Registration document

Annual financial report

2016

imagination takes shape

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

Registration document 2016

Annual financial report

This Registration Document was filed with the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) on 24/04/2017 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

Pierre Pasquier
Axway, Chairman of the Board of Directors

"Over the past decade, ten *software* companies, from every continent, have joined Axway. These acquisitions, contributing to the Company's growth and geographic expansion, have enabled Axway to strengthen its teams, develop its portfolios of offerings and enhance its skills. They have also enabled the Company to rise to new challenges in serving its customers.

The software *market* is currently undergoing a period of dramatic transformation. The business model for companies in this sector, traditionally based on the trio of "Licenses – Maintenance – Services", is being called into question by the arrival of the cloud and SaaS. As for the digital revolution, which affects all organizations and companies, it is driving fundamental changes in software offerings.

While strengthening the Company's fundamentals, Jean-Marc Lazzari who has just successfully completed his first full year as Axway's Chief Executive Officer has made the necessary changes to adapt its business model and positioned the Company to gain maximum advantage from the digital revolution. Under his leadership, Axway has drawn up an ambitious transformation plan. I have complete confidence that he will successfully deliver on this important step in the Company's development.

To accelerate the effect of this transformation, I encourage Axway in its efforts to create an ecosystem with its partners ready to continue the actions taken within the Company. The search for synergies and reciprocal contributions with the various entities in the Sopra Steria Group is a natural development with this same aim. I am particularly convinced that close collaboration between Axway and Sopra Steria will enable the Company to seize the formidable opportunities in redesigning IT systems presented in the banking sector.

Lastly, I keep a close eye on the values, both in terms of governance and corporate responsibility, that all Axway's managers and employees must continue to uphold. These constitute the basis for the confidence that the Company instils in its customers, its partners and its shareholders.

Boosted by its strengths, fully aware of the challenges presented by the digital revolution, and determined to continue and even expand its own transformation, Axway has every reason to be confident in 2017. "

Pierre Pasquier

Jean-Marc Lazzari
Axway Chief Executive Officer

"In 2016, we made huge progress with the rollout of Axway's strategic plan, which centers on empowering digital transformation for our customers, our partners and ourselves. I am very proud of the way we are transforming Axway, as a team, together with our customers, partners and shareholders.

We started the year with the acquisition of Appcelerator in the USA, adding to our skills and capabilities in mobile apps. For our new logo, we selected a griffin, because this legendary animal captures what Axway is all about: a strong foundation represented by the body of a lion, and the innovation inherent in the digital business symbolized by head of the eagle.

Because employees are crucial at Axway, in 2016 we brought more than half of Axway's teams together in new business centers in Paris La Défense and our hub in Silicon Valley.

As for digital business, we extended our licensing solutions both on premise and in the cloud using a subscription format. North America was our top market for the second year running, while we retained our leadership position in France and sustained our performance in the rest of Europe and Asia-Pacific.

As a driver of innovation, we continue to invest heavily in R&D, launching the AMPLIFY™ data integration and engagement platform to help our customers in their digital business transformation by connecting people, businesses and things in customer experience networks.

In early 2017, we welcomed Syncplicity, based in Santa Clara, USA, a leader in file synchronization and sharing solutions.

Axway's adventure is moving forward with its creative vision for the software market. We are maintaining our differentiating and pioneering position in the digital revolution."

Jean-Marc Lazzari

Axway: a catalyst for digital transformation

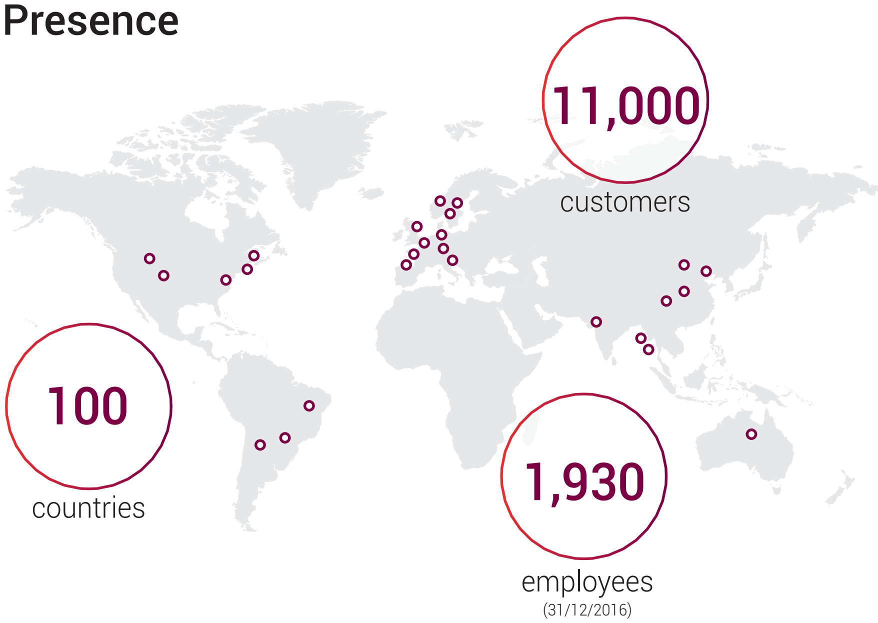
We are living in a digital world.

As everyday life becomes more and more enabled by digital technologies and ecosystems are shaped by the demands of digitally empowered consumers, organizations must transform to deliver better customer experiences. Axway is a catalyst for this transformation.

Who we are

Axway (Euronext: AXW.PA) is a catalyst for transformation. With Axway AMPLIFY™, our cloud-enabled data integration and engagement platform, leading brands better anticipate, adapt and scale to meet ever-changing customer expectations. Our unified, API-first approach connects data from anywhere, fuels millions of apps and delivers real-time analytics to build customer experience networks. From idea to execution, we help make the future possible for more than 11,000 organizations in 100 countries. To learn more, visit www.investors.axway.com.

Presence



imagination takes shape

We engage in deep, challenging conversations that inspire our customers to fundamentally reimagine who they can be and how they operate.

Acquisition strategy

Axway's sucess is due to its **organic development** and **several acquisitions.** The execution of a targeted acquisition policy complements organic growth and expands the current portfolio in terms of both geographical coverage and product offering.

History

Sopra (RDJ, CFT, Interpel)

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)

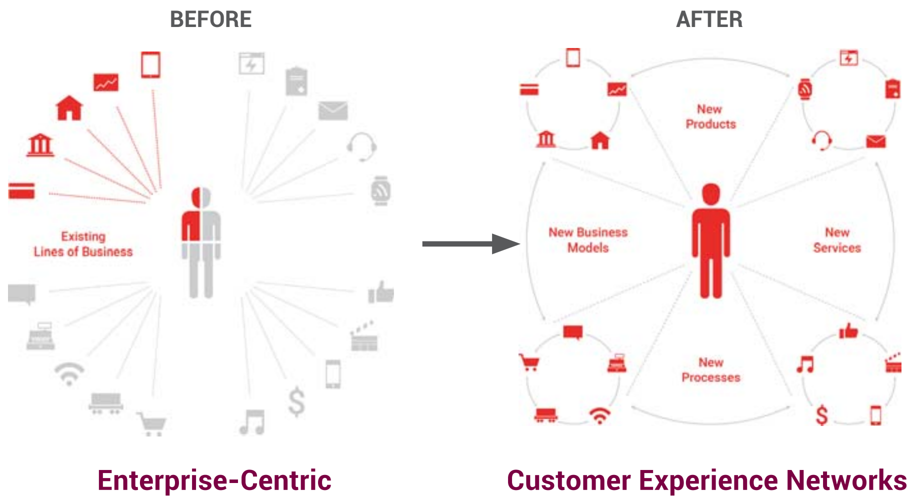
September 2007
Development of the **Synchrony™** offer, a comprehensive B2B management platform

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

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

Axway's offer

For decades, organizations have tried omnichannel initiatives to create a better customer experience - stitching data together across silos of call centers, websites, mobile apps, kiosks, branches and other channels. Axway's unique approach helps to streamline overly rigid connections between people and machines , by transforming them into adaptable customer experience networks.



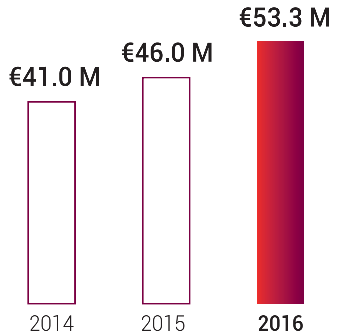
Employees, partners, suppliers and developers collaborate in a customer experience network to transform disparate data and services into connected, personalized, seamless digital experiences.

AMPLIFY™

Platform business model

Developers, architects and IT administrators can use the Axway AMPLIFY™ platform for everything they need to power digital services from apps, connectors and transformations to workflows, business line, policies and more. AMPLIFY is available through perpetual and subscription licensing, and is flexible enough for users to quickly start up with a single use case or to be able to progressively run many of their organization's mission-critical digital services. Depending on each organization's requirements, AMPLIFY's hybrid design adapts to a variety of on-premise and cloud deployment models.

Innovation: regular efforts in R&D across the entire software portfolio



17.7% of revenue — **2016**

16.6% of revenue — 2015

15.7% of revenue — 2014

Customers & target markets

- Banking and financial services
- Automotive supply chain
- Manufacturing and retail
- Healthcare supply chain
- Public sector
- Telecommunications
- Energy & Utilities

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 balance between licence, maintenance and services revenue, and geographical areas.

Revenue

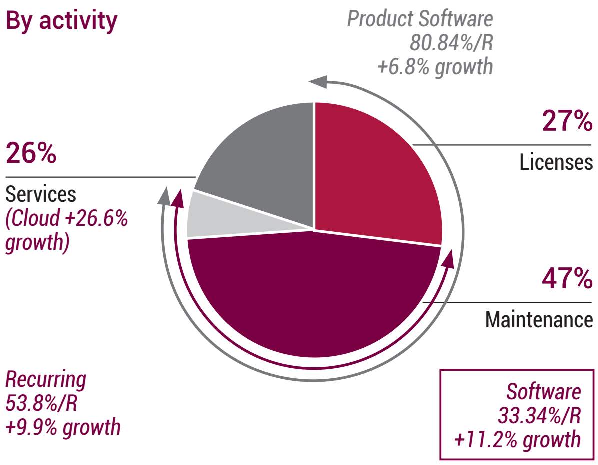
€301.1 million (+5,8 %) — **2016**

€284.6 million (+8.8 %) — 2015

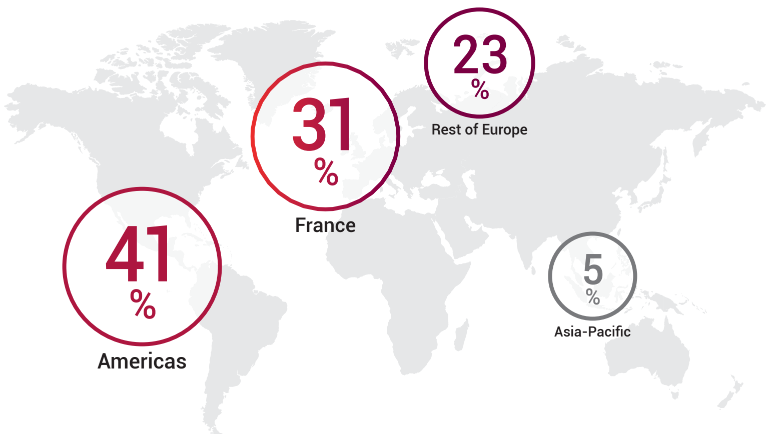
€261.6 million (+10.1 %) — 2014

Breakdown of revenue

By activity

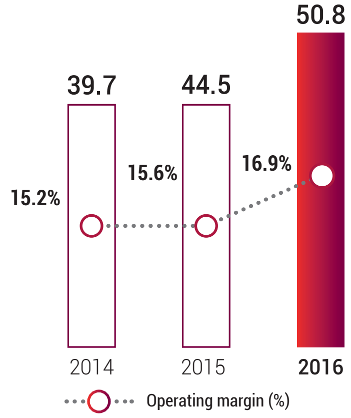


By location



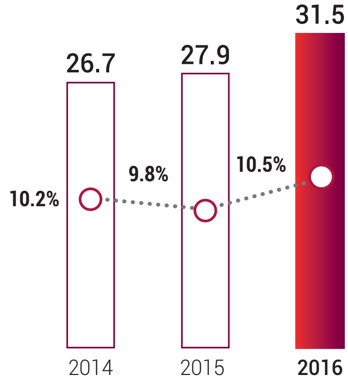
Operating profit on business activity

(in millions of euros)



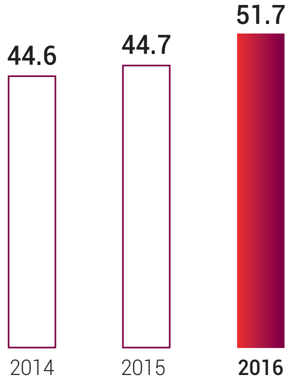
Net profit

(in millions of euros)



Cash

(in millions of euros)



Basic earnings per share
(in euros)

2016	2015	2014
1.51	1.35	1.29

Net dividend per share
(in euros)

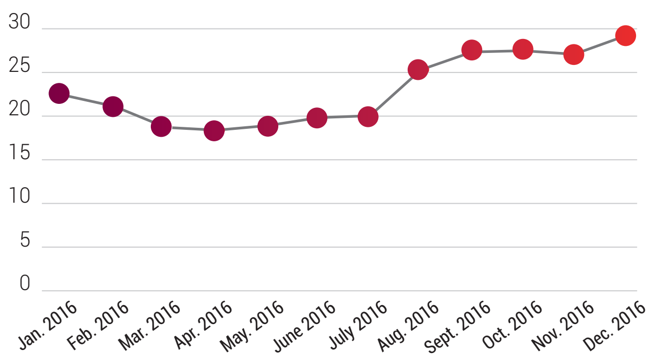
2016	2015	2014
0.40*	0.40	0.40

* Proposal

Stock market

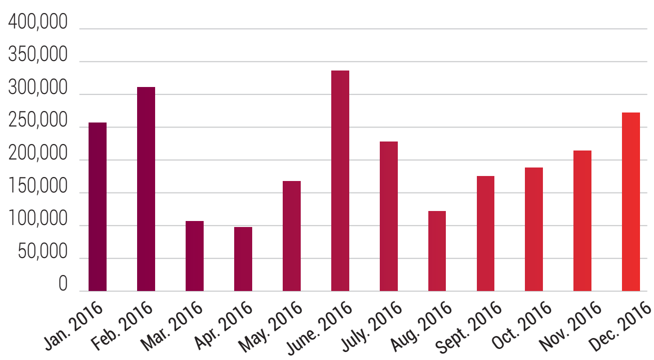
Axway has been listed on Compartment B of Paris Euronext since June 2011.

Share price



Average closing price (in euros)

Monthly trading volume



(by volume)

Axway Ownership Structure

Breakdown of share capital at 31 December 2016

21,021,039 shares outstanding

33,977,278 voting rights

	Sopra Steria	Pasquier Family	Odin Family	Managers	Sopra GMT	Caravelle	Public	Treasury
Share ownership	32.9%	0.1%	1.4%	1.7%	21.4%	12.2%	30.2%	0.04%
Voting rights	35.4%	0.1%	1.5%	1.7%	26.2%	15.2%	19.9%	

Concerted voting blocks

57.54 % of shares

64.91 % of voting rights

This information is detailed in various chapters of 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
s

Kathleen Clark Bracco
Deputy Chairman
s r
Chair

Pierre-Yves Commanay
Director
s r

Emma Fernandez
Independent Director

Michael Gollner
Independent Director
a

Hervé Dechelette
Independent Director
a s r

Helen Louise Heslop
Independent Director

Pascal Imbert
Independent Director
r s
Chair

Véronique de La Bachelerie
Director
a

Hervé Saint-Sauveur
Independent Director
a
Chair

Yves De Talhouët
Independent Director
r

Yann Metz-Pasquier
Observer

2016 General Meeting: appointment of two new directors

a *Member of the Audit Committee (Chair for the Chairman)*

s *Member of the Selection, Ethics and Governance Committee (Chair for the Chairman)*

r *Member of the Remuneration Committee (Chair for the Chairman)*

63 % independant directors

36 % women

95 % attendance rate

5 meetings in 2016

This information is detailed in various chapters 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 2016

100 %
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 2016

95 %
attendance rate

Remuneration committee

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

6
meetings in 2016

97 %
attendance rate

Work performed by the Board in 2016

In 2016, the work of the Board of Directors and relevant committees included overseeing the proper integration of Appcelerator (company acquired at the beginning of the year) and the acquisition of Syncplicity, which was completed in February 2017.

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

Chairman of the Board of Directors

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

In 1968 he co-founded Sopra Group SA, the company that created Axway, which is now one of France's leading consulting and systems and solutions integration companies. Sopra Group became Sopra Steria in 2014

Chief Executive Officer

Jean-Marc Lazzari, joined Axway in June 2015 as Chief Executive Officer.

Aged 55, he has held the positions of Deputy Chairman of IBM Business Consulting Services EMEA West Region (1995-2005), General Manager of Unisys (2005-2008), Chairman of CGI/Logica France (2008-2013), Executive Vice President of SFR (2013-2014) and adviser to the Chairman of Sopra GMT.

Between 1986 and 1995, he managed LPL, an auditing and consulting firm working with major international companies, and cofounded VIG IT, a software company operating in the middleware segment.

He is assisted by Axway's 8-person Executive Committee, which manages operational and functional activity.

A global corporate culture

Axway's strength resides in our capacity to innovate, listen to customers and respect the values, embodied by our employees. The company's progress in terms of social and environmental responsibility is evidenced, in particular, by our adherence to labels and CSR programs.

