experience Platform", your company provided some of its products to Sopra Banking Software for integration into this platform.

A distribution agreement was signed on 29 July 2017 between your company and Sopra Banking Software for the purpose of incorporating your company's products in the platform developed by Sopra Banking Software for the purpose of marketing these products to end users of Sopra Banking Software in the form of license right concessions or cloud services.

The agreement has been entered into for a term of six years and is tacitly renewable for periods of one year. It can be terminated subject to giving 90 days' notice prior to the anniversary date.

This agreement includes a stipulation that Sopra Banking Software pays your company:

- 30% of the revenue from licenses and maintenance for any order from this platform by an end user;
- 30% of the net revenue for any subscription (including subscriptions in SaaS/Cloud mode) from the Digital Experience Platform by an end user. The net revenue is equal to the amount ordered by the end user, less related costs paid by Sopra Banking Software for the IT infrastructure and the costs of management personnel.

Your company invoiced €357,165, excluding taxes, in respect of this agreement for the 2017 fiscal year.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Axway Software Director of Sopra Banking Software
Kathleen Clark Bracco	Director and Vice-Chairperson of the Board of Directors of Axway Software Permanent representative of Sopra GMT on the Board of Directors of Sopra Banking Software
Pierre-Yves Commanay	Director of Axway Software Director of Sopra Banking Software

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised of the following agreements and commitments which were the subject of prior authorization from your General Meeting and which continued during the year just ended.

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING PRIOR FISCAL YEARS

a) execution of which continued during the year just ended

Agreement for the provision of business premises between Axway Software and Sopra Steria Group

Sopra Steria Group invoices your Company for services provided under an agreement for the provision of premises.

The net charges borne by your company under this agreement were €248,448 excluding taxes for FY 2017.

On 14 February 2018, your Board of Directors reviewed this agreement and decided to continue the provision of business premises for the fiscal year ending on 31 December 2018.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Axway Software Chairman of the Board of Directors of Sopra Steria Group
Kathleen Clark Bracco	Director and Vice-Chairperson of the Board of Directors of Axway Software Corporate Development Director, Sopra Steria Group; permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group
Emma Fernandez	Director of Axway Software Director of Sopra Steria Group
Hervé Saint-Sauveur	irector of Axway Software Director of Sopra Steria Group

Assistance agreement signed with Sopra GMT

The agreement between the Sopra GMT company, on the one hand, and your Company and the company Sopra Steria Group, on the other hand, defines the role of the lead holding company that Sopra GMT assumes with respect to your company and Sopra Steria Group. In the framework of this tripartite agreement, the Sopra GMT company handles the role of coordination and assistance for both of these companies, all while striving to develop, to the extent possible, the various synergies between the latter.

These services are invoiced by Sopra GMT to the two companies on the basis of actual time and money spent in order to successfully supply the services, plus 7%. The two-year agreement signed on 1 July 2011 was renewed in July 2013 for an indefinite period, and is subject to a 12-month termination notice.

Sopra GMT invoiced €472,218, excluding taxes, in respect of this agreement for the 2017 fiscal year.

On 14 February 2018, your Board of Directors reviewed this agreement and decided to continue it for the fiscal year ending on 31 December 2018.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Axway Software Director of Sopra GMT
Kathleen Clark Bracco	Director and Vice-Chairperson of the Board of Directors of Axway Software Corporate Development Director, Sopra Steria Group SA; permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group
Pierre-Yves Commanay	Director of Axway Software Director of Sopra GMT

b) not executed during the fiscal year just ended

We were also informed of the continuation of the following agreements and commitments, which were the subject of prior authorization by your General Meeting but which were not executed during the fiscal year just ended.

Severance pay which is due or which may be due to Jean-Marc Lazzari in the event of the termination of his position as Chief Executive Officer of Axway Software

Pursuant to the recommendations of its Remuneration Committee, the Board of Directors' meeting of 21 October 2015 implemented a commitment to pay severance pay to the benefit of the Chief Executive Officer, Jean-Marc Lazzari.

This severance pay in the event of the termination of service is only due in the case of forced departure of the Chief Executive Officer from the Company. The severance payment will not be due if:

- the Chief Executive Officer leaves his position at his own initiative;
- in the case of gross negligence or serious misconduct;
- in the case of a wrongful act which is unrelated to his office;
- in the case of a change in the positions held by Jean-Marc Lazzari within the Axway Group and/or within the Sopra Steria Group.

The maximum amount of severance payments that may be paid is US$500,000. With effect from the 2016 fiscal year, your Board of Directors determines annually the performance conditions which must be met by the Managing Director in order for these payments to be made. The payment of such severance shall be conditioned upon the finding by the Board of Directors that the following performance conditions have been met:

- in the case of dismissal in respect of the 2017 fiscal year, the Board of Directors of 20 April 2016 set the following criteria: 50% of the amount of the severance payment will be due if Axway Software's organic growth during this fiscal year is positive (at constant scope), and 50 % of the severance payment will be due if the Board of Directors considers that the company transformation plan has been achieved;
- pursuant to Article L. 225-42-1 of the French Commercial Code, at its meeting on 22 February 2017, the Board of Directors renewed the principle of a severance payment to its Chief Executive Officer, in accordance with the recommendations of its Remuneration Committee.

On 14 February 2018, your Board of Directors reviewed this agreement and decided to continue the principle of payment of severance compensation to the Chief Executive Officer for the fiscal year ending on 31 December 2018.

Persons concerned:

Jean-Marc Lazzari, Chief Executive Officer of Axway Software.

Courbevoie and Paris, 20 April 2018

The Statutory Auditors

Auditeurs & Conseils Associés – ACA Nexia	**Mazars**
Sandrine Gimat	Bruno Pouget

3.7 Parent company financial statements, consolidated financial statements and appropriation of earnings

At the next General Shareholders' Meeting convened to approve the annual and consolidated financial statements for the fiscal year ended 31 December 2017, the shareholders will be asked to:

- approve the annual financial statements for the year ended 31 December 2017 showing a profit of €16,983,375.86;
- approve the non-tax deductible expenses referenced to in Article 39-4 of the French General Tax Code, amounting to €68,460 it being specified that no tax was paid on these expenses;
- approve the consolidated financial statements for the fiscal year ended 31 December 2017, showing consolidated net income – Group share of €4,404,243.

The shareholders will also be asked to approve the appropriation of earning as follows:

- net profit to be appropriated for the year:
  - profit for the period: €16,983,375.86,
  - retained earnings: (-)€59,786.00,
  - a total of: €16,923,589.86;
- appropriation of earnings:
  - legal reserve: €37,838.40,
  - dividends: €4,242,046.20,
  - discretionary reserves: €12,643,705.26,
  - total: €16,923,589.86.

3.8 Other reports

Report of the Board of Directors on the use of delegations of authority granted and other delegations of authority which expired during the fiscal year

Dear shareholders,

The purpose of this report, prepared in accordance with Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, is to inform the Meeting of the use of the current delegations of authority granted to the Board by the General shareholders' Meeting in accordance with the provisions of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

I. Use of the delegations of authority granted by the Combined General Meeting of 21 June 2016, valid until 6 June 2017

The delegation of authority granted to the Board of Directors by the eleventh resolution of the Combined General Meeting to grant free performance-based shares to qualifying Group salaried employees or corporate officers was used up to 1.47% of the Company's share capital.

II. Use of the delegations of authority granted by the Combined General Meeting of 6 June 2017

The delegation of authority granted to the Board of Directors by the ninth resolution of the Combined General Meeting to purchase Company shares in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code was used up to 0.13% of the Company's share capital.

The other delegations of authority granted by the Combined General Meeting of 6 June 2017 were not used by the Board of Directors.

The table summarizing the delegations of authority still valid and their use is available in Chapter 6, Section 6.5 of this Registration Document.

Paris, 19 April 2018

The Board of Directors

Board of Directors' report concerning 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 Meeting of the operations carried out, pursuant to the provisions of Articles L. 225-177 to L. 225-186-1 of the French Commercial Code, concerning Company stock options awarded and exercised during the past fiscal year.

I. Stock options awarded during the fiscal year ended 31 December 2017

A summary of the operations carried out in 2017 under the various stock option plans set up by the Company is set out below.

a. Stock options granted to executive officers during the fiscal year ended 31 December 2017

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

Name of executive officer	Number and date of plan	Type of options (purchase or subscription)	Valuation of shares based on the method used for the consolidated financial statements	Number of shares allocated during the year	Exercise price	Exercise period
-	-	-	-	-	-	-

b. Options granted during the fiscal year ended 31 December 2017 by the Company or its affiliates

For the fiscal year ended 31 December 2017, no stock options were granted either by the Company or by its affiliates, to their corporate officers and/or employees.

c. Stock options granted to the top 10 employees (non-corporate officers) during the fiscal year ended 31 December 2017

Stock options granted to the top 10 employees (non-company officers) and options exercised by them	Total number of options awarded	Weighted average price	Date
Options granted during the fiscal year by the Company and any company within the option award scope, to the 10 employees of the Company, and of any company within this scope, who received the highest number of options granted (aggregate information)	-	- €	-

3

d. Stock options granted to all employee beneficiaries during the fiscal year ended 31 December 2017 and breakdown of these options by category of beneficiaries

Stock options granted to employee beneficiaries during the fiscal year under review

Total number of stock options granted by the Company and any company within the option award scope during the fiscal year under review	Date of plan	Exercise price	Expiry date
-	-	-€	-
Breakdown of stock options awarded during the fiscal year under review			
Top management			-
Employee levels 4, 5 and 6 and/or key employees			-

II. Stock options exercised during the fiscal year ended 31 December 2017

a. Stock options exercised by executive officers during the fiscal year ended 31 December 2017

Stock options exercised during the fiscal year by each executive officer

Name of executive officer	Number and date of plan	Number of options exercised during the year	Exercise price
Pierre Pasquier	-	-	-
Jean-Marc Lazzari	-	-	-
Total	**-**	**-**	**-**

b. Stock options exercised by the top 10 employees (non-corporate officers) during the fiscal year ended 31 December 2017

Share subscription options exercised by the top ten employee beneficiaries (non-company officers)	Total number of options exercised/ shares purchased	Weighted average price	Plan No. 3	Amendment No. 1 to Plan No. 3	Amendment No. 2 to Plan No. 3
Options held by the Company and exercised during the fiscal year by the 10 employees of the Company or any company within the option award scope, who subscribed for the largest number of options (aggregate information)	66,750	18.98	4,500	12,250	46,000

III. Options cancelled during the fiscal year ended 31 December 2017

For information purposes only, during the fiscal year ended 31 December 2017:

- 4,500 share subscription options were cancelled under Plan No. 3 of 2011;
- 12,500 share subscription options were cancelled under amendment No. 1 to Plan No. 3 of 2011; and
- 50,000 share subscription options were cancelled under amendment No. 2 to Plan No. 3 of 2011.

Paris, 19 April 2018

The Board of Directors

Special report of the Board of Directors on bonus share grants (drawn up in accordance with the provisions of Article L. 225-197-4 of the French Commercial Code)

Dear shareholders,

The purpose of this report, prepared in accordance with Article L. 225-197-4 of the French Commercial Code, is to inform the Meeting of the operations carried out during the past fiscal year under the Company's bonus share grant schemes.

I. Review of bonus share allocation plans granted in prior fiscal years based on delegations of authority granted by previous General Meetings

A. Bonus share allocation plan

The Board, based on the Combined General Meeting of 4 June 2014, in its meeting on 14 April 2015 in application of resolution 16, approved the conditions for bonus shares granted to an employee and fixed the conditions and criteria for granting bonus shares as part of the second Plan covering 35,000 shares, the main characteristics of which are (2015 Plan):

- a bonus allocation of 35,000 rights to the allocation of 35,000 bonus shares, subject to meeting the various conditions precedent detailed below, it being specified that as of 4 May 2015, the effective date of the allocation of the rights to allocation of bonus shares, the value of the Company's shares was €20.30 per share;
- the vesting period of such rights to the allocation of bonus shares is four years. However, each one-quarter of such rights to bonus shares shall be deemed to have been definitively vested in the beneficiary of such 2015 Plan if he has been in regular active attendance in the year(s) up to the year-end in question. Any vesting of a right to the allocation of bonus shares recorded previously cannot be challenged following a departure taking place after the report of such vesting but before the expiration of the end of the four (4) year vesting period of such right.

This 2016 bonus share allocation plan was only considered as effective as from 21 June 2016, the date on which the contractual documents were signed by the beneficiary and the Chief Executive Officer of the Company, duly authorized by the Board of Directors.

B. Bonus shares awarded during the fiscal year ended 31 December 2016

During the course of the year ended 31 December 2016, a bonus performance share allocation plan, the features of which are detailed below, was put into place by the Company.

The Combined General Meeting of 21 June 2016, in its eleventh resolution, and after having reviewed the Board of Director's report and the Statutory Auditors' special report, and pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. authorized the Board of Directors to grant, bonus performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or corporate officers (within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L. 225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, may not exceed 4% of the Company's share capital on the date of the Board of Directors' decision to allocate them, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of the bonus shares.

The Board, at its meeting of 21 June 2016, in application of the aforementioned resolution, approved the conditions for the allocation of bonus performance shares to the benefit of employees, and set the conditions and criteria for the allocation of bonus shares within the scope of a second Plan involving 273,500 performance shares (the 2016 Plan) and of which the main characteristics are the following:

- a bonus allocation of a total number of 273,500 rights to performance shares to the benefit of employees and the Chief Executive Officer of the Company within the meaning of Article L. 225-197-1-II of the French Commercial Code subject to meeting the various conditions precedent detailed below, it being specified that as of the date of 21 June 2016, the effective date of the bonus allocation of performance shares, the value of the Company shares was €19.50 per share. This allocation will only be finalized if all of the conditions have been fulfilled at the end of the vesting period, so that on the date of the Board meeting, each beneficiary will only benefit from one right to a performance-based share:
  - the LTI A Plan is implemented over a period of three (3) years. Subject to the cumulative conditions detailed below, each beneficiary will receive the shares at the end of this three (3) year period,
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the bonus allocation of performance-based shares, be an employee or executive officer within the meaning of Article L. 225-197-1-II of the French Commercial Code or retired from the Company

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or the companies or economic interest groups linked to it within the meaning of Article L. 225-197-2 of the French Commercial Code,

- performance requirement:
  - the performance requirement as defined in the plan will determine the number of performance-based shares delivered to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
  - for Plan A, it is based on the organic growth of the Company's consolidated revenue and profit (loss) from operations;
- the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created no later than the end of the vesting period,
- this bonus allocation of performance shares is open to all employees, including the Chief Executive Officer. As a result, a shareholding supplement was paid to the employees in order to comply with the laws and regulations in force and in particular Article L. 225-197-6 of the French Commercial Code.

II. Bonus shares awarded during the fiscal year ended 31 December 2017

During the course of the fiscal year ended 31 December 2017, a bonus performance share allocation plan, the features of which are detailed below, was put into place by the Company.

The Combined General Meeting of 21 June 2016, in its eleventh resolution, and after having reviewed the Board of Director's report and the Statutory Auditors' special report, and pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. authorized the Board of Directors to grant, bonus performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or corporate officers (within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L. 225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' decision to allocate them, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of the bonus shares.

The Board, at its meeting of 6 June 2017, in application of the aforementioned resolution, approved the conditions for the allocation of bonus performance shares to the benefit of employees, and set the conditions and criteria for the allocation of bonus shares within the scope of a second Plan involving 325,000 performance shares (the 2017 Plan) and whose main characteristics are the following:

- a bonus allocation of a total number of 273,500 rights to performance shares to the benefit of employees and the Chief Executive Officer of the Company within the meaning of Article L. 225-197-1-II of the French Commercial Code subject to meeting the various conditions precedent detailed below, it being specified that as of the date of 6 June 2017, the effective date of the bonus allocation of performance shares, the value of the Company shares was €19.50 per share. This allocation will only be finalized if all of the conditions have been fulfilled at the end of the vesting period, so that on the date of the Board meeting, each beneficiary will only benefit from one right to a performance-based share:
- this LTI B plan was implemented over three (3) years for employees and four (4) years for the Chief Executive Officer. Subject to fulfillment of the cumulative conditions detailed below, each employee beneficiary will receive the shares at the end of this three (3) year period. Subject to fulfillment of the cumulative conditions detailed below, the Chief Executive Officer will receive shares at the end of this four (4) year period.
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the bonus allocation of performance-based shares, be an employee or executive officer within the meaning of Article L. 225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups linked to it within the meaning of Article L. 225-197-2 of the French Commercial Code,
  - performance requirement:
    - the performance requirement as defined in the plan will determine the number of performance-based shares delivered to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for Plan B, it is based on the organic growth of the Company's consolidated revenue and profit on operating activities;
    - the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
    - this bonus allocation of performance-based shares is open to all employees, including the Chief Executive Officer. As a result, a shareholding supplement was paid to the employees in order to comply with the laws and regulations in force and in particular Article L. 225-197-6 of the French Commercial Code.

Paris, 19 April 2018

The Board of Directors

Board of Directors' report on the authorization granted by the General Shareholders' Meeting to issue redeemable share warrants (BSAARs) for the benefit of employees and company officers of the Company or its Group

The Board of Directors did not use the authorization granted by the twenty-first resolution of the Combined General Meeting of 6 June 2017 to award BSAARs to employees and to corporate officers of the Company or its Group.

Paris, 19 April 2018

The Board of Directors

Consolidated financial statements

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"Axway: A business model with a balance between License, Cloud, Maintenance, Services and geographical areas"

4.1 Consolidated statement of net income

		2017	2016	2015
(in thousands of euros)	**Notes**	**Amount**	**Amount**	**Amount**
Revenue	**4**	**299,845**	**301,078**	**284,612**
Employee costs	5	-188,473	-190,127	-180,150
Purchases and external expenses	4	-74,769	-66,415	-62,371
Taxes and duties		-2,699	-2,848	-2,504
Depreciation and amortization, provisions and impairment	4	-6,341	-5,549	-6,249
Other current operating income and expenses		12,965	14,632	11,158
Profit on operating activities		**40,528**	**50,771**	**44,496**
as % of revenue excl.		***13.5%***	***16.9%***	***15.6%***
Share-based payment expense	5	-1,308	-1,089	-550
Amortization of allocated intangible assets	4	-8,543	-7,863	-6,044
Profit from recurring operations		**30,678**	**41,818**	**37,902**
as % of revenue excl.		***10.2%***	***13.9%***	***13.3%***
Other operating income and expenses	4	-2,943	-6,738	-10,493
Operating profit		**27,735**	**35,080**	**27,409**
as % of revenue excl.		***9.2%***	***11.7%***	***9.6%***
Costs of net financial debt	10	-1,093	-380	-361
Other financial income and expense	10	1,784	522	-1,292
Income taxes	6	-24,021	-3,745	2,101
Net income from associates		-	-	-
Net profit for the period from continuing operations		**4,405**	**31,477**	**27,856**
Profit after tax from discontinued operations			-	-
Net profit for the year		**4,405**	**31,477**	**27,856**
as % of revenue excl.		***1.5%***	***10.5%***	***9.8%***
of which share attributable to non-controlling interests		1	0	1
of which share attributable to owners of the parent company		**4,404**	**31,477**	**27,856**

Other comprehensive income statement items

(in thousands of euros)	2017	2016	2015
Consolidated net income	**4,405**	**31,477**	**27,856**
Other comprehensive income statement:			
Actuarial gains and losses on pension plans	1,241	765	1,580
Tax impact	-427	-249	-405
Subtotal of items not reclassifiable to profit or loss	**814**	**516**	**1,175**
Share attributable to non-controlling interests	-1	-2	-0
Foreign exchange gains and losses	-31,306	6,559	17,036
Change in the value of derivatives	-	46	288
Elements relating to associates	-	-	-
Elements relating to discontinued operations	-	-	-
Tax impact	-	-433	-23
Subtotal of items reclassifiable to profit or loss	**-31,306**	**6,170**	**17,301**
Total other comprehensive income statement	**-30,493**	**6,686**	**18,476**
Total comprehensive profit	**-26,088**	**38,163**	**46,332**
of which share attributable to non-controlling interests	-1	-2	0
of which share attributable to owners of the parent company	**-26,087**	**38,165**	**46,332**

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4.2 Statement of cash flows

(in thousands of euros)	2017	2016	2015
Consolidated net income (including share attributable to non-controlling interests)	**4,405**	**31,477**	**27,856**
Net increase in depreciation, amortization and provisions	12,174	10,044	13,773
Unrealised gains and losses relating to changes in fair value	-79	-51	-2,248
Share-based payment expense	1,308	1,089	550
Other calculated income and expense	-	-	-
Gains and losses on disposal	395	900	620
Dilution gains and losses	-	-	-
Share in profit of associates	-	-	-
Dividends (unconsolidated securities)	-	-	-
Cash from operations after cost of net debt and tax	**18,203**	**43,459**	**40,552**
Costs of net financial debt	1,093	380	361
Tax expenses (including deferred tax)	24,021	3,745	-2,101
Cash from operations before cost of net debt and tax (A)	**43,317**	**47,584**	**38,813**
Tax paid (B)	-2,051	-3,291	-2,527
Changes in operating working capital requirements (including liabilities related to employee benefits) (C)	-11,724	-5,900	13,317
Net cash from operating activities (D) = (A+B+C)	**29,543**	**38,394**	**49,602**
Purchase of tangible and intangible fixed assets	-4,194	-10,094	-4,723
Proceeds from sale of tangible and intangible fixed assets	-	-	8
Purchase of financial assets	-	-202	-608
Proceeds from sale of financial assets	-	-	-
Impact of changes in the scope of consolidation	-52,691	-45,944	-127
Dividends received (associates, unconsolidated securities)	-	-	-
Variations of lending	-635	-1,102	223
Investment grants received	-	-	-
Other cash flows from investing activities	-	-	-
Net cash from (used in) investing activities (E)	**-57,520**	**-57,342**	**-5,227**
Proceeds on shares issued	-	-	-
Proceeds on the exercise of stock options	3,150	3,444	3,085
Purchase and proceeds from disposal of treasury shares	-	-	-
Dividends paid during the year	-	-	-
• Dividends paid to shareholders of the parent company	-8,468	-8,314	-8,227
• Dividends paid to minority interests of consolidated companies	-0	-	-
Borrowings	76,033	33,000	5,000
Repayment of borrowings	-62,781	-1,656	-45,984
Change in current accounts – Sopra Group	-	-	-
Net interest paid (including finance leases)	-1,093	-380	-361
Other cash flow relating to financing activities	-	-60	339
Net cash from (used in) financing activities (F)	**6,841**	**26,034**	**-46,148**
Effect of foreign exchange rate changes (G)	-2,434	756	1,071
Net change in cash and cash equivalents (D+E+F+G)	**-23,570**	**7,841**	**-702**
Opening cash position	51,707	43,866	44,568
Closing cash position	28,137	51,707	43,866

4.3 Statement of consolidated financial position

Assets

(in thousands of euros)	Notes	31/12/2017	31/12/2016	31/12/2015
Goodwill	8	333,617	288,801	251,838
Intangible assets	8	48,917	49,765	40,909
Property, plant and equipment	8	14,390	14,532	7,772
Financial assets	7	3,288	3,235	1,780
Deferred tax assets	6	20,459	46,328	45,240
Non-current assets		**420,670**	**402,662**	**347,539**
Inventories		178	282	323
Trade receivables	7	71,090	78,209	73,856
Other current receivables	7	31,016	24,973	22,204
Cash and cash equivalents	10	28,146	51,716	44,664
Current assets		**130,430**	**155,181**	**141,048**
Total assets		**551,100**	**557,842**	**488,587**

Equity and liabilities

(in thousands of euros)	Notes	31/12/2017	31/12/2016	31/12/2015
Share capital		42,420	42,042	41,548
Capital reserves		121,044	117,079	113,152
Consolidated reserves		176,256	184,219	158,062
Profit for the period		4,404	31,477	27,856
Equity – share attributable to owners of the parent company		**344,126**	**374,816**	**340,617**
Non-controlling interests		**2**	**1**	**3**
Total equity	**12**	**344,127**	**374,818**	**340,620**
Financial debt – long-term portion	10	47,759	35,450	7,518
Deferred tax liabilities	6	420	995	7,055
Other non-current liabilities	7	22,090	9,303	8,621
Non-current liabilities		**70,269**	**45,748**	**23,194**
Financial debt – short-term portion	10	4,481	3,685	1,465
Trade accounts payables	7	16,172	16,466	8,483
Deferred revenue		67,313	74,492	66,609
Other current liabilities	7	48,738	42,634	48,215
Current liabilities		**136,704**	**137,276**	**124,773**
Total liabilities		**206,973**	**183,025**	**147,966**
Total liabilities and equity		**551,100**	**557,842**	**488,587**

4.4 Changes in shareholders' equity

(in thousands of euros)	Share Capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Other comprehensive income statement	Share attributable to: owners of the parent company	Share attributable to: non-controlling interests	Total
As at 31/12/2015	**41,548**	**113,152**	**-376**	**149,377**	**36,917**	**340,617**	**3**	**340,620**
Capital transactions	494	2,950	-	-	-	3,444		3,444
Share-based payments		978		-	-	978		978
Transactions in treasury shares			152	-	-	152		152
Earnings appropriation				-8,314	-	-8,314		-8,314
Changes in scope of consolidation				-	-	-		-
Others movements			-	-225	-	-225		-225
Transactions with shareholders	**494**	**3,928**	**152**	**-8,539**	**-**	**-3,966**	**-**	**-3,966**
Net profit for the year	-	-	-	31,477	-	31,477	0	31,477
Other comprehensive income statement	-	-	-	-	6,688	6,688	-2	6,686
Total comprehensive profit for the year	**-**	**-**	**-**	**31,477**	**6,688**	**38,165**	**-2**	**38,163**
Equity at 31/12/2016	**42,042**	**117,079**	**-224**	**172,314**	**43,605**	**374,816**	**1**	**374,818**
Capital transactions	378	2,772	-	-	-	3,150		3,150
Share-based payments		1,193		-	-	1,193		1,193
Transactions in treasury shares			-397	-	-	-397		-397
Earnings appropriation				-8,468	-	-8,468		-8,468
Changes in scope of consolidation				-	-	-		-
Others movements			-	-	-81	-81		-81
Transactions with shareholders	**378**	**3,965**	**-397**	**-8,468**	**-81**	**-4,603**	**-**	**-4,603**
Net profit for the year	-	-	-	4,404	-	4,404	1	4,406
Other comprehensive income statement	-	-	-	-	-30,493	-30,493	-1	-30,493
Total comprehensive profit for the year	**-**	**-**	**-**	**4,404**	**-30,493**	**-26,087**	**1**	**-26,088**
Equity at 31/12/2017	**42,420**	**121,044**	**-621**	**168,250**	**13,031**	**344,126**	**2**	**344,127**

4.5 Notes to the financial statements

Summary of the notes to the financial statements

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Notes to the consolidated financial statements

This is the seventh publication for the Axway Group following its IPO on the NYSE Euronext in Paris on 14 June 2011.

The consolidated financial statements were prepared in accordance with the accounting policies and principles in force at 31 December 2017, on the bases described below in order to provide an overview of the business activities included in Axway's scope of consolidation.

Axway (Euronext: AXW.PA) opens up a world of digital experiences by connecting clients' people, systems, businesses and customer ecosystems to digital infrastructure solutions. Axway AMPLIFY™, our hybrid data integration platform, connects data from anywhere, develops collaboration, fuels millions of apps and delivers real-time analytics to build customer experience networks. From concept to execution, Axway's API management expertise, coupled with secure file exchange and B2B/EDI integration, has enabled it to meet the major data integration challenges of over 11,000 organizations in 100 countries.

Axway Software (historically the parent company of the Axway Group) is a public listed company *(société anonyme)*. Its registered office is located at Parc des Glaisins 74940 Annecy-le-Vieux (France) and the Executive Management is based in Phoenix, Arizona.

The consolidated financial statements of Axway Software for the fiscal year ended 31 December 2017 were approved by the Board of Directors meeting of 14 February 2018.

Note 1 Accounting principles

The main accounting policies applied for the preparation of the consolidated financial statements are presented below. They have been applied consistently for all of the fiscal years presented.

1.1 Basis of preparation

The consolidated financial statements for the fiscal year ended 31 December 2017 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This standard is available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission;
- IFRS standards as published by the IASB.

The financial statements were prepared mainly using the historical cost convention, except for employee benefits, payments in shareholders' equity instruments, 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

The new standards, amendments to existing standards and interpretations, which must be applied for the accounting periods beginning on or after 1 January 2017 did not have any material impact on the Group's financial statements and income. These primarily relate to:

- *Amendments to IAS 7* Disclosure initiative;
- *Amendments to IAS 12* Accounting for deferred tax assets due to unrealized losses;

b. Standards and interpretations adopted by the European Union and applicable in advance at 31 December 2017

- *IFRS 9* Financial Instruments,

  Application of IFRS 9 Financial Instruments *is compulsory as of 1 January 2018. The Group has analyzed the new rules and diagnosed their impact, identifying the following changes:*

  A new model for impairment of trade receivables requires statistical provisioning of credit risk at the issuance of the receivables. Given both the nature of the Group's customers, who exhibit a low credit risk, and the policy of systematically provisioning receivables beyond a certain maturity, in the Group's view the application of this new rule will have no material impact on its financial statements.

  The new standard changes the accounting treatment of refinancing transactions to the extent that they are not considered as a repayment, but as an amendment of the previous terms. In the Group's view, the changes to its borrowings prior to the application of the new rule will have no material impact.

IFRS 9 changes the method for measuring the value of exchange-risk and interest-rate risk hedges carried out using option-based derivative instruments. Thus, changes in their time values will be recognized in Other comprehensive income, and the time value at the date when the hedging relationship is designated will be amortized over the period during which the derivative instrument may impact profit. The Group considers that this change will have no material impact on its financial statements.

The Group plans to apply IFRS 9 as of 1 January 2018 retroactively for those periods of fiscal year 2017 that will be presented in comparison with those of fiscal year 2018.

- *IFRS 15* Revenue from Contracts with Customers,

  In September 2016, Axway launched a transition project aimed at applying IFRS 15 Revenue from Contracts with Customers *as of 1 January 2018. It mainly consists of:*

  - *a first diagnostic phase to identify potential divergences arising from the application of the new rules, with figures;*
  - *a second phase of implementing the potential changes.*

  At the same time, Axway took part in the discussions with the other main French industry players under the aegis of the Syntec Numérique trade association, to identify the issues raised by the application of the new rule, and derive uniform interpretations and treatments.

  A mapping of 2016 revenue by income type and profile arose from the diagnostic phase to identify the divergences. The standard contract clauses that could impact revenue recognition were also thoroughly identified. In the categories that could cause divergence, sample contracts, that were sufficiently representative and covered a highly significant portion of revenue, were identified for subsequent analysis. The samples comprised contracts in progress at 1 January 2017 and whose performance was continuing beyond that date, and any new contract signed during the 2017 fiscal year. Thus, licensing and maintenance contracts, fixed-price contracts, service contracts including a transitional or transformation phase, together with Software as a Service contracts, were analyzed from the standpoint of the methodology proposed in the standard.

- *IFRS 15* Revenue from Contracts with Customers *sets out a five-step framework for analyzing customer contracts, as follows:*

  1. *identify the contract with the customer;*
  2. *identify the performance obligations in the contract;*
  3. *determine the transaction price;*
  4. *apportion the transaction price to the performance obligations in the contract;*
  5. *recognize revenue.*

  During the analysis required by each of these stages, divergences from the application of the current standards were identified in individual cases involving a limited number of contracts.

  Stage 2 of IFRS 15 defines that service obligations in a contract are distinct from each other if they can be taken in isolation and if they are specific to the purposes of the contract in question. Application of these principles to the Axway contracts did not cause any divergence to be observed. Particular attention was given to services provided to enable the future performance of contracts. This was the case for the set-up phases for delivery of services in SaaS mode. These services could either be non-distinct, in which case a corresponding asset will be amortized over the duration of the performance obligations to which they refer, or they could be distinct, and recognized when control is transferred to the customer. The analysis led to the conclusion that no change should be made to the method currently applied for recognizing revenue.