Develop talents

Hire & motivate

Voice of employees

Engage

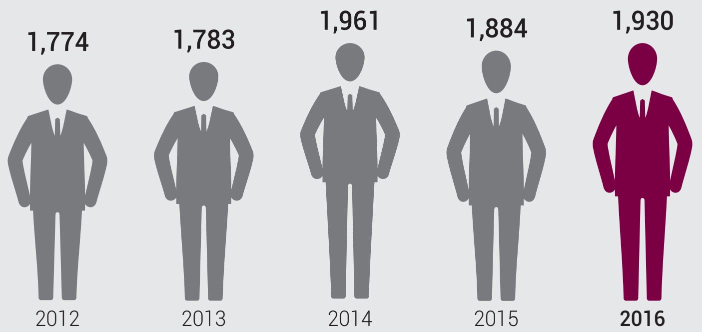
Passion for the customer experience

Expertise and excellence

Empowerment and accountability

Individual annual appraisal meetings for all employees

Human Resources Axwegians

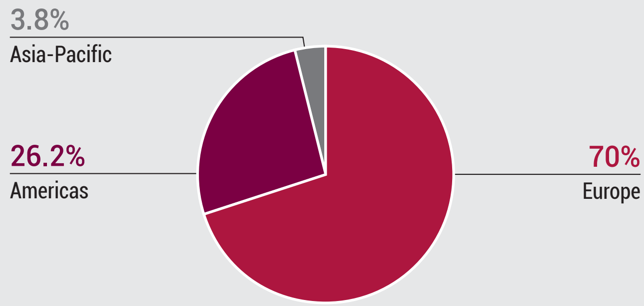


40.3 years old on average

26 % women

317 new employees including **64%** Europe, **30%** North America

Breakdown of workforce by location



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

Axway University

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

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

23,714
hours of training

1,286
Axwegians trained

7,367
training sessions in 2016 versus 4,302 in 2015

Axway surveys

- SuMER survey: 39% participation
- SuMER Axway point/rating: 33
- Engagement survey: 83% participation, 50% engagement rate
- The CALM model (Comfort, Alignment, Latitude, Meaning)

Social responsibility

Axway interacts with stakeholders in corporate responsibility

Sub-contractors and purchasing policy

Shareholders paperless 2016 campaign: 1 email =1 tree planted

- 11,293 sheets of paper saved: 40% of shareholders opted to receive documents by email.
- Online vote access for the Internet for the General Meeting

Investors: limit paper during 108 meetings, 3 conferences with no papers distributed

Customers: Second year Axway is part of the EcoVadis label

2017 CSR Rating SILVER ecovadis

Employees:

- In 2016, the Axway France team moved to a single location at Tour W in Paris-La Défense, creating a new collaborative workspace.
- Employee involvement in socially responsible programs supported health associations, civic initiatives and environmental challenges. Group employees took part in socially responsible initiatives in France, Romania, Germany and the USA.

Axway joined the Global Compact in November 2016.

Environmental responsibility

90 %
virtual servers

800 Kg paper recycled

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

Virtualization of IT infrastructure

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

Optimization of hardware life and recycling at end of life

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.

The Axway Group and its business activities

1

This chapter describes changes in the enterprise software market, including how the digital economy is affecting the middleware sub-segment. Adoption of mobile devices, cloud computing, the Internet of Things (IoT) and in addition, new behaviors alter the market landscape in which Axway and its customers operate.
Through innovation, transformation and acquisitions, Axway will offer solutions, and a platform, that enable its customers to 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 2017 will reach almost $355.3 billion, growing 6.8% CAGR from 2015 through 2020"(1). Axway competes in sub-segments of the "infrastructure software" category, including application development, application infrastructure and middleware, data integration and data quality tools, IT operations, security and other infrastructure middleware. Axway calculates that these sub-segments will account for 54% of the infrastructure software segment in 2017, for a total of approximately $102 billion. As a global provider, Axway is affected by regional market dynamics. Gartner estimates enterprise software growth by region as follows: North America 6.7%, Latin America 7.6%, Western Europe 4.7%, and Asia/Pacific 9.6%.

Gartner also estimates the "Cloud Application Infrastructure Services" software market(2), for the application development, application infrastructure and middleware, and business intelligence platform sub-segments is estimated to reach $9.7 billion in 2017, growing 21.5% CAGR from 2015 through 2020. Regional growth is estimated as: United States 16.9%, France 15.5%, United Kingdom 10.5%, Germany 15.5%, Brazil 17.8%, Asia/Pacific 15.2%.

1.1.2 Market drivers

The most pervasive trend in business today and for the foreseeable future is the continuing growth in "Digital Business". Enterprises are facing an uncertain future as they struggle to adapt under significant market pressures. CEOs and Boards of Directors see disruption coming from many directions, including changes in regulation, competition, customer behaviors and distribution channels. To survive and remain relevant, enterprises are turning to digital technologies to help reshape their business models, improving compliance, innovation, time to market, and competitive differentiation.

Companies and governments alike are either proactively pursuing the 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. Large companies expect to generate 28% of total revenues from digital technologies, products and services in the next three years, up from 16% today. CIOs say digital technologies – mobile, big data, analytics, the Internet of Things (IoT), artificial intelligence, cognitive computing, social media and cloud computing – will

(1) "Gartner Forecast: Enterprise Software Markets, Worldwide, 2013-2020, 4Q16 Update", 16 December 2016.

(2) "Gartner Forecast: Public Cloud Services, Worldwide, 2014-2020, 4Q16 update", 5 January 2017.
The Gartner Report(s) described herein, (the "Gartner Report(s)") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Prospectus) and the opinions expressed in the Gartner Report(s) are subject to change without notice.

have the most impact on their businesses over the next two years. Although research shows that most business executives say they have a "digital strategy," only 8% 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).

Although there are many drivers contributing to the need for digital transformation, there are four primary technology and business drivers:

1. **Cloud –** CMSwire[(1)] projects that the Global Public Cloud Market (IaaS, PaaS, SaaS, BPaaS) will reach $159.28 billion by 2020. 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 change in how business and consumers think about purchasing and deploying IT, as well as how they interact with each other in today's changing market;
2. **Mobile** – According to a Cisco study, mobile data traffic in 2014 was 30x the size of the entire global internet in 2000. Mobile has become nearly ubiquitous. Access pointsfor 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** – Machina Research[(2)] projects that there will be 27 billion connected things by 2024. – 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 at the "thing" based on the context and the activity that is happening in real-time, bringing together information technology and operational technology;
4. **Data Explosion** – In 2014, IDC estimated that the "Digital Universe," the amount of data created in the world, could explode to reach 44 zettabytes or 44 trillion gigabytes[(3)]. Now, IDC's updated Digital Universe estimate forecasts the world's data growth to reach 180 Zettabytes (or 180 trillion gigabytes) in 2025[(4)].

While enterprises are responsible for nearly 80% of the data in the digital universe, most information, as much as two-thirds, 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;

(1) CMSwire: www.cmswire.com/cms/information-management/forrester-predicts-saas-will-own-all-other-cloud-segments-011005.php.

(2) Machina Research: machinaresearch.com/news/global-m2m-market-to-grow-to-27-billion-devices-generating-usd16-trillion-revenue-in-2024.

(3) https://www.emc.com/leadership/digital-universe/2014iview/executive-summary.htm.

(4) IDC: The Internet of Things: Getting Ready To Embrace Its Impact On The Digital Economy, Vernon Turner, March 2016.

- 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 lifecycle of participants (partners, things, services, etc.) in ecosystem;
- 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 API's, mobile apps, and SaaS applications and in the process, impacting entire industries. For businesses and consumers, these disruptions have removed the lines between physical and digital. For those businesses who 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 in Germany (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 "Rules of the Game" 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 number 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 were achieved through: the strategy based on Synchrony™, a comprehensive business interaction management platform; acquisitions:

- Cyclone Commerce in 2006: Axway's Executive Management was transferred to the USA, and English became the Group's working language;
- the B2B software 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.

1

Since 2011: Axway, a global independent software publisher

Having acquired operational autonomy, Axway equipped itself with the essential functions and means to ensure independent development in relation to Sopra: in terms of operational governance, the foundations for the management of the Company are articulated around specialized committees; Axway has its own departments: Human Resources Department (with a core competency reference guide adapted to the operations of a software developer); Department of Finance and Administration (accounting, consolidation, management control); Support departments (Legal Department, Quality Assurance Department, Internal IT Resources and Systems Department).

2011 marked an important phase in the implementation of projects to consolidate Axway's position as a software publisher: the culmination of the plan to separate the operations of Axway Software from the traditional activities of Sopra was approved at the General Meeting of 8 June 2011, with Sopra retaining 26.27% stake in Axway; Axway's IPO on Euronext Paris on 14 June 2011 (ticker: AXW.PA); Axway gained full financial autonomy with respect to Sopra Group SA following the capital increase.

Since 2015: Commitment to Digital business

With its unique position in the field of data exchange, from 2015, Axway started transforming its positioning towards the digital commitment. 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. In 2016, for the second year running, the American market topped the Group's revenue chart.

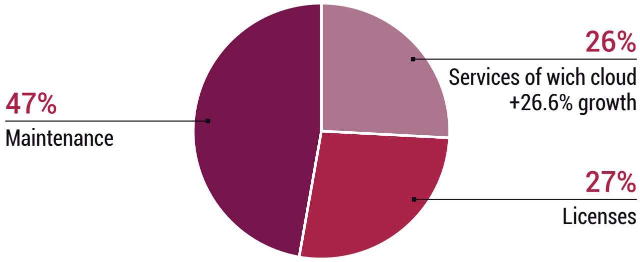
1.3 Strategy and activities

1.3.1 General information

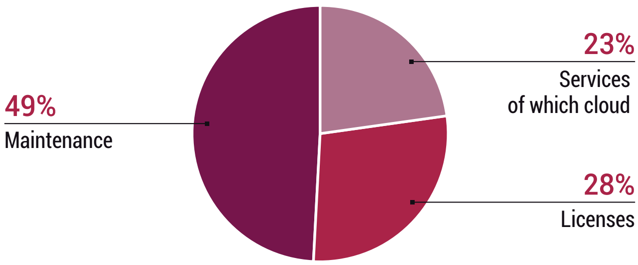
Axway is a publisher of enterprise software for digital transformation, facilitating new and dynamic interactions across extended value chains of medium and large commercial enterprises or governments. With revenue of €301.1 million at 31 December 2016, 1,930 employees, a global presence in the United States, Europe, and Asia with a leadership position in France, Axway is making the future possible for more than 11,000 customers in over 100 countries.

Analysis by type of activity

Revenue in 2016: €301.1 million

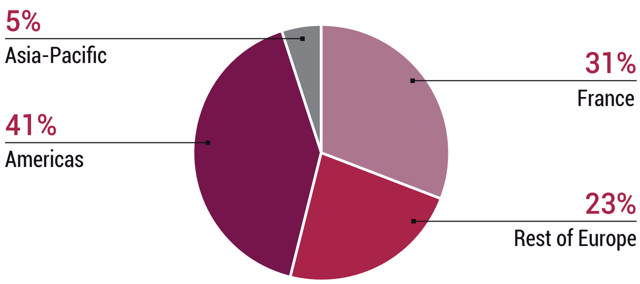


Revenue in 2015: €284.6 million

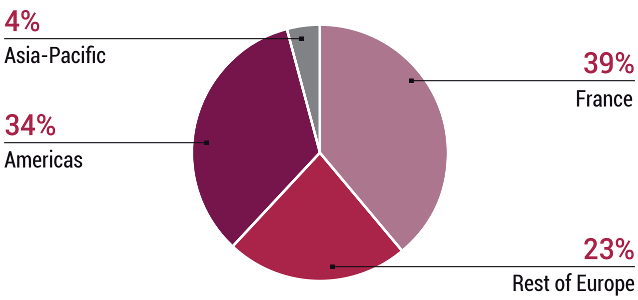


Analysis by location

Revenue in 2016: €301.1 million



Revenue in 2015: €284.6 million



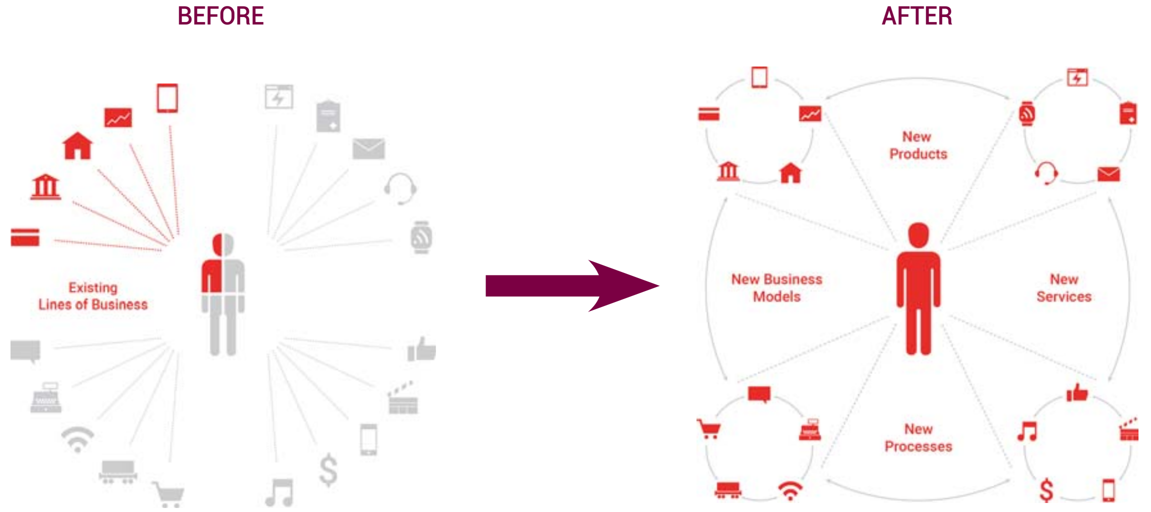
1.3.2 Group strategy: digital business enablement

"We are living in a digital world."

As everyday life becomes more and more enabled by digital technologies and ecosystems are shaped by the demands for digital consumers, organizations must transform to deliver better customer experiences. Axway is a catalyst for this digital transformation.

Axway has built on its historical strength in governing data flows and market leadership in API management, App Development, Integration, and Predictive and Real-time Analytics, to help organizations connect people, businesses, and things and engage ecosystems to deliver digital experiences.

This implies the ability of the IT and business divisions to develop or acquire the following digital capacities:



1.3.3 Leading the industry beyond omnichannel

Faced with new and unexpected competitive threats, organizations are searching for new ways to engage today's digital customers. Most enterprises have embarked on far-reaching initiatives, from implementing customer relationship management (CRM) and "single view of the customer" projects to customer self-service and communication management (CCM) systems. The success of these actions depends on taming the unprecedented volume of data flowing through digital ecosystems that stretch beyond the enterprise.

For decades, many organizations have tried taking an omnichannel approach – stitching data together across their silos of call centers, websites, mobile apps, kiosks, branches and other channels – to create a seamless experience. However, omnichannel initiatives typically focus only on data sources inside the enterprise, even separated by organizational lines, while two-thirds of data about the customer is outside.

Axway believes the answer to the limitations of omnichannel revolves around customer experience networks (CX) – communities of manufacturers, bankers, retailers, lenders, insurers and other service providers – all collaborating together across enterprise boundaries to serve their customers…drivers, patients, shoppers, travelers, professionals, etc. Together, members of a CX network transform disparate data into seamless experiences that unify their customers' virtual and physical interactions into more engaging, contextual digital journeys.

This implies that IT organizations and lines of businesses are able to develop or acquire the following digital capabilities:

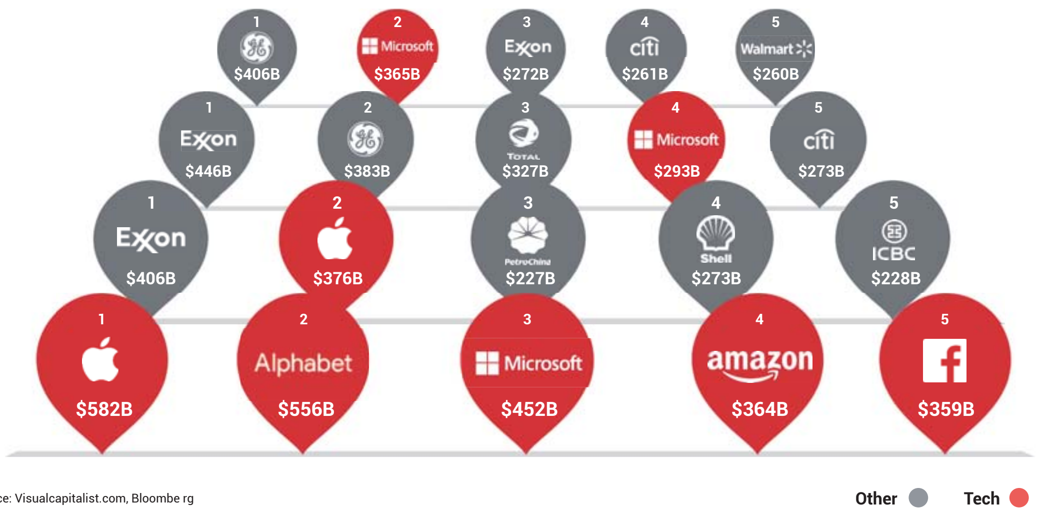
1. **Deliver data as a "DevOps-ready" shared service** to improve operational efficiency: Manage data security, regulatory and industry compliance, and consolidation/modernization of IT processes and systems for cost reduction.
   - Remove data silos, enabling secure access and sharing data across a vast array of data sources, ranging from enterprise network file shares, content management (ECM), databases (*e.g.* Oracle, Microsoft, etc.) and resource planning (ERP) systems, to cloud applications, partner systems, public records, and distributed devices or things.
   - Govern application integration and development resources with industrialized processes that empower business units to develop, test, and deploy their capabilities by themselves.
   - Embrace the DevOps approach (Development + Operations), which involves automating, streamlining, and increasing the frequency of software releases, while improving quality and responsiveness through the continuous integration and delivery of production-ready enhancements.
   - Deliver a personalized, structured and unified approach to the management of people and machine identities and their access to data.
   - Embed real-time insights to rapidly diagnose problems and to satisfy or overachieve service level agreements.
2. **Create and manage the full lifecycle of APIs** to accelerate business innovation: Open up data to build new products, services, and business models and thereby create competitive advantage.
   - Extend secure access to legacy enterprise systems to improve business agility.
   - Bridge data and user/machine identities between on premise enterprise services and cloud-based services to protect data and system access.
   - Integrate devices and systems to utilize machine data describing the real-time health and performance of assets to design connected services and new consumption and outcome–based business models.
   - Compare and adapt API usage across different products, services, and business models.
   - Implement new monetization strategies by packaging and promoting APIs.
3. **Enable dynamic Communities of employees, suppliers, partners, and developers** to decrease time to market: Leverage disparate and external data to expand market reach and access to innovation beyond the enterprise to speed up delivery.
   - Simplify onboarding and lifecycle processes *via* automated workflows and self-service portals.
   - Facilitate collaboration among employees and ecosystems with co-authoring, sharing, and synchronization of files in any functional (*e.g.* HR, finance, marketing, sales, etc.) and process (*e.g.* payments, orders, hires, reviews, etc.) context.
   - Grow capacity for innovation by sharing ideas across internal development teams and empowering independent developer networks.
   - Coordinate resources and supplies in real-time with trusted partners.
   - Understand the real-time performance, quality, and demand trends across different suppliers, partners, and developers.
4. **Develop unique and engaging Apps** to redefine the user experience: Bridge data across physical and virtual interactions into a seamless experience to build user satisfaction.
   - Increase developer productivity with an ability to design experiences visually, write code once and deploy across many devices and form factors, and connect data to apps with ease.
   - Liberate customers and employees from physical-only experiences, *e.g.* branches, stores, offices, factories, etc. and offer secure, seamless access to services online and offline.
   - Conduct business anywhere, anytime with mobile and IoT apps connected to enterprise, cloud, and open data.
   - Develop a real-time 360° view of the customer from rich user and business process insights.
5. **Discover and experiment with Big Data** to reimagine customer engagement: Unlock insights from data to adapt customer journeys to rapid changes in demand, preferences and behaviors for higher customer retention.
   - Enable rapid search and discovery across diverse internal and external data sources.