  In stages 3 and 4, IFRS 15 specifies the method for determining the transaction price of a contract and then its apportionment to the different performance obligations that it includes. Thus, the following form an integral part of the transaction price:

  - *the variable facilities granted to the customer, such as discounts, penalties or bonuses, in accordance with their respective probability of occurrence;*
  - *financing components included in the contract, such as the granting of payment terms in excess of one year, which results in distinguishing a financial element of revenue to be presented separately from sales revenue;*
  - *consideration payable to the customer which cannot be identified as separate services performed by the customer under the contract;*
  - *non-cash consideration.*

  Lastly, once the customer contract and its performance obligations have been identified and measured, stage 5 defines and applies the method for recognizing revenue under the contract. The analysis concluded by finding no divergence.

The Group will apply IFRS 15 at 1 January 2018 retroactively for those periods of fiscal year 2017 which will be presented in comparison with those of fiscal year 2018.

- *Amendments to IFRS 15* Revenue from Contracts with Customers.
- *Amendments to IFRS 4 on insurance contracts, "Applying IFRS 9* Financial Instruments *with IFRS 4".*
- *IFRS 16* Financial Instruments.

Application of IFRS 16 Leases *is compulsory as of 1 January 2019. The Group has decided not to apply this standard early as of 1 January 2018.*

This standard will require the lessee to recognize a right of use under assets and a rental liability. The Group undertook a diagnostic project and will then implement the new rules, including identification of transitional procedures.

The Group has chosen not to apply these standards and interpretations in advance.

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c. Standards and interpretations published by the IASB in the process of adoption by the European Union and applicable in advance at 31 December 2017

- *Amendments to IFRS 2* Classification and Measurement of Share-based Payment Transactions.
- *Annual improvements Annual Improvements to IFRS* Standards 2014-2016 Cycle.
- *Amendments to* IAS 40 Transfers of investment properties.
- *Amendments to IFRS 9* Prepayment Features with Negative Compensation
- *Amendments to IAS 28* Long-term interests in associates and joint ventures.
- *IFRIC 22* Foreign Currency Transactions and Advance Consideration.
- *IFRIC 23* Uncertainty over Income Tax Treatments.

The Group has chosen not to apply these standards and interpretations in advance.

d. Standards and interpretations published by the IASB but not yet adopted by the European Union and for which early application was not authorized at 31 December 2017

The Group does not apply them. These primarily relate to:

- *annual improvements "Annual Improvements to IFRS* Standards 2015-2017 Cycle";
- *amendments to IFRS 10 and IAS 28* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- *IFRS 14* Regulatory Deferral Account;
- *IFRS 17* Insurance Contracts.

e. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Axway Software applies Recommendation 2009-R.03, dated 2 July 2009, of the *Conseil National de la Comptabilité* on the format of the income statement, the statement of cash flows and the statement of changes in equity.

However, the format of the income statement 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 *Profit (loss) from operations*, 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 (loss) from continuing operations* before expenses related to the cost of services rendered by beneficiaries of share subscription options and before amortization of the intangible assets concerned.

1.3 Significant estimates and accounting judgments

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated balance sheet assets and liabilities as well as certain income statement items. The Management is also required to exercise judgment in the application of the Group's accounting policies.

Such estimates and judgments, which are continually updated, are based both on historical information and on reasonable 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 8.1 and 8.2);
- the measurement of retirement benefit commitments (see Note 5.3);
- the recognition of income (see Note 4.1);
- the measurement of deferred tax assets (see Note 6.3);
- the measurement of provisions (see Notes 5.3 and 9).

b. Significant judgments in the application of accounting policies

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

Note 2 Methods and scope of consolidation

2.1 Consolidation method

- Axway Software is the consolidating company.
- The companies over which Axway Software has full control have been fully consolidated. The Group is deemed to control an entity when the following conditions are met:
  - the Group has authority over the entity (the ability to manage its relevant business operations, *i.e.* those that have a significant impact on the entity's profitability), through holding voting rights or other rights; and
  - the Group is exposed to or is entitled to variable returns due to its ties with the entity; and
  - the Group has the ability to exercise its authority over the entity in such a way as to affect the amount of the returns it obtains from it.
- Axway Software does not exert significant influence or joint control over any entity.

- Axway Software Group does not, directly or indirectly, control any *ad hoc* company.
- Transactions between entities included in the scope of consolidation, as well as unrealized balances and profits on transactions between Group companies are eliminated.
- The financial statements of all consolidated companies are prepared as of 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.
- The list of consolidated companies is given in Note 16.

2.2 Foreign currency translation

a. Functional and presentation currencies

Items 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 year-end exchange rates;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are recognized as a distinct shareholders' equity component under "Foreign exchange gains and losses".

Foreign exchange differences arising from the translation of net investments in foreign operations are recorded as a separate component of equity under the heading Translation reserves in accordance with IAS 21. Foreign exchange differences relating to intercompany loans are considered as an integral part of the Group's net investment in the foreign subsidiaries in question.

When a foreign operation is divested, the applicable accumulated translation difference is transferred to the income statement as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at the closing rates applying at the balance sheet date.

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

c. Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction dates. The foreign exchange gains and losses arising on settlement, as well as those arising from the adjustment of foreign currency denominated monetary assets and liabilities to rates applied at the balance sheet date, are recognized in profit or loss with the exception of amounts recognized directly in shareholders' equity with respect to cash flow hedging or hedging of the net investment in a foreign operation.

d. Conversion rate

	Average rate for the period			Period-end rate		
€1/currency	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Swiss franc	1.1102	1.0901	1.0676	1.1702	1.0739	1.0835
Pound sterling	0.8757	0.8166	0.7260	0.8872	0.8562	0.7340
Swedish krona	9.6349	9.4633	9.3545	9.8435	9.5529	9.1895
Romanian leu	4.5683	4.4906	4.4452	4.6585	4.5391	4.5240
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.1270	1.1062	1.1096	1.1993	1.0541	1.0887
Australian dollar	1.4713	1.4875	1.4765	1.5346	1.4596	1.4897
Hong Kong dollar	8.7814	8.5865	8.6023	9.3721	8.1753	8.4376
Singapore dollar	1.5571	1.5276	1.5251	1.6024	1.5234	1.5417
Yuan (China)	7.6206	7.3483	6.9730	7.8046	7.3201	7.0608
Rupee (India)	73.4077	74.3344	71.1752	76.6284	71.5820	72.0215
Real (Brazil)	3.5931	3.8378	3.6916	3.9728	3.4305	4.3117
Ringgit (Malaysia)	4.8473	4.5824	4.3315	4.8537	4.7288	4.6959

The conversion rate adopted at the date of Syncplicity's acquisition is EUR 1 equals USD 1.0533.

4

2.3 Principal acquisitions

The Group applies *IFRS 3 (revised version)* to the identified assets acquired and liabilities assumed as a result of business combinations. The acquisition of an asset or a group of assets that do not constitute a business combination is recognized under the standards applicable to these assets (IAS 38, IAS 16 and IAS 39).

Since the revised IFRS 3 become mandatory on 1 January 2010, the Group has applied the following principles:

- transaction costs are immediately recognized under Other Operating Expenses when they are incurred;
- for each business combination, the Group determines whether to opt for recognition of “full goodwill”, *i.e.* including the share of goodwill attributable to non-controlling interests at the acquisition date (measured at fair value), or for “partial goodwill”, which amounts to measuring the share of goodwill attributable to non-controlling interests in proportion to those interests’ share in the fair value of the identifiable net assets acquired;
- any potential price adjustment is estimated at its fair value on the acquisition date. This initial measurement can be adjusted subsequently with an entry as a counterpart to goodwill only where there is new information relating to circumstances existing at the acquisition date, and where such new measurement is made during the measurement period (12 months). Any adjustment to the financial liability recognized after the measurement period in respect of earn-outs, where it does not meet these criteria, is recognized as a counterpart to the Group’s Comprehensive Income.

All business combinations are recognized by applying the acquisition method, which consists of:

- measuring and recognizing at fair value at the acquisition date the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- measuring and recognizing at the acquisition date the difference referred to as “goodwill” between:
  - the sum of the purchase price for the company acquired plus the amount of any non-controlling interests in that entity, and
  - the net amount of the recognized identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group effectively obtains control of the company acquired.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of 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 recognizes the combination using provisional values. The acquirer must then recognize adjustments to these provisional values related to the completion of initial accounting within 12 months of the acquisition date.

Newly-consolidated entities

On 22 February 2017, Axway Software, through its subsidiary Axway Inc. acquired 100% of shares of the company Syncplicity LLC in the United States. Syncplicity LLC owns 100% of the shares in its subsidiary: Syncplicity International Limited in Ireland.

2.4 Other changes in scope

Deconsolidated entities

In 2017, the Group put into liquidation Systar Limited in the UK, Appcelerator GmbH in Germany and Axway Software Sdn Bhd in Malaysia. These companies were deconsolidated in 2017.

The subsidiaries Systar Inc in the United States, Appcelerator UK in the UK and Appcelerator Singapore in Singapore were also liquidated. These companies were deconsolidated in 2017.

Syncplicity GmbH in Germany, held by Syncplicity LLC, was liquidated before the acquisition on 22 February 2017, and it was deconsolidated.

2.5 Comparability of the financial statements

Two new legal entities have a limited impact on the consolidated financial statements at 31 December 2017: Syncplicity LLC in the United States and Syncplicity International Limited in Ireland, with total revenue of less than €15 million. Given the absence of any material impact on the consolidated financial statements (revenue below €15 million, equivalent to 5% of Group revenue), no pro forma financial information has been supplied.

Note 3 Segment information

Internal business management information is made available to Axway's management based on the Developer/Distributor (Licenses, Cloud, Maintenance, Services) model. Segment information for Axway is presented according to this organization.

3.1 Geographical breakdown of revenue

(in thousands of euros)	2017		2016		2015	
Europe	155,506	51.9%	162,929	54.1%	160,974	56.6%
Americas	128,763	42.9%	122,853	40.8%	109,707	38.5%
Asia Pacific	15,577	5.2%	15,296	5.1%	13,930	4.9%
Total revenue	**299,845**	**100%**	**301,078**	**100%**	**284,612**	**100%**

3.2 Geographical breakdown of non-current assets

(in thousands of euros)	2017		2016		2015	
France	88,183	22.0%	91,189	25.6%	86,935	28.8%
International	312,029	78.0%	265,144	74.4%	215,364	71.2%
Total non-current assets*	**400,212**	**100.0%**	**356,333**	**100.0%**	**302,299**	**100.0%**

* *Excluding financial instruments, deferred tax assets, and assets with respect to post-employment benefits.*

4

Note 4 Operating profit

4.1 Revenue

Revenue from the Cloud activity, which has grown organically by more than 14.4% and accounts for 12.5% of Group revenue at 31 December 2017, will henceforth be identified in the same way as the Licenses, Maintenance and Services activities.

4.1.1 Revenue recognition

The applicable standard is IAS 18 Income from ordinary operations.

Services provided within the scope of the Group's software package operations include:

- the right of use under license of the software packages provided;
- the Cloud;
- maintenance;
- ancillary services: installation, settings, adaptation, training.

a. In general, separate contracts are concluded with clients for licenses and maintenance on the one hand, and ancillary services on the other hand

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

- license revenue is recognized immediately on delivery, as license 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 recognized prorata-temporis, and is generally billed in advance;
- ancillary services revenue is generally recognized on the basis of time spent and is recognized when the services are performed, *i.e.* usually when invoiced. Ancillary services are sometimes provided under fixed-price contracts, in which case they are recognized using the percentage-of-completion method described in paragraph f. below.

b. Services provided under a Software as a Service contract (Cloud)

The supplier transfers control of the service progressively to the customer and hence, recognizes revenue progressively: "The customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs".

c. Sometimes, contracts comprising multiple elements (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the license is 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 license is recognized at the time of delivery.

d. 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 paragraph f. below.

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

These services are recognized when the service is 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 recognized as revenue and are included in the balance sheet under the Accrued income item in 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 of the Other non-current liabilities heading.

f. Services covered by fixed-price contracts

Under such contracts the Group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognized on the basis of a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

The Group will apply IFRS 15, superseding all existing standards and interpretations on revenue recognition from 1 January 2018 retroactively for those periods of fiscal year 2017 that will be presented in comparison with those of fiscal year 2018.

4.1.2 Revenue by business line

The presentation of revenue by business line including the Cloud is as follows:

(in millions of euros)	2017		2016		2015	
Licences	65.3	21.8%	81.3	27.0%	80.5	28.3%
Cloud	37.5	12.5%	19.1	6.3%	10.3	3.6%
Maintenance	145.4	48.5%	143.0	47.5%	137.7	48.4%
Services	51.6	17.2%	57.7	19.2%	56.2	19.7%
Total revenue	**299.8**	**100.0%**	**301.1**	**100.0%**	**284.6**	**100.0%**

The 2016 and 2015 revenue figures were restated to identify the Cloud revenues, namely €19.1 million and €10.3 million respectively.

Presentation of the non-restated revenue in the format used in the Registration Document until the 2016 fiscal year:

(in millions of euros)	2017		2016		2015	
Licences	65.3	21.8%	81.3	27.0%	80.5	28.3%
Cloud	37.5	12.5%	0.0	0.0%	0.0	0.0%
Maintenance	145.4	48.5%	143.0	47.5%	137.7	48.4%
Services	51.6	17.2%	76.8	25.5%	66.4	23.3%
Total revenue	**299.8**	**100.0%**	**301.1**	**100.0%**	**284.6**	**100.0%**

4.1.3 International operations

(in millions of euros)	2017		2016		2015	
France	83.8	27.9%	94.2	31.3%	95.2	33.5%
International	216.1	72.1%	206.9	68.7%	189.4	66.5%
Total revenue	**299.8**	**100.0%**	**301.1**	**100.0%**	**284.6**	**100.0%**

4.2 Purchases and external expenses

4.2.1 Purchases

(in thousands of euros)	2017	2016	2015
Purchases of raw materials and other supplies	-	-	-
Purchases of subcontracting services	19,273	13,535	14,054
Purchases held in inventory of equipment and supplies	1,554	1,139	1,263
Purchases of merchandise and change in stock of merchandise	3,782	3,609	2,591
Total	**24,610**	**18,282**	**17,907**

Purchases of subcontracted services increased €5.7 million from 2016 to 2017. This change is mainly explained by the contribution of the Syncplicity expenses of €6.5 million.

€4.1 million of the purchases of subcontracting services in 2017 related to subcontracting services provided by Sopra India.

4.2.2 External expenses

(in thousands of euros)	2017		2016		2015	
Leases and charges	10,317	20.6%	10,905	22.7%	10,157	22.8%
Maintenance and repairs	6,807	13.6%	5,327	11.1%	3,967	8.9%
External structure personnel	163	0.3%	-91	-0.2%	-	0.0%
Remuneration of intermediaries and fees	5,693	11.3%	6,434	13.4%	5,204	11.7%
Advertising and public relations	4,303	8.6%	2,746	5.7%	3,195	7.2%
Travel and entertainment	10,127	20.2%	11,248	23.4%	11,353	25.5%
Telecommunications	2,894	5.8%	3,016	6.3%	2,853	6.4%
Sundry	9,856	19.6%	8,547	17.8%	7,736	17.4%
Total	**50,160**	**100%**	**48,131**	**100%**	**44,464**	**100%**

4.3 Depreciation and amortization, provisions and impairment

(in thousands of euros)	2017	2016	2015
Amortization of intangible assets	906	590	488
Depreciation of property, plant and equipment	3,418	2,632	2,619
Depreciation and amortization of non-current assets under finance lease	-	-	-
Depreciation and amortization of deferred charges	-	-	-
Depreciation	**4,324**	**3,223**	**3,107**
Impairment of current assets net of unused reversals	930	1,052	1,557
Provisions for contingencies and losses net of unused reversals	1,088	1,274	1,585
Provisions and impairment	**2,017**	**2,326**	**3,142**
Total	**6,341**	**5,549**	**6,249**

4.4 Amortization of allocated intangible assets

This item corresponds to the amortization expense for intangible assets obtained in connection with acquisitions of companies (mainly Vordel, Tumbleweed and Systar in 2014, Appcelerator in 2016 and finally Syncplicity in 2017) amounting to €8,542 thousand in 2017, €7,863 thousand in 2016, €6,044 thousand in 2015 and €5,318 thousand in 2014. The acquisition of Syncplicity explains the increase from 2016 to 2017.

4.5 Other operating income and expenses

The following non-recurring expenses are recognized under this item:

- €2,042 thousand in restructuring expenses for our operations mainly in France, Germany, Sweden and the United States;
- €603 thousand in specific costs related to the acquisition of the Syncplicity Group;
- €298 thousand relating to a reassessment notification from URSSAF.

Non-recurring expenses for fiscal year 2016 were:

- €4,751 thousand in restructuring expenses for our operations mainly in France, Belgium, the Netherlands and the United States;
- €1,998 thousand in specific costs related to the acquisition of the Appcelerator Group.

Non-recurring expenses for 2015 were:

- €10,368 thousand in restructuring expenses for our operations in France, Germany, the UK, Sweden and the United States;
- €125 thousand in specific costs related to the acquisition of the Systar Group and the study of the buyback of Appcelerator in the United States.

Note 5 Employees and commitments towards employees

5.1 Employee costs

(in thousands of euros)	2017	2016	2015
Salaries	150,934	150,760	141,228
Social charges	37,421	38,808	38,052
Employee profit sharing	118	559	869
Total	**188,473**	**190,127**	**180,150**

5.2 Workforce

No. of employees at 31 December	2017	2016	2015
France	518	607	680
International	1,321	1,323	1,204
Total	**1,839**	**1,930**	**1,884**

Average no. of employees	2017	2016	2015
France	565	637	691
International	1,349	1,311	1,232
Total	**1,914**	**1,948**	**1,922**

5.3 Retirement benefits and similar commitments

a. Short-term employee benefits and defined-contribution post-employment benefits

The Group recognizes 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 recognized for these plans.

b. Defined-benefit post-employment plans and other long-term employee benefits

These plans relate mainly to France, for the payment of pensions in accordance with collective bargaining agreements.

The defined-benefit plans are borne directly by the Group, which provides for the cost of the future benefits based on conditions below.

The Group uses the projected unit credit method to determine the value of its defined-benefit obligation: this method stipulates that each period of service gives rise to an additional unit of benefit rights and separately values each of the units to obtain the final commitment.

The above calculations 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 recognized for retirement benefit commitments and similar 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 recognized in shareholders' equity for all of the Group's defined-benefit plans, pursuant to IAS 19 revised.

There are no pension commitments, medical coverage, or long service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the fiscal year.

Retirement provisions primarily concern the defined-benefit plan in France which was not financed by hedging assets.

(in thousands of euros)	01/01/2017	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Others movements	Change in actuarial differences	31/12/2017
France	6,196		428	-162			-1,241	5,221
Germany	102		83	-1		-150		35
Bulgaria	33		6				4	43
Total	**6,331**	**-**	**518**	**-163**	**-**	**-150**	**-1,237**	**5,299**
Impact (net of expenses incurred)								
Profit from recurring operations			370					
Net financial income			148					
Total	**-**	**-**	**518**	**-**	**-**	**-**	**-**	**-**

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. The provision for retirement benefits is assessed on an actuarial basis.

c. Actuarial assumptions used to calculate Axway Software's provision for retirement benefits

The main actuarial assumptions used in respect of Axway Software's plan are as follows:

	31/12/2017	31/12/2016	31/12/2015
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	1.77%	1.74%	2.41%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 ans	65 ans	65 ans
Mortality table	INSEE 2013-2015	INSEE 2012-2014	INSEE 2011-2013

Assumptions referring to mortality rates are based on published statistical data. Updating of mortality tables increased the commitment by €8 thousand.

Turnover tables are established for each company concerned by five-year age brackets and are updated at each year-end to reflect data on employee departures for the last five years.

Updating of five-year workforce turnover rates and assumptions relating to departure procedures reduced the commitment by €486 thousand.

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 and for the euro zone, the Group has used the rates published by Bloomberg as the benchmark for the discounting its retirement benefit commitments. A discount rate of 1.77% was used for 2017.

d. Table of changes in Axway Software's provision for retirement benefits

(in thousands of euros)	Present value of obligations not financed	Unrecognized actuarial differences	Net commitments recognized in the balance sheet	Taken to the consolidated statements of income
31 December 2015	**6,571**	**-**	**6,571**	**641**
Change in scope of consolidation		-	-	
Past service cost	532	-	532	532
Financial cost	164	-	164	164
Benefits paid to employees	-385	-	-385	-385
Change in actuarial differences	-687	-	-687	-
31 December 2016	**6,196**	**-**	**6,196**	**312**
Change in scope of consolidation		-	-	
Past service cost	317	-	317	317
Financial cost	111	-	111	111
Benefits paid to employees	-162	-	-162	-162
Change in actuarial differences	-1,241	-	-1,241	
31 December 2017	**5,221**	**-**	**5,221**	**266**

e. Analysis of the change in recognized actuarial differences in relation to Axway Software

Actuarial differences result solely from the changes in present value of the obligation, in the absence of plan 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).

The €1,241 thousand actuarial gain recognized for Axway Software in 2017 was mainly the result of:

- actuarial differences from experience adjustments (€745 thousand decrease in the commitment);
- differences arising from changes in the turnover table (€486 thousand decrease in the commitment);
- differences related to the change in the mortality table (€8 thousand increase in the commitment);
- differences related to the change in the departure procedures (€17 thousand decrease in the commitment).

Experience adjustments on Axway Software scheme liabilities are shown in the table below:

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Current value of obligation with respect to defined benefits	5,221	6,196	6,571
Experience adjustments on plan liabilities	-745	274	249
Experience adjustments on plan liabilities (in % of commitments)	-14.27%	4.43%	3.78%

The breakdown by maturity of the Axway Software's retirement benefits commitment in France, discounted at 1.77%, is shown in the table below:

(in thousands of euros)	31/12/2017
Present value of theoretical benefits to be paid by the employer:	
• less than 1 year	196
• from 1 to 2 years	124
• from 2 to 3 years	215
• from 3 to 4 years	313
• from 4 to 5 years	285
• from 5 to 10 years	1,525
• from 10 to 20 years	1,928
• more than 20 years	635
Total commitment	**5,221**

f. Sensitivity testing of the discount rates for the Axway Software retirement benefits

A 0.25% increase in the discount rate would result in a €139.9 thousand decrease of our provision for retirement benefits.

A 0.25% decrease in the discount rate would result in a €145.6 thousand increase in our provision for retirement benefits.

5.4 Share-based and similar payment expenses

a. Share subscription options

The application of IFRS 2 to Axway relates to options for share subscription options 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 awarded before 2011 were determined using the binominal model recommended by IFRS 2.

The exercise price of the options under the 2011 plan was determined using the average of the closing prices for the 20 trading days prior to the date on which the decision was made to allocate options. This value is consistent over the plan's duration.

The value attributed to the options is analyzed as a cost of services rendered by employees in return for the options and is recognized on a linear basis over the vesting period.

This charge is recognized in the income statement under Stock option plans and similar expenses, balanced by a credit to an issue premiums account recognized under Capital reserves within shareholders' equity. There is thus no net impact on consolidated shareholders' equity.

The calculation performed reflects the total number of options held at each balance sheet date by eligible employees.

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory lock-up period.

For 2017, the cost of services provided by the personnel in consideration for the options received was recognized for the amount of €165 thousand after allowing for canceled options.

b. Bonus shares

The expense recognized, as per IFRS 2, for a bonus share allocation plan is equal to the fair value of shares granted to employees multiplied by the probable number of shares to be delivered to the beneficiaries who will be present on the vesting date (this number of shares is revised during the vesting period depending on the estimated changes in employee turnover).

The fair value of the bonus shares is determined on the date of allocation based on the market price of the share adjusted to take into account the characteristics and conditions of share allocation. This amount is not reassessed later in the event of changes in the fair value.

The expense corresponding to the benefit granted to the employees in the form of bonus shares is recognized in the net profit using the straight-line method over the vesting period under the heading Expenses related to stock options and similar.

A bonus share plan for employees in the United States was implemented in April 2015. The charge for this new bonus share plan for fiscal year 2017 was €112 thousand.

A bonus share plan for 64 senior executives and Jean-Marc Lazzari was implemented in June 2017; the charge for this was €450 thousand.

A new bonus share plan for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group implemented in June 2017. The charge for this new bonus share plan was €692 thousand in fiscal year 2017.

A new bonus share plan for Jean-Marc Lazzari was implemented in June 2017. The charge for this new bonus share plan in fiscal year 2017 was €219 thousand.

5.5 Compensation of senior executives (related parties)

The items shown in the table below concern the directors and Executive Management.

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Short-term employee benefits(1)	1,243	1,582	1,064
Termination benefits	-	-	1,218
Shareholders' equity compensation benefits	262	95	37
Total	**1,505**	**1,676**	**2,319**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

During its meeting on 6 April 2018, Axway's Board of Directors resolved to end Jean-Marc Lazzari's term of office as CEO and replace him with Patrick Donovan.

For the year ended 31 December 2017, the Remuneration Committee dated 28 March 2018 advocated giving a variable portion of €0 to Jean-Marc Lazzari. This variable remuneration will be voted by the General Meeting, scheduled for June 6, 2018, on the basis of an amount proposed by the Board of Directors, after taking into account the recommendations of the Remuneration Committee.

The General Meeting of 6 June 2017 set the amount of directors' fees to be shared between the directors at €302 thousand. One of these directors waived his directors' fees totaling €39 thousand.

In 2016 and 2017, the item Shareholders' equity compensation benefits concerned the value of the services rendered by Jean-Marc Lazzari, which were compensated through the granting of performance-based shares.

In 2015, the item Shareholders' equity compensation benefits relates to the value of the services rendered by Christophe Fabre, which were compensated through the granting of options in 2011.

At its meeting of 22 June 2015, the Board of Directors of Axway, having noted the recommendations of the Remuneration Committee and having verified the achievement of the applicable performance criteria, authorized, in the interests of Axway Software, under Article L. 225-42-1 of the French Commercial Code, a settlement with Christophe Fabre following the non-renewal of his terms of office as Director and Chief Executive Officer.

In 2015, the expenses of €1.4 million recognized for this transaction under other operating income and expenses notably include the transaction-based remuneration, noncompete benefits, pay in lieu of notice, insurance premiums for retirement, related expenses and the removal of the continued employment criterion for the exercise of share subscription options.

Note 6 Corporate income tax

6.1 Analysis table

(in thousands of euros)	2017	2016	2015
Current tax	-3,677	-3,495	-2,729
Deferred tax	-20,344	-250	4,830
Total	**-24,021**	**-3,745**	**2,101**

6.2 Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	2017	2016	2015
Net income	4,405	31,477	27,856
Tax expense	-24,021	-3,745	2,101
Goodwill impairment	-	-	-
Profit (loss) before tax	28,426	35,222	25,756
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax expense	**-9,787**	**-12,127**	**-8,868**
Reconciliation			
Permanent differences	3,515	-3,004	458
Impact of non-capitalized losses for the year	-22,205	-238	-546
Use of non-capitalized tax loss carry forwards	314	646	321
Impact of research tax credits	3,676	3,284	3,241
CVAE reclassification (net of tax)	-752	-812	-891
Capitalization of tax loss carry forwards from previous years	-	6,619	6,203
Tax rate differences – France/Other countries	1,548	2,893	1,781
Prior year tax adjustments	-	-	-
Other	-330	-1,006	402
Actual tax charge	**-24,021**	**-3,745**	**2,101**
Effective tax rate	**84.50%**	**10.63%**	**-8.16%**

6.3 Tax impact of gains and losses recognized directly in other comprehensive income

	2017			2016			2015		
(in thousands of euros)	Gross	Impact of taxes	Net	Gross	Impact of taxes	Net	Gross	Impact of taxes	Net
Foreign exchange differences on net investments of subsidiaries	-16,423	-	-16,423	1,565	-417	1,148	2,002	-927	1,075
Calculated by difference	-14,882	-	-14,882	4,994	-	4,994	15,961	-	15,961
Foreign exchange gains and losses	-31,306	-	-31,306	6,559	-417	6,142	17,963	-927	17,036
Actuarial gains and losses on pension plans	1,241	-427	814	765	-249	516	1,803	-628	1,175
Change in the value of derivatives	0	-	0	46	-16	30	288	-23	265
Total	**-30,065**	**-427**	**-30,492**	**7,371**	**-682**	**6,688**	**20,054**	**-1,578**	**18,476**

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6.4 Deferred tax assets and liabilities

Deferred tax is recognized using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets and liabilities are measured for each entity or taxable unit on the basis of the tax rates in force, or substantially adopted, at the reporting date and expected to apply when assets will be realized or liabilities settled.

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

6.4.1 Breakdown by maturity

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Deferred tax assets (DTA)			
• less than one year	1,800	8,933	7,353
• more than one year	18,659	37,395	37,887
Total DTA	**20,459**	**46,328**	**45,240**
Deferred tax liabilities (DTL)			
• less than one year	-33	-	-430
• more than one year	-387	-995	-6,625
Total DTL	**-420**	**-995**	**-7,055**
Deferred net tax	**20,039**	**45,333**	**38,185**

Short-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards in 2018 by Axway Inc in the United States.

Long-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards from 2019 to 2022 by Axway Software in France and Axway Inc in the United States.

The tax-rate reduction to 28% from 2019, then to 25% by 2022, in accordance with the French Finance Act for 2018, was used to estimate the deferred tax of Axway Software in France.

The tax-rate reduction to 21% from 2018 was used to calculate the deferred tax of Axway Inc in the United States, in accordance with the new corporate tax rules.

6.4.2 Change in net deferred tax

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
At 1 January	**45,333**	**38,185**	**31,227**
Changes in scope of consolidation	-	6,323	-190
Tax – income statement impact	-20,344	-250	4,830
Tax – shareholders' equity impact	-439	-236	-500
Foreign exchange gains and losses	-4,512	1,311	2,818
At 31 December	**20,039**	**45,333**	**38,185**

In December 2017, the United States promulgated new legislation concerning corporate taxation rates and rules as from the 2018 tax year. For Axway Inc (the American subsidiary), which applies a standard rule for deferred tax recognition covering the next five years of taxable profit, this significant rate change has negatively impacted the value recognized in our accounts. In 2017, a €10.5 million charge was recognized in income, reflecting the application of the new taxation rates.

Furthermore, in view of our changing income mix (with the development of the Cloud) and our transitional income statement (reflecting the change of business model with the Cloud), particularly in the United States and France, and of our new transfer pricing model, the five-year forecasts have been lowered in both regions, and we recognized downward adjustments of €7.3 million and €3.1 million respectively to reflect these forecasts.

In 2017, deferred tax assets were adjusted downwards by charging €20.3 million to income.

Translation adjustments of (-)€4.5 million arise mainly from impact of the fall of the US dollar against the euro.

No tax loss carry-forwards were recognized as assets following the acquisition of the Syncplicity group in February 2017.

6.4.3 Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Differences related to consolidation adjustments			
Actuarial gains and losses	-364	-67	155
Software depreciation and amortization of revalued software packages	1,518	2,213	2,775
Fair value of amortizable allocated intangible assets	-4,238	-4,063	-4,580
Financial derivatives	-	-	16
Finance leases	-	-	-
Discounting of employee profit-sharing	78	175	223
Tax-drive provisions	-33	-16	-430
Foreign exchange differences recognized in shareholders' equity	-	-	-
Capitalized tax losses	4,446	13,795	6,886
Other	255	95	273
Temporary differences from tax returns			
Provision for retirement benefits	1,771	1,826	2,107
Provision for employee profit-sharing	-	141	204
Provision for "Organic" tax	36	38	45
Differences in depreciation period	-	-	-
Provisions on securities	-	-	-
Activated research tax credits	1,271	-	543
Capitalized tax losses	15,064	31,104	28,737
Other	236	93	1,230
Total	**20,039**	**45,333**	**38,185**

The €4.4 million capitalization in the consolidated financial statements is attributable to the Axway Software entity. The capitalization of Axway Software's tax losses carried forward amounted to €7.1 million at 31 December 2016.

Capitalization in the amount of €15.1 million in the parent company financial statements was attributable to the Axway Inc. entity (including Appcelerator Inc absorbed by Axway Inc). At 31 December 2016, €31.1 million of tax losses carried forward were recognized as assets for Axway Inc, and for Appcelerator Inc, the amount capitalized at that date was €6.5 million.

Forecasts of future taxable profits, justifying recognition of tax losses as assets, were determined on the basis of substantiating evidence, with detailed estimates in a 5-year business plan for Axway Software SA and Axway Inc.

When the acquisition cost of acquiring Systar was allocated in 2014 (known today as Axway Software), €17.7 million in intangible assets identified as amortizable and allocated separately from goodwill were recognized. As at 31 December 2017, the net value of these intangible assets stood at €11.1 million, generating a deferred tax liability of €3.2 million. This deferred tax liability is mostly offset by the recognition of deferred tax assets and €4.4 million of tax losses carried forward.

At 31 December 2017, no tax loss carry-forwards were recognized as assets following the acquisition of Syncplicity.

As regards the *cotisation sur la valeur ajoutée des entreprises* (CVAE) component of the *contribution économique territoriale* (CET), the Group has decided to recognize 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.

6.4.4 Deferred tax assets not recognized by the Group

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Tax losses carried forward	19,228	24,979	24,654
Temporary differences	481	1,033	1,447
Total	**19,709**	**26,012**	**26,101**

6.5 Maturity of tax losses carried forward

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
N+1	8,786	2,881	-
N+2	11,958	24,650	17,858
N+3	15,928	16,910	23,866
N+4	1,000	18,519	16,372
N+5 and subsequent years	126,355	109,863	85,106
Tax losses carried forward with a maturity date	164,027	172,823	143,210
Tax losses which may be carried forward indefinitely	13,941	36,912	39,362
Total	**177,968**	**209,735**	**182,572**
Deferred tax basis – portion used	87,741	128,760	102,492
Deferred tax basis – unused portion	90,226	80,974	80,080
Deferred tax – used	19,510	44,899	35,624
Deferred tax – unused	19,228	24,979	24,654

As of 31 December 2017, deferred tax assets, not capitalizing the tax losses which may be carried forward, amounted to €19.2 million, relating to the following subsidiaries: Axway Inc. (€11.7 million), Axway Software SA (€3.1 million), Axway Pte Ltd in Singapore (€0.9 million), Axway Romania (€1.3 million), Axway Brazil (€1.0 million), Axway Hong Kong (€0.6 million), Axway UK (€0.2 million) and Axway Srl in Italy (€0.3 million).

Axway Software's position:

As of 31 December 2016, capitalized tax losses stood at €7.1 million (in deferred tax assets). The non-capitalized tax losses which may be carried forward was nil.

As of 31 December 2017, capitalized tax losses stood at €4.4 million (in deferred tax assets). The non-capitalized tax losses which may be carried forward amounted to €12.1 million (taxable base).

Axway Inc's situation:

Tax losses carried forward for Axway Inc. essentially resulted from the acquisitions of Cyclone in 2006, Tumbleweed Communications Corp. in 2008, Systar Inc. in 2014 and Appcelerator in 2016. These losses are subject to an overall time limit (20 years) as well as an annual limit on their use ($8.1 million) imposed by US tax regulations following a change in shareholding structure.

From 2010, the earning prospects of the American subsidiary allowed capitalization of losses of approximately two years of forecast results. At 31 December 2013, the accrued earning capacity of fiscal years 2011 and 2012, and its projected maintenance over the years to come, improved primarily through the contribution of the API Server offer, led to the capitalization of the tax losses to approximately five years of forecast result, *i.e.* $28.8 million.

As of 31 December 2015, capitalized tax losses stood at $31.3 million (in deferred tax assets). The non-capitalized tax losses which may be carried forward amounted to $58.1 million (taxable base).

As of 31 December 2016, capitalized tax losses stood at $32.8 million (in deferred tax assets). The non-capitalized tax losses which may be carried forward amounted to $37.4 million (taxable base).

As of 31 December 2017, capitalized tax losses stood at $18.1 million (in deferred tax assets). The non-capitalized tax losses which may be carried forward amounted to $67.3 million (taxable base).

Note 7 Components of working capital requirements and other financial assets and liabilities

7.1 Non-current financial assets

The Group classifies its financial assets into the following categories:

- assets measured at fair value through the income statement;
- assets held to maturity;
- loans and receivables; and
- available-for-sale assets.

Classification depends on the purposes for which financial assets were acquired. Management decides on the appropriate classification at the time of initial recognition and 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 amortized cost.

a. Assets measured at fair value through the income statement

This category comprises financial derivatives, financial assets held for trading (*i.e.* acquired with a view to resale in the near term) and those designated upon initial recognition as at fair value through the income statement. Changes in the fair value of assets of this category are recognized in the income statement.

b. Assets held to maturity

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 amortized 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 recognized at fair value then subsequently measured at amortized cost using the effective interest rate method.

The Group has identified within this category:

- non-current financial assets comprising long-term loans and receivables associated with non-consolidated equity investments as well as guarantee deposits for leased premises. Impairment losses are recognized for receivables associated with non-consolidated equity investments whenever their estimated recoverable amounts are lower than their net carrying amounts; and
- current trade receivables. Current trade receivables are initially measured at the nominal values invoiced which generally equate to the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is in sixty days. If necessary, impairment losses are recognized on an individual basis reflecting any problems of recovery.

The Group's non-current financial assets consist of loans and receivables.

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Loans and receivables	3,288	3,235	1,780
Derivatives	-	-	-
Total	**3,288**	**3,235**	**1,780**

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Tax receivables (other than corporate income tax)	**-**	**-**	**-**
Loans	0	0	0
Deposits and other non-current financial assets	3,288	3,235	1,781
Provisions for loans, deposits and other non-current financial assets	-0	-0	-1
Loans, deposits and other non-current financial assets – net value	**3,288**	**3,235**	**1,780**
Total	**3,288**	**3,235**	**1,780**

The CIR research tax credit receivables were sold to Natixis Bank in 2014, 2015 and 2016, and to Crédit Agricole in 2017. The receivables sold in 2014 with respect to the 2011, 2012 and 2013 research tax credits amounted to €5,793 thousand, €3,578 thousand and €6,538 thousand respectively. The total sold in 2015 is €7,573 thousand with respect to the 2014 Research Tax Credit, the total sold in 2016 is €8,993 thousand with respect to the 2015 Research Tax Credit and the total sold in 2017 is €9,068 with respect to the 2016 Research Tax Credit. The tax authorities reimbursed Natixis in 2015 for the amount of the 2011 Research Tax Credit, which was €5,793 thousand, in 2016 for the amount of the CIR 2012 was €3,578 and in 2017 for the amount of the 2013 Research Tax Credit, which was €6,538 thousand. Total receivables sold and not reimbursed by the tax authorities amounted to €16,566 thousand for Natixis bank and €9,068 for Crédit Agricole.

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. Guarantee for the lease of Tower W at La Défense and another for a loan explain most of the increase between 2015 and 2016.

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 recognized directly in shareholders' equity with the exception of impairment losses and foreign exchange gains and losses which are recognized in profit or loss.

The Group includes in this category equity investments in non consolidated entities over which it neither exercises control nor any significant influence.

As such investments comprise shareholders' 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 share of an entity's net assets and its outlook for growth and profitability. An impairment loss recognized in the income statement cannot subsequently be reversed.

7.2 Trade receivables

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Trade receivables	66,287	69,438	67,820
Accrued income	5,938	9,645	6,948
Accrued credit notes	-	-	-
Provision for doubtful debtors	-1,135	-874	-911
Total	**71,090**	**78,209**	**73,856**

Net trade receivables, expressed in terms of days of revenue, corresponded to 77 days of revenue at 31 December 2017 compared with 85 days at 31 December 2016. This ratio is calculated by comparing "Net trade" receivables with the revenue generated during the year.

Accrued income mainly relates to fees for licenses and services, which are recognized according to the methods set out in Note 4.1.

7.3 Other current receivables

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Employees and social security	350	493	798
Tax receivables (other than corporate income tax)	2,641	3,508	6,201
Corporate income tax	12,272	11,790	10,590
Other receivables	8,659	2,345	-577
Prepaid expenses	7,093	6,837	5,193
Financial derivatives	-	-	-
Total	**31,016**	**24,973**	**22,204**

Tax receivables of €2.6 million relate mainly to deductible VAT.

7.4 Other non-current liabilities

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Non-current asset liabilities – portion due in more than one year	877	886	781
Employee profit-sharing during the year	2,556	3,132	3,223
Conditional advances	-	-	-
Financial derivatives	-	-	-
Deferred revenue	15,003	1,096	-
Total	**18,436**	**5,115**	**4,004**

The item "Employee profit-sharing" as of 31 December 2017 records Axway Software's provisions for employee profit-sharing liabilities for the fiscal year. These amounts increase financial debt for the following year.

The "Deferred revenue" figure at 31 December 2017 corresponds to the proportion of deferred revenue at more than one year, which significantly increased by the contribution of the Cloud assets from Syncplicity and the development of the Cloud within the Axway Group.

7.5 Trade accounts payables

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Trade payables	13,962	14,533	7,573
Liabilities on non-current assets	2,210	1,933	911
Trade payables – advances and payments on account, accrued credit notes	-	-	-
Total	**16,172**	**16,466**	**8,483**

7.6 Other current liabilities

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Employees	18,636	19,824	18,581
Social security	8,878	9,348	10,382
Value added tax	6,576	8,814	11,796
Other tax liabilities			
Corporate income tax	2,806	1,053	932
Other liabilities	11,730	2,896	3,422
Restructuring provision	112	699	3,102
Total	**48,738**	**42,634**	**48,215**

Note 8 Property, plant and equipment, and intangible assets

8.1 Goodwill

For each business combination, the Group may elect to recognize 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 non-controlling interests).

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognizes the resulting gain as a bargain purchase in profit or loss.

8.1.1 Changes in goodwill

The principal movements in 2016 and 2017 were as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2015	**260,658**	**8,820**	**251,838**
Acquisition of Appcelerator	32,054		32,054
Foreign exchange gains and losses	4,833	-76	4,909
31 December 2016	**297,544**	**8,744**	**288,801**
Acquisition of Syncplicity	76,630		76,630
Foreign exchange gains and losses	-31,870	-57	-31,813
31 December 2017	**342,304**	**8,687**	**333,617**

8.1.2 Determination of goodwill for business combinations

Goodwill recognized in February 2017 relates to the acquisition of Syncplicity LLC measured at the acquisition date. This goodwill, however, will be finalized at the end of the stipulated 12-month allocation period.

The conversion rate adopted at the date of Syncplicity's acquisition is EUR 1 equals USD 1.0533.

Goodwill recorded in January 2016 concerns the acquisition of Appcelerator Inc. measured at the date of acquisition. This goodwill was finalized as of 31 December 2016 within the stipulated 12-month allocation period.

(in thousands of euros)	As at 31/12/2017
Acquisition price	56,964
Discounted value of earn-out	0
Acquisition cost	**56,964**
Net equity acquired	-31,154
Difference	**88,117**
Assets and liabilities at fair value net of tax	11,488
Goodwill	**76,630**

Taking present value into account, the details of the Syncplicity Group's net assets were as follows, as of 31 December 2017:

(in thousands of euros)	Carrying amount with the seller	Restatements	Fair value
Intangible assets	22,895	-10,551	12,344
Property, plant and equipment	208	0	208
Financial assets	77	0	77
Deferred tax assets	0	0	0
Current assets	2,648	54	2,702
Cash and cash equivalents	148	0	148
Financial liabilities	0	0	0
Provision for post-employment benefits	0	0	0
Current liabilities	-35,290	144	-35,145
Net assets acquired	**-9,314**	**-10,353**	**-19,666**

Adjustments of €10,551 thousand, to obtain the fair value of the net assets acquired, break down as follows:

- valuation of the Syncplicity technologies and customer base, entailing an upward adjustment of €11,488 thousand;
- cancellation of the goodwill previously measured by Syncplicity, entailing a downward adjustment by €22,039 thousand.

8.1.3 Foreign exchange gains and losses

Changes in exchange rates relate mainly to fluctuations in the Euro compared to the following currencies:

Change euro/currency *(in thousands of euros)*	31/12/2017	31/12/2016	31/12/2015
USD	-31,163	5,732	14,724
SEK	-610	-818	466
Other currencies	-39	-5	-14
Total	**-31,813**	**4,909**	**15,176**

8.2 Impairment tests

a. Cash-generating units

Under IAS 36 *Impairment of assets*, an impairment test must be conducted at each reporting date where there is an indication of impairment of an asset. Where there is such an indication, the entity must estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, an entity must also:

- test annually intangible assets with indefinite useful lives;
- test annually the impairment of goodwill acquired in a business combination.

In practice, impairment testing is most relevant to goodwill which comprises the main portion of Axway Software's consolidated balance sheet non-current assets.

Impairment testing is performed at the level of the cash generating units (CGUs) to which assets are allocated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 information. 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 of disposal, and its value-in-use.

The Axway Group provides IT solutions enabling the automatic management of data exchange within and outside the Company.

Axway has developed partly by external growth in recent years, and its main acquisitions were the following: Cyclone Commerce in the United States in 2006, Actis in Germany in 2007, Tumbleweed in the United States in 2008, Vordel in Ireland in 2012, Systar in France in 2014, Appcelerator in the United States in 2016 and Syncplicity in the United States in 2017.

All of the products developed internally or related to acquisitions are integrated in a common technical platform.

Axway operates as a global software developer whose main markets are the USA and Europe. The various software packages from the technical platform are distributed by sales subsidiaries that pay royalties on the income they earn from licenses, the Cloud and maintenance.

In view of the global nature of products and markets, a breakdown by country of the contribution to the Axway 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 amount 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 planned five-year period, with cash flows for the first year of the plan based on the budget;
- cash flows beyond the five-year plan period are calculated by applying an infinite growth rate to reflect forecast long-term real economic growth, adjusted for forecast long-term inflation.

Cash flow projections for the explicit period are determined by taking into account:

- general economic growth;
- the impact of technological advances in the industry.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money market 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 recognized to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to the income statement as part of *Other operating income and expenses*. Impairment losses on goodwill cannot be reversed.

d. Test carried out

The aim of the annual impairment testing is to assess whether goodwill is impaired. This is the case when the carrying amount of the cash-generating unit (CGU) to which the goodwill tested is allocated is lower than its recoverable amount. The recoverable amount of a cash-generating unit is the higher of its value-in-use, calculated according to the discounted cash flow method, 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 amount.

Impairment testing carried out at the end of 2014, 2015, 2016 and 2017 did not lead to the recognition of an impairment loss.

For fiscal year 2017, the value-in-use calculated according to the discounted cash flow method amounted to €606.5 million, with a discount rate of 9.6% and an infinite growth rate of 2.2%, both resulting from the average of analysts.

The projected cash flows are based on a five-year plan which is based on a business plan approved by the management. Beyond this period, cash flows are extrapolated depending on cash flows growing sustainably at 2.2%.

Value *(in thousands of euros)*		Discount rate		
		9.20%	**9.60%**	**10.00%**
	1.80%	615,332	582,053	552,032
	2.20%	643,033	606,533	573,788
Growth rate in perpetuity	2.60%	674,079	633,979	597,886

	Kepler	**SocGen**	**Bryan Garnier**	**idMidCaps**	**LCM MidCaps**	**Average**
	Nov-17	**Nov-17**	**Nov-17**	**Nov-17**	**Nov-17**	**Nov-17**
Discount rate	10.2%	9.5%	11.9%	9.0%	7.4%	9.6%
Growth rate in perpetuity	2.5%	2.0%	2.5%	2.0%	2.0%	2.2%

The fair value less costs to sell the Axway cash-generating unit was determined from its market capitalization. The costs to sell are estimated at 2% of Axway's fair value. Thus, at the closing rate on 29 December 2017, the fair value of the Axway CGU, *i.e.* its market capitalization, was €483.4 million, and the fair value less costs to sell was €473.9 million. The recoverable amount of Axway's CGU thus amounted to €606.5 million and corresponds to its value-in-use.

The carrying amount of the Axway CGU is the amount of its consolidated shareholders' equity at 31 December *i.e.* €344.5 million. Based on the above, the recoverable amount is higher than the carrying amount, and it was therefore unnecessary to recognize any impairment of the goodwill allocated to the Axway cash-generating unit at 31 December 2017.

For fiscal year 2016, application of this same approach resulted in maintenance of the value of goodwill, the market capitalization less selling costs, being determined at €630.4 million for an amount of consolidated shareholders' equity of €374.8 million.

8.3 Other intangible assets

a. Assets purchased

These relate to software packages recorded at cost as well as software packages, customer relations and distributor relations recognized at fair value in connection with the allocation of the purchase prices of entities acquired in business combinations. These assets are amortized using the straight-line method over 5 to 15 years, depending on their estimated useful lives.

b. Assets generated internally

In application of IAS 38 *Intangible assets:*

- all research expenses are recognized as charges in the year they are incurred;
- software package development costs are capitalized if the six following conditions are satisfied:
  - the technical feasibility of completing development of the intangible asset so that it will be available for use or sale,
  - the intention of completing development of the intangible asset and of using or selling it,
  - the ability to use or sell the intangible asset,
  - the manner in which the intangible asset will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

None of the development expenses for software packages are recognized 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 determinant 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 capitalized, are not significant.

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(in thousands of euros)	Gross value	Depreciation and amortization	Net
31 December 2015	**75,770**	**34,860**	**40,909**
Changes in scope of consolidation	15,344		15,344
Acquisitions	794		794
Disposals	-5	-5	-0
Other movements			-
Foreign exchange gains and losses	2,151	903	1,248
Depreciation		8,530	-8,530
31 December 2016	**94,053**	**44,287**	**49,765**
Changes in scope of consolidation	13,478	1,102	12,376
Acquisitions	817	-	817
Disposals	-81	-81	-
Other movements	-12	-12	-
Foreign exchange gains and losses	-7,874	-3,281	-4,592
Depreciation	-	9,448	-9,448
31 December 2017	**100,382**	**51,465**	**48,917**

Intangible assets essentially include non-proprietary software packages 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 amortization periods are 10 years and 15 years respectively (from November 2012 for Vordel and September 2008 for Tumbleweed);
- Systar technologies and customer-base for which the amortization periods vary between 8 and 12 years (from April 2014);
- Appcelerator technologies and customer-base for which the amortization periods vary between 5 and 9 years (from January 2016);
- Syncplicity technologies and customer-base for which the amortization periods vary between 10 and 15 years (from March 2017).

No expense incurred in developing the Group's solutions and software packages was capitalized, either in 2017 or in previous years.

8.4 Property, plant and equipment

Property, plant and equipment essentially comprise fixtures and fittings, office furniture and equipment and IT facilities.

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. No amounts have been revalued.

Depreciation is calculated following the straight-line method according to the expected useful economic lives of each non-current asset category as follows:

- fittings and fixtures 10 years;
- equipment and tooling 3 to 5 years;
- furniture and office equipment 5 to 10 years.

Depreciation is 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.

(in thousands of euros)	Furniture, fixtures and fittings	IT facilities	Total
Gross value			
31 December 2015	**8,292**	**16,066**	**24,358**
Foreign exchange gains and losses	95	227	322
Acquisitions	7,773	2,732	10,505
Disposals	-2,679	-570	-3,248
Other movements			-
Changes in scope of consolidation	83	1,130	1,213
31 Decembre 2016	**13,565**	**19,585**	**33,150**
Foreign exchange gains and losses	-630	-1,136	-1,766
Acquisitions	2,203	3,807	6,010
Disposals	-2,406	-125	-2,530
Other movements	8	-8	-
Changes in scope of consolidation	67	467	535
31 Decembre 2017	**12,808**	**22,591**	**35,399**
Depreciation and amortization			
31 December 2015	**5,160**	**11,426**	**16,587**
Foreign exchange gains and losses	7	195	202
Charges	1,008	2,049	3,058
Reversals	-1,835	-566	-2,402
Other movements		-40	-40
Changes in scope of consolidation	83	1,130	1,213
31 December 2016	**4,423**	**14,195**	**18,618**
Foreign exchange gains and losses	-342	-881	-1,223
Charges	1,143	2,276	3,418
Reversals	-10	-116	-127
Other movements	-	-	-
Changes in scope of consolidation	39	284	323
31 December 2017	**5,252**	**15,758**	**21,010**
Net value			
31 December 2016	**9,142**	**5,390**	**14,532**
31 December 2017	**7,556**	**6,833**	**14,390**

- Investments made by the Group in property, plant and equipment primarily include office equipment in France and abroad, and information technology facilities (central systems, work stations, and networks).
- Amounts included under disposals during the year mainly correspond to the scrapping of computer equipment each year after taking inventory and exits from premises for which leases were not renewed.
- In 2016, €10.5 million in acquisitions and €3.2 million in disposals of gross property, plant and equipment are related to the acquisition of new equipment during the installation of Axway Software in Tower W, and the scrapping of capital equipment in the former premises at Puteaux.
- In 2017, €6.0 million of acquisitions of gross property, plant and equipment related to the acquisition of new equipment.

Note 9 Provisions

A provision is recognized when an obligation exists with respect to a third party originating as of 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.

Changes in 2017 provisions (in current and non-current liabilities)

(in thousands of euros)	01/01/2017	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	31/12/2017
Provisions for disputes	735	-	611	-623	-70	-	653
Provisions for guarantees	110	-	20	-	-	-	130
Other provisions for contingencies	77	-		-	-4	-	73
Subtotal provisions for contingencies	**922**	**-**	**631**	**-623**	**-74**	**-**	**856**
Provisions for tax	1,140	-	-	-	-713	-	427
Restructuring provision	699	-	-	-761	-10	-	112
Other provisions for losses	802	-	89	-	-	2	708
Subtotal provisions for losses	**2,641**	**-**	**89**	**-761**	**-723**	**2**	**1,247**
Total	**3,563**	**-**	**720**	**-1,385**	**-796**	**2**	**2,103**
Impact (net of expenses incurred)							
Profit from recurring operations			631		-80		
Operating profit			86		-2		
Net financial income			3		-1		
Tax expense			-		-713		
Total			**720**		**-796**		

- The €130 thousand guarantee provision concerned Axway GmbH in Germany.
- Provisions for disputes mainly relate to labor arbitration proceedings and severance pay, chiefly in France. The €693 thousand reversal of a provision for disputes is explained by disputes provisioned in 2016 and during the 1st half of 2017, which were resolved in the 2nd half of 2017. New disputes were provisioned for €611 thousand at 31 December 2017.
- The provision for tax related to the tax audit of Axway Software for 2009, 2010 and 2011, for which Court of Appeal proceedings are pending.
- The other provision for charges, of €112 thousand, concerns reorganization actions.
- A provision for charges of €614 thousand is recognized in the financial statements of Axway Srl in Italy. This provision concerns a defined-benefits plan pertaining 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). A €93 thousand seniority provision was also recognized in the financial statements of Axway GmbH in Germany.

Note 10 Financing and management of financial risks

10.1 Costs of net financial debt

(in thousands of euros)	2016	2015	2014
Income from cash management	192	128	286
Interest expense	-1,285	-508	-648
Total	**-1,093**	**-380**	**-361**

In 2017, interest expenses were related to fees for non-use of medium-term borrowing, and to the interest expense related to the revolving credit facility (RCF).

10.2 Other financial income and expense

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange differences relating to intercompany loans are considered as an integral part of the Group's net investment in the foreign subsidiaries concerned and are recognized as a distinct component of shareholders' equity under "Foreign exchange gains and losses" in application of IAS 21.

(in thousands of euros)	2016	2015	2014
Foreign exchange gains and losses	**2,281**	**795**	**-1,220**
Reversal of provisions	137	32	86
Proceeds from disposal of financial assets sold	-	-	-
Other financial income	-	-	-
Total foreign exchange gains/losses and other financial income	**2,418**	**827**	**-1,134**
Charges to provisions	-0	-	-41
Discounting of retirement benefit commitments	-152	-203	-167
Discounting of employee profit-sharing	-	-	-
Discounting of employee profit sharing	-	-	-
Change in the value of derivatives	198	47	162
Net carrying amount of financial assets sold	-	-	-
Other financial expenses	-680	-149	-113
Total other financial expenses	**-634**	**-305**	**-158**
Total other financial income & expense	**1,784**	**522**	**-1,292**

Discounting of retirement benefit commitments: see Note 5.3.

Discounting of employee profit-sharing: see Note 10.4.

10.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with maturities not exceeding three months and bank overdrafts. Bank overdrafts are included as part of *Financial debt – short-term portion.*

Under IAS 7, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Group applies the classification of UCITS as updated by the *Association française de gestion* (AFG), the *Association française des trésoriers d entreprise* (AFTE) and the *Association française des investisseurs institutionnels* (AF2I), adopted as a reasonable basis for recognition by the *Autorité des marchés financiers* (AMF) in its position No. 2012-13 on the classification of UCITS as cash equivalents:

- UCITS classified by the AMF as "euro-denominated" money-market instruments are presumed to satisfy the four key criteria already mentioned. In accordance with AMF Recommendation No. 2011-13 on the classification of UCITS as cash equivalents, a regular assessment of historical performance is performed to confirm that the risk of a change in the value of these instruments is negligible, especially in times of crisis or market tension;
- eligibility of the other cash UCITS as "cash equivalents" has not been presumed: an analysis of compliance with the four criteria cited is required.

Cash equivalents are recognized at their fair value; changes in fair value are recognized in the income statement under *Other financial income and expenses.*

The statement of cash flows is presented on page 3.

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(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Investment securities	-	-	-
Cash	28,146	51,716	44,664
Cash and cash equivalents	**28,146**	**51,716**	**44,664**
Current bank overdrafts	-8	-9	-798
Total	**28,138**	**51,707**	**43,866**

Net cash and cash equivalents include available liquid funds (cash and positive bank balances), investment securities that meet the definition of cash equivalents, bills of exchange presented for collection and due before the reporting date and temporary bank overdrafts.

10.4 Financial liabilities – Net debt

a. 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 recognized 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 Stéria 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 recognized as an expense on a straight-line basis over the duration of the applicable leases.

c. Financial debt

Financial debt essentially comprises:

- bank loans: bank loans are initially recognized at fair value less transaction costs. Bank borrowings are subsequently recognized at amortized cost; any difference between the capital amounts borrowed (net of transaction costs) and the amounts repayable is recognized in the income statement over the duration of the borrowings using the effective interest rate method;
- the liability for employee profit-sharing, recognized in blocked current accounts: these liabilities are subject to adjustment to take into account the differential between the contractual interest rate applied and the applicable regulatory floor rate. For any given year, this difference applies to liabilities requiring the recognition of an additional charge under employee costs. This difference reduces the financial expenses over the following five years.

Axway Software's employee 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.

Pursuant to the application of IAS 32 and IAS 39, liabilities in respect of profit sharing were restated:

- current bank overdraft facilities.

Financial debt payable within 12 months of the reporting date is classified within current liabilities.

(in thousands of euros)	Current	Non-current	31/12/2017	31/12/2016	31/12/2015
Bank loans	3,560	45,203	48,762	35,434	4,342
Current account – Sopra Group	-	-	-	-	-
Finance lease liabilities	-	-	-	7	40
Employee profit sharing	914	2,556	3,470	3,686	3,803
Other financial liabilities			-	-	-
Current bank overdrafts	8		8	9	798
Financial debt	**4,481**	**47,759**	**52,240**	**39,136**	**8,983**
Investment securities	-	-	-	-	-
Cash and cash equivalents	-28,146		-28,146	-51,716	-44,664
Net debt	**-23,665**	**47,759**	**24,094**	**-12,580**	**-35,681**

In order to increase Axway's financial flexibility while also guaranteeing its capacity to finance an external-growth strategy, Axway Software has a multicurrency revolving credit facility (RCF) contracted with six banks in July 2014. This credit facility is for €125 million, is revolving and matures in July 2019 with a 1+1 type renewal option. In July 2016, the banking pool granted another one-year extension for the revolving credit facility.

The RCF, which now matures in July 2021, retains a central role in the Axway Group's strategy for financing future acquisitions.

The interest rate is Euribor applicable to the relevant drawdown period, plus a spread adjusted every six months in line with the change in the ratio of Net financial debt to EBITDA. The net debt figure used does not include employee profit-sharing liabilities.

These lines are subject to a utilization and non-utilization commission.

Three financial ratios must be met under covenants entered into with partner banking establishments (see Note 14.3).

- "Net debt/EBITDA" ratio of below 3.0 from the signing date until 30 June 2018 and below 2.5 from 31 December 2018 and 2.0 from 31 December 2020. This ratio was 0.47 at 31 December 2017;
- the ratio of "EBITDA to financial expenses" remaining above 5.0 throughout the term of the loan. This ratio was 40.19 at 31 December 2017;
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.06 at 31 December 2017.

At the beginning of January 2016, Axway had drawn down €20 million of its €125 million revolving credit facility (RCF) to finance the acquisition of Appcelerator. This drawn-down amount was fully repaid in April 2017. Alongside this, in order to finance the acquisition of Syncplicity, Axway drew down a further $45 million in February 2017, which was repaid and replaced by a €36 million drawdown in November 2017. Following these transactions, the available balance under the RCF stands at €89 million.

The €5 million loan from Banque Populaire, contracted in April 2016, is being repaid in line with its repayment schedule. This loan is repayable in installments over five years, and is not subject to any financial covenant.

Similarly, the loans contracted from BPI France, for €5 million in March 2015 for a term of 5 years, for €5 million in July 2016 for a term of 7 years and for €3 million in September 2016 for a term of 5 years, are not subject to any financial covenant and are being repaid in accordance with their respective repayment schedules.

Thus, bank borrowings changed as follows:

- two drawdowns from the RCF, of $45 million, then of €36 million;
- two repayments to the RCF, of €20 million and $45 million;
- the scheduled quarterly €0.4 thousand repayment installments on the BPI loans of 2015 and 2016;
- the scheduled €0.25 thousand quarterly repayment installments for the April 2016 BP loan.

At end 2017, Axway also sold €9 million of its CIR research tax credits to Crédit Agricole, and the receivable was deconsolidated.

10.5 Financial instruments recorded in the balance sheet

Derivatives are initially recognized at fair value on the date of signing the contract. They are later revalued at their fair value. The accounting treatment of the associated profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the hedged item.

The Group designates a number of derivatives such as:

- hedges of the fair value of assets or liabilities recognized in the balance sheet or of firm forward commitments (fair value hedge); or
- hedges of a specific risk associated with an asset or liability recognized or a future, highly probable transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The fair value of a hedging derivative instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Changes in the fair value of derivative instruments that qualify for hedge accounting impact the shareholders' equity.