- Leverage computational and machine learning algorithms to automatically adjust business processes, supplier execution, and partner interactions based on predictions, trends, and behaviors.
- Apply data mining, text analysis, and natural language processing to improve semantic reasoning and contextual intelligence.

1.3.4 Industry and competitive landscape

For the first time, software-enabled platform businesses[1] have achieved the highest market cap of any company in 2016. Platform businesses[2] 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.

Platforms are overtaking Energy and Banking in Market Cap



Source: Visualcapitalist.com, Bloombe rg

Many of Axway's competitors are generalist IT providers with disparate software products in multiple categories, often from acquisitions, and are using these software assets to develop a comprehensive platform. Some competitors have developed entirely new platforms side-by-side with their traditional businesses. Also, there are specialist software companies that fall into one of two categories:

1. providers of integration foundation components;
2. providers of ecosystem engagement components.

The providers of integration foundation components generally include the traditional middleware/integration provider while those of ecosystem engagement components may develop API Management, Mobile App Development solutions or IoT Middleware.

Axway is aggressively pursuing a differentiated platform strategy and has leveraged its integration foundation and ecosystem engagement capabilities as core building blocks.

(1) *Visualcapitalist.com, Bloomberg.*

(2) *https://hbr.org/2016/04/pipelines-platforms-and-the-new-rules-of-strategy.*

1.3.5 Platform Business Model

In November 2016, Axway launched Axway AMPLIFY™, a cloud-based data integration and engagement platform that transforms and streamlines the often rigid connections between people, businesses, and machines into veritable adaptable customer experience networks. Developers, architects, and IT administrators can use AMPLIFY for everything they need to power their unique digital services, from apps, connectors and transformations to workflows, dashboards, policies, and more.

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

- *API Management:* API Management Plus, including API Builder, API Gateway, API Manager, API Portal;
- *App Development:* Appcelerator, including Titanium, Studio, Mobile Backend as a Service;
- *Analytics:* Decision Insight, including predictive and real-time analytics;
- *Integration:* B2Bi, SecureTransport, Central Governance/CFT.

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.

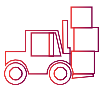
Depending on each organization's requirements, AMPLIFY's hybrid design adapts to a variety of on premise and cloud deployment models:

- *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.

1.3.6 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.

1.3.7 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.

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)	2016	2015	2014
Research & Development	53.3	46.0	41.0

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 as well as 5 Suite, 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 2017, the Group has been granted 87 patents, and has 8 pending. These patents were mainly filed in the United States. A breakdown is shown below:

	Managed File Transfer (MFT)	MFT – Doc Convert	MFT – Enrolment	Private URL	Messaging Firewall	Crypto-Security Firewall	Anti Spam	Certificate Authority
Granted	17	9	8	5	15	16	8	9
Pending	2	0	2	0	0	1	3	0

These patents mainly relate to the secure exchange segment. 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 2016

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 bodies have not made any firm commitments regarding significant investment.

1.5.2 Main acquisitions

The acquisition of Appcelerator in January 2016 significantly enhanced the digital portfolio of Axway's product offerings. The integration of this business is progressing smoothly, and the commercial synergies are beginning to materialize and will naturally broaden in the months to come.

1.5.3 Research & Development

The Group continued its R&D efforts in 2016 and allocated €53 million (versus €46 million in 2015) 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 €10.5 million was invested in infrastructure and technical facilities in 2016, compared with €4.0 million in 2015.

These investments break down as follows:

- furniture, fixtures and fittings: €7.8 million;
- IT facilities: €2.7 million.

Further information on property, plant and equipment and intangible assets, as well as changes, is presented in Notes 16 and 17 (Chapter 4) to the 2016 consolidated financial statements.

1.6 Key figures

1.6.1 Financial summary

(in millions of euros)	2016	2015	2014
Revenue	301.1	284.6	261.6
EBITDA	49.6	40.3	41.4
Operating profit on business activity	50.8	44.5	39.7
As % of revenue	*16.9%*	*15.6%*	*15.2%*
Profit from recurring operations	41.8	37.9	33.6
As % of revenue	*13.9%*	*13.3%*	*12.8%*
Operating profit	35.1	27.4	31.3
As % of revenue	*11.7%*	*9.6%*	*11.9%*
Net profit – Group share	31.5	27.9	26.5
As % of revenue	*10.5%*	*9.8%*	*10.1%*
Cash and cash equivalents	51.7	44.7	44.6
Total assets	557.8	488.5	478.7
Total non-current assets	402.7	347.5	331.1
Net debt (cash)	-12.6	-35.7	3.1
Shareholders' equity – Group share	374.8	340.6	298.5
Minority interests	0.0	0.0	0.0
Number of shares at 31 December	21,021,354	20,773,976	20,568,138
Basic earnings per share *(in euros)*	1.51	1.35	1.29
Diluted earnings per share *(in euros)*	1.48	1.33	1.27
Net dividend per share *(in euros)*	0.40(1)	0.40	0.40
Staff at 31 December	1,930	1,884	1,961

(1) Amount proposed to the next General Meeting called to approve the financial statements for the fiscal year ended 31 December 2016.

1.6.2 Revenue by activity

(in millions of euros)	2016	2015 reported	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.

(in millions of euros)	2015	2014 reported	2014 restated(1)	Total growth	Organic growth(1)
Licenses	80.5	79.6	86.2	1.1%	-6.7%
Maintenance	137.7	120.5	132.1	14.3%	4.3%
Services	66.4	61.5	66.3	8.0%	0.1%
Total	**284.6**	**261.6**	**284.7**	**8.8%**	**0.0%**

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

1.6.3 Revenue by region

(in millions of euros)	2016	2015 reported	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.

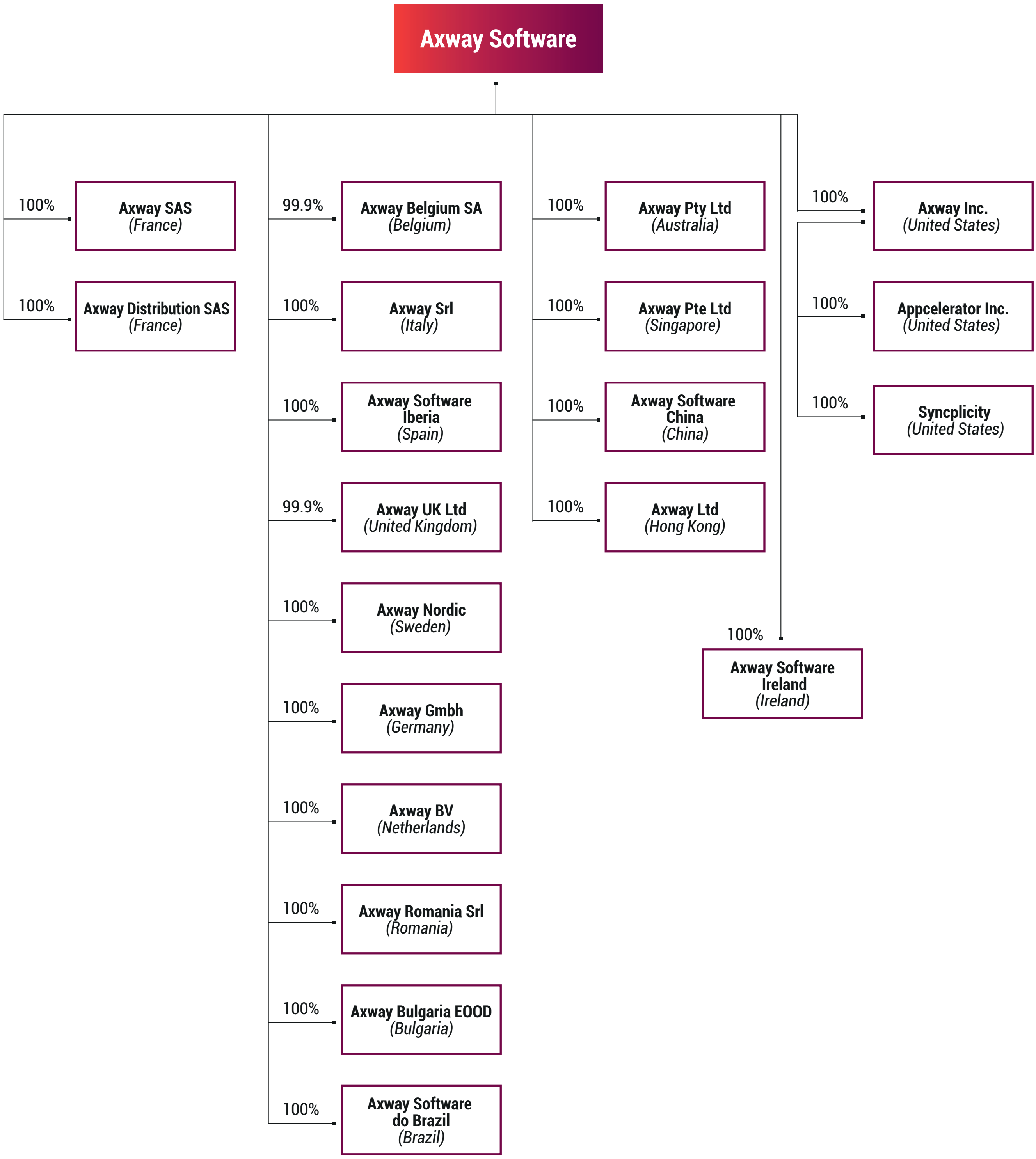
(in millions of euros)	2015	2014 reported	2014 restated(1)	Total growth	Organic growth(1)
France	95.2	103.4	102.4	-7.9%	-7.0%
Rest of Europe	65.8	59.5	65.0	10.5%	1.2%
Americas	109.7	89.1	106.5	23.2%	3.0%
Asia/Pacific	13.9	9.6	10.8	45.3%	29.1%
Total	**284.6**	**261.6**	**284.7**	**8.8%**	**0.0%**

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

1.6.4 Comparison of the years ended 31 December 2016, 2015 and 2014

(in thousands of euros)	2016	2015	2014
Revenue			
Licenses	81,280	80,452	79,574
Maintenance	142,967	137,741	120,538
Sub-total Licenses and maintenance	**224,247**	**218,193**	**200,112**
Services	76,831	66,419	61,478
Total revenue	**301,077**	**284,612**	**261,590**
Cost of sales			
Licenses and maintenance	23,652	23,150	21,900
Services	62,980	63,210	57,017
Total cost of sales	**86,632**	**86,360**	**78,917**
Gross profit	**214,446**	**198,252**	**182,645**
Operating expenses			
Sales costs	81,937	81,876	77,519
Research & Development costs	53,318	46,025	40,966
General and administrative costs	28,419	25,855	24,475
Total operating expenses	**163,674**	**153,756**	**142,960**
Operating profit on business activity	**50,771**	**44,496**	**39,685**
As % of revenue	16.9%	15.6%	15.2%
Expenses related to stock options	-1,089	-550	-811
Amortization of intangible assets acquired	-7,863	-6,044	-5,318
Profit from recurring operations	**41,818**	**37,902**	**33,556**
As % of revenue	13.9%	13.3%	12.8%
Other income and expense	-6,738	-10,493	-2,298
Operating profit	**35,080**	**27,409**	**31,258**
Financial income and expense	141	-1,653	-921
Tax expense	-3,745	2,101	-3,647
Net profit	**31,477**	**27,856**	**26,690**

1.7 Simplified Group structure at 31 March 2017



1.8 Group structure

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).

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 the development of strategy and supervise organization and internal audit, as well as major cross-functional initiatives.

The Board of Directors

The Company's Board of Directors is composed of 11 directors (seven of which are independent directors) and by a Chairman, Mr. Pierre Pasquier following his appointment 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 upgrade;
- 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 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 with a view to 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.

1.9 Comments on the Group's 2016 consolidated financial statements

1.9.1 Consolidated income statement

Group results

(in millions of euros)	2016	2015	2014
Revenue	301.1	284.6	261.6
EBITDA	49.6	40.3	41.4
Operating profit on business activity	50.8	44.5	39.7
As % of revenue	*16.9%*	*15.6%*	*15.2%*
Profit from recurring operations	41.8	37.9	33.6
As % of revenue	*13.9%*	*13.3%*	*12.8%*
Operating profit	35.1	27.4	31.3
As % of revenue	*11.7%*	*9.6%*	*11.9%*
Net profit – Group share	31.5	27.9	26.5
As % of revenue	*10.5%*	*9.8%*	*10.1%*

In 2016, Axway generated profit from operations of €50.8 million, compared to €44.5 million in 2015. This profit from operations represents an increase of 1.3 points to 16.9% in 2016, compared to 15.6% in 2015, in line with the profit (loss) from operations growth trend already seen in 2014. Total revenue rose by 5.8% in 2016, thanks to a strong increase in our cloud activities, solid growth in maintenance and the improvement in license and service revenues. Overall, total revenue grew 4.4% in the fiscal year on an organic basis. This year ended with net income of €31.5 million, rising from 2015, and representing €1.51 per share compared to €1.35 per share in 2015.

Revenue by business line

(in millions of euros)	2016	2015 Published	2015 Restated	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%
Axway	**301.1**	**284.6**	**288.5**	**5.8%**	**4.4%**

(1) At comparable perimeter and exchange rate.

License revenue was up 1.8% from 2015 to €81.3 million with strong growth in the United Kingdom and Germany, while France and the America's region was stable.

Services in total grew 6.7% for 2016 to €76.8 million, with business growing in our traditional professional services and the largest increases being seen in the United Kingdom, Americas and the Asia Pacific areas.

Cloud business, currently included in "Services" revenue, reported significant double digit growth, most notably in the United States.

Maintenance activity continues its trend on positive growth for many years, growing 4.7% in 2016 over 2015, the result of a proactive sales policy and targeted product offering that has been operational for several years.

Revenue by region

(in millions of euros)	2016	2015 Published	2015 *Pro forma*	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%
Axway	**301.1**	**284.6**	**288.5**	**5.8%**	**4.4%**

(1) At comparable perimeter and exchange rate.

The United States represented €122.9 million (+6.0% in organic growth) and was Axway's largest market for the second year in a row. France, with €94.2 million, made good the downturn observed over the first nine months with revenue virtually unchanged and stable for the fiscal year. The Rest of Europe continued its sound development with organic growth of 7.4%, driven by strong German and United Kingdom performance, while the Asia/Pacific zone continued to report sustained growth of 10.7%.

Comparison of fiscal years ended 31 December 2016, 2015 and 2014

(in millions of euros)	2016	2015	2014
Revenue			
Licenses	81.3	80.5	79.6
Maintenance	143.0	137.7	120.5
Sub-total Licenses and maintenance	224.2	218.2	200.1
Services	76.8	66.4	61.5
Total revenue	**301.1**	**284.6**	**261.6**
Total Costs of sales			
Licenses and Maintenance	23.7	23.2	21.9
Services	63.0	63.2	57.0
Total costs of sales	**86.7**	**86.4**	**78.9**
Gross profit	**214.4**	**198.3**	**182.6**
as % of revenue	*71.2%*	*69.7%*	*69.8%*
Operating expenses			
Sales and marketing	81.9	81.9	77.5
Research & Development	53.3	46.0	41.0
General and administrative	28.4	25.9	24.5
Total operating expenses	**163.6**	**153.8**	**143**
Operating profit on business activity	**50.8**	**44.5**	**39.7**
as % of revenue	*16.9%*	*15.6%*	*15.2%*

Cost of sales and gross margin

Our gross margin on products (licenses and maintenance) was stable in each period, as we managed to keep support costs down while increasing our maintenance revenue through our commercial approach.

Sales and marketing, Research & Development, and administrative expenses

In 2016, our sales and marketing costs stood at 27.2% of revenue, versus 28.8% in 2015, an increase of €61 thousand in absolute value terms. Although we integrated the Sales and Marketing of the Appcelerator teams, we were able to hold our costs of Sales and Marketing flat through strong cost and spending controls throughout the integration and in our planning cycles for the year

Our expenses in Research & Development matters increased in 2016 by €7.3 million in comparison with 2015, going from 16.2% of our revenue in 2015 to 17.72% of our revenue in 2016. A portion of this increase in absolute value was attributable to the integration of Appcelerator (€4.5 million) and the a majority of the rest of the growth was investment in our Global Products and Solutions (GPS) team of €2.5 million.