Derivatives held for trading purposes are classified as current assets or liabilities if settled within a year of the closing, otherwise they are classified under non-current assets or liabilities. The Group also classifies derivatives as speculative instruments, which cannot qualify as designated and effective hedging instruments within the meaning of IAS 39. The changes in their fair value are recorded in the income statement as Other financial income and expenses.

a. As of 31 December 2017

(in thousands of euros)	31/12/2017		Breakdown by class of derivative instrument					
	Carrying amount	Fair value	Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortized cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	3,288	3,288	-	-	3,288	-	-	-
Trade receivables	71,090	71,090	-	-	71,090	-	-	-
Other current receivables	31,016	31,016	-	-	31,016	-	-	-
Cash and cash equivalents	28,146	28,146	28,146	-	-	-	-	-
Financial assets	**133,540**	**133,540**	**28,146**	**-**	**105,394**	**-**	**-**	**-**
Financial debt – long-term portion	47,759	47,759	-	-	-	47,759	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	15,880	15,880	-	-	15,880	-	-	-
Financial debt – short-term portion	4,481	4,481	95	-	-	4,387	-	-
Trade accounts payables	16,172	16,172	-	-	16,172	-	-	-
Other current liabilities	116,051	116,051	-	-	116,051	-	-	-
Financial liabilities	**200,343**	**200,343**	**95**	**-**	**148,103**	**52,145**	**-**	**-**

The fair value of trade receivables, other current receivables, trade payables and other current liabilities is the same as the carrying amount, owing to their very short settlement times.

b. As of 31 December 2016

(in thousands of euros)	31/12/2016		Breakdown by class of derivative instrument					
	Carrying amount	Fair value	Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortized cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	3,235	3,235	-	-	3,235	-	-	-
Trade receivables	78,209	78,209	-	-	78,209	-	-	-
Other current receivables	24,973	24,973	-	-	24,973	-	-	-
Cash and cash equivalents	51,716	51,716	51,716	-	-	-	-	-
Financial assets	**158,133**	**158,133**	**51,716**	**-**	**106,418**	**-**	**-**	**-**
Financial debt – long-term portion	35,450	35,450	-	-	-	35,450	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	1,983	1,983	1,983	-	-	-	-	-
Financial debt – short-term portion	3,685	3,685	123	-	-	3,562	-	-
Trade accounts payables	16,466	16,466	-	-	16,466	-	-	-
Other current liabilities	117,125	117,125	-	-	117,125	-	-	-
Financial liabilities	**174,709**	**174,709**	**2,106**	**-**	**133,591**	**39,013**	**-**	**-**

10.6 Management of financial risks

10.6.1 Credit risk

a. Maturity of trade receivables

(in thousands of euros)	Carrying amount	Of which: impaired	Of which: neither impaired nor past due at the reporting date	Of which: not impaired at the reporting date but past due, with the following breakdown: less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Trade receivables (including doubtful debts)	71,090	1,135	47,326	14,053	4,442	1,123	1,139	610	1,263

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Impairment of trade receivables at start of period	**874**	**911**	**751**
Charges	974	778	751
Reversals	-666	-810	-615
Changes in scope of consolidation		-	-8
Foreign exchange gains and losses	-48	-5	31
Impairment of trade receivables at end of period	**1,135**	**874**	**911**

10.6.2 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 2017, there was no liquidity risk. On this date, the Group had €89 million in credit lines and €20 million in unused bank overdrafts, together totaling €109 million. Furthermore, the Group had cash and cash equivalent of €28.1 million.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2017:

(in thousands of euros)	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bank loans	48,762	51,247	3,493	4,226	3,443	38,315	1,016	754
Finance lease liabilities	-	-	-					
Employee profit sharing	3,470	3,088	897	658	654	449	430	
Current bank overdrafts	8	8	8					
Financial debt	**52,240**	**54,343**	**4,397**	**4,884**	**4,098**	**38,764**	**1,446**	**754**
Cash and cash equivalents	-28,146	-28,146	-28,146					
Consolidated net debt	**24,094**	**26,197**	**-23,749**	**4,884**	**4,098**	**38,764**	**1,446**	**754**

10.6.3 Market risks

a. Interest rate risk

Interest rate risk is managed by the Group's Finance Department in liaison with the partner banking institutions.

Hedging of borrowings

When the multi-currency credit line was opened, a hedging contract was put in place to hedge the risks of a rise in the interest rate applicable to this line, the three-month Euribor. As of 30 June 2016, this SWAP contract expired and no new hedges were in place in 2016 or 2017.

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 2017.

As at 31/12/2017	Interest rate	31/12/2017	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Investment securities	Fixed rate	-	-	-	-	-	-	-
	Variable rate	-	-	-	-	-	-	-
Cash and cash equivalents	Fixed rate	28,146	28,146					
	Variable rate							
Financial assets	**Fixed rate**	**28,146**	**28,146**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank loans	Fixed rate	-4,982	-305	-1,030	-1,005	-981	-958	-703
	Variable rate	-43,780	-3,255	-3,046	-2,347	-35,133	0	
Finance lease liabilities	Fixed rate	-	0					
	Variable rate							
Employee profit sharing	Fixed rate	-3,470	-914	-710	-748	-544	-554	
	Variable rate							
Other financial liabilities	Fixed rate							
	Variable rate							
Current bank overdrafts	Fixed rate							
	Variable rate	-8	-8					
Financial liabilities	**Fixed rate**	**-8,452**	**-1,218**	**-1,740**	**-1,753**	**-1,526**	**-1,512**	**-703**
	Variable rate	**-43,788**	**-3,263**	**-3,046**	**-2,347**	**-35,133**	**-**	**-**
Net position before hedging	**Fixed rate**	**19,694**	**26,928**	**-1,740**	**-1,753**	**-1,526**	**-1,512**	**-703**
	Variable rate	**-43,788**	**-3,263**	**-3,046**	**-2,347**	**-35,133**	**-**	**-**
Interest rate hedging instruments	**Fixed-rate payer swap**							
	Knock-in tunnel							
Net exposure after hedging	**Fixed rate**	**19,694**	**26,928**	**-1,740**	**-1,753**	**-1,526**	**-1,512**	**-703**
	Variable rate with cap and floor							
	Variable rate	**-43,788**	**-3,263**	**-3,046**	**-2,347**	**-35,133**	**0**	**0**

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for companies based in the USA, Brazil, the UK and Sweden. No specific hedge has been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, 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 center located in Romania. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of license fees by the Group to subsidiaries operating in a functional currency other than the euro. The impact of these currency fluctuations on profit or loss became more significant in 2017 for the Brazil subsidiary, which is invoiced in dollars;
- borrowings and loans in foreign currencies related to intra-group financings. The impact of these currency fluctuations is taken to shareholders' equity. These financial flows are not systematically hedged.

As of 31 December 2017, the net carrying amount of assets and liabilities recognized by Group entities in a currency other than their functional currency was as follows:

Intra-group commercial transactions

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Assets	3,105	4,214	6,261	2,188	1,373	11,389	2,154	30,684
Liabilities	1,719	314	4,568	538	180	12,160	1,470	20,949
Foreign currency commitments	-	-	-	-	-		-	-
Net position before hedging	**1,386**	**3,900**	**1,693**	**1,650**	**1,193**	**-770**	**684**	**9,736**
Hedging instruments	-	-	-	-	-		-	-
Net position after hedging	**1,386**	**3,900**	**1,693**	**1,650**	**1,193**	**-770**	**684**	**9,736**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Autres	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**69**	**195**	**85**	**83**	**60**	**-39**	**34**	**487**
Impact on shareholders' equity	**-**	**-**	**-**	**-**	**-**		**-**	**-**

Current accounts

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Autres	Total
Assets	-	-	152	-	-	88,293	431	88,876
Liabilities	1,549	-	1,872	2,840	1,488	16,399	867	25,015
Foreign currency commitments	-	-	-	-	-	-	-	-
Net position before hedging	**-1,549**	**-**	**-1,720**	**-2,840**	**-1,488**	**71,894**	**-436**	**63,860**
Hedging instruments	-	-	-	-	-		-	-
Net position after hedging	**-1,549**	**-**	**-1,720**	**-2,840**	**-1,488**	**71,894**	**-436**	**63,860**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	Autres	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impact on shareholders' equity	**-77**	**-**	**-86**	**-142**	**-74**	**3,595**	**-22**	**3,193**

c. Equity risk

At 31 December 2017, Axway Software held 27,855 treasury shares, acquired under the terms of the share buyback programs authorized by the Shareholders' General Meeting at an average price of €22.29, for a total of €621 thousand.

All transactions in treasury shares are recognized directly in shareholders' equity. The impact at 31 December 2017 was (-)€397 thousand (see Statement of changes in consolidated shareholders' equity).

Note 11 Cash flows

11.1 Change in net debt

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Net debt at 1 January (A)	**-12,580**	**-35,681**	**3,122**
Cash from operations after cost of net debt and tax	**18,203**	**43,459**	**40,552**
Costs of net financial debt	1,093	380	361
Income tax (including deferred tax)	24,021	3,745	-2,101
Cash from operations before cost of net financial debt and tax	**43,317**	**47,584**	**38,813**
Income taxes paid	-2,051	-3,291	-2,527
Changes in working capital requirements	-11,724	-5,900	13,317
Net cash from operating activities	**29,543**	**38,394**	**49,602**
Change related to investing activity	-4,194	-10,094	-4,715
Net interest paid	-1,093	-380	-361
Available net cash flow	**24,256**	**27,919**	**44,525**
Impact of changes in the scope of consolidation	-52,691	-45,944	-127
Financial investments	-635	-1,304	-384
Dividends	-8,468	-8,314	-8,227
Capital increase in cash	3,150	3,444	3,085
Application of IAS 32/39 standards		-	-
Other changes	148	342	-1,139
Total net change during the year (B)	**-34,240**	**-23,856**	**37,733**
Impact of changes in exchange rates	-2,434	756	1,071
Net debt at 31 December (A-B)	**24,094**	**-12,580**	**-35,681**

Impact of changes in the 2017 scope of consolidation: (-)€52.7 million

The 2017 change was mainly due to the acquisition of Syncplicity in February 2017. The other changes are due to companies being deconsolidated.

The 2016 change concerned the acquisition of Appcelerator in January. The 2015 change concerned the correction of Systar's net assets acquired.

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Cost of acquisition (excluding earn-out)	-53,237	-46,766	-
Portion compensated as Axway shares		-	-
Net debt/Net cash and cash equivalents of companies acquired	148	822	-127
Deferred payments		-	-
Earn-outs disbursed for previous acquisitions		-	-
Sous-total Acquisitions	**-53,090**	**-45,944**	**-127**
Others changes	399	-	-
Total	**-52,691**	**-45,944**	**-127**

11.2 Reconciliation of WCR with the cash flow statement

WCR decreased by €11.7 million in 2017 compared with a 2016 decrease in WCR of €5.9 million. The decrease in DSO to 77 days from 85 days failed to offset falls in certain liabilities during this fiscal year.

11.3 Other cash flows

Net cash generated from operating activities amounted to €29.6 million in 2017, with cash from operations before cost of net financial debt and tax of €43.3 million.

Net investment cash flow of (-)€57.5 million arose from the acquisition of Syncplicity ((-)€53.1 million) and acquisitions of property, plant and equipment and intangible assets ((-)€4.2 million), mainly in France and the United States.

Net cash used in financing activities amounted to +€6.8 million, with a change of €13.2 million in borrowings and a dividend of €8.5 million paid to Axway Software's shareholders.

Note 12 Equity and earnings per share

The statement of changes in consolidated shareholders' equity is presented on page 5.

12.1 Changes in the share capital

At 31 December 2016, the share capital stood at €42,042,078, and comprised 21,021,039 fully paid-up shares with a nominal value of €2.00 each.

In 2017, 189,192 share subscription options were exercised, creating 189,192 new shares at a price of €2.00.

At 31 December 2017, the share capital stood at €42,420,462 comprising 21,210,231 fully-paid up shares with a nominal value of €2.00 each.

Following the authorization issued by the General Shareholders' Meeting of 28 April 2011, the Board of Directors ratified, on 14 February 2012, the bonus share allocation plan for employees of the Axway 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 resulted in the creation of 25,155 shares on 14 February 2014 and 23,040 shares on 23 February 2016, *i.e.* 45 shares per eligible employee.

In April 2015, the Board of Directors granted certain employees 35,000 bonus shares, subject to a four-year lock-up period. At 31 December 2017, all bonus shares were in circulation, and none of them had been cancelled.

In June 2016, the Board of Directors granted 64 senior executives and Jean-Marc Lazzari 273,500 bonus shares, subject to a lock-up period of three years. At 31 December 2017, 231,500 bonus shares are still in circulation.

In June 2017, the Board of Directors adopted a bonus share plan for 253,000 shares, subject to the fulfillment of presence and performance conditions, for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group. At 31 December 2017, 226,000 bonus shares are still in circulation.

In June 2017, the Board of Directors also adopted a bonus share plan for 72,000 shares, for the Chief Executive Officer, subject to the fulfillment of presence and performance conditions. This plan is implemented for a period of four (4) years. At 31 December 2017, 72,000 bonus shares are still in circulation.

12.2 Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position as at 31/12/2017	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	awarded	cancelled	exercised	Number of options	Exercise price
Plan No. 3 – 2011 stock option plan, maximum issue of 1,033,111 shares* General Meeting of 28/04/2011											
18/11/2011	516,175	14.9	18/05/2014	18/11/2019	144,198	14.9	-	-1,750	-59,648	82,800	14.9
18/11/2011	516,175	14.9	18/11/2016	18/11/2019	182,444	14.9	-	-2,750	-72,544	107,150	14.9
28/03/2013	131,250	15.9	28/09/2015	28/03/2021	26,750	15.9	-	-	-11,000	15,750	15.9
28/03/2013	131,250	15.9	28/03/2018	28/03/2021	54,750	15.9	-	-12,250	-	42,500	15.9
03/01/2014	50,000	21.86	02/07/2016	03/01/2022	46,000	21.86	-	-	-46,000	-	21.86
03/01/2014	50,000	21.86	03/01/2019	03/01/2022	50,000	21.86	-	-50,000	-	-	21.86
Total	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	
Total asset plans	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	

* *Increased to 1,295,611 following an amendment in June 2013.*

- 189,192 share subscription options were exercised during fiscal year 2017.
- 66,750 share subscription options were canceled in 2017 following the departure of the holders.
- As of 31 December 2017, 248,200 options remained in circulation from those awarded in 2011 and 2013, all of them potentially dilutive to the current share price.
- No further options can be allocated under Plans Nos. 1 and 2.
- The fair values of the share subscription options awarded under Plan No. 1 and Plan No. 2 were determined using the binomial model recommended by IFRS 2.
- The fair value of the share subscription options awarded under Plan No. 3 was determined using the same binomial model, on the basis of the following assumptions: average expected life of 4.5 to 6 years; expected volatility of 29.44%; dividend yield of 1.39%; and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for stocks in comparable sectors.
- The average closing share price in 2017 was €27.29.
- The amount recognized in respect of 2017, in accordance with the method indicated in Note 1.16 "Share-based Payment", was €165.82 thousand. This current expense relating to the valuation of services provided by beneficiaries in exchange for not granting stock options was recognized in the income statement. No non-recurring expenses were recognized 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 2017.

12.3 Bonus share plan

The plan to allocate bonus shares to the Group's employees ratified by the Board of Directors on 14 February 2012 led to the creation of 25,155 shares on 14 February 2014 and 23,040 shares on 23 February 2016.

Under IFRS 2 *Share-based Payment,* the fair 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.

In April 2015, the Board of Directors granted certain employees 35,000 bonus shares, subject to a four-year lock-up period. At 31 December 2017, all bonus shares were in circulation, and none of them had been cancelled. The charge for this bonus share plan for FY 2017 was €112 thousand.

In June 2016, the Board of Directors granted 64 senior executives and Jean-Marc Lazzari 273,500 bonus shares, subject to a lock-up period of three years. At 31 December 2017, 231,500 bonus shares are still in circulation. The charge for this bonus share plan for FY 2017 was €450 thousand.

In June 2017, the Board of Directors adopted a bonus share plan for 253,000 shares, subject to the fulfillment of presence and performance conditions, for the Axway Leadership team, the members of the Executive Committee and other persons regarded as key for the Axway Group. At 31 December 2017, 226,000 bonus shares are still in circulation. The charge for this new bonus share plan for FY 2017 was €692 thousand.

In June 2017, the Board of Directors also adopted a performance share plan for 72,000 shares for the Chief Executive Officer, subject to the fulfillment of attendance and performance conditions. This plan is implemented over a period of four (4) years. At 31 December 2017, 72,000 bonus shares are still in circulation. The charge for this new bonus share plan for FY 2017 was €219 thousand.

12.4 Capital reserves

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Share issue, merger and contribution premium	116,840	112,924	109,038
Legal reserve	4,204	4,155	4,114
Total	**121,044**	**117,079**	**113,152**

The principal movements in fiscal year 2017 were as follows:

- appropriation of 2016 earnings to the legal reserve: €49 thousand;
- issuance premium related to the capital increase resulting from the exercise of 189,192 share subscription options: €2,772 thousand;
- premium relating to the 2012, 2015, 2016 and 2017 bonus share plans and stock options still to be exercised: €1,144 thousand.

12.5 Dividends

The General Meeting of Axway Software held on 6 June 2017 to approve the 2016 financial statements approved a dividend of €0.40 per share, representing a total of €8,468 thousand.

This dividend was paid on 15 June 2017.

It is proposed to the 2018 General Meeting to approve the 2017 financial statements to distribute a dividend of €0.20 per share, which, based on the number of shares outstanding at 31 December 2017, amounts to €4,242 thousand.

12.6 Capital management objectives, policy and procedures

The Company's capital consists solely of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no shareholders' equity components not considered to be part of the Company's capital.

The Company does not operate under any external capital constraints, other than the net financial debt to equity ratio, which, under the covenants stipulated in the syndication contract, must remain below 1 throughout the loan period.

The Company has entered into a market-making agreement to ensure the liquidity of transactions and regular trading of its shares, in order to avoid share price fluctuations that are not justified by market trends. The amount covered by the liquidity account enabling the intermediary to carry out transactions under the contract is €1.1 million.

All Axway shares held by the parent company are recognized at their acquisition cost, deducted from shareholders' equity.

Gains or losses on the disposal of treasury shares are added or deducted net of tax from consolidated reserves.

12.7 Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the Group share in the net income as follows:

- basic earnings per share are based on the weighted-average number of shares in issue during the fiscal 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 income and the weighted-average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the fiscal year. The share buyback method has been applied at the market price, based on the average share price throughout the year.

(in euros)	2017	2016	2015
Net income – share attributable to owners of the parent company	4,404,244	31,476,576	27,855,864
Weighted average number of ordinary shares in issue	21,161,851	20,816,835	20,639,417
Basic earnings per share	**0.21**	**1.51**	**1.35**

(in euros)	2017	2016	2015
Net income – share attributable to owners of the parent company	4,404,244	31,476,576	27,855,864
Weighted average number of ordinary shares in issue	21,161,851	20,816,835	20,639,417
Weighted average number of securities retained in respect of dilutive items	675,031	464,282	262,754
Weighted average number of shares retained for the calculation of diluted net earnings per share	21,836,882	21,281,117	20,902,171
Fully diluted earnings per share	**0.20**	**1.48**	**1.33**

The only dilutive instruments are the stock options shown in Note 5.4 and the bonus shares awarded as part of the Plans of 29 April 2015, 22 June 2016 and 6 June 2017.

Only potentially dilutive ordinary shares, excluding those with an accretive effect, were considered in the calculation of the diluted earnings per share. Potential ordinary shares resulting from share subscription options whose exercise price increased by the fair value of services yet to be received from the option holders is greater than the average share price (€27.29) during the period, were considered as accretive.

Note 13 Related-party transactions

13.1 Transactions with Sopra-Steria Group, Sopra-Steria Group affiliate companies and Sopra GMT

The tables below detail the transactions between the Axway Group and Sopra-Steria Group SA, the companies in the Sopra-Steria Group, and the GMT holding company.

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Transactions with Sopra-Steria Group			
Sale of goods and services	1,164	2,136	1,869
Purchase of goods and services	-599	-2,395	-2,934
Operating receivables	667	905	521
Operating payables	-	-	-166
Transactions with Sopra Steria Group affiliates			
Sale of goods and services	2,044	4,430	787
Purchase of goods and services	-4,627	-4,211	-4,052
Operating receivables	352	3,193	143
Operating payables	-432	-350	-404
Transactions with Sopra GMT			
Purchase of goods and services	-592	-654	-713
Operating payables	-109	-170	-

The purchase of goods and services from Sopra Steria Group concerns the use of premises, the use of IT resources, internal subcontracting and non-recurring expenses related to the spin-off of Axway Software from Sopra Group.

13.2 Subsidiaries and associated entities

Transactions and balances between Axway Software and its subsidiaries were fully eliminated in consolidation, since all of the subsidiaries are fully consolidated.

13.3 Relationships with other related parties

No relationship with other related parties had to be taken into consideration.

Note 14 Off-balance-sheet commitments and contingent liabilities

14.1 Contractual obligations

Contractual obligations *(in thousands of euros)*	**Payments due per period** Less than one year	From 1-5 years	More than 5 years	**31/12/2017**	**31/12/2016**	**31/12/2015**
Long-term liabilities	3,560	44,500	703	48,762	35,434	4,342
Finance lease obligations	-	-	-	-	7	40
Employee profit sharing	914	2,556	-	3,470	3,686	3,803
Other financial liabilities	-	-	-	-	-	-
Current bank overdrafts	8	-	-	8	9	798
Total commitments recognized	**4,481**	**47,056**	**703**	**52,240**	**39,136**	**8,983**

Other commercial commitments *(in thousands of euros)*	**Amount of the commitments per period** Less than one year	From 1-5 years	More than 5 years	**31/12/2017**	**31/12/2016**	**31/12/2015**
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	630	417	1,047	1,096	1,055
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	-	-	-	-	-	-
Total commitments not recognized	**-**	**630**	**417**	**1,047**	**1,096**	**1,055**

As part of the commitments received, Axway Software enjoys an unused overdraft line of €20 million.

Axway Software also has a €89 million multi-currency credit line (see Section 10.4) as of 31 December 2017.

The Group acquires some of its IT facilities, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totaled €10.3 million in 2017, €10.9 million in 2016 and €9.9 million in 2015.

At 31 December 2017, the minimum annual payments due in the future under non-cancellable lease contracts were as follows:

(in thousands of euros)	**Operating leases**
2018	9,766
2019	8,437
2020	6,813
2021	4,792
2022	4,468
2023 and beyond	14,677
Total minimum future lease payments	**48,952**

These amounts do not suffice to estimate the impacts of IFRS 16.

14.2 Commitments given related to recurring operations

(in thousands of euros)	31/12/2017	31/12/2016	31/12/2015
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	328	328	328
Bank guarantees for effective project completion	-	-	-
Other guarantees	125	117	91
Collateral, guarantees, mortgages and sureties	177	177	177
Severance pay for termination of CEO's duties	417	474	459
Total	**1,047**	**1,096**	**1,055**

14.3 Covenants

Three financial ratios must be met under covenants entered into with partner banking establishments. These ratios are:

- "Net debt/EBITDA" ratio of below 3.0 from the signing date until 30 June 2018 and below 2.5 from 31 December 2018 and 2.0 from 31 December 2020. This ratio was 0.47 at 31 December 2017;
- the ratio of "EBITDA to financial expenses" remaining above 5.0 throughout the term of the loan. This ratio was 40.19 at 31 December 2017;
- "Net debt/shareholders' equity" ratio below 1.0 throughout the term of the loan. This ratio was 0.06 at 31 December 2017.

At 31 December 2017, the Group complied with all the covenants and commitments included in this contract.

Note that the net financial debt figure used in the calculations does not include employee profit-sharing liabilities.

14.4 Contingent liabilities

No contingent liabilities had to be taken into consideration.

14.5 Pledges, guarantees and surety

No pledge, guarantee or surety had been granted by Axway at 31 December 2017.

Note 15 Events after the reporting period

During its meeting on 6 April 2018, Axway's Board of Directors resolved to end Jean-Marc Lazzari's term of office as CEO and replace him with Patrick Donovan.

Note 16 List of consolidated companies at 31 December 2017

Company	Country	% control	% held	Consolidation method
Axway Software	France	-	-	Parent company
Axway Distribution France SAS	France	100%	100%	FC
Axway SAS	France	100%	100%	FC
Axway UK Ltd.	United Kingdom	100%	99.998%	FC
Axway Ireland	Ireland	100%	100%	FC
Axway Nordic AB	Sweden	100%	100%	FC
Axway GmbH	Germany	100%	100%	FC
Axway BV	Netherlands	100%	100%	FC
Axway Belgium	Belgium	100%	99.9%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	FC
Axway Software do Brasil LTDA	Brazil	100%	99.99%	FC
Axway Romania Srl	Romania	100%	100%	FC
Axway Bulgaria EOOD	Bulgaria	100%	100%	FC
Axway Inc.	United States	100%	100%	FC
Axway Pte Ltd.	Singapore	100%	100%	FC
Axway Software China	China	100%	100%	FC
Axway Ltd.	Hong Kong	100%	100%	FC
Axway Software Sdn Bhd	Malaysia	100%	100%	FC
Axway Pty Ltd.	Australia	100%	100%	FC
Systar Ltd.	United Kingdom	100%	100%	FC
Appcelerator Inc.	United States	100%	100%	FC
Appcelerator GmbH	Germany	100%	100%	FC
Appcelerator China	China	100%	100%	FC
Syncplicity LLC	United States	100%	100%	FC
Syncplicity International Limitied	Ireland	100%	100%	FC

Note prépa: note manquante

4.6 Statutory Auditors' report on the consolidated financial statements

To the Shareholders of Axway Software,

I Opinion

In fulfillment of the assignment entrusted to us by your General Meeting, we audited the consolidated financial statements of Axway Software for the year ended 31 December 2017, as attached to this report.

We certify that the consolidated financial statements for the year are, with respect to IFRS as adopted in the European Union, properly drawn up, fair and provide a faithful presentation of the assets, financial position and earnings of the consolidated entity at the end of the fiscal year under review.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

II Basis for our opinion

Auditing standards

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

The responsibilities incumbent upon us under those standards are set out in the section entitled

"Responsibilities of the Statutory Auditors in auditing the consolidated financial statements" in this report.

Independence

We conducted our audit in compliance with the rules of independence applicable to us, from 1 January 2017 to the date of issue of our report and, in particular, we have not supplied services prohibited under Article 5, paragraph 1 of Regulation (EU)

No. 537/2014 or under the code of ethics governing the Statutory Auditors' profession.

III Justification for assessments – Key audit points

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code concerning the justification for our assessments, we draw your attention to the key audit points relating to risks of material misstatement which, in our professional judgment, were the most significant in the audit of the consolidated financial statements for the fiscal year, and our responses to those risks.

These assessments form part of our approach in auditing the consolidated financial statements as a whole, and thus contribute to the formulation of our opinion as expressed earlier in this report. We express no opinion on items in these consolidated financial statements taken individually.

Recognition of license revenue

(Note 4.1 to the consolidated financial statements)

Risk identified

The Group's activity comprises several business lines including license sales. At 31 December 2017, the Group's licensing revenue amounted to €65.3 million, representing 21.8% of consolidated revenue.

As a rule, licensing revenue is recognized immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to call into question the client's acceptance of goods supplied.

Sometimes, contracts comprising multiple components (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis. In this situation, the amount of revenue attributable to the license is obtained by the difference between the total contract amount and the fair value of its other components.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to contracts with multiple components.

Revenue recognition for this business line is considered a key point in our audit in view of its material significance in the Group's financial statements, and, in particular, its effect on operating profit.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the Group in order to verify the measurement, exhaustiveness and proper separation of fiscal years for licensing revenue. Our approach also relies on substantive audit procedures.

Our work included the following, in particular:

- reviewing the design of the internal system as well as the effectiveness-testing of the key check points in the procedure for recognizing licensing revenue;
- conducting detailed tests, by sampling or other selection methods, on the revenue from licensing contracts signed during the fiscal year in order to verify the reality and measurement of the revenue, and the correct separation of fiscal years;
- in particular, we reconciled the recognized amount of licensing revenue with the contract data, and verified the application of the procedure for apportioning the prices of multiple-component contracts among the different elements of such contracts;
- we examined the proofs of delivery and the terms and procedures for payment.

We also assessed the appropriateness of the disclosures in Note 4.1 to the consolidated financial statements.

First recognition of Syncplicity in the financial statements

(Notes 2.3 and 8.1 to the consolidated financial statements)

Risk identified

On 22 February 2017, the Group acquired Syncplicity for a consideration of €57 million.

As described in Note 2.3 to the consolidated financial statements, the Group applies Revised IFRS 3 relating to business combinations. Recognition of the identifiable assets acquired and liabilities assumed when businesses combine calls for judgment by the management, on the basis of the contract terms, internal and external economic data and the company's accounting and management policies, to identify those items and measure them at fair value.

In accordance with the procedures described in Note 2.3 to the consolidated financial statements, on completion of the acquisition price allocation, the management recognizes goodwill on acquisition reflecting the difference between, on the one hand, the sum of the acquisition price of the business acquired and the amount of non-controlling interests in the company acquired and, on the other, the net balance of identifiable assets acquired and liabilities assumed. The Group has twelve months from the acquisition date in which to identify the assets acquired and liabilities assumed that were not recognized at the initial recognition of the business combination, and to amend retroactively the values initially allocated.

At 31 December 2017, the transaction effected by Axway in acquiring Syncplicity generated acquisition goodwill of €76.6 million, with €11.5 million of intangible assets.

Because the management must exercise judgment in a number of instances in identifying the assets and liabilities acquired, and measuring them at fair value, and in view of the significance of this acquisition in respect of the balance sheet total, we regarded recognition of this business combination as a key point in our audit.

Our response

We examined the methodology applied by the Group, and its compliance with the recommendations of Revised IFRS 3.

Our work included the following, in particular:

- on the basis of the acquisition contract terms and the criteria laid down by the relevant accounting standards, we performed a critical analysis of the management's identification and fair value measurement of the assets acquired and liabilities assumed;
- in particular, concerning the measurement of Syncplicity's intangible assets, we acted as follows:
  - with the support of our own valuation experts, we verified the appropriateness of the models and assumptions used by management and its independent experts for the fair value measurement of the assets acquired and liabilities assumed,
  - we ascertained the reasonableness and consistency with the internal and external data available to management of the crucial assumptions including infinity growth rates and discount rates used in the measurement model.

Lastly, we verified the appropriateness of the information set out in Notes 2.3 and 8.1 to the consolidated financial statements.

Measurement and impairment of goodwill

(Notes 8.1 and 8.2 to the consolidated financial statements)

Risk identified

For the purposes of its development, the Group has conducted targeted external growth operations entailing recognition of several goodwill items.

These goodwill items, corresponding to the difference between the price paid and the fair value of the assets acquired and liabilities assumed, are described in Notes 2.3 and 8.1 to the consolidated financial statements. This goodwill is allocated to the sole cash generating unit (CGU) identified in the Axway Group, namely the Group itself.

The management ensures at each year-end, and whenever indication of an impairment loss is identified, that the net carrying amount of such goodwill, recognized in the balance sheet at €288.8 million at 31 December 2016, and at €333.6 million at 31 December 2017, is not greater than its recoverable amount.

A cash generating unit's recoverable amount is the higher of its fair value (generally market value) less costs of disposal, and its value-in-use. The value-in-use is determined using the discounted future cash flow method: The procedures for the impairment test used are described in Note 8.2, together with the details of the assumptions adopted. At 31 December 2017, the impairment test performed did not identify any impairment loss in the goodwill recognized.

Determination of the recoverable amounts of goodwill, which is of particular significance in comparison to the balance sheet total, relies very largely on the management's judgment; this concerns in particular the definition of the cash generating units, the infinity growth rate adopted for the cash flow forecasts and the discount rate applied to them. We therefore considered measurement of goodwill and the implementation of impairment tests as a key point in our audit.

Our response

Our work included the following, in particular:

- examining the compliance of the methodology applied by the Group to the current accounting standards and, in particular, ascertaining whether the allocation of the assets to the sole CGU identified is exhaustive;
- assessing the reasonableness of the assumptions used to determine future cash flows having regard to operating data, in light of the economic and financial context in which the Group operates;
- with the support of our valuation experts, assessing the consistency of the infinity growth rate and discount rate in all their components;
- analyzing the sensitivity of the value-in-use determined by management to changes in the main assumptions adopted.

Lastly, we ascertained whether the disclosures in Notes 2.3, 8.1 and 8.2 were appropriate.

Recoverability of deferred tax assets in respect of tax loss carryforwards

(Note 6.4 to the consolidated financial statements)

Risk identified

At 31 December 2017, eligible tax losses carried forward amounted to €178 million. In respect of these tax loss carryforwards, the Group recognized deferred tax assets in the balance sheet amounting to €19.5 million.

The Group recognizes deferred tax using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax base. Deferred tax assets relating to tax losses carried forward are recognized if the subsidiaries or the tax consolidation group are likely to have sufficient taxable profits to offset against them.

We considered recognition and assessment of the recoverability of these deferred tax assets to be a key point in our audit, in view of their significance in the Group's financial statements and on account of the fact that their recoverable amount, which is based in particular on future profit forecasts, requires the use of assumptions, estimates or assessments by management.

Our response

We obtained details of the deferred tax assets and taxable profit forecasts for Axway Software and Axway Inc. and, on the basis of this information, we conducted the following procedures:

- we reviewed the calculations and assessed the reasonableness of the main estimates, particularly for the forecasts of future taxable profits;
- we analyzed the consistency of the forecasts with the Group' historic performance, its transfer pricing policy and the assumptions used in determining the value-in-use of the sole CGU;
- we inspected the various taxation rates used in determining the deferred tax assets, particularly in France and the United States, in order to verify whether the changes in tax legislation had been taken into account.

Lastly, we verified the appropriateness of the disclosures in Note 6.4.

IV Verification of the disclosures made concerning the Group in the management report

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 by the Board of Directors.

We have no comments to make on the fairness and consistency with the consolidated financial statements.

V Disclosures required under other legal and regulatory obligations

Appointment of the Statutory Auditors

Both Auditeurs et Conseil Associés – ACA Nexia and Mazars were appointed Statutory Auditors to Axway Software by the General Meeting of 18 December 2000.

At 31 December 2017, Auditeurs et Conseil Associés – ACA Nexia and Mazars had held office as auditors for 17 continuous years, of which seven years since the Company's securities were admitted for trading on a regulated market.

VI Responsibilities of management and of the persons comprising the corporate governance for purposes of the consolidated financial statements

The management is responsible for drawing up the consolidated financial statements so as to provide a true and fair view in compliance with IFRS as adopted by the European Union, and for implementing the internal control system it considers necessary for drawing up consolidated financial statements that are free from material misstatement, whether arising from fraud or from error.

When drawing up the consolidated financial statements, it is the management's task to assess the company's ability to continue as a going concern, to present in those financial statements any necessary information concerning business continuity, and to apply the accounting convention of going concern unless it is intended to liquidate the company or discontinue its operations.

The Audit Committee's task is to monitor the process for preparing financial information and the effectiveness of the internal control and risk management systems and, where applicable, the internal audit system regarding the procedures for preparing and processing accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

VII Responsibilities of the Statutory Auditors in auditing the consolidated financial statements

Audit aim and approach

It is our task to report on the consolidated financial statements. We seek to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance means a high degree of assurance, although it does not guarantee that an audit conducted to professional standards will invariably detect every significant anomaly. Anomalies may arise from fraud or from error, and are considered significant when they can reasonably be expected, individually or in combination, to influence business decisions made by users of the financial statements, based on those statements.

As stipulated in Article L. 823-10-1 of the French Commercial Code, our task of certifying the financial statements does not consist of guaranteeing your company's viability or the quality of its management.

At every stage in the conduct of an audit in accordance with the professional standards applicable in France, a Statutory Auditor exercises his or her professional judgment. In addition:

- the auditor identifies and assesses the risks of the consolidated financial statements containing significant anomalies whether arising from fraud or due to error, defines and implements audit procedures in response to those risks, and gathers evidence he or she considers a sufficient and appropriate basis for formulating his or her opinion. The risk of not detecting a significant anomaly arising from fraud is higher than for a significant anomaly due to error, since fraud may involve collusion, falsification, deliberate omissions, false statements or the circumvention of internal control;

- the auditor takes note of the aspects of internal control relevant to the audit, in order to define audit procedures that are appropriate in the circumstances, and not in the aim of expressing an opinion on the effectiveness of the internal control function;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as assessing the information concerning them supplied in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, depending on the evidence gathered, determines whether there exists any significant uncertainty relating to events or circumstances liable to call into question the company's ability to continue its operations. In making this assessment, the auditor relies on evidence gathered up to the date of his or her report, although it should be recalled that subsequent circumstances or events may call into question the continuity of business. If the auditor finds that significant uncertainty does exist, he or she draws the attention of the reader to the information supplied in the consolidated financial statements concerning such uncertainty or, if that information is not supplied or not relevant, makes a qualified certification, or refuses to certify;
- the auditor assesses the overall presentation of the consolidated financial statements and determines whether those consolidated financial statements reflect the underlying operations and events in such a way as to give a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, the auditor collects the evidence he or she considers sufficient and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for managing, supervising and conducting the audit of the consolidated financial statements, and for expressing the opinion on those financial statements.

Report to the Audit Committee

We submitted a report to the Audit Committee setting forth, notably, the scope of the audit activities and the work program implemented, together with our audit findings. We also made that Committee aware of any significant internal control weaknesses that we may have identified as regards the procedures for preparing and processing accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of significant anomaly, which we deem to have been highest for the audit of the consolidated financial statements for the fiscal year, and which therefore constitute the key points of the audit that we describe in this report.

We also provided the Audit Committee with the declaration prescribed by Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France, as laid down notably in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics governing the Statutory Auditors' profession. Where applicable, we advised the Audit Committee of any risks calling into question our independence, and the safeguarding measures applied.

Courbevoie and Paris, 20 April 2018

The Statutory Auditors

Auditeurs & Conseils Associés – ACA Nexia	**Mazars**
Sandrine Gimat	Bruno Pouget

4.7 Subsidiaries and associated entities

4.7.1 Acquisitions of equity interests in subsidiaries and associated entities

Newly consolidated entities

Following the acquisition of Syncplicity in February 2017, two new subsidiaries were consolidated within the Axway Group. These subsidiaries are included in the above table.

Deconsolidated entities

In 2017, the Group put into liquidation Systar Limited in the UK, Appcelerator GmbH in Germany and Axway Software Sdn Bhd in Malaysia. These companies were deconsolidated in 2017.

The subsidiaries Systar Inc in the United States, Appcelerator UK in the UK and Appcelerator Singapore in Singapore were also liquidated. These companies were deconsolidated at the beginning of the 2017 fiscal year.

Syncplicity GmbH in Germany, held by Syncplicity LLC, was liquidated before the acquisition on 22 February 2017, without being consolidated.

Reorganization of legal entities

No reorganization took place in 2017.

Restructuring measures

No restructuring took place in 2017.

4.7.2 List of subsidiaries and associated entities

Company *Amounts in euros*	**Share Capital**	**Equity other than the share capital**	**Capital held** (%)	**Carrying amount of securities held** **Gross**	**Net**	**Loans and advances granted by the Company and not yet repaid**	**Latest fiscal year revenue excluding taxes**	**Latest fiscal year profit or loss**	**Dividends received by the Company during the fiscal year**
Axway Software (France)									
Axway UK Ltd (United Kingdom)	119,717	104,258	99.998%	148,270	148,270		17,742,274	1,367,005	1,781,687
Axway GmbH (Germany)	425,000	12,885,034	100%	23,038,194	23,038,194		27,129,726	4,898,996	
Axway Srl (Italy)	98,040	599,270	100%	98,127	98,127		4,687,822	(18,011)	150,000
Axway Software Iberia (Spain)	1,000,000	226,322	100%	1,000,000	1,000,000		4,979,956	387,688	150,000
Axway Nordic (Sweden)	11,221	505,395	100%	20,706,080	848,061		3,873,742	182,791	
Axway Inc. (United States)	2	148,003,933	100%	120,266,278	120,266,278	71,134,740	150,979,451	(6,129,611)	
Axway B.V. (Netherlands)	18,200	31,536	100%	200,000	200,000		6,449,259	469,515	
Axway Belgium (Belgium)	1,000,000	135,034	99.9%	999,000	999,000		10,823,956	942,873	214,785
Axway Romania Srl (Romania)	12,141	2,082,494	100%	1,972,250	1,972,250	650,000	12,530,732	661,922	
Axway SAS (France)	45,000	(15,799)	100%	45,000	-		-	(1,025)	
Axway Pte Ltd (Singapore)	118,914	516,956	100%	1	1		7,013,567	114,448	264,628
Axway Ltd (Hong Kong)	9,949	246,787	100%	1	1	371,160	1,374,345	65,465	137,399
Axway Pty (Australia)	78,598	9,564	100%	1	1		8,294,680	79,325	139,233
Axway Software China (China)	1,392,228	(1,109,825)	100%	1	1		2,000,294	112,641	
Axway Bulgaria EOOD (Bulgaria)	2,556	1,004,584	100%	979,844	979,844		10,380,249	741,982	715,809
Axway Distribution France (France)	33,000	(10,716)	100%	34,800	-	6,500	-	(1,069)	
Axway Ltd (Ireland)	141,815	25,566,318	100%	42,841,900	42,841,900		14,782,483	3,714,485	4,040,000
Axway Software Do Brasil (Brazil)	3,247	(3,124,916)	99.99%	3,255	-	1,561,352	5,230,790	(848,323)	
Systar Ltd (United Kingdom)	0	3,650	100%		-		-	(3,650)	
Axway Inc. (United States)									
Appcelerator Inc. (United States)	0	2,866,315	100%	42,453,508	42,453,508		3,215,216	(2,866,315)	
Syncplicity LLC (United States)	0	(7,823,856)	100%			759,373	15,293,434	(5,894,153)	
Appcelerator Inc. (United States)									
Appcelerator GmbH	0	207	100%		-			(207)	
Appcelerator China (China)	78,277	28,326	100%		-		10,290	834	
Syncplicity LLC (United States)									
Syncplicity International Limited (Ireland)	10,000	188,348	100%			38,412	73,674	24,994	

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5.1 Balance sheet

ASSETS

(in thousands of euros)	2017	2016
Intangible assets	54,326	57,967
Property, plant and equipment	7,145	7,837
Financial investments	267,470	225,733
Non-current assets	**328,941**	**291,537**
Trade receivables	76,502	67,635
Other receivables, prepayments and accrued income	33,571	22,691
Cash and cash equivalents	6,378	14,816
Current assets	**116,451**	**105,143**
Total assets	**445,392**	**396,680**

LIABILITIES

(in thousands of euros)	2017	2016
Share Capital	42,420	42,042
Premiums	110,775	108,003
Reserves	66,212	63,744
Carried forward	-60	-5
Net profit for the year	16,983	10,881
Tax-driven provisions	-	-
Equity	**236,331**	**224,666**
Provisions	**17,013**	**11,384**
Financial debt	111,662	85,498
Trade payables	28,787	22,240
Tax and social charge payables	22,597	23,385
Other liabilities, accruals and deferred income	29,002	29,507
Liabilities	**192,048**	**160,630**
Total liabilities	**445,392**	**396,680**

5.2 Income statement

(in thousands of euros)	2017	2016
Net revenue	162,090	160,841
Other operating income	1,833	3,832
Operating income	**163,923**	**164,674**
Purchases consumed	55,670	58,017
Employee costs	62,857	68,348
Other operating expenses	36,513	29,444
Taxes and duties	3,160	3,671
Depreciation, amortization and provisions	6,911	9,013
Operating expenses	**165,110**	**168,494**
Operating profit	**-1,188**	**-3,820**
Financial income and expense	7,587	8,547
Pre-tax profit on ordinary activities	**6,399**	**4,727**
Exceptional income and expense	-336	-2,049
Employee profit-sharing and incentive schemes	-130	-564
Corporate income tax	11,050	8,768
Net profit	**16,983**	**10,881**

5.3 Notes to the annual financial statements 2017

1 Significant events, accounting policies and valuation rules

1.1 Significant events

Acquisition of Syncplicity

Our subsidiary Axway Inc. acquired 100% of Syncplicity for the sum of €76.6 million. This transaction impacted Axway Software since it helped finance the purchase by drawing down on its credit line with the banks for $45 million. This amount was transferred to Axway Inc. and recorded in its current account. Note that the $45 million credit line was converted in November to a €36 million drawdown.

Tax audit

The Montreuil court issued a judgment in favor of Axway Software regarding the write-off of receivables, allowing provisions of €713 thousand to be reversed.

Provisions for foreign exchange risk

Sharp fluctuations in the US dollar between the year-end 2016 ($1 to €1.0541) and year-end 2017 ($1 to €1.1993) led to a significant foreign exchange loss in our current accounts with Axway Inc. and Axway Ireland. We therefore recorded a foreign exchange loss of €8.7 million.

Liquidation of Systar UK Ltd and Axway Software SDN BHD

Systar Uk Ltd and Axway Software SDN BHD were liquidated during the 2017 fiscal year. These transactions resulted in a loss of €8.8 thousand for one entity and a profit of €3 thousand for the other in the Axway Software parent company financial statements.

1.2 Accounting policies and valuation rules

The annual financial statements were drawn up pursuant to French legal and regulatory provisions. They are defined by the new general accounting plan amended by ANC Regulation 2016-07 of the *Autorité des normes comptables* (French Accounting Standards Authority) and approved by decree on 26 December 2016.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods from one year to the next (despite the change introduced by ANC regulation No. 2015-05 of 2 July 2015, which did not have any material impact on the financial statements for the fiscal year);
- independence of fiscal years;
- in accordance with general guidelines for the preparation and presentation of annual financial statements.

Research & Development

All research expenses are charged to the income statement in the year they are incurred.

Project development costs may be capitalized 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 reliably measure the expenditure attributable to the intangible asset during its development.

No software package development expenses have been recognized under intangible assets, as all of the conditions described above have not been met.

Following the transfer of all Systar's assets and liabilities, the Research & Development expenses which were capitalized by Systar were taken over by Axway Software and further amortized according to their initial amortization schedule.

Software acquired

Software acquired corresponds mainly to the contribution made by 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, and the transfer of all of Systar's assets in 2015.

The contributed software was recognized at the net carrying amount recorded in Sopra Group's financial statements at 31 December 2000. It is amortized on a straight-line basis over 3,5 or 10 years.

The Cyclone and Tumbleweed software was recognized at the purchase cost, which was calculated by an independent expert in the USA. Amortization for the Cyclone software is over six years for accounting purposes and one year for tax purposes. The Tumbleweed software is amortized over 12 years.

The LiveDashboard software is amortized over eight years.

The intellectual property contributed by Systar was totally amortized by the end of 2014.

Business goodwill

The business goodwill comes from the partial contribution of assets from the EAI (Enterprise Application Integration) division as well as from the transfer of all Systar's assets.

Business goodwill has unlimited useful life and is not systematically amortized. If appropriate, a provision may be made for impairment. Amortization applied prior to 1 January 2001 in the financial statements of Sopra Group has been retained in the balance sheet assets.

The Company performs impairment testing on its business goodwill at each year-end and whenever indication of impairment loss is identified.

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	5 to 10 years
Equipment and tooling	3 to 5 years
Furniture and office equipment	5 to 10 years

Equity investments

On initial recognition, equity investments are recognized at their acquisition or subscription price.

The carrying amount of equity investments corresponds to their value-in-use.

Impairment is recognized if the value-in-use of equity investments, which includes the net assets of subsidiaries (see paragraph 2.1) and an analysis of the growth and profitability outlook, is lower than the carrying amount in the financial statements. The analysis of the growth outlook may involve an estimate based on discounted cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A growth rate in perpetuity of 2.2% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a rate of 9.6%.

Revenue

Services provided within the scope of the Group's software package operations include:

- the right of use (license) of the software packages and solutions provided;
- maintenance;
- ancillary services: installation, settings, adaptation, training, etc.

a. In general, separate contracts are concluded with clients for licenses and maintenance on the one hand, and ancillary services on the other hand

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

- the license fee is recognized when delivery takes place, which is deemed 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 customer's acceptance of the goods supplied or services rendered;
- maintenance is generally billed in advance and is recognized on a time basis;
- ancillary services are generally provided on the basis of time spent and are recognized when performed, *i.e.* in general when invoiced (see paragraph d.). Ancillary services are sometimes performed within the scope of fixed-price contracts in which case they are then recognized using the percentage of completion method described in paragraph e below.

b. Sometimes, contracts comprising multiple elements (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis

In this situation, the amount of revenue attributable to the license is 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 license is recognized 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 recognized 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 recognized 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 income*, 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 recognized 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 recognized using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the fiscal year and impairment is recognized in the event of a risk of non-recovery linked to collective proceedings.

Doubtful receivables for which legal proceedings have not been instigated are treated as accrued credit notes.

Transactions in foreign currencies

Expenses and income in foreign currencies are recognized for their counter-value upon the date of the transaction.

The receivables and liabilities in foreign currencies existing upon the close of the fiscal year are converted at the rate in force upon such date. The conversion difference is recorded in the balance sheet under the headings "foreign exchange gains and losses".

Unrealized foreign-exchange losses, which are not offset, shall be the subject of a provision for risk.

The cash accounts in foreign currencies existing upon the close of the fiscal year are converted at the rate in force upon such date. Exchange-rate gains or losses resulting from such conversion are recorded in the profit-and-loss statement.

Retirement benefits

Since 2004, Axway Software has provided for its retirement benefits in accordance with the provisions of the Syntec collective bargaining agreement regarding retirement and pensions.

Axway Software's obligation to its employees is determined on an actuarial basis, using the projected unit credit method: the employer's discounted obligation is recognized in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as future compensation level, life expectancy and employee turnover. We assumed a discount rate of 1.77%, a salary increase rate of 2.50% and an average turnover rate of 13.1%. The male-female mortality table used for our forecasts is INSEE table 2013-2015. Among these assumptions we adopted 65 as the retirement age. Changes in actuarial assumptions that affect the valuation of the obligation are recognized as actuarial gains and losses. 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 Fixed assets

Intangible assets

(in thousands of euros)	Research & Development expenses	Concessions, patents, similar rights	Business goodwill	Mali Base Client Systar	Total
Gross value					
At 1 January 2017	**32,055**	**49,668**	**36,898**	**5,667**	**124,289**
Acquisitions	-	754	-	-	754
Disposals	-	-	-	-	-
At 31 December 2017	**32,055**	**50,422**	**36,898**	**5,667**	**125,043**
Depreciation and amortization					
At 1 January 2017	**29,765**	**35,983**	**35**	**540**	**66,322**
Provisions	1,554	2,301	-	540	4,395
Reversals	-	-	-	-	-
At 31 December 2017	**31,319**	**38,283**	**35**	**1,079**	**70,717**
Net value					
At 1 January 2017	**2,291**	**13,686**	**36,863**	**5,127**	**57,967**
At 31 December 2017	**736**	**12,139**	**36,863**	**4,588**	**54,326**

Software development costs, which totaled €25,574 thousand in fiscal year 2017, were recorded in full as expenses (see Note 1.2).

Concessions, patents and similar rights consisted mainly of software contributed by Sopra Group in 2001, acquired from Axway Inc. in 2010 and 2011, from Access UK in 2012, and by the transfer of all of Systar's assets in 2015.

Impairment tests of business goodwill show value-in-use, calculated according to the cash flow method, greater than the net carrying amount. The discount rate used is 9.6% and the infinite growth rate is 2.2%.

Property, plant and equipment

(in thousands of euros)	Technical installations	Fixtures, fittings and installations	Furniture and office equipment	Total
Gross value				
At 1 January 2017	**9,194**	**3,204**	**1,268**	**13,666**
Acquisitions	1,853	660	472	2,985
Capitalization Non-current assets N-1	-1,098	-430	-454	-1,981
Adjustments Non-current assets N-1	-	-249	-135	-384
Non-current assets	-	15	1	17
Internal reclassification	-	36	-36	-
Disposals	-10	-	-	-10
At 31 December 2017	**9,938**	**3,237**	**1,116**	**14,291**
Depreciation and amortization				
At 1 January 2017	**5,787**	**31**	**11**	**5,828**
Provisions	924	295	101	1,320
Reversals	-2	-	-	-2
At 31 December 2017	**6,709**	**326**	**112**	**7,146**
Net value				
At 1 January 2017	**3,407**	**3,173**	**1,257**	**7,837**
At 31 December 2017	**3,229**	**2,911**	**1,004**	**7,145**

Sopra Group has made available to Axway Software fully equipped offices at the Annecy-le-Vieux site.

The acquisition of furniture and fittings and installations are mainly due to the move from the Puteaux sites to Défense Tour W.

Orders for furniture and fixtures and fittings for which no invoice had been received at 31 December 2017, and for which payment is required, were recorded in outstanding non-current assets. Depreciation has been applied to these non-current assets.

Purchases of technical installations consist solely of IT equipment.

Financial investments

(in thousands of euros)	Equity investments	Receivables related to equity investments	Loans and other financial investments	Total
Gross value				
At 1 January 2017	**212,880**	**36,434**	**2,073**	**251,387**
Acquisitions/Increases	25	38,583	501	39,109
Disposals/Decreases	-572	-495	-517	-1,584
At 31 December 2017	**212,333**	**74,522**	**2,057**	**288,912**
Impairments				
At 1 January 2017	**24,154**	**1,497**	**3**	**25,655**
Provisions	25	-	3	28
Reversals	-4,238	-	-3	-4,241
At 31 December 2017	**19,941**	**1,497**	**3**	**21,442**
Net value				
At 1 January 2017	**188,725**	**34,937**	**2,071**	**225,733**
At 31 December 2017	**192,392**	**73,024**	**2,054**	**267,470**

Details concerning equity investments are provided in the “Subsidiaries and associated entities” table presented in Chapter 4, Note 4.7.

a. Gross amounts

In 2017, changes in equity investments were connected to the dissolution of Systar UK Ltd and Axway Software SDN BHD whose equity investments were written off for the sum of €572 thousand. Note that in 2017, Axway SAS and Axway Distribution France were each the subject of a capital increase in the amount of €8 thousand and €17 thousand, respectively.

The increase in receivables linked to equity investments is attributable to Axway Inc., to which Axway Software loaned €42 million in February 2017 for the acquisition of Syncplicity. The increase in receivables also resulted from current account transactions between Axway Software and the subsidiary Syncplicity LLC-USA (€823 thousand). This increase was also attributable to the change in current accounts with our subsidiaries Axway Limited Ltd (€501 thousand) and Axway Romania (€650 thousand).

The increase in “Loans and other non-current financial assets” was due to the change in the market-making agreement with Kepler for market making in Axway shares. In January 2017, an additional guarantee of €104 thousand was paid for Tour W.

b. Impairments

The charge for equity investments corresponds to an adjustment of the value of securities for the subsidiaries Axway SAS (€8 thousand) and Axway Distribution France (€17 thousand) following their capital increase. The drawdown mainly concerned Axway GMBH (€3.7 million), Axway Nordic (€348 thousand), and Systar UK Ltd (€190 thousand) subsequent to its dissolution.

The allocation to and reversal of the provision for impairment of loans and other non-current financial assets relates to the market-making agreement and the fluctuations in the share price (€3 thousand).

2.2 Other assets

Trade receivables

(in thousands of euros)	2017	2016
Non-Group clients	37,003	40,048
Accrued income	32,802	22,611
Group clients	9,169	7,179
Doubtful debtors	30	31
Provision for doubtful debtors	-2,501	-2,234
Total	**76,502**	**67,635**

Trade receivables are recognized as assets and are stated net of all client-related debit and credit balances. Impairments concerned *Doubtful receivables*.

Other receivables, prepayments and accrued income

(in thousands of euros)	2017	2016
Corporate income tax	11,217	10,411
Withholding tax	-	-
VAT	1,161	974
Other receivables	8,523	5,468
Prepaid expenses	3,478	2,965
Translation differential – Assets	9,192	2,874
Total	**33,571**	**22,691**

Research Tax Credit – transferred receivables

(in thousands of euros)	Nominal sold	Amount sold	Commission	Year of sale	Date of repayment	Off debt	Inventory 31/12/2017
CIR 2014	7,734	7,573	32	2,015	16/07/2018	no	7,734
CIR 2015	9,146	8,993	36	2,016	15/05/2019	no	9,146
CIR 2016	9,180	9,068	112	2,017	15/05/2020	no	9,180
Total	**26,060**	**25,634**	**180**				**26,060**

Impairment of current assets

(in thousands of euros)	Amount at the start of the fiscal year	Provisions	Reversals	Amount at the end of the fiscal year
Impairment of trade receivables	2,234	268	1	2,501
Total	**2,234**	**268**	**1**	**2,501**

The provision of €268 thousand concerns only receivables with our subsidiary Axway Software Do Brazil.

2.3 Shareholders' equity

Share capital

Axway Software's share capital was €42,420,462 as at 31 December 2017. It comprised 21,210,231 shares, each with a nominal value of €2. The number of shares issued during this fiscal year totaled 189,192.

The Company held 27,855 treasury shares.

Statement of changes in equity

(in thousands of euros)	Share Capital	Premiums issuance premium	Reserve legal	Reserves discretionary	Net profit for the year	Provisions tax-driven	Carried forward	Total
Position at 1 January 2017	**42,042**	**108,003**	**4,155**	**59,589**	**10,881**	**-**	**-5**	**224,666**
Appropriation of 2016 earnings	-	-	49	2,419	-10,881	-	5	-8,408
Additional earnings	-	-	-	-	-	-	-60	-60
Depr. and amort. Intellectual property	-	-	-	-	-	-	-	-
Bonus shares Plan	-	-	-	-	-	-	-	-
Option exercise	378	2,772	-	-	-	-	-	3,150
Profit (loss) for the period	-	-	-	-	16,983	-	-	16,983
Position at 31 December 2017	**42,420**	**110,775**	**4,204**	**62,008**	**16,983**	**-**	**-60**	**236,331**

The amount of dividends paid in 2017 was €8,408 thousand.

During the course of 2017, options were exercised, and led to the creation of 189,192 shares. An issuance premium was recognized for €2,772 thousand.

Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position as at 31/12/2017	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	awarded	cancelled	exercised	Number of options	Exercise price
PLAN No. 3 - 2011 stock option plan, maximum issue of 1,033,111 shares*											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	144,198	€14.90	-	-1,750	-59,648	82,800	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	182,444	€14.90	-	-2,750	-72,544	107,150	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	26,750	€15.90	-	-	-11,000	15,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	54,750	€15.90	-	-12,250	-	42,500	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	46,000	€21.86	-	-	-46,000	-	€21.86
03/01/2014	50,000	€21.86	03/01/2019	03/01/2022	50,000	€21.86	-	-50,000	-	-	€21.86
Total	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	
Total plan assets	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	

* *Increased to 1,295,611 following an amendment in June 2013.*

- 189,192 share subscription options were exercised during fiscal year 2017.
- 66,750 share subscription options were cancelled in 2017 following the departure of the holders.
- At 31 December 2017, 248,200 options remained in circulation from awards made in 2011 and 2013, all potentially dilutive to the current value of shares.
- No options were awarded under Plans No. 1 and No. 2.
- The fair values of the share subscription options awarded 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 awarded under Plan No. 3 was determined using the same binominal model and the following assumptions: average expected life of 4.5 to 6 years; expected volatility of 29.44%; dividend yield of 1.39% and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for securities in comparable sectors.
- The average closing share price in 2017 was €27.29.
- The amount recognized in respect of 2017, in accordance with the method indicated in Note 1.16 "Share-based payments", was (-)€165.82 thousand. This reversal of current expense relating to the valuation of services provided by beneficiaries in exchange for the decision not to grant stock options was recorded in the income statement. No non-recurring expenses were recognized 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 2017.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at the start of the fiscal year	Provisions	Reversals (provisions used)	Reversals (provisions unused)	Amount at the end of the fiscal year
Provisions for disputes	735	611	623	70	653
Provisions for foreign exchange losses	2,874	9,192	-	2,874	9,192
Provisions for retirement benefits	6,433	428	162	-	6,699
Provisions for restructuration	203	-	160	-	43
Provisions for tax	1,140	-	-	713	427
Total	**11,385**	**10,231**	**946**	**3,657**	**17,013**

Provisions were recorded chiefly in relation to financial risks arising from retirement benefit commitments, exchange rate losses, Human Resources disputes, and litigation related to the tax audit.

The total commitment for retirement benefits amounted to €5,327 thousand. The cumulative amount of unrealized actuarial differences on the balance sheet at year-end 2017 was (-)€1,372 thousand (see Note 1.2).

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the reporting date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer 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;
- effective from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer 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 existence as of the effective date of the law were not amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abolition of a departure procedure and the institution of the contribution on the severance indemnity payable in the event of employer-imposed retirement entail revision by the Group of its actuarial assumptions.

Other assumptions such as turnover, mortality and discount rate are updated regularly to refine the calculation of retirement commitments.

2.5 Liabilities

Financial debt

(in thousands of euros)	Amount at the start of the fiscal year	New borrowings	Repayments	Amount at the end of the fiscal year
Syndicated facility	35,624	78,254	64,844	49,033
Employee profit sharing fund	3,236	445	593	3,088
Payables related to equity investments	46,522	16,187	3,282	59,427
Accrued interest on financial debt	116	113	116	113
Total	**85,498**	**94,998**	**68,834**	**111,662**

In July 2014, Axway Software contracted a multi-currency €125 million revolving line of credit with six banks for the purpose of financing acquisitions as well as the Group's general funding needs. This line of credit is non depreciable and has a maturity of July 2019 with a 1+1 type renewal option.

The interest rate is Euribor for the applicable drawdown period plus a spread adjusted every six months in relation to the change in the ratio: Net financial debt/EBITDA.

The net debt figure used does not include employee profit-sharing liabilities.

These lines are subject to a utilization and non-utilization commission.

Three financial ratios must be met under covenants entered into with partner banking establishments.

The €20 million drawdown on the Revolving Credit Facility (RCF) used to acquire Appcelerator in 2016 was repaid in April 2017.

A $45 million drawdown, equivalent to €42 million, was made in February 2017 to help finance Syncplicity, acquired by Axway Inc. in this same period, to which we loaned $45 million through its current account.

Since this drawdown was maturing in November 2017, we repaid it. Due to the decline of the US dollar against the euro, this transaction resulted in a foreign exchange gain of €3.9 million.

A new drawdown of €36 million was subsequently made.

Note that during the year, we also repaid a total of €1.6 million for the 2015 and 2016 BPI loans; €1 million related to the loan from Banque Populaire in 2016.

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.

Payables related to equity investments concerned solely current accounts with the Group's companies.

Financial debt ratios were compliant at 31 December 2017.

Trade payables

(in thousands of euros)	2017	2016
Trade payables and related accounts	1,695	4,838
Accrued expenses	22,036	15,833
Trade payables – Group	5,055	1,570
Total	**28,787**	**22,240**

Tax and social charge payables

(in thousands of euros)	2017	2016
Employee costs and related payables	7,411	7,112
Social security	8,237	8,662
Withholding tax	3	6
VAT	6,651	7,539
Other tax	295	67
Total	**22,597**	**23,385**

Other liabilities, accruals and deferred income

(in thousands of euros)	2017	2016
Client deposits	938	669
Liabilities in respect of non-current assets	1,780	3,681
Group and associates	750	750
Other liabilities	2,386	77
Deferred Revenues	22,488	21,868
Translation differential – Liabilities	660	2,461
Total	**29,002**	**29,507**

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)	2017	2016
Licenses	22.4%	26.5%
Support and maintenance	54.9%	58.6%
Integration and training services	17.9%	13.0%
Cloud *services*	4.9%	1.9%
Revenue	**100.0%**	**100.0%**

Out of €162.1 million in revenue for 2017, €83 million was generated at the international level.

3.2 Compensation granted to the members of administrative and management bodies

Directors' fees totaling €262 thousand were paid to directors in April 2017.

Compensation paid in 2017 to governing and management bodies was €959 thousand.

3.3 Net financial income

(in thousands of euros)	2017	2016
Dividends received from equity investments	7,594	4,856
Interest on bank borrowings and similar charges	-1,098	-484
Interest on employee profit sharing	-213	-219
Discounting of retirement benefits (provision)	-111	-164
Losses on receivables from equity investments	-	-
Interest received and paid on Group current accounts	372	56
Positive and negative foreign exchange impact (including provisions)	-5,356	-3,123
Other allocations to and reversals of financial provisions before exchange rate differences	7,087	7,765
Other financial income and expense	-687	-140
Net financial income	**7,587**	**8,547**

The breakdown of dividends received is listed in the table of subsidiaries and equity investments (see Chapter 4, Note 4.7).

3.4 Exceptional income

In 2017, extraordinary losses of €336 thousand mainly concerned:

- proceeds of the Systar UK Ltd (€372 thousand) and Axway Software SDN BHD (€3.2 thousand) liquidations;
- market value asset liquidation of Systar UK Ltd €572 thousand;
- restructuring costs €490 thousand;
- Losses on disposals of treasury shares €121 thousand;
- Cost of Urssaf reassessment audit €298 thousand;
- reversal of an exceptional impairment (€873 thousand).

3.5 Employee profit sharing

Ratios for the fiscal year 2017 did not allow for employee profit sharing.

3.6 Corporate income tax

Research tax credits

Axway Software received research tax credits for 2017 in the amount of €10,216 thousand.