General and administrative charges increased in absolute value, by €2.5 million in 2016 in comparison with 2015, now accounting for 9.4% of our revenue in 2016, as compared to 9.1% in 2015. Close to €1.0 million of this growth is linked to additional effects from Appcelerator and the rest is our investment in our Human Resources activities, as well as a slight growth in our overall activities through integrating the acquisition.

1.9.2 Balance sheet and financial structure

As of 31 December 2016, Axway's financial position was extremely solid with cash and cash equivalents amounting to €51.7 million, bank debt of €35.5 million and shareholders' equity of €374.8 million.

1.10 2016 parent-company financial statements

1.10.1 Income statement

- Revenue dropped by 6.6% in 2016 to €160.8 million, against €172.1 million last year. This drop was attributable to a change in the booking of the commissionaire agreement with Asia which reduced revenue and expenses by €2.9 million.
- Operating profit amounted to (-)€3.8 million in 2016, compared with (-)€2.7 million in 2015. To support our own digital transformation, we have turned to software in cloud, which has increased our IT cost by €1.3 million.
- Net financial income rose from €4.9 million in 2015 to €8.5 million in 2016. In 2015, a provision of €3.3 million had been booked to cover the negative shareholders' equity in Brazil.
- Pre-tax current profit dropped from €2.1 million in 2015 to €4.7 million in 2016.
- Exceptional income remained negative at (-)€2.1 million, unchanged from 2015.
- In 2016, the employee profit-sharing expense was identical to that of 2015, at €0.6 million, and the corporate income tax expense decreased from (-)€9.8 million to (-)€8.8 million.
- There was a net income of €10.9 million in 2016, versus €9.3 million in 2015.

1.10.2 Balance sheet

Shareholders' equity rose from €219.9 million at 31 December 2015 to €224.7 million at end-2016.

This change was due primarily to the following factors:

- the net income for the fiscal year of €10.9 million;
- the accelerated amortization of intellectual property of (-)€1.2 million;
- the payment of dividends in respect of the 2015 fiscal year, amounting to (-)€8.3 million;
- a capital increase and issue premiums through the exercise of options for €3.4 million.

Pursuant to Articles L. 441-6-1 and D.441-4 of the French Commercial Code, we hereby inform you that the balance of trade accounts payable at 31 December 2016 breaks down as follows:

(in millions of euros)	Total outstanding amount	Amount not yet due	Amount due less than 60 days	Amount due more than 60 days
31 December 2016	6,809	2,993	3,386	430
31 December 2015	4,037	3,738	229	69

Axway Software observes the statutory payment time frames for trade accounts payable: a maximum of 60 days from the issue date of the invoice.

The remaining balance of trade receivables breaks down as follows:

(in millions of euros)	Total outstanding amount	Amount not yet due	Amount due less than 60 days	Amount due more than 60 days
31 December 2016	45,961	33,737	5,126	7,098
31 December 2015	42,350	27,545	7,101	7,704

It should be noted that €6 million of invoices overdue by more than 60 days are attributable to intercompany receivables.

Fixed assets amounted to €291.5 million in 2016 versus €257.3 million in 2015. They consisted mainly of €225.6 million in financial assets, €58.0 million in intangible assets, and €7.8 million in property, plant and equipment.

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 2017

1.11.1 Key events and progress

2016 was a year of great progress in the operational and strategic transformation focused on the Company's positioning in enabling digital transformation. Areas of progress include:

- **introduction of Axway AMPLIFY™**: Axway continues to invest in innovation to strengthen its role as the partner of choice to accompany customers in this new digital economy. Axway launched the AMPLIFY platform, leveraging capabilities from the acquisition of Appcelerator, together with the Group's existing assets, to extend and enhance the functionalities of the former Axway 5 suite. AMPLIFY is designed to accelerate the digital transformation of the businesses that place their confidence in Axway. They gain new capabilities to create customer experience networks and drive value to and through their ecosystems;
- **launch of new branding. In 2016 Axway** invested in a new brand in order to reflect the digital business enablement positioning we introduced in 2015. The new Axway brand identity developed in collaboration with Landor[1], a leading global brand and design consultancy, introduces the new tagline "Imagination takes shape", an eye-catching logo, a fresh visual expression and a redesigned website. The new tagline underscores Axway's commitment to helping organizations capitalize on untapped potential by strengthening their capabilities and transforming innovations into real, revolutionary business results. The new Axway logo draws from the legendary griffin, a visionary creature with the rear body of a lion and the head and upper body of an eagle, to celebrate two powerful elements – Axway and its customers –uniting to achieve success. This strong symbol perfectly embodies the essence of Axway, fusing stability and reliability with an open-minded, bold vision for the future.
- **organizational re-design and focus on platform and strategic solutions**. In 2016 we completed the transition of our organization specifically in Global Products and Solutions (GPS) to focus on building out a platform business model and to ensure our investments were prioritized on the most critical solutions for our success. We hired key leadership positions in the platform domain and redirected our resources. In 2016, fully 90% of our R&D resources for "new" development were focused on the platform or on strategic solutions, which was up from 67% in 2015.
- **strategic growth**: Our introduction of Digital teams, emphasis on the under-penetrated markets of the US, Germany, and the UK, as well as our efforts in developing our cloud subscription business all succeeded in accelerating growth in 2016. "Digital" revenue was up. Revenue in the US grew by 12%, and our cloud/subscription reservations grew by over 100%.
- **shift to strategic services**. In 2016 we harvested the fruit of our labor to transition our professional services portfolio toward more strategic higher value services. Our efforts resulted in improved utilization and a materially higher average daily rate, which resulted in significant improvement in margin from our professional services organization.

We made tremendous progress in 2016 but will continue to transform our operations in 2017 to capitalize on the opportunity presented by the digital transformation required by our customers.

1.11.2 Strategic priorities for 2017

Continuing our new positioning: "Enabling the digital transformation"

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. The basis of this capability is the combination of middleware technology that has been around for several years with new forms of connectivity and control based on APIs. To be successful, companies must be able to leverage all of their and 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.

(1) https://landor.com/

Investing in the cloud

Axway is continuing to innovate in the area of integration and ecosystem engagement to offer value added cloud native services based on the newly launched AMPLIFY platform. Specifically, Axway continues to invest in the "Integration Foundation" and "Ecosystem engagement" layers to offer value-added native cloud services. Axway plans to continue to invest in a three-pronged cloud strategy to capitalize on the growing demand for platforms as a service (PaaS):

- strengthening cloud-enabled managed services whereby Axway provides AMPLIFY capabilities as a private cloud hosted service for individual customers;
- developing PaaS powered by AMPLIFY for next generation services;
- enabling strategic partners to use AMPLIFY-based solutions to develop and deliver digital solutions for their customers.

"Digital" focus and Business model enhancement

Axway will continue to invest in our direct sales and Go To Market teams, enabling them to effectively engage with our customers on their Digital Transformation initiatives. Digital Attack Teams will be reinforced and expanded and the necessary assets and expertise will be developed to support the growing number of digital transformation use-cases we solve for our customers. This is a new and different approach to engage with partners and ecosystem players.

In conjunction with our efforts to meet the solution needs of our customers, we will continue to enhance our traditional on premise business model with subscription-based alternative business relationships for our cloud and hybrid solutions. An increasing number of customers and prospects consider multiple business models engaging in digital transformation initiatives. Axway is focused on providing models ranging from fully on-demand, through cloud or hybrid-based SaaS models, to on premise, license-based models to meet the needs of our customers not only from a solution perspective but from a business relationship perspective as well.

Extending the partner ecosystem

Our partner contribution continued to grow in 2016. However, there will be increased emphasis in 2017 to leverage the vertical expertise of partners to develop unique AMPLIFY-based customer experience networks, serving specific industries or solving industry-based ecosystem problems. In one specific case, Axway will work with SopraSteria and Sopra Banking to bring a unique solution to the financial services industry based on the strengths of SopraSteria and Sopra Banking enabled by the AMPLIFY platform. Additionally, we will continue to develop OEM and reseller relationships.

Merger & Acquisitions activity to support the Axway strategy

Mergers and acquisitions continue to be a key tool in executing our corporate strategy and to achieve our goals. In 2016, we acquired Appcelerator, providing us an entrée into the high growth mobile application development market, enhancing our market leading API capabilities, and accelerating our vision for the AMPLIFY platform, which was announced at the end of 2016. 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, boosting Axway's revenue significantly.

The goal of the acquisitions would be to:

- enlarge our revenue and customer base in core geographic markets, expanding opportunities for our current and future solutions;
- enter high-growth, digital enablement markets to which we do not currently have access and establish ourselves as a force in enabling the digital transformation;
- increase our "speed to market" for new digital enablement features/capabilities through acquisition of technologies or new delivery model capabilities (*i.e.* cloud-based delivery and business model capabilities).

As discussed above, we completed one acquisition in 2016.

In addition, we very recently completed the acquisition of Syncplicity see the "Recent changes" section.

The type and timing of additional acquisitions will be based on our ability to execute the appropriate integration plan for each acquisition to ensure we maximize the ROI from each investment.

In this context, the Company is targeting a steady operating margin at constant scope.

Business plan ambition as economic performance is:

- preserving margins before acquisition while investing in innovation;
- keep our historic leadership in France while focusing in Digital;
- target 20% growth in software revenue in the USA;
- achieve average annual growth of 30% in digital;
- active M&A plan both on engagement and foundation domains.

1.12 Recent changes

On 22 February 2017, the Company published the acquisition of Syncplicity in the following press release:

Axway announces the acquisition of Syncplicity

The leader in file sharing and secure collaboration joins Axway to advance borderless digital workplace.

PARIS – 22 February 2017 – Axway (Euronext: AXW.PA), a transformation catalyst, today announced the cash acquisition of Syncplicity, a company specializing in enterprise file sharing and synchronization (EFSS) solutions, offering users with the tools and experience necessary for secure collaboration. With the acquisition of Syncplicity, Axway is enhancing its Axway AMPLIFY™ platform and is contributing towards revolutionizing the way modern enterprises collaborate and innovate within their digital ecosystems and increase engagement with customers, employees and partners.

Located in the heart of Silicon Valley, Syncplicity was founded in 2007 and was owned by a global investment fund Skyview Capital. More than 25,000 customers and users across a number of business sectors rely on Syncplicity's enterprise-class file sharing and synchronization solutions with the aim of creating more business value from data within their applications, databases or files, whether they are stored on-premises or in private or public clouds.

“To meet the needs of companies to collaborate with the tools available on the cloud, it is imperative to transform synchronization and file exchanges into a transparent and secure experience,” said Jean-Marc Lazzari, CEO at Axway. “Together, Axway and Syncplicity will create a one stop shop for digital shared services.”

“Syncplicity's expertise and excellence in EFSS solutions will complement Axway MFT solutions perfectly, by fostering greater collaboration among employees, partners and customers,” said Jonathan Huberman, CEO at Syncplicity. “The Syncplicity team is proud to join Axway to create the best possible solutions for our respective customers.”

The details of the transaction have not been made public.

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 2016, no single customer accounted for more than 2.1% 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 1.8% 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 signing 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 concerning open source licenses;
- require the Group to fulfill its compensation 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 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 Chapter 3, Section 5.7). Nevertheless, although the amount of coverage provided is considerable, it may not be sufficient to offset all costs incurred as a result of errors of technical deficiencies.

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 €53.3 million in 2016, 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.

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 principal risk rests on the ability to perform agreements that have been signed with customers, in terms of quality, time frame, and cost: to deliver the products and services in compliance with the specifications, within the time frames provided 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 23,174 hours of training in 2016.

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 2016. 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 that risk, the Group has set up training and incentive programs, as well as stock option plans, 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 1.9.3, 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 6.5%.

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 Section 5.1.11 (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 5, Section 5.2.3 a), the global economic situation (Chapter 3, Section 5.1.1), and corrections to Group software (Chapter 3, Section 5.1.3).

1

1.13.2 Risks associated with the Group's assets

Risk related to intangible assets

Intangible assets mainly comprise goodwill. At 31 December 2016, goodwill amounted to €297.5 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.

At the date of this document, the Company had entered into interest rate hedging agreements with three banks to cover the risk linked to the syndicated loan in the event of a rise in Euribor rates. Under these agreements, the Company pays the three banks fixed interest at a known rate (0.40). In return, the banks pay the Company the interest based on the three-month Euribor, thereby giving the Company a fixed interest rate on its debt and enabling it to keep track of its maximum debt ratio.

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 30.3 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 30.3 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 conducting business within their territories. These laws may be amended at any time and the Group's operating costs in a given country may prove to be higher than anticipated. These amendments may also alter tax regimes or make it more difficult to bring funds into or out of these countries, with the risk of excess costs. Owing to its worldwide presence, the Group is also confronted 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 as of the date of the initial listing) 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 and until 31 December 2018, and less than 2.0 as from 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.

$$R2 = \frac{\text{EBITDA}}{\text{Net cost of financial debt}}$$

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 2016, the calculation of these ratios gives the following result: R1 = (-)0.33, R2 = 130.4, R3 = (-)0.04

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 2016, all intangible assets taken together represented a gross value of €94,053 and a net carrying amount of €49,765 (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 option of making important decisions concerning the Company, since they control Axway through their combined ownership of approximately 49.07% of the shares and 56.89% 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 currently 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, as well as other services (Annecy and Puteaux premises) described in Chapter 3. 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.

The Group also decided to take out a cyber insurance policy to supplement its liability insurance program. The purpose of this cyber insurance policy is to cover risks such as the risk of cyber attacks where needed.

2) 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.

3) Senior executives' civil liability insurance

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

4) Property damage and computer all risks 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.

5) Assistance

On behalf of those of its employees, company officers, senior executives and directors who are often required to travel in the course of their work, the Group has taken out an insurance policy offering coverage in the event of accidents or illness occurring during work-related travel.

6) Claim 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's commitment to digital transformation for its customers and its own business model relies on the Group's human capital. Axway's men and women, who are based in 22 countries and from different cultures, all share the values of team work, progress, confidence, a desire for innovation, excellence and service.

Within its ecosystem, in the software sector and now in the cloud and mobile applications sectors, Axway aims to interact and collaborate, as a responsible stakeholder, with its employees, customers, partners, suppliers and shareholders.

In 2016, Axway pursued initiatives to develop collaborative tools and internal dialogue, but also to adopt responsible labels, and participate in rating and certification programs in relation to the corporate and environmental responsibility criteria which are now required for calls for tenders, investment choices and partner agreements.
Membership of the United Nations Global Compact and the creation of an internal CSR Committee complement the Human Resources and CSR policy, which is essential for an international group within the software sector.

2.1 Human Resources

The new strategic positioning of Axway requires a robust Human Resources (RH) strategy. In 2016, the Axway HR teams focused their efforts in three areas: attracting, developing and retaining talent.

Attracting, developing and retaining talent

As far as recruitment is concerned, we implemented a new internal talent acquisition strategy and strengthened the teams. We have dedicated some resources to sourcing activities that are more decisive in a context of intense competition and lack of technical profiles than ever before. The creation of breeding grounds, the attention paid to the candidate's experience and the definition of the employer brand directly resulting from the new “imagination takes shape” brand were all efforts to support this strategy. In addition to the ten recruitment events in which we participated, we took a proactive approach in social media. Instagram, Facebook and Twitter allow us to spread our image while Linkedin and Glassdoor also offer us the opportunity to obtain interesting information about the market and our candidates.

Attracting new talents seems fundamental to bringing new ideas and skills to further develop our competencies in the area of engagement in the digital transformation (see consistency with Chapter 1) of our offer. Nevertheless, when we welcome new profiles, we have to understand the actions to be taken to retain these new employees. The same holds true for the expectations of existing employees who wish to develop their skills and evolve in their careers.

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

In January 2016, and in close collaboration with the Axway Committee on Health, Safety and Working Conditions, we implemented the first survey on work life quality. Among the various tools and methodologies available on the market, which allow such evaluations or analyses, we made the following choices:

1. for the questionnaire: use of the Karasek questionnaire; an internationally recognized tool used for measuring the level of risk of exposure to stress at the workplace;
2. for the SuMER tool methodology: which allows the deployment of this “Medical Surveillance of Exposures to Occupational Risks” or “SuMER” survey according to recognized national thresholds,

The response rate to the SuMER survey, *i.e.* 39%, allows us to conclude representative results. The answers obtained by the Karasek model thus introduce profiles of exposure to psycho-social risks based on four typologies.

The Axway median that results from this study is 72 points on decision-making flexibility, 20 points on psychological demand and 33 points on social support. According to the Karasek terminology, these results position Axway in a so-called "relaxed profile".

At Axway, the **33-point employee social support** (well above SuMER survey's mini-threshold of 24 points) proves the existence of solid team work that allows everyone to benefit from the mutual assistance of their colleagues and line superiors. As such, no team has been subjected to stressful conditions, although some trades prove to be quite demanding in terms of psychological resources. After the survey, we also implemented discussion groups and actions to improve the conditions of the most potentially exposed teams. We also implemented a stress management training program in partnership with Stimulus.

First survey on global commitment

Beyond this first survey, in October 2016, we carried out the first survey called "commitment" on the global scope of Axway. This type of survey provides more detailed information on employee perception, by measuring their level of motivation, connection and commitment to their professional environment. For this survey, we have chosen to partner with the Culture Amp firm recognized for their experience in our industry. With the positive results of the first survey, participation reached **83% of employees worldwide.**

The first results show a commitment rate of 50%. **As well as three main levers of employee commitment: career, communication and recognition.**

We chose to organize this survey around four factors relevant in the context of the evolution of our culture. These factors are comfort, alignment, flexibility and sense. We denote these four factors by the acronym CALM as shown in the chart below.