Breakdown of tax between recurring and exceptional income

(in thousands of euros)	2017	2016
Tax on recurring operations	431	423
Tax on exceptional items	-299	-183
Additional contribution	-923	249
Provisions for tax reassessment	0	-32
Tax claim	-	-
Tax adjustment 2014	-	-
Research tax credit	-10,216	-9,180
Other tax credits	-43	-45
Total corporate income tax	**-11,050**	**-8,768**

Deferred and latent tax position

	Basis					
	Start of the fiscal year		Change		End of the year	
(in thousands of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
I. Certain or potential timing differences						
Tax-driven provisions	-	-	-	-	-	-
Investment grants	-	-	-	-	-	-
Temporary non-deductible expenses						
• To be deducted the following year						
• employee profit sharing	503	-	-373		130	-
• C3S	110	-	-5		105	-
• Construction work	201	-	-9		192	-
• To be deducted thereafter						
• provision for retirement commitments	6,433	-	266	-	6,699	-
• other	-	-	-	-	-	-
Temporary non-taxable income						
• net short-term capital gains	-	-	-	-	-	-
• capital gains on mergers	-	-	-	-	-	-
• deferred long-term capital gains	-	-	-	-	-	-
Deducted expenses for tax purposes (or taxed income) that has not been recognized						
• deferred charges	-	-	-	-	-	-
• Translation differential – Liabilities	2,461		-1,801		660	
Total	**9,708**		**-1,922**		**7,786**	
II. Items to be charged						
Losses that may be carried forward for tax offset	**20,762**		**7,371**		**28,133**	
Long-term 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	-	-	-	-	-	-

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4 Other information

4.1 Maturities of receivables and payables at fiscal year-end

Receivables

(in thousands of euros)	Amount gross	At one year at most	At more than one year and up to 5 years
Non-current assets			
Receivables related to equity investments	73,024		73,024
Other non-current financial assets	2,054	968	1,086
Current assets			
Doubtful debts or disputes	30	-	30
Other trade receivables	78,973	78,973	
Employee costs and related payables	93	93	
Social security			
VAT	1,161	1,161	
Tax credit	11,155		11,155
Other tax	1,291	113	1,178
Group and associates	-	-	
Other receivables	7,233	7,233	
Accruals and deferred income	12,669	12,186	483
Total	**187,684**	**100,728**	**86,956**

Other non-current financial assets mainly relate to the market-making agreement and treasury shares.

Liabilities

(in thousands of euros)	Amount gross	At one year at most	At more than one year and up to 5 years
Bank debt			
• 2 years maximum to origin	113	113	-
• More than 2 years maximum to origin	49,033	38,852	10,181
Other financial debt	3,088	897	2,191
Group and associates	59,427	-	59,427
Trade payables	28,787	28,787	-
Employee costs and related payables	7,411	7,281	130
Social security	8,237	8,237	-
States and other public bodies			
• Corporate income tax	-	-	-
• VAT	6,648	6,648	-
• Other tax	298	298	-
Liabilities in respect of non-current assets	2,530	2,530	-
Other liabilities	3,323	3,323	-
Accruals and deferred income	23,148	23,148	-
Total	**192,048**	**120,118**	**71,930**

4.2 Information concerning related parties

(in thousands of euros)	**Related parties**
Assets	
Advances and payments on account for non-current assets	-
Equity investments	192,392
Receivables related to equity investments	73,024
Loans	-
Trade receivables	39,652
Other receivables	6,040
Translation differential – Assets	9,192
Liabilities	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Group and associates	59,427
Liabilities in respect of non-current assets	750
Trade payables	22,047
Other liabilities	-
Translation differential – Liabilities	660
Income statement	
Income from equity investments	7,594
Other financial income	732
Financial expense	361
Write-off of receivables (financial expense)	-
Provisions for impairment of equity investments (financial expense)	25
Provisions for impairment of trade receivables (financial expense)	268
Provisions for impairment of current accounts (financial expense)	-
Reversal of impairment of equity investments (financial income)	4,238
Reversal of impairment of trade receivables (financial income)	-
Reversal of impairment of current account (financial income)	-
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	6,197
Trade receivables	33,273
Tax and social charge receivables	2,290
Other receivables	0
Total	**41,760**
Accrued expense	
Accrued interest	113
Trade payables	22,036
Trade receivables – Credit notes to be issued	472
Tax and social charge payables	11,364
Other liabilities	321
Total	**34,305**

Tax and social charge receivables correspond to the Tax Credit for Competitiveness and Employment (CICE) recognized as a deduction from employee costs in the amount of €268 thousand, claims filed with the Tax services for €1,176 thousand, VAT accrued on expenses amounting to €938 thousand and Patronage tax credits of €43 thousand.

4.4 Staff

The average workforce in 2017 stood at 577 employees, and the number of employees at 31 December 2017 was 518.

4.5 Fees for Statutory Auditors

The fees of the Statutory Auditors included in the income statement amounted to €291 thousand and correspond to the fees connected to statutory audits.

4.6 Off-balance sheet commitments

(in thousands of euros)	
Discounted notes not yet due	None
Bank guarantees in place of security deposits for leased premises	328
Bank guarantees for effective project completion	125
Bank guarantees for guaranteeing payment of tax liabilities	177
Bank guarantees for guaranteeing payment of supplier invoices	None
Unfunded retirement commitments (actuarial differences)	-1,372
Guarantees given to subsidiaries to guarantee tender bids	None
Guarantees given to subsidiaries to guarantee leases	None
Severance of CEO's duties	417
Collateral, mortgages and sureties	None
Interest rate hedging instruments	see 4.30.3
Exchange rate hedging instruments	None

Bank guarantees

A bank guarantee of €225 thousand in place of a security deposit was arranged in 2012 when the Puteaux 1 lease was taken over.

In May 2013, a similar guarantee amounting to €41 thousand was arranged when setting-up the new Puteaux 3 site, to which a supplemental amount of €62 thousand was added on in 2015, following the lease of a new floor.

After vacating the Puteaux 1 and Puteaux 3 sites, these bank guarantees were no longer necessary. The applicable banks were contacted in order to secure the return of these funds.

Bank completion guarantees stood at €125 thousand at 31 December 2017.

Guarantees of €177 thousand were established in August 2014 to ensure the payment of tax liabilities.

Retirement commitments

At the end of 2017, the unfunded part of the retirement commitment stood at (-)€1,372 thousand.

Severance pay

Severance pay for the Chief Executive Officer was set at $500 thousand (or €417 thousand at the dollar exchange on 31 December 2017).

4.7 Exceptional events and legal disputes

To the Company’s knowledge, there are no exceptional events or legal disputes that may impact its financial position, business or results.

4.8 List of subsidiaries and equity investments

Please refer to Chapter 4, Section 4.7.2 “List of subsidiaries and equity investments” of this Registration Document.

4.9 Carbon balance

The carbon balance performed by the Group is available in Section 2, point 2.2.4.

4.10 Events after the reporting period

During its meeting on 6 April 2018, Axway's Board of Directors resolved to end Jean-Marc Lazzari's term of office as CEO and replace him with Patrick Donovan.

5.4 Statutory Auditors' report on the annual financial statements

To the General Meeting of Axway Software,

I Opinion

In fulfillment of the assignment entrusted to us by your General Meeting, we audited the annual financial statements of Axway Software for the year ended 31 December 2017, as attached to this report.

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 just ended, in accordance with French accounting policies.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

II Basis for our opinion

Auditing standards

We performed our audit in accordance with professional standards applicable in France. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

The responsibilities incumbent upon us under those standards are set out in the section entitled

"Responsibilities of the Statutory Auditors in auditing the annual financial statements" in this report.

Independence

We conducted our audit in compliance with the rules of independence applicable to us, from 1 January 2017 to the date of issue of our report and, in particular, we have not supplied services prohibited under Article 5, paragraph 1 of Regulation (EU)

No. 537/2014 or under the code of ethics governing the Statutory Auditors' profession.

Observation

Without calling into question the opinion expressed above, we would like to draw your attention to Note 1.2 to the annual financial statements, which outlines the change in accounting policy implementing ANC regulation No. 2015-05.

III Justification for assessments – Key audit points

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code concerning the justification for our assessments, we draw your attention to the key audit points relating to risks of material misstatement which, in our professional judgment, were the most significant in the audit of the annual financial statements for the fiscal year, and our responses to those risks.

These assessments form part of our approach in auditing the annual financial statements as a whole, and thus contribute to the formulation of our opinion as expressed earlier in this report. We express no opinion on items in these annual financial statements taken individually.

Measurement of business goodwill

(Notes 1.2 and 2.1 to the annual financial statements)

Risk identified

At 31 December 2017, business goodwill of €36.9 million was recognized in the balance sheet.

The assets involved are not systematically amortized but are tested for impairment at each year-end and whenever there is an indication of an impairment loss, as stated in Note 1.2 to the annual financial statements.

Impairment is recognized if the net carrying amount of the business goodwill is greater than its present value, which corresponds to the higher of the market value and value-in-use.

We considered measurement of business goodwill to be a key point in our audit, in view of its material significance in the annual financial statements, and because of the need for management to exercise judgment in appraising the present value.

Our response

Our work in auditing the annual financial statements included the following, in particular:

- examining the rules and procedures for conducting impairment testing;
- assessing the reasonableness of the main management estimates, and particularly the cash flow forecasts, the infinity growth rate and the discount rate adopted;
- analyzing the forecasts for consistency with historic performance.

Recognition of license revenue

(Notes 1.2 and 3.1 to the annual financial statements)

Risk identified

The company's activity comprises several business lines including license sales. At 31 December 2017, licensing revenue represented 22.4% of total revenue.

As a rule, licensing revenue is recognized immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to call into question the client's acceptance of goods supplied.

Sometimes, contracts comprising multiple components (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis. In this situation, the amount of revenue attributable to the license is obtained by the difference between the total contract amount and the fair value of its other components.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to contracts with multiple components.

Revenue recognition for this business line is considered a key point in our audit in view of its material significance in the annual financial statements, and, in particular, its effect on operating profit.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the company in order to verify the measurement, exhaustiveness and proper separation of fiscal years for licensing revenue. Our approach also relies on substantive audit procedures.

Our work included the following, in particular:

- reviewing the design of the internal system as well as the effectiveness-testing of the key check points in the procedure for recognizing licensing revenue;
- conducting detailed tests, by sampling or other selection methods, on the revenue from licensing contracts signed during the fiscal year in order to verify the reality and measurement of the revenue, and the correct separation of fiscal years;
- In particular, we reconciled the recognized amount of licensing revenue with the contract data, and verified the application of the procedure for apportioning the prices of multiple-component contracts among the different elements of such contracts;
- we examined the proofs of delivery and the terms and procedures for payment.

We also assessed the appropriateness of the disclosures in Note 1.2 to the annual financial statements.

Measurement of equity investments

(Notes 1.2 and 2.1 to the annual financial statements)

Risk identified

Equity investments recognized on the assets side of the balance sheet at 31 December 2017, amounting to €192.4 million, represent the largest item in the balance sheet. These investments are recognized at the date of initial recognition at their acquisition or subscription cost, and are impaired on the basis of their value-in-use.

As stated in Note 1.2 to the annual financial statements, the value-in-use is estimated by management on the basis of the net assets of subsidiaries, together with an analysis of forecast changes and profitability of equity investments based on discounted future cash flows.

Estimating the value-in-use of these investments calls for the exercise of judgment by management in choosing the elements to consider for the investments concerned; depending on the case, such elements may be historic data or forecast data. Consequently, a change in the assumptions retained may affect the value-in-use of the equity investments. We therefore considered measurement of equity investments to be a key point in our audit.

Our response

In assessing the reasonableness of the estimates of value-in-use of equity investments, on the basis of the information communicated to us, our work consisted chiefly of verifying whether the estimates of those values as determined by management were based on an appropriate justification of the valuation method and quantitative data used, as well as, depending on the investment concerned:

For measurements based on historic data:

- verifying that the shareholders' equity used was consistent with the financial statements of entities for which audit or analytical procedures were performed, and that any adjustments made to such shareholders' equity were based on firm documentary evidence,
- verifying the translation rates for any currencies used ;
- For measurements based on forecast data :
- obtaining operating forecasts for the entities concerned and assessing their consistency with historic data,
- verifying the consistency of the assumptions made with the economic environment at the reporting date and at the date when the financial statements were drawn up,
- assessing the reasonableness of any other assumptions followed by management in determining the value-in-use of the equity investments, such as infinity growth rate or the discount rate.

IV Verification of the management report and other documents for the attention of shareholders

We also performed the other procedures required by law in accordance with professional standards applicable in France.

V Information provided in the management report and in other documents for the attention of shareholders regarding the financial position and the annual financial statements

We are satisfied as to the fair presentation and consistency with the annual financial statements of the information provided in the management report by the Board of Directors and in the other documents addressed to shareholders concerning the financial position and the annual financial statements.

Report on corporate governance

We certify the existence, in the Board of Directors' report on corporate governance, of the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Regarding the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on compensation and benefits in kind paid to company officers as well as commitments granted in their favor, 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.

Regarding the information concerning factors that your company considered likely to have an effect in the event of a public tender or exchange offer, as disclosed pursuant to Article L. 225-37-5 of the French Commercial Code, we checked its consistency with the documents from which it was derived, as communicated to us. On the basis of our work, we are satisfied as to the consistency of that information.

Other information

As required by law, we verified that the various items of information relating to the identity of the owners of the share capital or voting rights have been provided in the management report.

VI Disclosures required under other legal and regulatory obligations

Appointment of the Statutory Auditors

Both Auditeurs et Conseil Associés – ACA Nexia and Mazars were appointed Statutory Auditors to Axway Software by the General Meeting of 18 December 2000.

At 31 December 2017, Auditeurs et Conseil Associés – ACA Nexia and Mazars had held office as auditors for 17 continuous years, of which seven years since the Company's securities were admitted for trading on a regulated market.

VII Responsibilities of management and of the persons comprising the corporate governance for purposes of the annual financial statements

The management is responsible for drawing up the annual financial statements so as to provide a true and fair view in compliance with French generally accepted accounting principles and standards, and for implementing the internal control system it considers necessary for drawing up annual financial statements that are free from material misstatement, whether arising from fraud or from error.

When drawing up the annual financial statements, it is the management's task to assess the company's ability to continue as a going concern, to present in those financial statements any necessary information concerning business continuity, and to apply the accounting convention of going concern unless it is intended to liquidate the company or discontinue its operations.

The Audit Committee's task is to monitor the process for preparing financial information and the effectiveness of the internal control and risk management systems and, where applicable, the internal audit system regarding the procedures for preparing and processing accounting and financial information.

These financial statements have been approved by the Board of Directors.

VIII Responsibilities of the Statutory Auditors in auditing the annual financial statements

Audit aim and approach

It is our task to report on the annual financial statements. We seek to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement. Reasonable assurance means a high degree of assurance, although it does not guarantee that an audit conducted to professional standards will invariably detect every significant anomaly. Anomalies may arise from fraud or from error, and are considered significant when they can reasonably be expected, individually or in combination, to influence business decisions made by users of the financial statements, based on those statements.

As stipulated in Article L. 823-10-1 of the French Commercial Code, our task of certifying the financial statements does not consist of guaranteeing your company's viability or the quality of its management.

At every stage in the conduct of an audit in accordance with the professional standards applicable in France, a Statutory Auditor exercises his or her professional judgment. In addition:

- the auditor identifies and assesses the risks of the annual financial statements containing significant anomalies whether arising from fraud or due to error, defines and implements audit procedures in response to those risks, and gathers evidence he or she considers a sufficient and appropriate basis for formulating his or her opinion. The risk of not detecting a significant anomaly arising from fraud is higher than for a significant anomaly due to error, since fraud may involve collusion, falsification, deliberate omissions, false statements or the circumvention of internal control;
- the auditor takes note of the aspects of internal control relevant to the audit, in order to define audit procedures that are appropriate in the circumstances, and not in the aim of expressing an opinion on the effectiveness of the internal control function;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as assessing the information concerning them supplied in the annual financial statements;
- the auditor assesses the appropriateness of management's application of the going concern accounting convention and, depending on the evidence gathered, determines whether there exists any significant uncertainty relating to events or circumstances liable to call into question the company's ability to continue its operations. In making this assessment, the auditor relies on evidence gathered up to the date of his or her report, although it should be recalled that subsequent circumstances or events may call into question the continuity of business. If the auditor finds that significant uncertainty does exist, he or she draws the attention of the reader to the information supplied in the annual financial statements concerning such uncertainty or, if that information is not supplied or not relevant, makes a qualified certification, or refuses to certify;
- the auditor assesses the overall presentation of the annual financial statements and determines whether those annual financial statements reflect the underlying operations and events in such a way as to give a true and fair view.

Report to the Audit Committee

We submitted a report to the Audit Committee setting forth, notably, the scope of the audit activities and the work program implemented, together with our audit findings. We also made that Committee aware of any significant internal control weaknesses that we may have identified as regards the procedures for preparing and processing accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of significant anomaly, which we deem to have been highest for the audit of the annual financial statements for the fiscal year, and which therefore constitute the key points of the audit that we describe in this report.

We also provided the Audit Committee with the declaration prescribed by Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France, as laid down notably in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the code of ethics governing the Statutory Auditors' profession. Where applicable, we advised the Audit Committee of any risks calling into question our independence, and the safeguarding measures applied.

Courbevoie and Paris, 20 April 2018

The Statutory Auditors

Auditeurs & Conseils Associés – ACA Nexia	Mazars
Sandrine Gimat	Bruno Pouget

5.5 Summary of results of Axway Software SA for the past five fiscal years

(in euros)	**2017**	**2016**	**2015**	**2014**	**2013**
Share capital at end of fiscal year					
Share capital	42,420,462	42,042,078	41,547,832	41,136,276	40,930,354
Number of ordinary shares outstanding	21,210,231	21,021,039	20,773,916	20,568,138	20,465,177
Number of bonds convertible into shares					
Operations and results for the fiscal year					
Revenue excluding VAT	162,089,972	160,841,463	172,148,256	156,668,622	140,823,095
Profit (loss) before tax, employee profit-sharing					
and depreciation, amortisation and provisions	13,460,840	4,207,072	10,966,245	50,009,463	12,636,275
Corporate income tax	-11,050,179	-8,767,585	-9,829,433	-4,803,562	-5,332,396
Employee profit-sharing and incentive schemes due with respect to the fiscal year	130,049	564,138	567,488	1,049,317	1,222,312
Profit (loss) after tax, employee profit-sharing					
and depreciation, amortisation and provisions	16,983,375	10,881,106	9,321,572	50,557,004	13,492,187
Distributed earnings	4,242,046	8,408,416	8,309,566	8,227,255	8,186,071
Earnings per share					
Profit (loss) after tax, employee profit sharing					
but before depreciation, amortisation and provisions	1.15	0.59	0.97	2.61	0.82
Profit (loss) after tax, employee profit sharing					
and depreciation, amortisation and provisions	0.80	0.52	0.45	2.46	0.66
Dividend allocated per share	0.20	0.40	0.40	0.40	0.40
Employee data					
Average number of employees during the fiscal year	577	657	705	626	622
Total payroll for the fiscal year	43,762,519	47,188,819	47,725,975	41,213,578	39,678,256
Total benefits paid for the fiscal year					
(social security, employee welfare, etc.)	19,094,590	21,159,075	21,692,547	18,811,294	18,710,694

5

Capital and Axway Software stock

6

"Axway is listed on Euronext Paris AXW.PA"

The Company decided to implement double voting rights during the General Shareholders' Meeting of 4 June 2014. Since that date, a double voting right is awarded to any share held in registered form for at least two years. This amendment to the Articles of Association is the result of a legal reform intended to stabilize shareholding within listed companies. Axway's current ownership has been stable since its share were listed in 2011.

6.1 General information

Axway Software was listed on the regulated Euronext market in Paris on 14 June 2011.

Axway Software shares are listed on Compartment B of Euronext Paris and are eligible for the Deferred Settlement Service (SRD).

On 31 December 2017, Axway Software's share capital consisted of 21,210,231 shares with a nominal value of two (2) euros each, fully paid up, amounting to €42,420,462. In addition, following the establishment of double voting rights by the Combined General Meeting of 4 June 2014 and given the absence of voting rights granted to treasury shares, the total number of exercisable voting rights attached to the share capital on 31 December 2017 was 34,301,758.

Changes in share capital for the fiscal year ended 31 December 2017 are detailed in Section 3 ("Changes in share capital") of this Chapter 6.

On 31 December 2017, if all bonus shares had been issued and all share subscription options, exercisable or not, exercised, this would have resulted in the issuance of 669,500 new shares, representing 3.16% of the Company's share capital.

To the best of the Company's knowledge, no Axway Software shares held in registered form and representing a significant proportion of the Company's capital have been pledged as collateral.

Shares owned by the Company in its subsidiaries are unencumbered by sureties.

6.2 Current ownership

Shareholders	As at 31/12/2017 Number of shares owned	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of voting rights
Sopra Steria Group SA	6,913,060	32.59%	12,032,495	12,032,495	35.08%
Sopra GMT[1]	4,503,321	21.23%	9,006,642	9,006,642	26.2%
Pasquier family Group[1]	27,094	0.13%	46,626	46,626	0.14%
Odin family Group[1]	291,424	1.37%	522,019	522,019	1.52%
Sopra Développement[2]	1	0.0%	2	2	0%
Management[2]	348,892	1.64%	556,989	556,989	1.62%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,083,792	56.97%	22,164,773	22,164,773	64.62%
Caravelle	2,572,458	12.13%	5,144,916	5,144,916	14.99%
Float[3]	6,526,126	30.77%	6,992,069	6,992,069	20.37%
Treasury shares	27,855	0.13%	27,855	0	0%
Total	**21,210,231**	**100%**	**34,329,613**	**34,301,758**	**99%**

(1) Sopra GMT, the Pasquier family Group and the Odin family Group being together referred to as the "Founders."
(2) Sopra Développement and Management being together referred to as the "Managers."
(3) Calculated by difference.

To the best of the Company's knowledge, no individual public shareholder owns more than 5% of the capital.

On 31 December 2017, Axway Software did not own any treasury shares other than those held under the market-making agreement (27,855 shares).

No significant change occurred in the Company's share capital during the fiscal year ended 31 December 2017.

Shareholders	As at 31/12/2016 Number of shares owned	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of voting rights
Sopra Steria Group SA	6,913,060	32.89%	12,032,495	12,032,495	35.42%
Sopra GMT[1]	4,503,321	21.42%	8,886,179	8,886,179	26.16%
Pasquier family Group[1]	27,094	0.13%	46,626	46,626	0.14%
Odin family Group[1]	291,424	1.39%	522,019	522,019	1.54%
Sopra Développement[2]	1	0.0%	2	2	0%
Management[2]	360,277	1.71%	576,400	576,400	1.67%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,095,177	57.74%	22,054,721	22,054,721	64.92%
Caravelle	2,572,458	12.24%	5,144,916	5,144,916	15.14%
Float[3]	6,345,875	30.19%	6,770,112	6,770,112	19.93%
Treasury shares	7,529	0.04%	7,529	0	0%
Total	**21,021,039**	**100%**	**33,977,278**	**33,969,749**	**100%**

(1) Sopra GMT, the Pasquier family Group and the Odin family Group being together referred to as the "Founders."
(2) Sopra Développement and Management being together referred to as the "Managers."
(3) Calculated by difference.

	Equity at 31/12/2015				
Shareholders	**Number of shares owned**	**% of capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of voting rights**
Sopra Steria Group SA	5,179,302	24.93%	10,337,104	10,337,104	29.10%
Sopra GMT[1]	4,503,321	21.68%	8,886,179	8,886,179	25.02%
Pasquier family Group[1]	27,094	0.13%	46,626	46,626	0.13%
Odin family Group[1]	307,531	1.48%	538,126	538,126	1.51%
Sopra Développement[2]	1	0.0%	1	1	0%
Management[2]	357,428	1.72%	572,453	572,453	1.61%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA[3]	10,374,677	49.94%	20,380,489	20,380,489	57.37%
Geninfo	1,793,625	8.63%	3,587,250	3,587,250	10.10%
Total shareholder agreements between the Founders, the Managers, Sopra Group SA and Geninfo	12,168,302	58.57%	23,967,689	23,967,689	67.47%
Caravelle	2,572,458	12.38%	5,144,916	5,144,916	14.48%
Float[4]	6,017,737	28.97%	6,410,139	6,410,139	18.04%
Treasury shares	15,419	0.07%	15,419	0	0%
Total	**20,773,916**	**100%**	**35,538,163**	**35,421,420**	**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 5,195,375 shares held by the Founders and Managers subgroup (i.e. 25.01% of the capital and 28.24% of the voting rights) and 5,179,302 shares held by the Sopra Steria Group SA (i.e. 24.93% of the capital and 29.10% of the voting rights) at 31/12/2015.
(4) Calculated by difference.

Sopra GMT's ownership structure is as follows:

Sopra GMT's ownership structure	**31/12/2017**		**31/12/2016**		**31/12/2015**	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pierre Pasquier family Group	318,050	68.44%	318,050	68.61%	318,050	67.31%
François Odin family Group	132,050	28.41%	132,050	28.49%	132,050	27.95%
Sopra Group management	14,624	3.15%	13,474	2.90%	22,435	4.74%
Total	**462,724**	**100%**	**463,574**	**100%**	**472,535**	**100%**

6.2.1 Recent transactions – Share ownership thresholds

It will be recalled that the Company's shareholders are subject to the laws and regulations in force in matters of making a declaration when share ownership thresholds are exceeded, and in matters of intention. The Company has, however, taken care to supplement the legal mechanism by adding a clause to the Articles of Association stipulating that *"Any shareholder whose ownership interest in the share capital crosses the thresholds of three or four percent of the share capital is required to so inform the Company, in the same forms and following the same calculations as those set forth by law for equity investments which exceed that of the share capital"* (Article 28 of the Articles of Association).

In a statement issued on 30 May 2017, Caravelle announced that it had exceeded the threshold of 15% of the Company's voting rights. This statement was issued for sake of compliance. In its statement, Caravelle disclosed that this threshold crossing arises from a transaction performed by Sopra Steria during the acquisition of the Géninfo shares in 2016. This threshold crossing resulted automatically from the abolition of the double voting rights on the shares sold by Géninfo to Sopra Steria. This threshold crossing did not require any movement of funds.

Caravelle has no plans either to purchase shares in the Company or to control it.

6.2.2 Approximate number of shareholders

At 31 December 2017, Axway Software had 815 shareholders who owned 15,010,708 registered shares and 27,966,632 attached voting rights out of a total of 21,210,231 shares making up the share capital, and 34,329,613 total voting rights. The figures given are calculated by difference on the basis of the table presenting the current ownership as of 31 December 2017.

On the basis of the most recent data available to the Company, the total number of Axway Software shareholders can be estimated at around 2,000.

6.2.3 Shareholders' agreements notified to the stock market authorities

Sopra Steria Group SA and Sopra GMT – the lead holding company of Sopra Steria Group SA and Axway – act in concert with respect to Axway with the Pasquier family, the Odin family, Sopra Développement and the Managers, by virtue of the amendment of 27 April 2011 to the shareholders' agreement signed on 7 December 2009 with regard to Sopra (now Sopra Steria Group), such that the provisions of said agreement were extended for the same period in order 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 share 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 preferential 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 preemptive 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.

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.

6.2.4 Control of the Company

Sopra Steria Group SA and Sopra GMT – the lead holding company of Axway and Sopra Steria – continue to exert an influence on the Company and hold the majority of voting rights at the Company's General Meetings. They control Axway through their ownership, in concert, of around 56.97% of the capital and 64.62% of the voting rights.

However, 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 Steria Group SA and Sopra GMT, since:

- the Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and mid caps in September 2016, because of its compatibility with the size of the Company and its capital structure;
- the duties of the Chairman and Chief Executive Officer have been separated since the Company's IPO. Moreover, the decision to separate the duties of the Chairman and Chief Executive Officer was expressly renewed by the Company at the time of the appointment of Jean-Marc Lazzari as new Chief Executive Officer on 22 June 2015;
- on the recommendation of the Selection, Ethics and Governance Committee and in compliance with the Middlenext Code of Corporate Governance for small and mid caps, the Company's Board of Directors qualified seven directors as independent (*i.e.* more than 60% of Board members), namely Emma Fernandez, Helen Heslop, Pascal Imbert, Hervé Saint-Sauveur, Michael Gollner, Yves de Talhouët and Hervé Déchelette, at the Meeting of 22 February 2017;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the charter and the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Code of Ethics for Board members);
- the Company's Board of Directors 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 3). The purpose of creating and maintaining an Audit Committee within the Company, despite the exemption provided for in Article L. 823-20, Item 5 of the French Commercial Code, is to avoid any abusive control of the Company by the shareholders acting in concert. This also confirms their intention not to call into question the analysis and strategy put in place by the Company;
- in accordance with the recommendations of the Middlenext Code of Corporate Governance, the Company's Board of Directors introduced a procedure allowing for the disclosure and management of conflicts of interest;
- the Company's Board of Directors set up a Selection, Ethics and Governance Committee whose tasks include examining the independence of directors and situations of conflicts of interest;
- with respect to the disclosures of threshold crossings, the shareholders stated their wish to support the Company's strategy, refrain from implementing any measures that would have an impact on the Company's strategy, and refrain from asking for the appointment of any new directors.

The General Shareholders' Meeting of 4 June 2014 initiated the implementation of the double voting rights for the Company, in accordance with the legal amendments having taken place. The implementation of double voting rights enables the Company to strengthen its shareholding stability and thus focus on mid- and long-term projects.

Furthermore, it is specified that the transactions performed by Sopra Steria Group SA have no impact on the control of the Company exercised by the shareholder grouping.