CALM model

Comfort	Satisfaction with rewards, compensation, benefits, physical workspace and working arrangements
Alignment	Alignment around individual tasks, goals, business strategy and communication, all supported by effective teamwork and accountability
Latitude	Having enough autonomy to effectively perform one's job and taking initiative to innovate
Meaning	Feeling valued, knowing that one's wellbeing is a priority, sense of belonging, and having opportunities for learning and advancement

2.1.1 Change in Axway's total workforce

	2016	2015	2014	2013	2012	2011	2010	2009
Staff	1,930	1,884	1,961 (1)	1,783	1,774	1,755	1,661	1,614

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

At year end 2016, Axway had 1,930 employees, including 607 in France. (Consistency with COMFI figures)

The breakdown of staff by geographical area is as follows:

- Europe 1,352 (70.05%) (permanent contracts);
- North America: 487 (25.23%);
- South America: 17 (0.88%);
- Asia/Pacific: 74 (3.83%).

Americas 504 (26.11%);

Number of dismissals

In 2016, Axway proceeded with dismissals mainly for reasons having to do with the person, such reasons representing approximately a fourth of the departures.

Recruitment

Axway recruited **317** new employees in 2016.

Nearly 64% 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 partnerships with a number of prestigious engineering schools and its internship scheme (mainly end-of-study internships leading to permanent recruitment in a very high proportion of cases).

Nearly all employees recruited were higher education graduates.

Please also note that Axway's recruitment policy is almost exclusively based on permanent contracts (excluding temporary cover) (99% in 2016).

Staff by age and length of service

The average length of service of Group employees was 6.5 years at 31 December 2016.

It is higher, at 7.5 years, in Europe compared with 4.4 years in North America.

In France, the average length of service stands at 9.8 years compared with 10.1 years last year.

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

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

Breakdown by gender

In 2016, women accounted for over 26% of the workforce, of whom 87% 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

In particular, a procedure to assist in the definition of the year-end process and the preparation for the annual interviews was put into place. More precisely, there were four modules that were created to assist the managers in understanding the evaluation process and thus to give them the necessary tools, whether it be:

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

For the employees, a module was also created, in order to enable them to prepare 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 2016 made it possible to offer new tools to all employees in order to better apprehend their expectations in terms of their careers.

- Based on this evaluation, wage 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 2016, 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 with the ecosystem in which Axway is evolving.
- The Group's compensation policy is founded on the following objectives:
  - respect for the principle of 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 2016, 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)	2016	2015	2014	2013	2012
Total	190	180	169	149	140

Profit-sharing at Axway Software SA

In France, an amendment to the June 2011 profit-sharing agreement was signed in June 2016. This agreement covers all employees of Axway Software SA. By way of derogation, the special profit-sharing reserve is calculated on the basis of French 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

Axway invested significant efforts in skill development in 2016. Since the deployment of our LMS (Learning Management system) in August 2015 we have continuously increased our production of **e-learning** modules. In 2016, there were 4,786 training activities in e-learning. Thus, Axway employees "the Axwegians" can access the training content at all times and at their own pace. Axway University can reach more and more employees working remotely or at customer-sites. Beyond the individual use of e-learning tools, we attach great importance to interactions between colleagues and experts through live webinars completing the e-learning and in-person offers.

These **webinars** are also provided in a format recorded on request for people who have not been able to participate from the internal Jive social network, which is accessible from any computer or mobile.

The internal social network Jive also allows us to support the most enthusiastic of our participants in facilitating community use in order to put into practice what they have learned at the very heart of their activity.

In 2016, we also launched **Digital shelves,** a digital book distribution program for people who want to broaden their knowledge.

We have thus modernized Axway University, born in 2014 out of the desire to support the development of the Company and deploy its common culture by sharing methodologies and consistent training programs. In 2016, by continuing with our much broader approach of classical training in the training room, e-learning, webinars, community facilitation, sharing of best practices, bibliography, we wanted to open up, for each and everyone, new training opportunities that are better suited to the needs of individuals according to their availability.

The two best examples of this global approach were carried out on the two courses "Trusted Advisor" and "Wellbeing @ Work". For these two courses, we have deployed several trainings in training rooms, interactive webinars, posted their recordings on the social network Jive, and finally provided additional content in these communities over a period of time; while proposing works *via* "Digital shelves" for further reflection.

This new approach has proven its effectiveness because this year, with:

- **1,286 Axwegians trained in 2016;**
- ***i.e.* 23,714 hours of training in 2016 versus 15,231 hours in 2015;**
- **7,367 training activities in 2016 versus 4,302 in 2015.**

Relations with employees

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

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

Professional relations at Axway Software SA

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

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 2016. In 2016, four agreements were signed in France and seven were signed in Germany.

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

- February 2016: Amendment to the professional expenses agreement
- March 2016: Amendment to the paid leave agreement
- June 2016: Amendment deviating from the profit-sharing agreement
- June 2016: Amendment to the agreement on the recognition of the career path of staff representatives in career and professional development.

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 first measures were set up at the beginning of 2014 and continued in 2015.

Work organization

Organization of working time

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

4% 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 global absenteeism rate was 5.20% in 2016, of which 2.96% was due to illness[(1)].

Absenteeism at Axway

Reasons for absenteeism	% of absenteeism
Illness	2.96%
Occupational/commuting accident – occupational illness	0.09%
Maternity – adoption	1.85%
Family events	0.25%
Total	**5.20%**

(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.

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 2016, the CHSCT held four Ordinary Meetings and three Extraordinary Meetings.

During this time, there was only one occupational accident without lost time in 2015.

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. Details of the analysis and communication of the results were provided in point 2.1.

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.

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.

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

Initiatives in favor of the 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:

- appointment of spokesperson for disabled employees within the CHSCT;
- launch of an awareness-raising, communication and manager-training campaign;
- hiring of three disabled workers;
- continued employment of disabled persons;
- outsourcing work to the protected sector.

Initiatives in favor of seniors

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

For several years, Axway has been committed to an environmental policy favoring eco-responsible practices within the Company, developing initiatives and leading actions to support this approach.

Since 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 their presence in different regions of the world, with teams distributed in several different countries, Axway uses audio/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 involving the relevant functional divisions and staff.

General environmental policy

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

Management of business premises

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;
- 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;
- 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;
- using whiteboards instead of flip charts;
- availability of sorting or recycling bins.

New premises: Paris-La Défense

In November 2016, Axway brought together all of its Parisian teams in a new building (Tour W in La Défense).

Thanks to the environmental policy implemented by the landlord since 2010 as part of its renovation, the tower is HQE certified (high environmental quality):

- energy audit followed by a plan to reduce consumption;
- remote metering system to monitor, analyze and more accurately control the energy performance.

The building is equipped with energy saving systems:

- Electricity: LED light bulbs or T5 fluorescent tubes with low consumption, whose intensity can be adjusted automatically or manually. Presence detector to activate/deactivate the lighting;
- Water: infra-red taps to optimize consumption;
- Air conditioning/heating: radiant ceiling with the option for individual control.

The figures obtained for the year ended 31 December 2016 are quite limited since they only cover two months. The Company will perform a detailed audit of these data for the year ended 31 December 2017.

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 it faces. 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. All of this results in frequent business travel, which has an impact on the environment in terms of pollution and consumption of energy resources.

Axway Software therefore strongly encourages the use of videoconferencing equipment, with which most sites are equipped, as a means of limiting travel. All new workstations are equipped with cameras and software to enable videoconferences.

Energy audit

Pursuant to the requirement for large companies, as expressed in the DDA DUE law, Axway Software commissioned an energy audit of its French sites in November 2015. However, due to the change in the Parisian site, no such action was taken in 2016 neither by the lessee nor by the landlord. This audit would not really have been useful since it would not have included the Parisian site.

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. At the time of the Paris move, it collected 1,600 kg of paper and cardboard.

In 2016, Axway pursued its initiative for the virtualization of 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.

In 2016, Axway continued 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 2016, more than 800 kg of waste electrical and electronic equipment was recycled. In addition, Axway donates outdated equipment to its employees. As with the previous year, in Romania, 70 computers were donated to schools, primary schools and humanitarian associations.

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 base, the work 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.

In 2016, as part of the move to Tour W, Axway created a computer room in the basement level. In this context, an initiative was created to reduce the number of rooms and streamline equipment as a means to reduce global consumption. This project will be launched in 2017.

Climate change

Discharges of greenhouse gases

Axway has been trying to make its teams aware of this subject for several years. This has resulted in measures such as:

- generalization of the use of the conferencing tool (Webex and Skype) to limit travel;
- modifications to the Car Policy imposing a maximum CO_2 emission of 130 g, applied since the start of 2016.

2.3 Corporate social responsibility

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. Moreover, Axway supports the fight against corruption and is committed to applying the laws in force. To this end, we introduced an **Anti-Bribery Act** in the UK which is binding for all our employees who work with customers in the UK.

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 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 has always developed close partnerships with universities and engineering schools.

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

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. In Romania, employees participate in the national program "Let's do it Romania" the aim of which is to clean up the parks and green spaces;
- **Health.** In many countries, Axway employees donate blood. In addition, in France, 27 employees formed a team to take part in "La Parisienne", a race which supports the fight against Breast Cancer. Bike parking facilities have been installed in Dublin, Bucharest and Berlin as part of the "Cycling to work" initiative which enables employees to travel by bike. Several Axway sites also participate in initiatives encouraging the use of two wheels;
- **Community.** For most countries where its offices are located, Axway contributes its support to populations in need. The employees of Phoenix and Puteaux contribute their aid to young graduates, in the preparation of resumes and preparing for job interviews. In Romania, numerous charitable sales are held each year, and the funds gathered are paid to an orphanage.

Partnerships and corporate patronage

Local actions and initiatives previously undertaken continued in 2016:

- partnership with ADIE (non-profit association) in 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 Pasarea NursingHome and Aura Ion association Orphanages (Romania), which help and support children and the elderly;
- donation of computer equipment to Unicef *via* the Redeem. partenariat recycling company.

Responsibility towards the market

Actions involving customers: EcoVadis

In 2016, 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 businesses turn to EcoVadis in order to reduce risk, steer innovation, and promote transparency and trust between commercial partners.

This renewal at the end of 2016 complements 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 2016, Axway pursued its participatory approach to the social and economic economy, by contracting 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.

The Group has introduced an ethics charter.

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

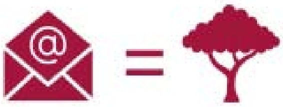
Information provided about Axway Software SA concerns France.

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 program



In 2016, Axway pursued 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 2016 General Meeting. Thus, 11,293 (491 members of the program x 23 Notice of Meeting pages) paper sheets have been deleted and replaced by e-mail formats.

At the end of 2016, 40% 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 plantation 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 2016, 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.

Investors and analysts – website and mobile application

Relations with investors are based upon individual meetings, forums, road shows and conferences. They account for 108 meetings in 2016 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 saving of paper and document transportation was well received by investors and financial investors.

Responsible investment

In 2016, Axway participated in the GAIA appraisal campaign to promote responsible investment. The rating achieved increased from 61 in 2015 to 75 in 2016.

Adherence to the Middlenext Code of Governance

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

Certification of disclosure and opinion on the truthfulness of the employee, societal, and environmental information

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 2016, 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 Axway Software company.

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

We performed our assignment in accordance with ISAE 3000 (International Standard on Assurance Engagements) and professional standards applicable in France. We have performed those procedures which we considered necessary in order to obtain a moderate assurance that information does not contain any material misstatements that could call into question their truthfulness in all material respects, in accordance with the reference guide. A higher level of assurance would have required more extensive verification work.

Our assignment was carried out between 19 February 2017 and 10 April 2017 for a duration of five man-days. We conducted four interviews with senior management within the Group.

We performed the following tasks:

- we assessed the appropriate nature of the Reference Guide with regard to its relevance, comprehensiveness, neutrality, understandable and reliable character, while taking into account, where applicable, the best practice of the sector;
- we verified the establishment within the Group of a process for collection, compilation, processing and control aimed at the comprehensiveness and coherence of the CSR Information. We reviewed internal control and risk management procedures pertaining to the preparation of the Information. We conducted interviews with the persons responsible for corporate and environmental reporting;
- 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 corporate and environmental consequences linked to the Group's operations and characteristics, as well as its societal commitments.
- For the consolidated quantitative information that we deemed the most important:
  - at the level of the Axway Software parent company and controlled companies, we put into place analytical procedures and verified, on the basis of sampling, the calculations, as well as the consolidation of this data;
  - at the level of the sites or subsidiaries that we selected [1] based on their contribution to the consolidated indicators and a risk analysis, we:
    - conducted interviews to verify the correct application of procedures and to identify possible omissions,
    - performed detailed testing on the basis of a sample, consisting of verifying the calculations made and reconciling the data with the supporting documents.

The sample thus selected represents on average more than 80% of contributions to the corporate data,

- for the consolidated qualitative information that we deemed the most important, we conducted interviews and reviewed the related documentary sources to corroborate this information and assess the true and fair nature thereof.
- for the other published consolidated information, we assessed its true and fair nature and consistency according to our knowledge of the company and, where necessary, through interviews or by consulting documentary sources.
- lastly, we assessed the relevance of the explanations pertaining, where applicable, to the total or partial absence of certain information.

Comment

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, on 21 April 2017

FINEXFI

Isabelle Lhoste

Associate

(1) Companies selected for the tests: Axway SAS France, Axway Inc.

Corporate governance

3

Axway has decided to adopt a two-tier governance structure which separates the positions 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 Companys 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, surname 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** (age 81) **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 of 22 June 2015 and Board of Directors' meeting of 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 company officer of the Group's foreign subsidiaries (direct or indirect); Chairman and CEO of Sopra GMT. **Expired offices:** None.	***No***	100%
 **Kathleen Clark Bracco** (age 49) **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 of 22 June 2015 and Board of Directors' meeting of 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** (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 of 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** (age 72) **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 of 22 June 2015 and Board of Directors' meeting of 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%

First name, surname 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
 **Emma Fernandez** (age 53) **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:** 0	Director	General Meeting of 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 **Expired offices:** Director of Kleinrock Advisors SL. Effect Consultoria y Soluciones Digitales SL. Grupo Ezentis	***Yes***	83%
 **Michael Gollner** (age 58) **Professional address:** 28 Addison Place – Suite 100 London W114RJ **Shares in the Company held personally:** 7,000	Director	General Meeting of 24 May 2012	General Meeting convened to approve the financial statements for the year ended 31 December 2016	**Within the Group:** None. **Outside the Group:** Director of Get Healthy Inc., The Idea Village. **Expired offices:** None.	***Yes***	100%
 **Helen Louise Heslop** (age 47) **Professional address:** Axway Software SA Tour W 102 Terrasse Boieldieu 92085 Paris La Défense Cedex France **Shares in the Company held personally:** 0	Director	General Meeting of 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:** None. **Expired offices:** None.	***Yes***[(2)]	83%
 **Pascal Imbert** (age 58) **Professional address:** WavestoneTour Franklin 100-101 Terrasse Boieldieu 92042 Paris La Défense Cedex France **Shares in the Company held personally:** 340	Director	General Meeting of 22 June 2015 and Board of Directors' meeting of 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%

First name, surname 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
 **Véronique de La Bachelerie** (age 58) **Professional address:** SGBT 11, Avenue Emile Reuter L-2420 Luxembourg **Shares in the Company held personally:** 0	Director	General Meeting of 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***	100%
 **Yann Metz-Pasquier** (age 29) **Professional address:** Sopra Steria Group SA PAE Les Glaisins BP 238 74924 Annecy Le Vieux France **Shares in the Company held personally:** 18,877	Observer	General Meeting of 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***	100%
 **Hervé Saint-Sauveur** (age 72) **Professional address:** Axway Software SA Tour W 102 Terrasse Boieldieu 92085 Paris La Défense Cedex France (only for the offices held within Axway Software SA France) **Shares in the Company held personally:** 0	Director	General Meeting of 22 June 2015 and Board of Directors' meeting of 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***	85.5%
 **Yves de Talhouët** (age 58) **Professional address:** 39 rue Boileau 75016 Paris France **Shares in the Company held personally:** 0	Director	General Meeting of 22 June 2015 and Board of Directors' meeting of 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***	100%

(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 the directors meeting the criteria set out in said 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 2016

Appointments	• Emma Fernandez with effect from 21 June 2016 • Helen Heslop with effect from 21 June 2016
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).

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, prior to that, he was Industrial Director of Sopra Group India Pvt. Ltd. He is a graduate of the University of Lyon (a DESS postgraduate diploma in Management) and the University of Savoie (Masters degree in Information Technology).

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

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

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 and in particular relating to the organisation of the finance structure for small and medium-sized companies. Moreover, she assumes management roles for her clients. In particular, she was the Director of Transformation for Aviva, one of the market leaders in insurance products in Europe, where she carried out a review of the modus operandi of Aviva's business. She had the objective of putting in place a new business model providing for significant cost reductions. In addition, she occupied the functions of Chief Financial Officer of Aviva Europe and was in charge of the redefinition of Aviva Europe's financial model and contributed to the development of the European strategy. Prior to her experience with Aviva, Helen worked at GE Capital, a division of General Electric, for ten years as a financial manager for France, Thailand and Sweden. During that period, she participated in the development of financing activities in Thailand as well as the restructuring, sale and significant reduction of the debts of financing activities in Western Europe. Her past experience also includes positions in the Finance Department at QBE International Insurance and Pricewaterhouse Coopers, where she began her career. Helen has an honors degree in economics from the University of Cambridge. Furthermore, she is a Statutory Auditor in the UK.

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

Michael Gollner is Managing Partner of Operating Capital Partners, which he founded in 2008. Michael Gollner previously worked in the Investment Banking Department of 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, where he has served as Chairman of the Management Board since 2002. Solucom 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*).

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.

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 a candidate for the CFA (Chartered Financial Analyst) program, for which he has already taken the Level I, II and III exams.

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, on which he acts as Chairman of the Audit Committee. Hervé Saint-Sauveur joined Société Générale in 1973: firstly 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 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, surname and professional address	Office	Date first appointed and date on which office expires	Offices and duties within the Group during the last five years	Offices and duties outside the Group during the last five years
Pierre Pasquier **Professional address:** Sopra Steria Group SA PAE Les Glaisins BP 238 74942 Annecy France	Chairman of the Board of Directors	**1st appointment:** 22 December 2001 **Expiration of term:** General Meeting convened to approve the financial statements for the year ended 31 December 2018	**Offices and duties currently held:** (Chapter 3 Section 1.2) **Expired offices and duties:** (Chapter 3 Section 1.2)	**Current 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 **Expiration of term:** Indefinite	**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)

3.1.4 Family relationships

At the time of writing, to the best of the Company's knowledge, 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

At the time of writing, to the best of the Company's knowledge, none of the members of the Board of Directors or management have been:

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

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

3.1.6 Conflicts of interest within administrative and management bodies

The Company maintains significant relations 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 68.95% interest in the share capital and 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 (57.74%) and 64.92% 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 members, appointed at a meeting held on 22 February 2016, in accordance with Recommendation No. 3 of the Middlenext Code of Corporate Governance;
- the directors submit to the obligation to comply with the interests of the Company, the rules set out in the charter and the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance ("Compliance for Board members"). Moreover, the internal regulations of the Board of Directors stipulates 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 within another company, may not take part in the vote on the corresponding matter and the Chairman may invite the Board member to refrain from taking* part in related discussions";
- the Company has decided to separate the offices of Chairman and CEO during its meeting of 22 June 2015.

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);
- Kathleen Clark Bracco;
- Hervé Déchelette;
- Yves de Talhouët.

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

3

3.1.8 Compensation paid to company officers

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

The Company's Combined General Meeting of 21 June 2016 allocated directors' fees in the amount of €262,500 for the fiscal year ended 31 December 2016 as part of its Resolution No. 14.

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 2016 fiscal year*	Amounts due in the 2015 fiscal year*	Amounts due in the 2014 fiscal year*
Pierre PASQUIER			
Directors' fees	18,582.81	19,819.00	24,701.25
Other compensation	-	-	-
Hervé SAINT-SAUVEUR			
Directors' fees	37,304.16	35,787.50	40,538.75
Other compensation	-	-	-
Hervé DÉCHELETTE			
Directors' fees	33,579.34	31,850.00	41,326.25
Other compensation	-	-	-
Pascal IMBERT			
Directors' fees	24,732.11	28,568.75	29,163.75
Other compensation	-	-	-
Kathleen CLARK BRACCO			
Directors' fees	25,357.98	26,381.25	27,326.25
Other compensation	-	-	-
Pierre-Yves COMMANAY			
Directors' fees	21,803.29	24,193.75	9,213.75
Other compensation	-	-	-
Françoise MERCADAL-DELASALLES			
Directors' fees	-	-	19,451.25
Other compensation	-	-	-
Véronique DE LA BACHELERIE			
Directors' fees	23,969.41	28,131.25	-
Other compensation	-	-	-
Michael GOLLNER			
Directors' fees	23,960.41	28,131.25	30,038.75
Other compensation	-	-	-
Yves de TALHOUËT			
Directors' fees	20,800.69	22,006.25	21,288.75
Other compensation	-	-	-
Yann METZ-PASQUIER			
Directors' fees	13,460.41	17,631.25	-
Other compensation	-	-	-
Emma FERNANDEZ			
Directors' fees	9,479.16	-	-
Other compensation	-	-	-
Helen Louise HESLOP			
Directors' fees	9,479.16	-	-
Other compensation	-	-	-
Total	**262,500**	**262,500**	**262,500**

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

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)	FY 2016	FY 2015	2014
Pierre PASQUIER			
Compensation payable in respect of the fiscal year	139,819	144,208	144,701
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 allocated during the fiscal year	-	-	-
Valuation of options allocated during the year	-	-	
Valuation of bonus options 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

	FY 2016		FY 2015	
(gross amounts in euros)	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Pierre PASQUIER				
Fixed compensation(1)	120,000	120,000	120,000	120,000
Variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees(1)	19,819	24,701	24,701	24,208
Value of benefits in kind	-	-	-	-
Total	**139,819**	**144,208**	**144,208**	**141,000**
Jean-Marc LAZZARI				
Fixed compensation(2)	562,018	562,018	-	-
Variable compensation(2)(3)	200,172	485,292	-_	_
Multi-year variable compensation			-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Value of benefits in kind(1)(5)	224,000	224,000	-	-
Total	**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 2015 was €1 = $1.1091 and the rate applicable at 31 December 2016 was €1 = $1.1651.

(3) Variable compensation is two-thirds dependent on quantitative criteria and one-third 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) Variable compensation is two-thirds dependent on quantitative criteria and one-third 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.

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

Furthermore, Mr. Pasquier received, in his capacity as Chairman and Chief Executive Officer of Sopra GMT, the Company's lead holding company, a fixed compensation of €60,000 in respect of his functions within Sopra GMT and the sum of €530,341 in respect of his functions within Sopra Steria Group SA in respect of the year ended 31 December 2016.

Executive officers	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	
	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 Indefinite		X		X	X(1)			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.*
This severance payment 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. 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.

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 2016, no stock options were granted to executive officers. A summary table has been inserted in the Board of Director's 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 2016 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 31/12/2016	-
Cumulative number of bonus shares canceled or having lapsed	8,100
Number of bonus shares remaining at the balance sheet date	-

3.1.9 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.

3.1.10 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 2016, the status of the application of the Code's recommendations is as follows:

Recommendation number	Purpose of the recommendation	Applied	Explained
1	Compliance for Board members	Partially	(1)
2	Conflicts of interest		
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 2017 in order to include the last quarter of 2016. The Company took this approach so as to ensure that the review covered a sufficient period of time.

3

3.2 Statutory Auditors

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)	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Statutory audit, certification and review of the individual company and consolidated financial statements												
• Issuer	129	123	111	36%	34%	35%	113	113	93	62%	70%	62%
• Fully consolidated subsidiaries	223	236	179	62%	66%	57%	38	43	33	21%	27%	22%
Subtotal	**352**	**359**	**290**	**98%**	**100%**	**92%**	**151**	**156**	**126**	**83%**	**97%**	**84%**
Other services than certification												
• Issuer			24	0%	0%	8%			24	0%	0%	16%
• Fully consolidated subsidiaries	7			2%	0%	0%	32	5		17%	3%	0%
Subtotal	**7**	**-**	**24**	**2%**	**0%**	**8%**	**32**	**5**	**24**	**17%**	**3%**	**16%**
Total	**359**	**359**	**313**	**100%**	**100%**	**100%**	**183**	**161**	**150**	**100%**	**100%**	**100%**

3.3 Regulated agreements

3.3.1 New agreements concluded in 2016

The Company did not conclude any regulated agreements for the year ended 31 December 2016.

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 2016.

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 2015 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. Starting from the 2016 fiscal year, the Board of Directors shall define each year the performance conditions to be met by the Chief Executive Officer in order to receive such severance payments. This annual setting of performance criteria beginning with 2016 makes it possible to adjust the performance criteria to be met by the Chief Executive Officer, thereby further protecting the Company's interests.

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, is due to be extended for 2016 so as to ensure the continuity of the Company's business and put the arrangements made for the installation of its operations on a more permanent footing, in particular, at the Puteaux 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 2017 and approved expenditure of €2,394,889.36 for the year ended 31 December 2016.

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 2017 and (ii) the payment of €512,415.84 to Sopra GMT for services rendered in the year ended 31 December 2016.

3.4 Report of the Chairman 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 2016. 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 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, missions and conditions of service, knowledge of rights and obligations, individually owned shares, ethical rules pertaining to stock market transactions, transparency, conflicts of interest, meeting attendance and confidentiality.

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

Powers of the Chief Executive Officer

The Chief Executive Officer exercises his or her powers within the limits of the 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 on the acquisition or disposal of companies or business activities, with powers delegated to the Chairman by the Board to decide on transactions amounting to less than €5 million,
  - the conclusion of strategic alliances;
- organization:
  - the appointment or dismissal of a member of the executive team (members of the Executive Committee, Heads of functional structures 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 bodies and the application of best governance practices; thus
- 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 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 list of the directors considered as independent based on the criteria defined by the Middlenext Code is included in Chapter 3.

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 five times in 2016. 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 2016 included the following:

- strategy and business plan;
- both internal and external growth plans of the Company and the Axway Group;
- quarterly performance;
- the 2016 budget and major strategies;
- approval of the financial statements for the year ended 31 December 2015;
- approval of the interim financial statements for the first half of 2016;
- approval of financial information and forward-looking information documents;
- working procedures of the Board of Directors, its internal regulations and its charter;
- compensation paid to company officers.

Access to information by members of the Board of Directors

Dissemination of information – Preparatory materials

Article 4 of the internal regulations states that:

- each member of the Board shall receive any information required for the performance of his or her mission 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 events or operations that are significant 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 2016.

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.

The Audit Committee therefore has the following main responsibilities:

- examine the financial statements, especially in order to:
  - review the Company's exposure to risks as well as its off-balance sheet commitments,
  - verify that the procedures for gathering and checking information guarantee its reliability,
  - ensure that accounting policies have been applied consistently and are pertinent,
  - check the work methods used by the Statutory Auditors;
- 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 requirement for the independence of Statutory Auditors.

The Committee met four times in 2016 in the presence of the Statutory Auditors. The main items of business at these meetings were as follows:

- the 2016 impairment testing;
- the intra-group transfer pricing policy;
- review of the consolidated and parent company financial statements for the year ended 31 December 2015;
- review of the financial statements for the first half of 2016;
- the organization of work in 2016 for the Group's internal audit function;
- review of the insurance policies contracted by the Group;
- the Chairman's draft report on corporate governance and internal control procedures.

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

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

Selection, Ethics and Governance Committee

The Selection, Ethics and Governance Committee was created on 22 May 2012. 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 2016 and its main responsibilities were:

- to make proposals for appointment of members of the Board of Directors and company officers, particularly in cases of unplanned vacancies;
- to assess the Board of Directors and the functioning of company governance;
- to ensure that in all of the Group's business segments, in all the subsidiaries that it controls, in all communications that it delivers and all acts accomplished in its name, the Group's values are respected, defended and promoted by its company officers, its 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 make to the functioning or the composition of the Board of Directors;
- to take into account any legal and regulatory changes in 2016.

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 five times during the course of the year ending 31 December 2016, and had as its primary missions:

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

Concerning the publication of the information required by Article L. 225-100-3 of the French Commercial Code

The information required under Article L. 225-100-3 of the French Commercial Code is detailed in Chapter 6 Section 2 ("Current ownership"), Section 5 ("Issue authorizations given to the Axway Board of Directors – Delegations granted by General Meetings") and Section 4 ("Shares held by the Company or on its behalf – Share buyback program").

3.4.2 Internal control and risk management procedures implemented

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;
- ensure the security of 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 2016, the Group was composed of 20 active companies. The legal structure is presented under "Simplified Group structure at 31 December 2016": 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 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 Product and Solutions, R&D, 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.

The Security Office Committee, who is not a member of this department, ensures the formalization, development and application of the "Information Security Management System" (ISMS) in conjunction with all the operational and functional departments concerned.

Procedures

The Company has procedures which the Operational and Functional Departments, acting within a framework defined by the Executive Management, are responsible for implementing, maintaining and appropriating *via* a training program. The procedures are, in part, grouped together in the Quality Management System (QMS) accessible at all times *via* a collaboration and capitalization portal under the coordination of the Operations Department. 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, Tier 1 deals program); as well as support processes (Human Resources, Infrastructures and IT system, 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 per month: 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 per year: 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"): Corporate Governance, Operational Departments (Publishing, Distribution) such as the Functional Departments (Finance, HR, IT/IS, Legal). For each area and issue identified, we assess the associated risks, depending on their potential financial 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 help create an annual internal audit plan, so as 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), the Legal Department and the Operations Department (management of the Quality Assurance System).

Financial Department (Management Audit)

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 (17 reviews in 2016): 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 backend.

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.

Operations Department

Quality management involves monitoring the life cycle of the products and services: from the design of the offers and commitments made ahead of the sales cycle, through to the implementation of solutions (services and support). Each operational division has a unit (involving a total of nearly 40 people in 2016) in charge of defining, deploying, industrializing and monitoring the procedures, methods and tools under the coordination of the Operations Department.

The Process, Risk and Security (PRS) quality assurance unit of the Operations Department comprises nine 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. Organized by the Operations Department or its local representatives, these reviews provide an external perspective on the status and organization of business deals.

Nearly 1,000 reviews of this type were conducted in 2016, almost 300 of which involved reviewing risk assessments of Tier 1 deals and around 450 of which involved project reviews. Plans for changes in the Quality Assurance System are regularly undertaken based on observations made during these controls.

Reporting on key quality assurance system indicators is shared, on a quarterly basis, with the Executive Management, operational and functional management and internal audit.

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 two employees, has the following aims:

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

The 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 Chief Executive Officer validates the internal audit plan based on the risk map as well as the priorities adopted for the year. This plan is reviewed by the Chairman of the Board of Directors and submitted to the Audit Committee for approval.

Board of Directors (Audit Committee)

The Audit Committee, on the Board of Directors' behalf, is informed 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, process, risk reporting structure and control system monitoring procedure. In particular, it gains a global 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 Management being present.

External procedures

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

Statutory Auditors

The Statutory Auditors are also tasked with ensuring the ongoing quality of the internal audit and procedures set up. 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 is HIPAA compliant, in accordance with U.S. standards 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. Axway continued its cloud services certification initiative and, in 2016, obtained the renewal of the SOC1/SSAE16 Type 2 certification for the United States, France and Germany. This certification is subject to on-premise auditing upon annual renewal. The objective of this standard is 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. SOC2 certification of the cloud business will start in 2017.

The ISO/IEC 27001:2013 certification was also renewed for 2016 at the end of an annual audit program conducted by the certifying body Dekra. In addition to its certification processes, the Company has prepared a cloud guide – Axway Cloud Security Statement – for the attention of 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 praised 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 Operations Department, comprises a project aimed at improving the governance and consistency of the Quality Management System (QMS), continued and led to obtaining the ISO 9001:2008 certification for Global Customer Services operations in France during 2016. The renewal in 2017 will be completed based on its revision ISO 9001:2015.

In 2016, 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.

The Global Products and Solutions Department is now responsible for the customer satisfaction survey system. In 2016, the "Voice of the customer" program measured, through targeted campaigns, the satisfaction of our customers or partners on different aspects of the Axway offering. In particular, the campaigns focused on our largest clients, but also on 10,000 contacts throughout the different stages of the customer experience ("Customer journey map"). Moreover, on closing each case handled by the Support Service, customers are questioned about the quality of the services (transactional study). Finally, there is a team dedicated to the customer experience, by means of customer satisfaction but also the "Customer engagement" team which collects feedback from the user groups. These different studies allow us to measure customer satisfaction and their perception of the quality of our products and services, with the aim of constantly improving our offering. We have observed a constant rise in the satisfaction of our large clients in recent years.

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 (20 active entities) (see "Simplified Group structure at 31 December 2016 – List of main subsidiaries": Chapter 1 Section 7) which provides operational efficiency and limits risks inherent to the function.

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 and guidance 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 close-out accounts.
- 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 2016 are described in Section 4.1 of Chapter 3 of the Registration Document.

Organization of the accounting information system

Financial accounting

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.

Accounting policies and presentation

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.

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

b. Preparation of the published accounting and financial information

Reconciliation of accounting data with the internal back-end

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, which is short in duration and takes place in the last quarter of the year, is a key event. It is the opportunity to apply the strategy approved by the Executive Committee (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 closed on the third working day of the following month 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 reviews the financial statements in order to confirm the Company's risk exposure, check the data collection and control procedures to guarantee the reliability of the information and ensure the consistency and appropriateness of the accounting methods.

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, 11 April 2017

Pierre Pasquier
Chairman of 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 2, 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*, 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 2015:

Category[1]	Name	Function	Transaction type[2]	Transaction date	Number of securities	Unit price	Transaction amount
Member of the Board of Directors	-	-	-	-	-	-	-

(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 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 2016, as follows:

- 3,330 shares under a company savings plan; and
- 21,900 shares under direct ownership;
- representing a total of 0.12% of the Company's share capital at 31 December 2016.

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' report prepared pursuant to Article L.225-235 of the French Commercial Code, upon the report of the Chairman of the Board of Directors of Axway Software

To the Shareholders,

In our capacity as Statutory Auditors of Axway Software, and in compliance with the provisions of Article L. 225-235 of the French Commercial Code, we present our report on the report of the Chairman of your Company, pursuant to the provisions of Article L. 225-37 of the French Commercial Code, in respect of the fiscal year ended 31 December 2016.

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

It is our responsibility to:

- present to you any observations that we have on the basis of the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report includes any other disclosures required by Article L. 225-37 of the French Commercial Code, with the understanding that it is not our responsibility to verify the fair presentation of this other information.

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

INFORMATION CONCERNING INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PERTAINING TO THE DEVELOPMENT AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

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

Specifically, this work consisted of:

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

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

OTHER INFORMATION

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

Courbevoie and Paris, 20 April 2017

The Statutory Auditors

Auditeurs & Conseils Associés	**Mazars**
François Mahé	Bruno Pouget

3.7 Statutory Auditors' special report on regulated agreements and commitments

GENERAL SHAREHOLDERS' MEETING CONVENED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

To the Shareholders,

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 during the course of the preceding fiscal year

We hereby inform you that we have not been made aware of any agreements or commitments authorized during the course of the preceding fiscal year to be submitted to the General Meeting for approval in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

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.

Severance pay which is due or which may be due to Jean-Marc Lazzari in the event of the termination of his position as Managing Director 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 Managing Director, 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 Managing Director from the Company. The severance payment will not be due if:

- the Managing Director leaves his position at his sole initiative;
- in the case of gross negligence or serious misconduct;
- in the case of a wrongful act which is unrelated to his positions;
- 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 will determine 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:

- the Board of Directors of 20 April 2016, set the following criteria to be met, in the event of dismissal during the 2016 fiscal year: 50% of the amount of the severance payment will be due if Axway Software's organic growth with respect to such 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 transition plan has been achieved as of 31 December 2016;
- in the event of dismissal during the 2017 fiscal year, the Board of Directors of 22 February 2017, pursuant to Article L. 225-42-1 of the French Commercial Code and in accordance with the recommendations of its Remuneration Committee, renewed the principle of a severance payment to its Managing Director.

Person concerned:

Jean-Marc Lazzari, Managing Director of Axway Software.