6.3 Changes in share capital

				Number of shares		Contributions	
Date	Description	Capital following transaction *(in euros)*	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 reducing the nominal value	32,241,026	€2		16,120,513	44,331	44,331
2011	Capital increase by exercises 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	-	-
14/02/2013	Capital increase by issuing bonus shares	40,642,166	€2	45	20,321,083	-	-
18/06/2013	Capital increase by exercises of options	40,709,974	€2	33,904	20,354,987	-	-
19/09/2013	Capital increase by exercises of options	40,760,834	€2	25,430	20,380,417	-	-
20/09/2013	Capital increase by exercises of options	40,780,834	€2	10,000	20,390,417	-	-
25/09/2013	Capital increase by exercises of options	40,899,496	€2	59,331	20,449,748	-	-
26/09/2013	Capital increase by exercises of options	40,913,400	€2	6,952	20,456,700	-	-
29/09/2013	Capital increase by exercises of options	40,930,354	€2	8,477	20,465,177	-	-
01/2014	Capital increase by exercises of options	40,981,208	€2	25,427	20,490,604	-	-
02/2014	Capital increase by exercises of options	41,032,068	€2	25,430	20,516,034	-	-
02/2014	Capital increase by issuing bonus shares	41,082,378	€2	25,155	20,541,189	-	-
04/2014	Capital increase by exercises of options	41,099,332	€2	8,477	2,054,966	-	-
06/2014	Capital increase by exercises of options	41,111,632	€2	6,150	20,555,816	-	-
08/2014	Capital increase by exercises of options	41,114,632	€2	1,500	20,557,316	-	-
09/2014	Capital increase by exercises of options	41,124,432	€2	4,900	20,562,216	-	-
10/2014	Capital increase by exercises of options	41,132,182	€2	3,875	20,566,091	-	-
12/2014	Capital increase by exercises of options	41,136,276	€2	8,567	20,568,138	-	-
01/2015	Capital increase by exercises of options	41,154,182	€2	8,953	20,577,091	-	-
04/2015	Capital increase by exercises of options	41,161,682	€2	3,750	20,580,841	-	-
05/2015	Capital increase by exercises of options	41,170,182	€2	4,250	20,585,091	-	-
06/2015	Capital increase by exercises of options	41,171,082	€2	450	20,585,541	-	-
07/2015	Capital increase by exercises of options	41,171,932	€2	425	20,585,966	-	-
08/2015	Capital increase by exercises of options	41,399,932	€2	114,000	20,699,966	-	-
09/2015	Capital increase by exercises of options	41,435,072	€2	17,570	20,717,536	-	-
10/2015	Capital increase by exercises of options	41,456,832	€2	10,880	20,728,416	-	-
11/2015	Capital increase by exercises of options	41,539,032	€2	41,100	20,767,516	-	-
12/2015	Capital increase by exercises of options	41,547,832	€2	4,400	20,773,916	-	-
01/2016	Capital increase by exercises of options	41,550,782	€2	1,475	20,775,391		
02/2016	Capital increase by issuing bonus shares	41,596,862	€2	23,040	20,798,431	-	-
02/2016	Capital increase by exercises of options	41,597,862	€2	500	20,798,931		
03/2016	Capital increase by exercises of options	41,599,362	€2	750	20,799,681		

6

Date	Description	Capital following transaction *(in euros)*	Nominal value	Number of shares – Created	Number of shares – Total	Contributions – Nominal value	Contributions – Premiums or reserves
04/2016	Capital increase by exercises of options	41,602,362	€2	1,500	20,801,181		
05/2016	Capital increase by exercises of options	41,604,362	€2	1,000	20,802,181		
06/2016	Capital increase by exercises of options	41,609,362	€2	2,500	20,804,681		
07/2016	Capital increase by exercises of options	41,625,012	€2	7,825	20,812,506		
08/2016	Capital increase by exercises of options	41,639,612	€2	7,300	20,819,806		
09/2016	Capital increase by exercises of options	41,642,612	€2	1,500	20,821,306		
10/2016	Capital increase by exercises of options	41,647,612	€2	2,500	20,823,806		
11/2016	Capital increase by exercises of options	41,697,812	€2	25,100	20,848,906		
12/2016	Capital increase by exercises of options	42,042,078	€2	172,133	21,021,039		
01/2017	Capital increase by exercises of options	42,143,712	€2	50,817	21,071,856		
02/2017	Capital increase by exercises of options	42,164,408	€2	10,348	21,082,204		
03/2017	Capital increase by exercises of options	42,271,252	€2	53,422	21,135,626		
04/2017	Capital increase by exercises of options	42,303,522	€2	16,136	21,151,761		
05/2017	Capital increase by exercises of options	42,327,522	€2	12,000	21,163,761		
06/2017	Capital increase by exercises of options	42,375,412	€2	23,945	21,187,706		
07/2017	Capital increase by exercises of options	42,392,412	€2	3,500	21,191,206		
08/2017	Capital increase by exercises of options	42,384,412	€2	1,000	21,192,206		
09/2017	Capital increase by exercises of options	42,405,212	€2	10,400	21,202,606		
10/2017	Capital increase by exercises of options	42,407,212	€2	1,000	21,203,606		
12/2017	Capital increase by exercises of options	42,420,462	€2	6,625	21,210,231		

6.4 Shares held by the Company or on its behalf – share buyback program

The Combined General Meeting of 6 June 2017 authorized the Board of Directors to implement a Company share buyback program, pursuant to the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the General Regulation of the AMF.

No more than €98,798,841, excluding acquisition costs, may be allocated to this share buyback program for a maximum of 2,102,104 shares. It was also decided that the Company may not directly or indirectly hold over 10% of its share capital.

The authorization to establish the share buyback program was given to the Board of Directors for a period of 18 months from the date of the Combined General Meeting of 6 June 2017.

This authorization is meant to enable the Company to achieve the following objectives:

(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 and conditions 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 scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees and qualifying corporate officers, or to certain categories among them, of the Company and/or of companies and economic interest groups associated with it under the terms of Article L. 225-197-2 of the French Commercial Code and, more generally, to award ordinary Company shares to those 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 authorization;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorization from the Extraordinary Shareholders' Meeting allowing it to reduce the share capital by cancelling ordinary shares bought back under an ordinary share buyback program.

However, the Company could not use this resolution and continue with its buyback program in compliance with legal and regulatory provisions (and, in particular, the provisions of Articles 231-1 *et seq.* of the General Regulation of the *Autorité des marchés financiers*) during 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 program over the past fiscal year.

In the fiscal year ended 31 December 2017, this share buyback program 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 shares *via* an investment services provider.

From 10 June 2011 and for 12-month periods subject to tacit renewal, the Company entrusted Kepler Capital Markets with the implementation of this market-making agreement in accordance with the various resolutions approved by the General Shareholders' Meetings. 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 2017, Kepler Capital Markets held €584,955 in cash and 27,855 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 the implementation of the market-making agreement was decided upon in the framework of the authorization granted by the Combined General Meeting of 6 June 2017.

On 19 April 2018, the Board of Directors resolved to ask the General Meeting of 6 June 2018 to renew this authorization (see Chapter 8 "Resolutions").

6.5 Issuance authorizations given to the Board of Directors of Axway – delegations granted by the General Meetings

The table below summarizes the currently valid delegations granted by the General Meeting in accordance with Article L. 225-35-4 paragraph 3 of the French Commercial Code.

I. Delegations of authority granted during the Combined General Meeting of 21 June 2016

Authorization granted to the Board of Directors for purposes of buying the ordinary shares of the Company (9th resolution)

Date of General Meeting granting the powers	21 June 2016
Duration of powers and expiry date	18 months
Expiry date	22 December 2017
Scope of powers	10% of the total number of ordinary shares on the date of the buybacks, for an amount not exceeding €76,965,044 and, in any event, a theoretical maximum of 2,079,893 ordinary shares
Use made of these powers during the fiscal year *(in euros)*	€867,796.33
Remaining balance	9.9% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €76,965,044 and, in any event, a theoretical maximum of 2,079,893 ordinary shares

This resolution is no longer applicable for the unused part under the 9th resolution adopted by the Combined General Meeting of 6 June 2017.

Authorization for the Board of Directors to issue, in favor of employees and corporate officers of the Company or of its Group, warrants for the subscription and/or acquisition of redeemable shares (BSAAR), without preferential subscription rights for shareholders (10th resolution)

Date of General Meeting granting the powers	21 June 2016
Duration of powers and expiry date	18 months
Expiry date	22 December 2017
Scope of powers	7% of the Company's share capital as of the date of the decision of the Board of Directors(1)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	7% of the Company's share capital as of the date of the decision of the Board of Directors

(1) This amount is included in the amount of the 26th resolution.
This resolution rendered ineffective the unused part of the 21st resolution adopted by the Combined General Meeting of 6 June 2017.

Authorization for the Board of Directors to award bonus shares, whether existing or to be issued, in favor of eligible employees or corporate officers (11th resolution)

Date of General Shareholders' Meeting granting the powers	21 June 2016
Duration of powers and expiry date	38 months
Expiry date	22 August 2019
Scope of powers	4% of the Company's share capital as of the date of the decision to grant them by the Board of Directors
Use made of these powers during the fiscal year *(in euros)*	2.61% of the Company's share capital as of the date of the decision to grant them by the Board of Directors
Remaining balance	1.39% of the Company's share capital as of the date of the decision to grant them by the Board of Directors

II. Delegations of authority granted by the 6 June 2017 Combined General Meeting

Authorization granted to the Board of Directors for purposes of buying ordinary shares of the Company (11th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	18 months
Expiry date	5 December 2018(1)
Scope of powers	10% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €98,798,841 and, in any event, a theoretical maximum of 2,121,040 ordinary shares
Use made of these powers during the fiscal year *(in euros)*	€584,944
Remaining balance	9.9% of the total number of ordinary shares on the date of the share buybacks, for an amount not exceeding €98,798,841 and, in any event, a theoretical maximum of 2,121,040 ordinary shares

Authorization granted to the Board of Directors to cancel the shares acquired by the Company in the context of the share buyback program; corresponding reduction in the share capital (12th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	24 months
Expiry date	5 June 2019
Scope of powers	10% of the share capital, subject to the fact that such percentage is applied to the share capital adjusted on the basis of transactions affecting it after the date of the Combined General Meeting of 6 June 2017
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	10% of the share capital, subject to the fact that such percentage is applied to the share capital adjusted on the basis of transactions affecting it after the date of the Combined General Meeting of 6 June 2017

Delegation of authority granted to the Board of Directors to increase the share capital through the capitalization of reserves, profits, share premiums or other items (13th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	6 August 2019
Total amount for which powers are delegated *(in euros)*	20,000,000[1]
Use made of these powers during the fiscal year *(in euros)*	-
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 securities giving access to the share capital authorized by the other resolutions and limited by the 17th resolution of the Combined General Meeting of 6 June 2017.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities giving access to share capital with preferential subscription rights and/or of securities giving a right to the allocation of debt securities (14th resolution)

Date of General Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	20,000,000 200,000,000(1) (debt securities)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

(1) This ceiling covers all debt securities that may be issued under this resolution and the 15th, 16th, 18th, 19th and 20th resolutions.

Delegation of authority given to the Board of Directors to increase the share capital through the issuance of ordinary shares and/or securities giving access to ordinary shares, without preferential subscription rights and/or of securities giving a right to the allocation of debt securities by private placement (15th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	10,000,000(1) 100,000,000(2) (debt securities)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	10,000,000 100,000,000

(1) This amount is deducted from the nominal capital increase threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 17th resolution of the Combined General Meeting of 6 June 2017.

Delegation of authority granted to the Board of Directors to increase the share capital through the issuance of new shares and/or securities giving access to ordinary shares, without preferential subscription rights, as part of a public offering (16th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	20,000,000(1) 200,000,000(2) (debt securities)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the nominal capital increase threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 20th resolution of the Combined General Meeting of 6 June 2017.

Authorization granted to the Board of Directors to increase the amount of the initial issuance, in the case of the issuance of ordinary shares or securities giving access to ordinary shares with or without preferential subscription rights, decided in application of the 14th, 15th, 16th resolutions (17th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	Limit of the ceilings respectively provided by the 14th, 15th and 16th resolutions
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	20,000,000 200,000,000

Delegation of authority granted to the Board of Directors for the purpose of issuing ordinary shares and/or securities giving access to ordinary shares as consideration for contributions in kind accorded to the Company and consisting of equity securities or securities giving access to the share capital, outside of a public exchange offer (18th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	10% of the share capital(1)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	10% of the share capital(1)

(1) This amount is deducted from the threshold set in the 20th resolution of the Combined General Meeting of 6 June 2017.

Authorization granted to the Board of Directors with to set the issue price of the ordinary shares or of any securities giving access to ordinary shares without preferential subscription rights, within an annual limit of 10% of the share capital per year (19th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Scope of powers	10% of the share capital per twelve (12) month period as well as the ceiling set forth in the 20th resolution from which it is deducted
Use made of these powers during the fiscal year	-
Remaining balance	10% of the share capital per twelve (12) month period as well as the ceiling set forth in the 20th resolution from which it is deducted

Overall limit of the issuance authorizations, with or without preferential subscription rights (20th resolution)

Date of General Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	20,000,000(1)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	20,000,000

(1) Overall amount of the nominal maximum of share capital increases which can be decided on the basis of the 14th, 15th, 16th, 17th, 18th, 19th and 21st resolutions of the Combined General Meeting of 6 June 2017.

Authorization given to the Board of Directors to proceed, to the benefit of employees and corporate officers of the Company or of its group, with the issuance of warrants for the subscription and/or acquisition of redeemable shares (BSAAR), without preferential subscription rights for shareholders (21th resolution)

Date of General Shareholders' Meeting granting the powers	6 June 2017
Duration of powers and expiry date	18 months
Expiry date	5 December 2018
Scope of powers	1% of the Company's capital as of the date on which the Board of Directors makes its decision(1)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	1% of the Company's capital as of the date on which the Board of Directors makes its decision

Authorization granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan (22nd resolution)

Date of General Meeting granting the powers	6 June 2017
Duration of powers and expiry date	26 months
Expiry date	5 August 2019
Total amount for which powers are delegated *(in euros)*	3% of the share capital at the date of the General Shareholders' Meeting, i.e. 618,075(1)
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	618,075

(1) This threshold is independent and separate from the capital increase thresholds potentially arising from the issuance of ordinary shares or securities giving access to share capital authorized by the other resolutions of the Combined General Meeting of 6 June 2017.

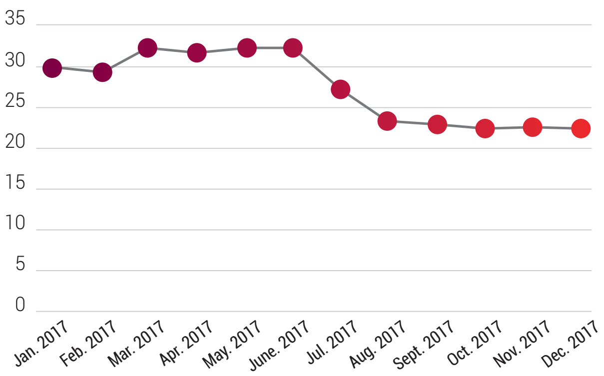
6.6 Share subscription option plans

The table below summarizes the status as at 31 December 2017 of stock option plans granted by Axway to its employees:

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position as at 31/12/2017	
Award date	**Number of options**	**Exercise price**	**Starting date**	**Expiry date**	**Number of options**	**Exercise price**	**awarded**	**cancelled**	**exercised**	**Number of options**	**Exercise price**
Plan No. 3 – 2011 options plan, maximum issuance of 1,033,111 shares* General Meeting on 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	144,198	€14.90	-	-1,750	-59,648	82,800	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	182,444	€14.90	-	-2,750	-72,544	107,150	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	26,750	€15.90	-	-	-11,000	15,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	54,750	€15.90	-	-12,250	-	42,500	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	46,000	€21.86	-	-	-46,000	-	€21.86
03/01/2014	50,000	€21.86	03/01/2019	03/01/2022	50,000	€21.86	-	-50,000	-	-	€21.86
Total	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	
Total plan assets	**1,394,850**				**504,142**		**-**	**-66,750**	**-189,192**	**248,200**	

* *Increased to 1,295,611 following an amendment in June 2013.*

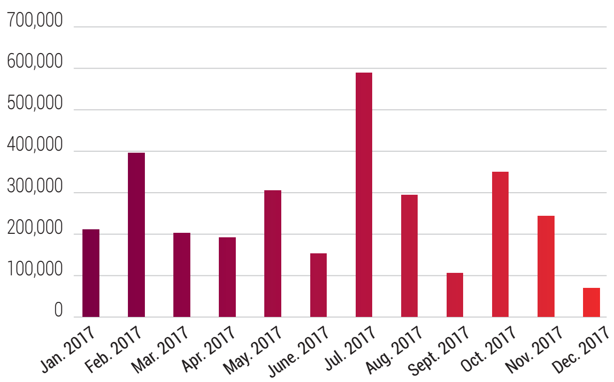
6.7 Share price



Average closing price (in euros)

Source: Euronext Paris.

6.8 Monthly trading volume



(by volume)

Source: Euronext Paris.

6.9 2017 share price performance

High	Date of High	Low	Date of Low	Closing price *(in euros)*	Average Price (opening) *(in euros)*	Average Price (closing) *(in euros)*	Number of securities traded *(in euros)*	Capital *(in millions of euros)*
31.80	4 January	28.30	25 January	28.90	29.79	29.72	208,799	6.23
31.90	28 February	28.21	7 February	31.10	29.17	29.28	394,596	11.69
33.40	7 March	31.10	1 March	31.56	32.26	32.32	204,943	6.60
33.00	5 April	30.20	18 April	32.30	31.79	31.90	194,042	6.16
33.40	12 May	30.81	18 May	32.44	31.94	31.98	304,120	9.72
33.10	1 June	30.11	29 June	30.50	32.17	32.09	150,879	4.82
30.65	3 July	22.41	19 July	24.26	27.23	27.12	584,176	14.27
24.61	1 August	22.62	8 August	23.10	23.40	23.37	298,294	6.99
23.50	1 September	22.04	25 September	22.20	22.61	22.61	104,207	2.36
23.85	31 October	21.60	25 October	23.60	22.50	22.57	350,866	7.83
23.59	1 November	20.80	15 November	23.00	22.33	22.34	243,331	5.41
23.10	1 December	21.50	27 December	22.80	22.13	22.19	69,286	1.53

Source: Euronext Paris.

6.10 Dividend

The Board of Directors of Axway, in its meeting of 14 February 2018, resolved to propose to the upcoming General Meeting to pay a dividend of €0.20 per share.

6.11 Information on takeover bids pursuant to Article L. 225-37-5 of the French Commercial Code

1. The Company's capital structure is set out in Chapter 6, Section 2 of the Registration Document.
2. There are no restrictions in the Articles of Association on the transfer of shares, which are freely transferable, except where provided otherwise under applicable laws or regulations (Article 11 of the Articles of Association).

   The Company and the markets have been informed of the shareholders' agreement put into place between shareholders acting in concert with respect to the Company. The content of the information available to the Company is detailed in Chapter 6, Section 6.2 of this Registration Document, in accordance with Article L. 233-11 of the French Commercial Code.
3. Any direct or indirect equity investments in the Company's share capital of which the latter has been informed pursuant to Articles L. 233-7 and L. 233-12 are set out in Chapter 6, Section 2 of the Registration Document.
4. In accordance with the provisions of Article 31 (see Chapter 7, Section 3 of this Registration Document) of the Articles of Association, any shares held in registered form by the same shareholder for at least two (2) years have a double voting right. With this proviso, there are no special controlling rights under Article L. 225-100-3, paragraph 4, of the French Commercial Code.
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and that may result in restrictions on share transfers and the exercise of voting rights can be found in Chapter 7, Section 2 of the Registration Document.
7. The rules applicable to the appointment and replacement of the members of the Board of Directors comply with applicable legal and regulatory requirements and are set out in Article 14 of the Articles of Association.

The Articles of Association may be modified by the Company in accordance with applicable legal and regulatory provisions.

8. The powers of the Board of Directors are set out in Article 17 of the Articles of Association. "The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General Shareholders' Meeting."

   Moreover, the Board of Directors has the delegated powers set out in Chapter 6, Section 5 of this Registration Document.
9. The agreements entered into by the Company that could be amended or terminated in the event of a change in control of the Company mainly concern the syndicated credit facilities arranged on 25 July 2014.
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.

Legal and administrative information

7

7.1 Axway software at a glance

Name: Axway Software

Registered office: PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy, France

Telephone number of the Company's secondary establishment at Puteaux: +33 (0)1 47 17 24 24

Head office: 6811 East Mayo Blvd, Suite 400 – Phoenix, Arizona 85054, USA

Legal status: public listed company *(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 program, the integration of any IT system, the sale of any IT systems and hardware, and the provision of any related services, training, consultancy and hosting;
- the Company's, direct or indirect, involvement, by any means, in any transaction connected with its purpose by means of the incorporation of new companies, transfer of assets, subscription or purchase of securities or ownership interests, merger or otherwise, creation, purchase, leasing, lease management of any business goodwill or premises; the registration, purchase, use or disposal of any processes and patents connected with these activities.

And, in general, all industrial, commercial, financial, procedural, movable property or real-estate transactions that may be directly or indirectly related to the corporate purpose or any similar or connected purpose."

(Article 2 of the Articles of Association).

Registration No.: 433 977 980 RCS Annecy

Place where the legal documents may be consulted: Axway Software, Tour W 102 Terrasse Boieldieu, 92085 Paris La Défense Cedex, France.

Company fiscal year: from 1 January to 31 December of each year.

Allocation and distribution of earnings under the Articles of Association

"The income statement summarizes the income and expenses for the fiscal year and, after deductions for amortization, 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 Shareholders' Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all discretionary, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Shareholders' Meeting between all shareholders in proportion to the number of shares each owns.

Furthermore, the General Shareholders' 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 shareholders' 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 Shareholders' Meeting, be carried forward to be set against earnings in subsequent fiscal years, until fully used up."

(Article 37 of the Articles of Association).

7.2 Board of Directors and executive management

Article 14 – Board of Directors

The Company is administered by a Board of Directors comprising a minimum of three members and a maximum of eighteen, subject to the exception provided for by law in the event of a merger.

During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting. They are always eligible for re-election.

Directors serve a four-year term of office, expiring at the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year then ended and held in the year in which their term of office comes to an end. As an exception, the General Shareholders' Meeting may decide that the initial term of office of the directors is for a shorter term of one (1) year, two (2) years or three (3) years so as to align their term of office with those of the other directors in office at the time of their appointment.

No one can be appointed director if, having exceeded the age of 85, his/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 person he represents.

In the event of one or more directors' positions becoming vacant, the Board of Directors may, between two General Shareholders' 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 – Organization 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 shall determine his compensation.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No one over the age of eighty-five 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 that, the Board appoints the session Chairman from among its members.

Article 16 – Deliberations of the Board of Directors

The Board of Directors meets as often as the Company's interests require it to do so, at the request of its Chairman. The Chief Executive Officer, or if the Board has not met for more than two months, at least one third of the directors, may request the Chairman, who is bound by such request, to convene a meeting of the Board of Directors on the basis of a predetermined agenda.

Meeting notices may be given by any means, even verbally, in principle three days in advance. They must carefully detail the items on the agenda. They may even be given immediately where all directors are present or represented.

The Meeting takes place at the registered office or at any other venue stated on the Meeting notice.

The Board can only validly deliberate in the presence of at least half the directors. Decisions are taken on the basis of a majority of votes of members present or represented.

In the event of a tie in voting, the Chairman has the casting vote.

An attendance sheet is signed by the directors taking part in the Board meeting, either in person or by proxy.

Internal regulations shall be defined.

The internal regulations may include a provision whereby directors who participate in the Meeting by 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 financial statements and consolidated financial statements and the drafting of the management report and Group management report.

The deliberations of the Board of Directors are recorded in the minutes, which are prepared in accordance with 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 authorized for this purpose.

Where there is a Works Council, representatives of this committee, appointed pursuant to the provisions of the French Labor 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 Shareholders' 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 realize 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 organizes and directs the work of the Board of Directors, on which he reports to the General Shareholders' Meeting. He ensures the smooth running of the Company's managerial bodies and, in particular, that the directors are able to carry out their duties.

Article 19 – Executive Management

Operating 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.

Executive Management

The Chief Executive Officer is a natural person who may or may not be a director. The term of office of the Chief Executive Officer is determined by the Board of Directors at the time of his appointment. However, if the Chief Executive Officer is also a director, his term of office cannot exceed that of his directorship.

No one over the age of seventy may be appointed Chief Executive Officer. 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 General 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 realize it in the circumstances, the mere publication of the Articles of Association not constituting such proof.

Deputy Chief Executive Officers

On a proposal from the Chief Executive Officer, whether this function is performed by the Chairman of the Board of Directors or by another person, the Board may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

The Board of Directors may or may not choose the Deputy Chief Executive Officers from among the directors up to a maximum of five.

The age limit is set at seventy. Once a Deputy Chief Executive 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 Deputy Chief Executive Officer is determined when he/she is appointed although it may not, in any event, exceed that of his/her powers.

The Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on a proposal from the Chief Executive Officer. In the event of unfair dismissal, the officers may be entitled to damages.

When the Chief Executive Officer ceases to carry out or is prevented from carrying out his duties, the Deputy Chief Executive Officers, unless decided otherwise by the Board of Directors, retain their duties and remits until the appointment of a new Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred on the Deputy Chief Executive Officers. In their dealings with third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

Article 20 – Compensation of senior executives

1. The General Meeting may allocate directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive 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 compensation, 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 authorized by the law.

Article 21 – Concurrently held mandates

A natural person may not serve as a director or Supervisory Board member of more than five French-based public listed companies *(sociétés anonymes)*.

As an exception to the above, an individual's appointments to the Board of Directors or to the Supervisory Board of companies controlled by the Company for which he or she is a director, within the meaning of Article L. 233-16 of the French Commercial Code, are not counted.

For the purposes of the above provisions, appointments to the Board of Directors of non-listed companies that are controlled by a single company, within the meaning of Article L. 223-16 of the French Commercial Code, are considered as a single appointment, subject to the number of appointments held in this manner being limited to five.

A natural person may not serve as a Chief Executive Officer, Management Board member or Sole Chief Executive Officer of more than one French-based public listed company *(sociétés anonymes)*. As an exception, a single individual may serve a second appointment as Chief Executive Officer or an appointment as a member of a Management Board or as Sole Chief Executive Officer of a company that is controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by the Company for which he or she is the 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.

7.3 Rights, privileges and restrictions attached to each category of shares

Article 12 – Rights and obligations attaching to shares

1. Each share gives the right to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the share capital it represents.

   It moreover carries voting and representation rights at General Meetings, as well as the right to be kept informed about the Company's performance and to receive certain corporate documentation when and in the manner provided for by law and in the Articles of Association.

2. Shareholders are only liable for corporate liabilities up to the amount of their contributions.

   The rights and obligations stay with the share regardless of who owns it.

   Ownership of a share implies acceptance of the Company's Articles of Association and the decisions of the General Meeting.

3. Whenever a certain number of shares is required to exercise any particular right, owners not holding that number shall be personally responsible to group together, or potentially buy or sell the required number of shares.

   Moreover, it is specified that a double voting right is attached to shares held by shareholders that meet the conditions specified in paragraph 3 of Article 31 of the Articles of Association, as set out in this chapter.

Article 13 – Indivisibility of shares – Bare ownership – Beneficial ownership

1. Shares are indivisible with respect to the Company.

   Joint owners of undivided shares are represented at General Meetings by one of them or by a sole agent. In the event of a dispute, the agent is appointed by the courts at the request of the joint owner who acts first.

2. Voting rights 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.

7.4 General Meetings

Article 25 – General Meetings

The decisions collectively made by the shareholders shall be taken in General Meetings characterized either as Ordinary General Meetings, Extraordinary General Meetings or Special General Meetings depending on the nature of the decision to be taken.

Special 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 convening General Meetings

General Meetings are convened and held pursuant to the terms and conditions set by law.

General Meetings shall take place at the registered office or in any other place specified in the 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 Works 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 obligation

All shareholders are entitled to receive all the information necessary for them to take an informed decision relating to the management and situation of the Company.

The documentation required and its availability to shareholders is laid down by the law.

Any shareholder 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.

Every shareholder has the right to participate in the General Meetings as long as he or she proves, pursuant to the legal requirements, that his or her shares are registered in his or her name or in that of the intermediary acting on his or her behalf pursuant to the seventh paragraph of Article L. 228-1 of the French Commercial Code as of 00:00 a.m., Paris time, on the third business day preceding the Meeting, either in the registered share accounts kept by the Company or in the bearer share accounts kept by the authorized intermediary.

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 favor 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 Shareholders' Meeting.

Two members of the Works Council, to be named by the council in compliance with the law, may attend General Meetings. They must, upon their request, be heard when decisions requiring shareholder unanimity are voted.

Article 30 – Attendance sheet – Officers – Minutes

An attendance sheet is kept at every meeting and contains the legally required information and signatures.

The General Meeting shall be chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Vice-Chairman. Failing this, the Meeting shall elect its own Chairman.

The duties of vote-teller shall be performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxy-holders.

The officers of the Meeting are responsible for checking, certifying and signing the attendance sheet, ensuring the discussions are properly held, settling any differences that may arise, counting the votes cast and ensuring they are cast properly and preparing the minutes.

The officers of the Meeting thus appointed shall designate a secretary, who may be a shareholder or not.

The minutes are kept and copies or extracts of these minutes are delivered and certified in accordance with the law.

Article 31 – Quorum – Voting rights – Number of votes

In Ordinary and Extraordinary General Meetings, the quorum is calculated on the basis of all the shares in the share capital and, in Special Shareholders' Meetings, on all shares in the class in question, less any shares 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. A voting right which is double the right attached to other shares, in relation to the portion of the capital represented, is granted to all fully paid-up shares that have been held in registered form for at least two (2) years in the name of the same shareholder.

In the event of a capital increase by incorporation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder by reason of existing shares with double voting rights, shall also have double voting rights as from their issuance.

Any share converted into bearer form or of which ownership is transferred shall lose the double voting right. However, transfer by reason of inheritance, liquidation of marital community property or inter vivos gift to a spouse or second degree relative with inheritance rights shall not lead to a loss of the acquired right and shall not interrupt the two (2) year period provided for above.

Article 32 – Ordinary General Meeting

An Ordinary General Meeting is a meeting 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 fiscal year then ended.

Decisions are valid only if, when the Meeting is convened for the first time, the shareholders attending the Meeting or represented by proxy or having voted by mail represent at least one fifth of the total voting rights. No quorum is required for a second meeting.

The Meeting makes decisions by simple majority of the votes of the shareholders present or represented by proxy, including the votes of shareholders having voted by mail or remotely.

Article 33 – Extraordinary General Meeting

The Extraordinary General Meeting alone shall be authorized 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 post 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 Special General Meeting of the holders of the category of shares in question.

Decisions taken by Special General Meetings are valid only if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary General Meetings.

7.5 Preparation and control of the Registration Document and certification of the person responsible for the Registration Document

Name and position of the person responsible for the Registration Document

Patrick Donovan, Chief Executive Officer

Axway Software Executive Management, 6811 East Mayo Blvd, Suite 400, Phoenix, Arizona 85054, USA

Secondary offices - Tour W 102 Terrasse Boieldieu 92085 Paris La Défense Cedex France

Persons responsible for auditing the financial statements

Statutory Auditors

Auditeurs et Conseils Associés

31, rue Henri-Rochefort, 75017 Paris, France

Represented by Sandrine Gimat

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: December 2000.

Auditeurs et Conseils Associés is a member of the Paris Regional Statutory Auditors' Association *(Compagnie régionale des Commissaires aux comptes de Paris)*.

Cabinet Mazars

61, rue Henri-Regnault, 92400 Courbevoie

Represented by Bruno Pouget

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: December 2000.

Mazars is a member of the Versailles Regional Statutory Auditors' Association *(Compagnie régionale des Commissaires aux comptes de Versailles)*.

Alternate Auditors

Finexsi Audit

14, rue de Bassano, 75116 Paris

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: June 2013.

Finexsi is a member of the Paris Regional Statutory Auditors' Association *(Compagnie régionale des Commissaires aux comptes de Paris)*.

Jean-Louis Simon

61, rue Henri-Regnault, 92400 Courbevoie

Office to expire at the General Meeting convened to approve the financial statements for the 2018 fiscal year.

First appointed: May 2007.

Jean-Louis Simon is a member of the Paris Regional Statutory Auditors' Association *(Compagnie régionale des Commissaires aux comptes de Versailles)*.

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Certification of 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 included in this Document and detailed in the table of concordance 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.

Phoenix, 24 April 2017

Patrick Donovan

Chief Executive Officer

7.6 Provisional timetable for publication of results

General Meeting: Wednesday 6 June 2018

Publication 1st Half-Year 2018: 25 July 2018

Publication 1st Half-Year report: Thursday 30 August 2018

7.7 Documents available for consultation

Axway Software's Articles of Association, the minutes of General Meetings and the reports of the Board of Directors to the General Meetings, Statutory Auditors' reports, the financial statements for the last three financial years and, more generally, all documents sent to or made available to the shareholders pursuant to the law may be consulted at Axway Software SA's secondary establishment.

In addition, certain documents relating to Axway Software SA are available on the Company's website at the following address: www.investors.axway.com/en.

Axway Financial Communication and Investor Relations Department

Arthur Carli, Investor Relations Manager

Axway Software, Tour W, 102 Terrasse Boieldieu 92085 Paris, La Défense Cedex France

Telephone: +33 (0)1 47 17 24 65

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Ms Sylvie Podetti, Financial Communication and Investor Relations

Tel + 33 (0)1 47 17 22 40

E-mail: spodetti@axway.com

Combined General Meeting of 6 June 2018

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8.1 Explanatory statement

Dear shareholders,

We wish to hold a Combined General Meeting on 6 June 2018, for the purposes of presenting to you the consolidated and parent company financial statements for the fiscal year ended on 31 December 2017, on the one hand, and to submit a certain number of resolutions for your approval, on the other hand, the content of which will be specified below.

Within the framework of the approval of the consolidated and parent company financial statements closed on 31 December 2017, we are presenting to you the annual management report, incorporated into the Registration Document filed with the AMF.

The present Board of Directors' report has as its purpose to explain the contents of the resolutions submitted for your approval, and to indicate to you the vote that is recommended by the Company's Board of Directors.