3

Agreement for the provision of business premises between Axway Software and Sopra Steria Group

Sopra Steria Group SA invoices your Company for services provided under an agreement for the provision of premises.

Person concerned:

The net charges borne by the Company under this agreement were €2,394,889 for fiscal year 2016.

Your Company's Board of Directors of 22 February 2017, decided to extend said agreement for the 2017 fiscal year, in order to ensure the durability and continuity of the Company's business, on the one hand, and to consolidate the developments carried out to install its operations there, on the other hand.

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 of Sopra Steria Group Director of Axway Software
Hervé Saint-Sauveur	Director of Sopra Steria Group Director of Axway Software

Assistance agreement signed with Sopra GMT

The agreement between the Sopra GMT company, on the one hand, and your Company and the Sopra Steria Group SA company, on the other hand, defines the role of the lead holding company which the Sopra GMT company assumes with respect to your Company and the Sopra Steria Group SA company. 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.

The implementation of this agreement led to Sopra GMT's invoicing of €587,955, excluding taxes, to your Company for the 2016 fiscal year.

At its meeting on 22 February 2017, the Board of Directors of your Company decided to extend said agreement for the 2017 fiscal year, in order to allow the three parties to the agreement to pursue the development of the synergies found.

Persons concerned:

Pierre Pasquier	Chairman of the Board of Directors of Sopra Steria Group Chairman of the Board of Directors of Axway Software Chairman and Chief Executive Officer of Sopra GMT
Kathleen Clark Bracco	Permanent representative of Sopra GMT, director of Sopra Steria Group Director of Axway Software
Hervé Saint-Sauveur	Director of Sopra Steria Group Director of Axway Software
Yann Metz-Pasquier	Director of Sopra GMT Director of Axway Software

Courbevoie and Paris, 20 April 2017

The Statutory Auditors

Auditeurs & Conseils Associés

François Mahé

Mazars

Bruno Pouget

3.8 Parent company financial statements, consolidated financial statements and appropriation of earnings

During the next General Shareholders' Meeting convened to approve the annual and consolidated financial statements for the year ended 31 December 2016, the shareholders will be asked to:

- approve the annual financial statements for the year ended 31 December 2016 showing a profit of €10,881,106.02;
- approve the non-tax deductible expenses referenced to in Article 39-4 of the French General Tax Code, amounting to €77,677 and the corresponding tax expense of €25,892;
- approve the consolidated financial statements for the year ended 31 December 2016, showing consolidated net income – Group share in the amount of €31,476,576.

The shareholders will also be asked to approve the appropriation of earning as follows:

- net profit to be appropriated for the year:
  - net profit for the year: €10,881,106.02,
  - retained earnings: (-)€4,583.80,
  - *i.e.* a total of: €10,876,522.22;
- appropriation of earnings:
  - legal reserve: €49,424.60,
  - dividends: €8,408,416,
  - discretionary reserves: €2,418,681.62,
  - total: €10,876,522.22.

3.9 Other reports

Report of the Board of Directors on the use of delegations of authority granted by the Combined General Meeting of 21 June 2016 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 22 June 2015

The delegation of authority granted to the Board of Directors in the fifteenth resolution of the Combined General Meeting of 22 June 2015 was used up to 0.1% of the Company's share capital at 21 June 2016. This delegation of authority was cancelled following the adoption of the ninth resolution by the Combined General Meeting of 21 June 2016.

Other delegations of authority granted by the Combined General Meeting of 22 June 2015 had not been used by the Board in respect of the year ended 31 December 2016.

II. Use of the delegations of authority granted by the Combined General Meeting of 21 June 2016

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 0.1% of the Company's share capital.

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 employees or company officers was used up to 1.14% of the Company's share capital.

The other delegations of authority granted by the Combined General Meeting of 21 June 2016 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, on 11 April 2017

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 year ended 31 December 2016

A summary of the operations carried out in 2016 under the various stock option plans set up by the Company is set out below.

a. Stock options granted to executive officers during the year ended 31 December 2016

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 year ended 31 December 2015 by the Company or its affiliates

For the fiscal year ended 31 December 2016, no stock options were granted either by the Company or by its affiliates, to their company officers and/or employees.

c. Stock options granted to the top 10 employees (non-company officers) during the year ended 31 December 2016

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 most options in this way (aggregate information)	-	€-	-

d. Stock options granted to all employee beneficiaries during the fiscal year ended 31 December 2016 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 year ended 31 December 2016

a. Stock options exercised by executive officers during the fiscal year ended 31 December 2016

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-company officers) during the year ended 31 December 2016

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
Company options 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 shares (aggregate information)	106,250	15.42	74,250	28,000	4,000

III. Options cancelled during the year ended 31 December 2016

For information purposes only, during the fiscal year ended 31 December 2016:

- 15,400 share subscription options were cancelled under Plan No. 3 of 2011;
- 16,750 share subscription options were cancelled under amendment no. 1 to Plan no. 1 of 2011.

Paris, 11 April 2017

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. Allocation of rights to bonus shares in respect of previous years

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 bonus allocation of 35,000 shares, subject to meeting the various conditions precedent detailed below, it being specified that as of the date 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; and

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.

II. Bonus shares awarded during the 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, free of charge, on one or more occasions, at its choice, either existing shares of the Company or bonus performance shares to be issued, to qualifying employees or company officers (within the meaning of Article L. 225-197-1 II paragraph 1 of the French Commercial Code) of the Company or to certain categories of such employees or officers and of companies and economic interest groups affiliated with the Company pursuant to the conditions defined in Article L. 225-197-2 of the French Commercial Code;
2. resolved that the total number of performance shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' 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,

- condition of attendance:
  - 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 A, it is based on the organic growth of the Company's consolidated revenue and profit (loss) from operations,
- the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
- this 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, 11 April 2017

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 twelfth resolution of the Combined General Meeting of 21 June 2016 to award BSAARs to employees and to company officers of the Company or its Group.

Paris, 11 April 2017

The Board of Directors

Consolidated financial statements

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4.1 Consolidated statement of net income

(in thousands of euros)	Notes	2016 Amount	2015 Amount	2014 Amount
Revenue	**4**	**301,078**	**284,612**	**261,590**
Employee costs	5	-190,127	-180,150	-169,335
External expenses	4	-66,415	-62,371	-56,721
Taxes and duties		-2,848	-2,504	-2,506
Depreciation and amortisation, provisions and impairment	4	-5,549	-6,249	-4,039
Other current operating income and expenses		14,632	11,158	10,695
Profit on operating activities		**50,771**	**44,496**	**39,685**
as % of revenue excl.		***16.9%***	***15.6%***	***15.2%***
VAT share-based payment expense	5	-1,089	-550	-811
Amortization of allocated intangible assets	4	-7,863	-6,044	-5,318
Profit from recurring operations		**41,818**	**37,902**	**33,556**
as % of revenue excl.		***13.9%***	***13.3%***	***12.8%***
Other operating income and expenses	4	-6,738	-10,493	-2,298
Operating profit		**35,080**	**27,409**	**31,258**
as % of revenue excl.		***11.7%***	***9.6%***	***11.9%***
Costs of net financial debt	10	-380	-361	-1,355
Other financial income and expense	10	522	-1,292	434
Income taxes	6	-3,745	2,101	-3,647
Net income from associates		-	-	-
Net profit for the period from continuing operations		**31,477**	**27,856**	**26,690**
Profit after tax from discontinued operations		-	-	-
Net profit for the year		**31,477**	**27,856**	**26,690**
as % of revenue excl.		***10.5%***	***9.8%***	***10.2%***
of which share attributable to non-controlling interests		0	1	204
of which share attributable to owners of the parent company		**31,477**	**27,856**	**26,486**

Net income per share – share attributable to owners of the parent company

(in euros)	Notes	2016	2015	2014
Basic earnings per share	**12**	**1.51**	**1.35**	**1.29**
Fully diluted earnings per share	**12**	**1.48**	**1.33**	**1.27**

Other comprehensive income statement items

(in thousands of euros)	2016	2015	2014
Consolidated net income	**31,477**	**27,856**	**26,690**
Other comprehensive income statement:			
Actuarial gains and losses on pension plans	765	1,580	-756
Tax impact	-249	-405	260
Subtotal of items not reclassifiable to profit or loss	**516**	**1,175**	**-496**
Share attributable to non-controlling interests	-2	-0	-202
Foreign exchange gains and losses	6,559	17,036	20,259
Change in the value of derivatives	46	288	-155
Elements relating to associates	-	-	-
Elements relating to discontinued operations	-	-	-
Tax impact	-433	-23	-23
Subtotal of items reclassifiable to profit or loss	**6,170**	**17,301**	**19,879**
Total other comprehensive income statement	**6,686**	**18,476**	**19,383**
Total comprehensive profit	**38,163**	**46,332**	**46,073**
of which share attributable to non-controlling interests	-2	0	2
of which share attributable to owners of the parent company	**38,165**	**46,332**	**46,071**

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4.2 Statement of cash flows

(in thousands of euros)	2016	2015	2014
Consolidated net income (including share attributable to non-controlling interests)	**31,477**	**27,856**	**26,690**
Net increase in depreciation, amortisation and provisions	10,044	13,773	8,313
Unrealised gains and losses relating to changes in fair value	-51	-2,248	-662
Share-based payment expense	1,089	550	811
Other calculated income and expense	-	-	-
Gains and losses on disposal	900	620	83
Dilution gains and losses	-	-	-
Share in profit of associates	-	-	-
Dividends (unconsolidated securities)	-	-	-
Cash from operations after cost of net debt and tax	**43,459**	**40,552**	**35,236**
Costs of net financial debt	380	361	1,355
Tax expenses (including deferred tax)	3,745	-2,101	3,647
Cash from operations before cost of net debt and tax (A)	**47,584**	**38,813**	**40,238**
Tax paid (B)	-3,291	-2,527	-3,875
Changes to operating working capital requirements (including liabilities related to employee benefits) (C)	-5,900	13,317	10,956
Net cash from operating activities (D) = (A+B+C)	**38,394**	**49,602**	**47,319**
Purchase of tangible and intangible fixed assets	-10,094	-4,723	-4,659
Proceeds from sale of tangible and intangible fixed assets	-	8	-
Purchase of financial assets	-202	-608	-
Proceeds from sale of financial assets	-	-	297
Impact of changes in the scope of consolidation	-45,944	-127	-49,719
Dividends received (associates, unconsolidated securities)	-	-	-
Variations of lending	-1,102	223	-335
Investment grants received	-	-	-
Other cash flows from investing activities	-	-	-
Net cash from (used in) investing activities (E)	**-57,342**	**-5,227**	**-54,416**
Proceeds on shares issued	-	-	-
Proceeds on the exercise of stock options	3,444	3,085	1,292
Purchase and proceeds from disposal of treasury shares	-	-	-
Dividends paid during the year	-	-	-
• Dividends paid to shareholders of the parent company	-8,314	-8,227	-8,210
• Dividends paid to minority interests of consolidated companies	-	-	-
Change in borrowings	31,344	-40,984	7,744
Change in current accounts – Sopra Group	-	-	-
Net interest paid (including finance leases)	-380	-361	-1,355
Other cash flow relating to financing activities	-60	339	-685
Net cash from (used in) financing activities (F)	**26,034**	**-46,148**	**-1,214**
Effect of foreign exchange rate changes (G)	756	1,071	3,715
Net change in cash and cash equivalents (D+E+F+G)	**7,841**	**-702**	**-4,597**
Opening cash position	43,866	44,568	49,165
Closing cash position	51,707	43,866	44,568

4.3 Statement of consolidated financial position

Assets

(in thousands of euros)	Notes	31/12/2016	31/12/2015	31/12/2014
Goodwill	8	288,801	251,838	236,472
Intangible assets	8	49,765	40,909	45,632
Property, plant and equipment	8	14,532	7,772	6,936
Financial assets	7	3,235	1,780	1,377
Differed tax assets	6	46,328	45,240	40,712
Non-current assets		**402,662**	**347,539**	**331,129**
Inventories		282	323	222
Trade receivables	7	78,209	73,856	84,852
Other current receivables	7	24,973	22,204	17,968
Cash and cash equivalents	10	51,716	44,664	44,574
Current assets		**155,181**	**141,048**	**147,615**
Total assets		**557,842**	**488,587**	**478,744**

Equity and liabilities

(in thousands of euros)	Notes	31/12/2016	31/12/2015	31/12/2014
Share capital		42,042	41,548	41,136
Capital reserves		117,079	113,152	109,267
Consolidated reserves		184,219	158,062	121,620
Profit for the period		31,477	27,856	26,486
Equity – share attributable to owners of the parent company		**374,816**	**340,617**	**298,510**
Non-controlling interests		**1**	**3**	**3**
Total equity	**12**	**374,818**	**340,620**	**298,512**
Financial debt – long-term portion	10	35,450	7,518	46,374
Deferred tax liabilities	6	995	7,055	9,484
Other non-current liabilities	7	9,303	8,621	9,384
Non-current liabilities		**45,748**	**23,194**	**65,243**
Financial debt – short-term portion	10	3,685	1,465	1,322
Trade accounts payables	7	16,466	8,483	7,931
Deferred revenue		74,492	66,609	61,088
Other current liabilities	7	42,634	48,215	44,648
Current liabilities		**137,276**	**124,773**	**114,989**
Total liabilities		**183,025**	**147,966**	**180,232**
Total liabilities and equity		**557,842**	**488,587**	**478,744**

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4.4 Change in 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 31/12/2014	**41,136**	**109,267**	**-735**	**130,401**	**18,441**	**298,510**	**3**	**298,512**
Capital transactions	412	2,673	-	-	-	3,085		3,085
Share-based payments		542		-	-	542		542
Transactions in treasury shares			359	-	-	359		359
Earnings appropriation				-8,227	-	-8,227		-8,227
Changes in scope of consolidation				-	-	-		-
Others movements		670	-	-653	-	17		17
Transactions with shareholders	**412**	**3,885**	**359**	**-8,880**	**-**	**-4,224**	**-**	**-4,224**
Net profit for the year	-	-	-	27,856	-	27,856	1	27,856
Other comprehensive income statement	-	-	-	-	18,476	18,476	-0	18,476
Total comprehensive profit for the year	**-**	**-**	**-**	**27,856**	**18,476**	**46,332**	**0**	**46,332**
Equity 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**

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 sixth publication for the Axway Group following its listing 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 2016, on the bases described below in order to provide an overview of the business activities included in Axway's scope of consolidation.
Axway, the market leader in governing the flow of data, is a software company with more than 11,000 customers in the private and public sectors 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 year ended 31 December 2016 were approved by the Board of Directors meeting of 22 February 2017.

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 year ended 31 December 2016 were prepared in accordance with:

- IFRS standards as adopted by the European Union. This information 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 2016 did not have any material impact on the Group's financial statements and income. These primarily relate to:

- *annual improvements (2010-2012 cycle)* Annual improvements to IFRSs 2010-2012;
- *amendments to IAS 19* Defined-Benefit Plans: Employee Contributions;
- *annual improvements (2011-2013 cycle)* Annual standards improvement process 2011-2013 cycle;
- *annual improvements (2012-2014 cycle)* Annual improvements IFRSs 2012-2014 cycle;
- *amendments to IAS 16 and IAS 38* Clarification of Acceptable Methods of Depreciation and Amortization;
- *amendments to IAS 27* Equity method in Separate Financial Statements;
- *amendments to IAS 1* Disclosure Initiative: presentation of financial statements;
- *amendments to IFRS 10, IFRS 12 and IAS 28* Investment Entities: Exemption from preparing consolidated financial statements;
- *amendments to IFRS 11* Acquisition of Interests in Joint Arrangements;
- *IFRIC 21* Levies.

b. Standards and interpretations in the process of being adopted by the European Union and applicable in advance at 31 December 2016

- *Amendments to IFRS 10 and IAS 28* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- *IFRS 15* Revenue Recognition.
- *Amendments to IFRS 15* Clarification of standard IFRS 15.
- *IFRS 9* Financial Instruments.
- *Amendments to IAS 12* Accounting for deferred tax assets due to unrealized losses.
- *Amendments to IAS 7* Disclosure Initiative.
- *Amendments to IFRS 2* Classification and evaluation of share-based payments.
- *Annual improvements (cycle 2014-2016)* Annual improvement process for the IFRSs 2014-2016 cycle.
- *Amendments to IAS 40* Transfer of investment properties.
- *IFRIC 22* Advance payment on foreign currency transactions.

The Group has chosen not to apply these standards and interpretations in advance.

c. 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 2016

The Group does not apply them. These primarily relate to:

- *IFRS 14* Regulatory Deferral Account;
- *IFRS 16* Leases;
- *amendments to IFRS 4* Application of IFRS 9 with IFRS 4.

d. Format of the financial statements

With regard to the presentation of the consolidated financial statements, Axway Software has decided to apply Recommendation 2009-R.03, dated 2 July 2009, of the *Conseil National de la Comptabilité* 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.

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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 consolidated using the full consolidation method. 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 activities, *i.e.* those that have a significant impact on the entity's profitability), through the ownership of 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 operations between Group companies are eliminated.
- The accounts of all consolidated companies are prepared at 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.
- The 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 rates applying at the balance sheet date;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange differences are 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	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Swiss franc	1.0901	1.0676	1.2146	1.0739	1.0835	1.2024
Pound sterling	0.8166	0.7260	0.8061	0.8562	0.7340	0.7789
Swedish krona	9.4633	9.3545	9.0938	9.5529	9.1895	9.3930
Romanian leu	4.4906	4.4452	4.4439	4.5391	4.5240	4.4828
Bulgarian lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
US dollar	1.1062	1.1096	1.3267	1.0541	1.0887	1.2141
Australian dollar	1.4875	1.4765	1.4715	1.4596	1.4897	1.4829
Hong Kong dollar	8.5865	8.6023	10.2888	8.1753	8.4376	9.4170
Singapore dollar	1.5276	1.5251	1.6816	1.5234	1.5417	1.6058
Yuan (China)	7.3483	6.9730	8.1734	7.3201	7.0608	7.5358
Rupee (India)	74.3344	71.1752	80.9756	71.5820	72.0215	76.7190
Real (Brazil)	3.8378	3.6916	3.1198	3.4305	4.3117	3.2207
Ringgit (Malaysia)	4.5824	4.3315	4.3424	4.7288	4.6959	4.2473

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).