1. Approval of the consolidated and parent company financial statements, appropriation of earnings (1st to 3rd resolutions)

In light of the Statutory Auditors' reports and of the Board of Director's management report, we propose that you:

- approve the annual financial statements for the fiscal year ended 31 December 2017 (as well as non-tax deductible expenses and charges), which show a profit of €16,983,589.86, and approve the transactions reflected in those financial statements and/or summarized in those reports, (1st resolution);
- approve the consolidated financial statements for the year ended 31 December 2017, showing consolidated net profit – Group share – of €4, 404,243 and the transactions reflected in those financial statements and/or summarized in those reports (2nd resolution); and
- approve the appropriation of earnings and the proposed dividend per share. In that regard, we note that the total amount of dividends distributed may be adjusted depending on (i) new shares that may be issued upon exercise of stock options or if bonus shares are awarded and (ii) bonus shares (3rd resolution).

2. Reappointment of Pierre-Yves Commanay as director (4th resolution)

The Board reminded shareholders that Pierre-Yves Commanay's term of office as director had expired. The Board proposed that shareholders vote to renew this term of office on the basis of the work already accomplished by this director. He has demonstrated great deal of involvement in the work of the Board of Directors as well as in the various committees and has thorough knowledge of the Company's business sector.

For information, his detailed biography is as follows:

Pierre-Yves Commanay has been a member of the Board of Directors since 4 June 2014.

Pierre-Yves Commanay is a Senior Manager in the Sopra Steria Group, where he has been Head of international development since early 2011. He has also had previous roles within the Group, which he joined in 1991. In particular, he served as Chief Executive Officer of the subsidiary, Sopra Group UK, from 2009 to 2012 and, prior to that, he was Industrial Director of Sopra Group India Pvt. Ltd. He is a graduate of the University of Lyon (with a DESS postgraduate diploma in Business Studies) and the University of Savoie (a Master's degree in Information Technology).

3. Appointment of Yann Metz-Pasquier as director (5th resolution)

The Board reminded shareholders that Yann Metz-Pasquier has served as an observer on the Board of Directors with the highest professionalism and diligence. He has made very significant contributions. For this reason, the Board proposes to the shareholders that he be appointed as a director of the Company.

For information, his detailed biography is as follows:

Yann Metz-Pasquier has been an observer of the Board of Directors since 4 June 2014.

Yann Metz-Pasquier is co-founder of Upfluence (San Francisco, California), created in 2013. He was previously a mergers & acquisitions analyst with Moss Adams LLP in California. He is a Management graduate of the Catholic University of Lyon (ESDES). He is also qualified as a CFA (Chartered Financial Analyst). He is currently studying for an MBA at Harvard Business School.

4. Appointment of Marie-Hélène Rigal-Drogerys as director (6th resolution)

The Board of Directors of the Company needs to expand further to enhance its technical skills, enabling the Company to best comprehend increasingly specialized accounting regulations.

Accordingly, the Board of Directors proposes that Marie-Hélène Rigal Drogerys be appointed as a director of the Company.

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

5 OEM Agreement between the Company and Sopra Banking (7th resolution)

The Company is currently working with Sopra Banking to create an OEM Digital Experience Platform, whereby Axway Software will supply to Sopra Banking some of its products for integration in this platform.

This new platform will enrich the Company's product offer, while at the same time developing business opportunities with Sopra Banking's customers.

It should be noted that Sopra Steria Group and Sopra GMT, who are interested parties on account of their shareholdings in both Axway Software companies, shall not be voting.

6. Statutory Auditors' report on regulated agreements and commitments (8th resolution)

The Company has entered into regulated agreements and commitments within the meaning of Articles L. 225-38 *et seq.* of the French Commercial Code. The Statutory Auditors have prepared a report on these agreements and commitments. The purpose of this report is to present these agreements and commitments to you and to inform you, notably, of their purpose and reasons why they have been entered into and continued during the last fiscal year.

7. Setting the amount of the directors' fees to be allocated to the members of the Board of Directors for the current fiscal year (9th resolution)

We propose that the amount of directors' fees to be distributed among the members of the Board of Directors for the current fiscal year be set at €302,000. This amount is identical to that proposed last year, which you approved.

8. Compensation of the Chairman of the Board of Directors of the Company (10th and 11th resolutions)

In accordance with Article L. 225-37-2 du French Commercial Code, we submit for your approval the principles and criteria applicable to the determination, distribution and allocation of the components of Pierre Pasquier's total compensation for his term as Chairman of the Board of Directors of the Company for the year ended 31 December 2017 and that ending 31 December 2018.

These principles and criteria approved by the Board of Directors upon recommendation of the Remuneration Committee are set forth in detail in the corporate governance report by the Board of Directors.

9. Compensation of Jean-Marc Lazzari (12th and 13th resolutions)

In accordance with Article L. 225-37-2 of the French Commercial Code, we submit (i) for your opinion the amount of variable compensation payable to Jean-Marc Lazzari for the year ended 31 December 2017 and (ii) for your approval the principles and criteria applicable to the determination, distribution and allocation of the components of Jean-Marc Lazzari's total compensation for his term as Chief Executive Officer of the Company for the year ending 31 December 2018.

These principles and criteria approved by the Board of Directors upon the recommendation of the Remuneration Committee are set forth in detail in the corporate governance report by the Board of Directors.

10. Compensation of Patrick Donovan in his capacity as Chief Executive Officer of the Company for the fiscal year ending 31 December 2018 (14th resolution)

In accordance with Article L. 225-37-2 of the French Commercial Code, we submit for your approval the principles and criteria approved by the Board upon the recommendation of the Remuneration Committee for compensation owed to Patrick Donovan in his capacity as Chief Executive Officer for the fiscal year ending 31 December 2018. These principles and criteria are set out in detail in the corporate governance report by the Board of Directors.

11. Renewal of the Company's authorization to buy back its own shares (15th resolution)

The Combined General Meeting of 6 June 2017 authorized the Board of Directors, for an eighteen (18) month period, to implement a Company share buyback program, pursuant to the provisions of Article L. 225-209 of the French Commercial Code.

Pursuant to such authorization, the Company entered into a liquidity agreement with Kepler Capital Markets for a term of twelve (12) months, renewable automatically. Under this agreement, Kepler Capital Markets conducts stock market trades on behalf of the Company in order to promote transaction liquidity and stabilize the shares, as well as to avoid changes in the stock price that are not justified by market trends.

We propose that you renew this authorization, and consequently, authorize the Board of Directors, with an option to subdelegate, for an eighteen (18) month period, under legal conditions, to proceed on one or more occasions, and at the times it shall determine, with the buyback of the Company's shares, pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code and with those of the General Regulation of the *Autorité des marchés financiers* (AMF), within the limit of 10% of the share capital, or 5% of the share capital with respect to those shares acquired by the Company with a view to their holding and their ultimate remittal in payment or exchange within the framework of a merger, spin-off, or asset contribution transaction.

We would like to remind you that in any event, share purchases carried out in this manner must not result in the Company holding more than 10% of the shares making up the Company's share capital on the date such purchases are made.

These buybacks may be carried out for any permitted purpose or purpose that would be permitted pursuant to applicable laws and regulations, particularly with a view to:

- covering Company share purchase option plans benefiting Company or Group employees and company officers, or certain among them;
- awarding Company shares to company officers, employees, and former employees, or certain among them, under Group profit-sharing schemes, or a company savings plan;
- awarding bonus shares under the scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees, company officers, or certain among them, of the Company or of the Group, and more generally, proceeding with any allocation of shares in the Company to such employees and company officers;
- retaining Company shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions;
- delivering shares upon exercise of rights attaching to securities giving access to capital, as well as to carry out any transactions required to cover the Company's obligations with respect to these securities;
- enabling market-making in shares *via* an investment services provider under a market-making agreement that complies with the AMAFI Code of Ethics, in line with market practices permitted by the *Autorité des marchés financiers;*
- cancelling all or some of the shares bought back by the Company, subject to the approval of the proposal below which authorizes the Board of Directors to reduce the share capital.

The maximum share buyback price in connection with the share buyback program would be set at €47 per share (or the countervalue of such amount on the same date in any other currency), excluding acquisition costs, or a maximum total amount of €99,688,085 that the Company may devote to share purchases (excluding acquisition costs).

The buybacks may be carried out, one or more times, by any means authorized by the laws and regulations in force, on the market and/or outside of the market, on a multilateral negotiation system, with a systematic internalizer or by mutual agreement, in particular by means of acquisition or disposal of blocks, or, the use of derivatives. Such authorization cannot be used during the period of a public offering.

This authorization would be given for a period of eighteen (18) months, *i.e.* until 5 December 2019 inclusive, and would end the authorization, granted on 6 June 2017, for the portion not yet used.

12. Amending the age limit for the position of Chairman of the Board of Directors; Corresponding amendment of the Company's Articles of Association (16th resolution)

The duties of the Chairman and Chief Executive Officer have been separated since 22 December 2005. Within this governance, the Chairman is responsible for a number of duties. He sets the agenda and organizes meetings of the Board of Directors, while also managing the Board. He oversees the strategy and matters related to it, including mergers and acquisitions. He oversees investor relations activities. He supports Executive Management by contributing to certain operational activities.

As part of these activities, the Chairman's main priorities in recent years have been: the management and implementation of the Axway spin-off/listing transaction, implementation of a solid new approach to corporate governance, leadership of the strategic review process, definition of strategic approaches and the mergers and acquisition policy.

Through his strategic oversight and leadership of the mergers and acquisition policy, the Chairman provides key strengths to the Group: his legitimacy as founder of Axway Group, his strategic vision enhanced by his knowledge of the sector and its environment, and his wealth of experience gained through his prior executive positions and successful mergers and acquisitions carried out. These strengths will be especially useful in the coming years to support the Group's new governance with regard to two key strategic elements: the transformation of the Group's model and its mid-term position within its sector.

In this respect, the provisions in the Articles of Association regarding the age limit for the position of Chairman do not allow him to effectively and confidently complete the ongoing medium-term transformation plan in the Group's interests.

For this reason, the General Shareholders' Meeting is asked to set the age limit at 91 as opposed to 85, so that the Chairman may seek a new term of office at the end of his current term, and to amend the Articles of Association accordingly.

13. Authorization granted to the Board of Directors to grant bonus shares, whether existing or to be issued, to eligible company officers or employees of the Axway Group (17th resolution)

The Company wishes to introduce an incentive program for eligible company officers or employees regarded as key to the Group's success and future development. On the basis of this, the Company considers it necessary to offer incentives to eligible company officers or employees of the Axway Group by instituting a plan of this type. The total number of bonus shares that could be allocated would not exceed 4% of the Company's share capital on the date of the Board of Directors' decision to award such shares, not taking into account the number of shares that may need to be issued to safeguard the rights of the beneficiaries of bonus share grants. This delegation would be granted for a period of thirty-eight (38) months.

14. Powers to perform legal formalities (18th resolution)

The purpose of this 18th resolution is to facilitate fulfillment of the formalities required for purposes of this General Meeting.

8.2 Agenda

Ordinary General Meeting

- Approval of the parent company financial statements and of the non-tax deductible expenses and charges.
- Approval of the consolidated financial statements.
- Appropriation of earnings.
- Reappointment of Pierre-Yves Commanay as director.
- Appointment of Yann Metz-Pasquier as director of Axway Software.
- Appointment of Marie-Hélène Rigal-Drogerys as director of Axway Software.
- Approval of the OEM Agreement between Axway Software SA and Sopra Banking
- Approval of the conclusions of the Statutory Auditors' special report on related-party agreements and commitments.
- Determination of the directors' fees allocated to members of the Board of Directors for the 2018 fiscal year.
- Approval of the components comprising the compensation and benefits in kind paid or attributed to Pierre Pasquier in his capacity as Chairman of the Board of Directors of the Company for the fiscal year ended 31 December 2017.
- Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Pierre Pasquier as Chairman of the Company's Board for the fiscal year ending 31 December 2018.
- Approval of the components comprising the compensation and benefits in kind paid or attributed to Jean-Marc Lazzari in his capacity as Chief Executive Officer of the Company for the fiscal year ended 31 December 2017.
- Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Jean-Marc Lazzari as Chief Executive Officer of the Company for the fiscal year ending 31 December 2018.
- Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Patrick Donovan as Chief Executive Officer of the Company for the fiscal year ending 31 December 2018
- Authorization to be given to the Board of Directors to buy back shares in the Company.

Extraordinary General Meeting

- Amending the age limit for the position of Chairman of the Board of Directors; Corresponding amendment of the Articles of Association.
- Authorization for the Board of Directors, for a term of 38 months, to award bonus shares to employees and company officers of the Company and of the companies in its Group within the limit of 4% of the share capital.

Ordinary General Meeting

- Powers to perform legal formalities.

8.3 Proposed resolutions

Resolutions presented for the approval of the Ordinary General Meeting

First resolution

Approval of the parent company financial statements and of the non-tax deductible expenses and charges

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, approves the parent company financial statements for the fiscal year ended 31 December 2017, showing a profit of €16,938,376. It also approves the transactions reflected in those financial statements and/or summarized in those reports.

The General Meeting also approves the non-tax deductible expenses and charges referred to in Article 39-4 of the French General Tax Code, amounting to €68,460it being specified that the corresponding tax has not yet been paid.

Second resolution

Approval of the consolidated financial statements

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the management report of the Board of Directors and the report of the Statutory Auditors on the consolidated financial statements, approves the consolidated financial statements for fiscal year ended 31 December 2017 showing a consolidated net profit – Group Share – of €4,404,243. It also approves the transactions reflected in those financial statements and summarized in the report on Group management included in the Board of Directors' management report.

Third resolution

Appropriation of earnings

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, notes that the distributable earnings, before provision to the legal reserve of the Company, determined as follows, amount to €16,923,589.86.

Profit (loss) for the period	€16,983,375.86
Retained earnings: dividends not paid on treasury shares	-€59,786.00
Total	**€16,923,589.86**

Upon the proposal of the Board of Directors, hereby decides to appropriate the distributable profit, before provision to the legal reserve, in the following fashion:

Legal reserve	€37,838.40
Dividend	€4,242,046.20
Discretionary reserves	€12,643,705.26
Total	**€16,923,589.86**

The legal reserve thus amounts to €4,242,046.20, *i.e.* 10% of the share capital.

The dividend per share is calculated on the basis of the number of shares making up the share capital as of 31 December 2017, *i.e.* 21,210,231 shares and amounts to €0.20. The dividend per share shall be adjusted in accordance with the following:

- the number of shares issued between 1 January 2018 and the ex-dividend date following the exercise of share subscription options and/or the definitive acquisition of new bonus shares granted and giving a right to the dividend; and
- the definitive number of shares eligible for the dividend on the ex-coupon date.

The amount of the adjustment shall be deducted from the retained earnings and determined on the basis of dividends actually processed for payment.

It shall be processed for payment beginning on 4 July 2018.

In accordance with applicable tax rules, this dividend, when paid to shareholders who are natural persons and French tax residents, will incur a compulsory 12.8% flat rate income tax charge withheld at source, without discharge of further tax liability, in addition to a 17.2% social security deduction.

When filing their income tax returns, individual shareholders who are French tax residents may either opt for the single deduction at source, or for the dividend to be subject to the progressive income tax schedule (subject to the deduction of the withholding tax already paid (12.8%) and after a 40% rebate on the gross amount received (Article 158-3-2° of the French General Tax Code) and after deducting the CSG general social security levy in the amount of 6.8%. 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 fiscal years is indicated below, along with the amount of earnings distributed over those fiscal 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 General Tax Code		
FY	**Dividend per share**	**Other distributed earnings per share** *(in euros)*	**Distributed earnings ineligible for the deduction** *(in euros)*
2016	0.40	0	0
FY 2015	0.40	0	0
FY 2014	0.40	0	0

Fourth resolution

Reappointment of Pierre-Yves Commanay as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, notes that Pierre-Yves Commanay's term of office as a director will expire at the close of this General Meeting and consequently decides to reappoint Pierre-Yves Commanay as director for a term of four (4) years, which will expire at the end of the General Meeting called to approve the financial statements for the fiscal year ending 31 December 2021.

Fifth resolution

Appointment of Yann Metz-Pasquier as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report, appoints Yann Metz-Pasquier as director for a term of four (4) years, which will expire at the end of the General Meeting called to approve the financial statements for the fiscal year ending 31 December 2021.

Sixth resolution

Appointment of Marie-Hélène Rigal-Drogerys as director

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the report of the Board of Directors, appoints Marie-Hélène Rigal-Drogerys as director for a period of four (4) years, which will expire at the end of the General Meeting called to approve the financial statements for the fiscal year ending 31 December 2021.

Seventh resolution

Approval of the OEM Agreement between Axway Software SA and Sopra Banking

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having heard the Statutory Auditors' special report on regulated agreements and commitments falling under Articles L. 225-38 *et seq.* of the French Commercial Code, approves the signature and execution of the OEM agreement between Axway Software SA and Sopra Banking.

Eighth resolution

Approval of the conclusions of the Statutory Auditors' special report on related-party agreements and commitments

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having listened to the reading of the special report of the Statutory Auditors on the agreements and commitments subject to Articles L. 225-38 *et seq.* of the French Commercial Code, approves the conclusions of the special report of the Statutory Auditors and the agreements and commitments mentioned therein.

Ninth resolution

Determination of the directors' fees to be allocated to members of the Board of Directors for the 2018 fiscal year

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, resolves to set at €302,000 the amount of directors' fees to be allocated between the members of the Board of Directors for the current fiscal year.

Tenth resolution

Approval of the components composing the compensation and benefits in kind paid or attributed to Pierre Pasquier in his capacity as Chairman of the Board of Directors of the Company for the fiscal year ended 31 December 2017

The General Meeting, whose opinion was sought pursuant to Article L. 225-100 of the French Commercial Code, and having reviewed the Board of Directors report, approves the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or attributed for the fiscal year ended on 31 December 2017 to Pierre Pasquier, in his capacity as Chairman of the Board of Directors, as described in the report referred to in Article L. 225-37 of the French Commercial Code.

Eleventh resolution

Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Pierre Pasquier as Chairman of the Company's Board for the fiscal year ending 31 December 2018

The General Meeting, having reviewed the report of the Board of Directors, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds attributable to Pierre Pasquier for his term of office as Chairman for the fiscal year ending 31 December 2018.

Twelfth resolution

Approval of the components composing the compensation and benefits in kind paid or attributed to Jean-Marc Lazzari in his capacity as Chief Executive Officer of the Company for the fiscal year ended 31 December 2017

The General Meeting, whose opinion was sought pursuant to Article L. 225-100 of the French Commercial Code, and having reviewed the Board of Directors' report, approves the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or attributed for the fiscal year ended on 31 December 2017 to Jean-Marc Lazzari, in his capacity as Chief Executive Officer, as described in the report referred to in Article L. 225-37 of the French Commercial Code.

Thirteenth resolution

Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Jean-Marc Lazzari as Chief Executive Officer of the Company for the fiscal year ending 31 December 2018

The General Meeting, having reviewed the report of the Board of Directors, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds attributable to Jean-Marc Lazzari for his term of office as Chief Executive Officer for the fiscal year ending 31 December 2018.

Fourteenth resolution

Approval of the principles and criteria for the determination, distribution and allocation of the components comprising the total compensation of Patrick Donovan as Chief Executive Officer of the Company for the fiscal year ending 31 December 2018

The General Meeting, having reviewed the report of the Board of Directors, approves the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds attributable to Patrick Donovan for his term of office as Chief Executive Officer for the fiscal year ending 31 December 2018.

Fifteenth resolution

Authorization to be given to the Board of Directors to buy back shares in the Company

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings and having reviewed the Board of Directors' report, authorizes the Board of Directors, effective immediately and with the power to sub-delegate, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, with Article L. 451-3 of the French Monetary and Financial Code, Articles 241-1 to 241-5 of the General Regulation of the AMF and with Regulation (EU) no. 596/2014 of the European Parliament and the Council dated 16 April 2014, to buy shares of the Company on one or more occasions and at such time as it shall choose, pursuant to the conditions below:

1. this authorization 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 cancels, from this

day, up to the amount, as the case may be, of the portion not yet used, any authorization in force with the same purpose;

2. any purchases of shares in the Company made by the Board of Directors under this authorization may not in any event result in the Company owning more than 10% of the shares comprising its share capital;
3. the transactions effected under the share buyback program established by the Company may be carried out, on one or more occasions, by any means authorized under applicable regulations, on or off market, on a multi-lateral trading platform, with a systematic internalizer 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 program carried out by means of the acquisition of blocks of shares is unlimited and may represent the full amount of said program;
4. the purchases may involve a maximum number of shares of up to 10% of the share capital. Nevertheless, the number of shares acquired by the Company with a view to retaining them or subsequently using them as consideration or in exchange as part of a merger, spin-off or asset contribution transaction, may not exceed 5% of the share capital;
5. the acquisition of such shares may not take place at a unit price which exceeds €47, excluding acquisition costs (or the countervalue of such amount on the same date in any other currency), it being specified, however, that in the case of transactions involving the Company's share capital, in particular, capital increases with maintenance of the preferential subscription right, or by the incorporation of reserves, profits or issue premiums followed by the creation and awarding of bonus shares, or division and regrouping of the shares, the Board of Directors shall have the power to adjust such maximum purchase price, in order to take into account the impact of such transactions on the share's value.

   The maximum amount that the Company may devote to buying shares under this resolution, excluding acquisition costs, will be €99,688,085;
6. this authorization 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 authorization to:
   - (a) cover Company share purchase option plans benefiting (some or all) employees and/or (some or all) qualifying company officers of the Company and of companies or groupings that are or will be associated with it as per the terms of Article L. 225-180 of the French Commercial Code,
   - (b) award shares in the Company to qualifying company officers, employees and former employees, or certain of them, of the Company or of the Group, under Group profit-sharing schemes or a company savings plan in accordance with the law,
   - (c) award bonus shares under the scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees and qualifying company officers, or to some of them, of the Company and/or of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L. 225-197-2 of the French Commercial Code and, more generally, to award Company shares to those employees and company officers,
   - (d) retain Company shares that are bought back for subsequent exchange or use as consideration in acquisitions, mergers, spin-offs and asset contribution transactions,
   - (e) deliver shares upon exercise of rights attaching to securities 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 authorization,
   - (g) cancel all or some of the shares bought back, so long as the Board of Directors has a valid authorization from the Extraordinary General Meeting allowing it to reduce the capital by cancelling shares bought back under a share buyback program;
7. the transactions carried out by the Board of Directors under this authorization may take place at any time during the period of validity of the share buyback program;
8. in the event of a public tender offer for the Company's shares, the latter may not continue to apply its share buyback program in compliance with Article 231-40 of the General Regulation of the *Autorité des marchés financiers.*

The General Meeting fully empowers the Board of Directors, with the option to subdelegate in accordance with the law, to resolve to exercise this authorization and to set the terms and conditions in line with the law and in line with the terms and conditions of this resolution and, in particular, to draw up and publish the description of the share buyback program, place any stock market orders, sign any documents, enter into any agreements relating in particular to the keeping of share purchase and sale records, carry out any filings and formalities, in particular vis-à-vis the *Autorité des marchés financiers,* allocate or reallocate the shares acquired between the different purposes and, more generally, do everything necessary.

In accordance with Article L. 225-211 paragraph 2, the Board of Directors shall inform the General Meeting, in the report referred to in Article L. 225-100 of the French Commercial Code, of the transactions carried out under this authorization.

Resolutions presented for the approval of the Extraordinary General Meeting

Sixteenth resolution

Amending the age limit for the position of Chairman of the Board of Directors; Corresponding amendment of the Articles of Association

The General Meeting, having reviewed the Board of Directors' report, resolves to set at ninety-one (91) years the age limit for the position of Chairman of the Board of Directors, and to amend accordingly Article 15, paragraph 3, "Organization of the Board" of the Articles of Association, to read henceforth as follows: "*No one over the age of ninety-one can be appointed Chairman. If the Chairman in office has reached this age, he is deemed to have resigned from office*."

Seventeenth resolution

Authorization for the Board of Directors, for a term of 38 months, to award bonus shares to employees of and officers the Company and of the companies in its Group within the limit of 4% of the share capital

The General Meeting, having reviewed the report by the Board of Directors and the Statutory Auditors' special report, and pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorizes the Board of Directors to award bonus shares, on one or more occasions, at its discretion, being either existing shares in the Company or shares to be issued, in favor of eligible company officers or salaried employees (within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company and of companies affiliated to it as defined in Article L. 225-197-2 of the French Commercial Code, or of certain categories among them;
- resolves that this authorization may not confer entitlement to a number of shares representing more than 4% of the Company's share capital (said capital being assessed at the date of the allocation decision by the Board of Directors), it being stated that, where applicable, that amount shall be increased by the additional number of shares to be issued in order to safeguard, under the law or under any applicable contractual agreement, the rights of holders of securities giving access to the Company's capital;
- resolves that (a) the allocation of shares to their beneficiaries shall vest finally at the end of a vesting period whose duration will be determined by the Board of Directors, on the understanding that such duration shall not be less than one year from the date of the allocation decision, and (b) that the beneficiaries must, if the Board of Directors deems it useful or necessary, retain such shares throughout a term or terms set by the Board of Directors at its own discretion, it being stated that the combined duration of the vesting periods and, where applicable, the lock-up periods, shall not be less than two years; however, the General Meeting authorizes the Board of Directors, in the event that the vesting period for all or part of one or more allocations is a minimum of two years, to require no lock-up period for the shares in question;
- resolves that, in the event of the invalidity of a beneficiary ranked in the second or third categories as provided by Article L. 341-4 of the French Social Security Code, the shares shall vest before the end of the remaining vesting period and shall be transferable immediately;
- notes that, as regards shares to be issued, (i) this authorization shall, at the end of the vesting period, automatically authorize the capital increase by incorporation of reserves, profits, share issue premiums or other sums whose incorporation in capital may be allowed in favor of the beneficiaries of the said shares, with corresponding waiver by the shareholders to that share of reserves, profits, premiums or other sums so incorporated, and (ii) this authorization automatically constitutes the waiver by the shareholders of their preferential subscription rights, in favor of the beneficiaries of the said shares. The corresponding capital increase shall be completed solely as a result of the vesting of the beneficiaries' shares;
- accordingly confers full powers to the Board of Directors, within the above limits, to implement this resolution and, in particular:
  - to approve the beneficiaries of share allocations and the number of shares awarded to each of them,
  - to decide on the lock-up requirements, where applicable required by law in the case of eligible company officers,

pursuant to Article L. 225-197-1, II, last paragraph of the French Commercial Code,

- to set the dates and terms for allocation of shares, particularly the vesting period for such allocations and, where applicable, the required lock-up period,
- and, in particular, to determine the conditions relating to the performance of the Company, Group or its entities that shall apply for the allocation of the shares to the senior executives and officers of the Company and, where applicable, the conditions applying to the allocation of shares to employees, and the criteria for allocating the said shares, on the understanding that in the event of an allocation of shares without performance conditions, such shares may not be awarded to the Company's Chief Executive Officer and shall not exceed 10% of the share allocations authorized by the General Meeting,
- to determine whether the bonus shares awarded are shares to be issued or existing shares, and (i) in the event of new shares being issued, to ascertain whether sufficient reserves exist and, at each award, to transfer to a blocked reserve account the sums necessary for full payment of the new shares to be awarded, to increase the capital by incorporation of reserves, profits, premiums or other sums allowed to be capitalized, to determine the nature and amounts of reserves, profits or premiums to be incorporated in the share capital to pay up such shares, to formally record completion of the capital increases, to decide the dividend eligibility date, even retroactively, for newly-issued shares, to make the consequent amendments to the Articles of Association, and (ii) in the event of an allocation of existing shares, to purchase the shares required under the conditions provided by law and to do all that is necessary for the satisfactory completion of the transactions,
- to make provision where necessary for powers to adjust during the vesting period the number of bonus shares awarded to take account of any transactions in the Company's share capital, such as to safeguard the rights of beneficiaries, it being stated that the shares awarded by virtue of such adjustments shall be deemed to have been awarded on same date as the shares initially awarded,
- generally, with powers of sub-delegation under the conditions provided by law and under the Company's Articles of Association, to take all measures and fulfill all formalities conducive to the issuance, listing and financial service of the shares issued under these powers, and to the exercise of the rights attaching to such shares, and to take all steps and conclude all agreements conducive to due completion of the intended share awards;

- decides that the authorization thereby conferred upon the Board of Directors shall be valid for thirty-eight months as from the date of this General Meeting; the Board of Directors, unless previously authorized by the General Meeting, may not use such delegated powers as from the date of filing by a third party of a public tender for the securities of the Company, and until the end of the tender period;
- duly notes that this authorization cancels the portion not yet used of any previous authorization with the same purpose.

Resolutions presented for the approval of the Extraordinary General Meeting

Eighteenth resolution

Powers to perform legal formalities

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, fully empowers the bearer of an original, a copy or an extract from the minutes of this Meeting for the purposes of carrying out all legal or administrative formalities and carrying out all filing and disclosure requirements stipulated under applicable law.

The Board of Directors

General remarks

This Registration Document also includes:

- the annual financial report, which must be prepared and published by all listed companies within four months of the closing date of each financial year, pursuant to Article L. 452-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulation of the AMF; and
- the Board of Directors' annual management report, which must be presented to the General Shareholders' Meeting, called to approve the financial statements for each financial year ended, pursuant to Articles L. 225-100 *et seq*. of the French Commercial Code.

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. for financial year 2015:
   - the consolidated financial statements of Axway for 2015 and the Statutory Auditors' report on the consolidated financial statements that formed part of the Registration Document filed on 25 April 2016 (on pages 123 to 168 and 169 respectively),
   - the parent company financial statements of Axway Software for 2015 and the Statutory Auditors' report on the financial statements that formed part of the Registration Document filed on 25 April 2016 (on pages 171 to 190 and 191 respectively);
2. for financial year 2016:
   - Axway's consolidated financial statements for 2016 and the Statutory Auditors' report on the consolidated financial statements that formed part of the Registration Document filed on 24 April 2017 (on pages 109 to 157 and 158 respectively),
   - the parent company financial statements of Axway Software for 2016 and the Statutory Auditors' report on the financial statements that formed part of the Registration Document filed on 24 April 2017 under No. D16-0393 (on pages 161 to 183 and 184 respectively).

MARKET INFORMATION

This Registration Document also contains information relating to the markets and market share of the Company and its competitors, as well as its competitive position, mainly in Sections 1 and 3 of Chapter 1. Most of this information is derived 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 about the Axway 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 the Company's future results, performances and transactions to vary significantly from its objectives or indications. In particular, these factors may include the factors described in this Registration Document.

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

RISK FACTORS

Investors are urged to make careful consideration of the risk factors described in Section 5 of Chapter 4 of this Registration Document before making any investment decisions. The occurrence of one or more of these risks may have a negative impact on the business activities, financial position or results of the Company or its objectives. Moreover, other risks, which have not yet been identified or are not deemed significant by the Company, may also have a negative impact and investors could lose all or part of their investment.

Glossary

Unless indicated otherwise, in this Registration Document:

- the "Company" and "Axway Software" refer to Axway Software SA;
- the terms "Group", "Axway" and "Axway Group" refer to the Company and its subsidiaries;
- the terms "Sopra" or "Sopra Steria" refer to Sopra Steria Group since 3 September 2014. The change in company name was approved
- as a result of the successful public exchange offer by Sopra Group for Steria Group's shares.

Revenue: Revenue for the prior year, expressed on the basis of the scope and exchange rates for the current year.

Organic growth: Growth of operations between revenue for the period and revenue for the same period of the preceding fiscal year restated for scope and exchange rate effects.

Growth at constant exchange rates: Growth of operations between revenue for the period and revenue for the same period of the preceding fiscal year restated for exchange rate effects.

ACV: Annual Contract Value – Average annual value of a subscription contract.

TCV: Total Contract Value – Total subscription contract value, including both recurring revenues for the term of the contract and non-recurring payments.

Profit on operating activities: This indicator corresponds to the Profit (loss) from continuing operations restated for expenses related to the cost of services rendered by beneficiaries of stock options and bonus shares, and for amortization of the intangible assets concerned.

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Table of concordance

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n/a: not applicable.

n/a: not applicable.

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