All business combinations are recognized by applying the acquisition method, which consists of:

- the measurement and recognition at fair value at the acquisition date of the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- the measurement and recognition at the acquisition date of the difference referred to as "goodwill" between:
  - the purchase price for obtaining control of the acquiree plus the amount of any non-controlling interests in the acquiree,
  - 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 acquiree.

The purchase price of the acquiree corresponds to the fair value, at the acquisition date, of the elements of consideration remitted to the seller in exchange for control of the acquiree, to the exclusion of any element serving as consideration for any transaction separate from the attainment of control.

If the initial accounting for a business combination can only be determined provisionally for the reporting period in which the combination was effected, the acquirer 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

At 14 January 2016, Axway Software, through its subsidiary Axway Inc., acquired 100% of shares of the company Appcelerator Inc. in the United States. Appcelerator Inc. owns 100% of shares of its four affiliates: Appcelerator GmbH in Germany, Appcelerator UK, Appcelerator China and Appcelerator Singapore.

2.4 Other changes in scope

Deconsolidated entities

During the first half of 2016, the Group liquidated Systar Inc. in the United States. This company was removed from the scope of the consolidation.

2.5 Comparability of the accounts

Five new legal entities have a limited impact on the consolidated financial statements at 31 December 2016. These are Appcelerator Inc., Appcelerator GmbH in Germany, Appcelerator UK, Appcelerator China and Appcelerator Singapore. No pro forma information is provided considering the lack of significant impact on the consolidated financial statements.

Note 3 Segment information

Internal business management information is made available to Axway's management based on the Developer/Distributor (Licenses, Maintenance, Services) model. Segment information for Axway is presented according to this organization.

3.1 Geographical breakdown of revenue

(in thousands of euros)	2016		2015		2014	
Europe	162,929	54.1%	160,974	56.6%	162,911	62.3%
Americas	122,853	40.8%	109,707	38.5%	89,090	34.1%
Asia Pacific	15,296	5.1%	13,930	4.9%	9,589	3.7%
Total revenue	**301,078**	**100%**	**284,612**	**100%**	**261,590**	**100%**

3.2 Geographical breakdown of non-current assets

(in thousands of euros)	2016		2015		2014	
France	91,189	25.6%	86,935	28.8%	38,341	13.2%
International	265,144	74.4%	215,364	71.2%	252,077	86.8%
Total non-current assets*	**356,333**	**100.0%**	**302,299**	**100.0%**	**290,418**	**100.0%**

* *Excluding financial instruments, deferred tax assets, and assets with respect to post-employment benefits.*

Note 4 Operating profit

4.1 Revenue

4.1.1 Revenue recognition

The applicable standard is IAS 18 Income from ordinary activities.

Services provided within the scope of the Group's software package operations include:

- the right of use under license of the software package 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:

- 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 on a time basis, and is generally billed in advance;
- ancillary services revenue is generally provided on the basis of time spent and is recognized when the services are performed, *i.e.* usually when invoiced. Ancillary services are sometimes provided within the scope of fixed-price contracts, in which case they are 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 by the Quality Department. 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 revenue item of the Other current liabilities heading.

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.

In 2016, the Group started work on the impact of IFRS 15, which will cancel and replace all existing standards and interpretations on revenue recognition, hitherto ratified by the European Union and which must be applied from the financial year starting 1 January 2018. For now, the impact on revenue seems to be very limited and the Group is continuing with its work.

4.1.2 Revenue by activity

(in millions of euros)	2016		2015		2014	
Licenses	81.3	27.0%	80.5	28.3%	79.6	30.4%
Maintenance	143.0	47.5%	137.7	48.4%	120.5	46.1%
Services	76.8	25.5%	66.4	23.3%	61.5	23.5%
Total revenue	**301.1**	**100.0%**	**284.6**	**100.0%**	**261.6**	**100.0%**

4.1.3 International operations

(in millions of euros)	2016		2015		2014	
France	94.2	31.3%	95.2	33.5%	103.4	39.5%
International	206.9	68.7%	189.4	66.5%	158.2	60.5%
Total revenue	**301.1**	**100.0%**	**284.6**	**100.0%**	**261.6**	**100.0%**

4.2 Purchases and external expenses

4.2.1 Purchases

(in thousands of euros)	2016	2015	2014
Purchases of raw materials and other supplies	-	-	-
Purchases of subcontracting services	13,535	14,054	11,804
Purchases held in inventory of equipment and supplies	1,139	1,263	960
Purchases of merchandise and change in stock of merchandise	3,609	2,591	2,543
Total	**18,282**	**17,907**	**15,307**

Purchases of subcontracting services in 2016 related to subcontracting to Sopra India (€3.3 million) and Sopra Steria Group (€1.4 million).

4.2.2 External expenses

(in thousands of euros)	2016		2015		2014	
Leases and charges	10,905	22.7%	10,157	22.8%	9,751	23.5%
Maintenance and repairs	5,327	11.1%	3,967	8.9%	2,961	7.2%
External structure personnel	-91	-0.2%	-	0.0%	75	0.2%
Remuneration of intermediaries and fees	6,434	13.4%	5,204	11.7%	5,231	12.6%
Advertising and public relations	2,746	5.7%	3,195	7.2%	2,657	6.4%
Travel and entertainment	11,248	23.4%	11,353	25.5%	11,556	27.9%
Telecommunications	3,016	6.3%	2,853	6.4%	3,568	8.6%
Sundry	8,547	17.8%	7,736	17.4%	5,614	13.6%
Total	**48,131**	**100%**	**44,464**	**100%**	**41,414**	**100%**

4.3 Depreciation and amortization, provisions and impairment

(in thousands of euros)	2016	2015	2014
Amortization of intangible assets	590	488	407
Depreciation of property, plant and equipment	2,632	2,619	2,644
Depreciation and amortization of non-current assets under lease-purchase agreement	-	-	-
Depreciation and amortization of deferred charges	-	-	-
Depreciation	**3,223**	**3,107**	**3,051**
Impairment of current assets net of unused reversals	1,052	1,557	230
Provisions for contingencies and losses net of unused reversals	1,274	1,585	758
Provisions and impairment	**2,326**	**3,142**	**988**
Total	**5,549**	**6,249**	**4,039**

4.4 Amortization of allocated intangible assets

This item corresponds to the amortization expense with respect to intangible assets obtained in connection with acquisitions of companies (mainly Vordel, Tumbleweed, Systar in 2014 and finally Appcelerator in 2016) of €7,863 thousand in 2016, €6,044 thousand in 2015 and €5,318 thousand in 2014. The acquisition of Appcelerator explains the increase from FY 2015 to FY 2016.

4.5 Other operating income and expenses

The following non-recurring expenses are recognized under this item:

- €4,751 thousand in restructuring expenses for our operations mainly in France, Belgium, 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, England, Sweden, and in 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.

Non-recurring expenses for 2014 were:

- €1,200 thousand in fees relating to specific costs in respect of the acquisition of the Systar Group, research into the buyout of a foreign company which never came to fruition and the acquisition of business goodwill in Australia;
- €817 thousand relating to a reassessment notification from URSSAF.

Note 5 Employees and commitments towards employees

5.1 Employee costs

(in thousands of euros)	2016	2015	2014
Salaries	150,760	141,228	131,796
Social charges	38,808	38,052	36,458
Employee profit sharing	559	869	1,081
Total	**190,127**	**180,150**	**169,335**

5.2 Workforce

No. of employees at 31 December	2016	2015	2014
France	607	680	698
International	1,323	1,204	1,263
Total	**1,930**	**1,884**	**1,961**

Average no. of employees	2016	2015	2014
France	637	691	671
International	1,311	1,232	1,242
Total	**1,948**	**1,922**	**1,914**

5.3 Retirement benefit 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 values separately 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)	01/01/2016	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	31/12/2016
France	6,571		697	-385			-687	6,196
Germany	30		74	-2				102
Bulgaria	26		5				3	33
Total	**6,628**	**-**	**775**	**-387**	**-**	**-**	**-684**	**6,331**
Impact (net of expenses incurred)								
Profit from recurring operations			573.6		-			
Net financial income			201.5		-			
Total			**775**		**-**			

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:

	31/12/2016	31/12/2015	31/12/2014
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	1.74%	2.41%	1.59%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	age 65	age 65	age 65
Mortality table	Insee 2012-2014	Insee 2011-2013	Insee 2006-2008

Assumptions referring to mortality rates are based on published statistical data. Updating of mortality tables increased the commitment by €39 thousand.

Turnover tables are established for each company concerned by five-year age groups and are updated at each balance sheet date to reflect data on employee departures for the last five years.

Updating of five-year workforce turnover rates and assumptions relating to departure procedures reduced the commitment by €1,054 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 of its retirement benefit commitments. A discount rate of 1.74% was used for 2016.

d. Table of changes in Axway Software's provision for retirement benefits

(in thousands of euros)	Present value of obligations not financed	Unrecognised actuarial differences	Net commitments recognized in the balance sheet	Taken to the income statement
31 Dec. 2014	**7,092**	**-**	**7,092**	**589**
Change in scope of consolidation		-	-	
Past service cost	524	-	524	524
Financial cost	117	-	117	117
Benefits paid to employees	-	-	-	-
Change in actuarial differences	-1,162	-	-1,162	-
31 Dec. 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 Dec. 2016	**6,196**	**-**	**6,196**	**312**

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 €687 thousand actuarial gain recognized for Axway Software in 2016 was mainly the result of:

- differences related to the change in the turnover table (decline in the commitment by €1,054 thousand);
- differences related to the change in the departure procedures (increase in the commitment by €480 thousand);
- differences related to the change in the annual wage calculation method (decline in the commitment by €91 thousand).

4

Experience adjustments on Axway Software scheme liabilities are shown in the table below:

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Current value of obligation with respect to defined benefits	6,196	6,571	7,092
Experience adjustments on plan liabilities	274	249	-240
Experience adjustments on plan liabilities (in % of commitments)	4.43%	3.78%	-3.39%

The breakdown by maturity of the Axway Software's retirement benefit commitment in France, discounted at 1.74%, is shown in the table below:

(in thousands of euros)	31/12/2016
Present value of theoretical benefits to be paid by the employer:	
less than 1 year	245
from 1 to 2 years	121
from 2 to 3 years	127
from 3 to 4 years	222
from 4 to 5 years	327
from 5 to 10 years	1,777
from 10 to 20 years	2,132
more than 20 years	1,245
Total commitment	**6,196**

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 allocated 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 2016, the cost of services provided by the personnel in consideration for the options received was recognized for the amount of €222 thousand.

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 plan for the allocation of bonus shares to employees in the United States was put into place in April 2015. The charge for this new bonus share allocation plan was €217 thousand.

A new bonus share allocation plan for 64 senior executives and Jean-Marc Lazzari was put into place in June 2016. The charge for this new bonus share allocation plan was €714 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)	31/12/2016	31/12/2015	31/12/2014
Short-term employee benefits(1)	1,582	1,064	884
Termination benefits	-	1,218	-
Shareholders' equity compensation benefits	95	37	85
Total	**1,676**	**2,319**	**969**

(1) Short-term employee benefits include the fixed and variable components of compensation, as well as benefits in kind and directors' fees.

The item short-term employee benefits increased from FY 2015 to FY 2016 as it took into account a full year for Jean-Marc Lazzari, appointed as Chief Executive Officer Axway on 22 June 2015.

In 2016, 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 2014 and 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 by the Remuneration Committee and having verified the achievement of applicable performance criteria, authorized, in the interests of Axway Software, a transaction with Christophe Fabre following the non-renewal of his terms of office as director and Chief Executive Officer, under Article L. 225-42-1 of the French Commercial Code.

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.

The General Shareholders' Meeting of 21 June 2016 set the amount of directors' fees to be shared between the directors at €262.5 thousand.

Note 6 Corporate income tax

6.1 Analysis table

(in thousands of euros)	2016	2015	2014
Current tax	-3,495	-2,729	-7,087
Deferred tax	-250	4,830	3,440
Total	**-3,745**	**2,101**	**-3,647**

6.2 Reconciliation between the theoretical and effective tax charge

(in thousands of euros)	2016	2015	2014
Net income	31,477	27,856	26,690
Tax expense	-3,745	2,101	-3,647
Goodwill impairment	-	-	-
Profit (loss) before tax	35,222	25,756	30,337
Theoretical tax rate	**34.43%**	**34.43%**	**34.43%**
Theoretical tax expense	**-12,127**	**-8,868**	**-10,445**
Reconciliation			
Permanent differences	-3,004	458	-94
Impact of non-capitalized losses for the year	-238	-546	-931
Use of non-capitalized tax loss carry forwards	646	321	885
Impact of research tax credits	3,284	3,241	3,264
CVAE reclassification (net of tax)	-812	-891	-1,396
Capitalization of tax loss carry forwards from previous years	6,619	6,203	4,481
Tax rate differences – France/Other countries	2,893	1,781	1,505
Prior year tax adjustments	-	-	-
Other	-1,006	402	-916
Actual tax charge	**-3,745**	**2,101**	**-3,647**
Effective tax rate	**10.63%**	**-8.16%**	**12.02%**

6.3 Tax impact of gains and losses recognized directly in shareholders' equity

	2016			2015			2014		
(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	1,565	-417	1,148	2,002	-927	1,075	0	0	0
Calculated by difference	4,994	-	4,994	15,961	-	15,961	0	-	0
Foreign exchange gains and losses	6,559	-417	6,142	17,963	-927	17,036	20,931	-672	20,259
Actuarial gains and losses on pension plans	765	-249	516	1,803	-628	1,175	-756	260	-496
Change in the value of derivatives	46	-16	30	288	-23	265	-155	-23	-178
Total	**7,371**	**-682**	**6,688**	**20,054**	**-1,578**	**18,476**	**20,019**	**-435**	**19,585**

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 relating to both temporary differences and tax losses carried forward are recognized only to the extent that it appears probable that the future tax savings they represent will be achieved.

6.4.1 Breakdown by maturity

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Deferred tax assets (DTA)			
• less than one year	8,933	7,353	7,212
• more than one year	37,395	37,887	33,499
Total DTA	**46,328**	**45,240**	**40,712**
Deferred tax liabilities (DTL)			
• less than one year	-	-430	-905
• more than one year	-995	-6,625	-8,579
Total DTL	-995	-7,055	-9,484
Deferred net tax	**45,333**	**38,185**	**31,227**

Long-term deferred taxes, mainly relating to the provision for retirement benefits and the acquisition of Systar were reassessed according to the corporate income tax rate of 28% applicable in France from 2019 onward. Indeed, the reduction in the tax rate in France, voted in the Finance Act 2017, brought down the tax rate for companies whose revenue is less than €1 billion to 28% from 2019.

6.4.2 Change in net deferred tax

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
At 1 January	**38,185**	**31,227**	**24,936**
Changes in scope of consolidation	6,323	-190	-385
Tax – income statement impact	-250	4,830	3,586
Tax – shareholders' equity impact	-236	-500	237
Foreign exchange gains and losses	1,311	2,818	2,853
At 31 December	**45,333**	**38,185**	**31,227**

The €6.3 million in changes in the scope of consolidation in 2016 resulted from the capitalization of Appcelerator Inc.'s tax losses carried forward during its acquisition in January 2016.

6.4.3 Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Differences related to consolidation adjustments			
Actuarial gains and losses	-67	155	810
Software depreciation and amortization of revalued software packages	2,213	2,775	3,808
Fair value of amortization allocated intangible assets	-4,063	-4,580	-5,069
Financial derivatives	-	16	39
Discounting of employee profit-sharing	175	223	87
Tax-drive provisions	-16	-430	-1,371
Foreign exchange differences recognised in shareholders' equity	-	-	-
Capitalized tax losses	13,795	6,886	4,574
Other	95	273	45
Temporary differences from tax returns			
Provision for retirement benefits	1,826	2,107	1,860
Provision for employee profit-sharing	141	204	361
Provision for "Organic" tax	38	45	45
Differences in depreciation period	-	-	-
Provisions on securities	-	-	-
Activated research tax credits	-	543	1,518
Capitalized tax losses	31,104	28,737	24,506
Other	93	1,230	15
Total	**45,333**	**38,185**	**31,227**

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 2016, the net value of these intangible assets stood at €12.9 million, generating a deferred tax liability of €3.8 million.

This deferred tax liability is further offset by the restatement of the R&D expense capitalization, which led to the recognition of a deferred tax asset of €0.8 million and by the capitalization of tax losses carried forward in the amount of €7.1 million (+€1.4 million in 2016).

The capitalization of Appcelerator Inc.'s tax losses carried forward amounted to €6.5 million at 31 December 2016.

Capitalization in the amount of €31.1 million in the parent company financial statements came from the Axway Inc. entity (+€2.4 million capitalized between 2015 and 2016).

With regard to the *cotisation sur la valeur ajoutée des entreprises* (CVAE) component of the *contribution économique territoriale* (CET), the replacement for the professional tax introduced by the 2010 Finance Act, 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)	31/12/2016	31/12/2015	31/12/2014
Tax losses carried forward	24,979	24,654	26,605
Temporary differences	1,033	1,447	748
Total	**26,012**	**26,101**	**27,353**

6.5 Maturity of tax losses carried forward

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
N+1	2,881	-	603
N+2	24,650	17,858	2,827
N+3	16,910	23,866	26,163
N+4	18,519	16,372	21,453
N+5 and subsequent years	109,863	85,106	86,853
Tax losses carried forward with a maturity date	172,823	143,210	137,899
Tax losses which may be carried forward indefinitely	36,912	39,362	30,067
Total	**209,735**	**182,572**	**167,967**
Deferred tax basis – portion used	128,760	102,492	83,252
Deferred tax basis – unused portion	80,974	80,080	84,715
Deferred tax – used	44,899	35,624	29,080
Deferred tax – unused	24,979	24,654	26,605

As at 31 December 2016, the deferred tax assets not capitalized on the tax losses carried forward amounted to €25 million and mainly concerned the following subsidiaries: Axway Inc. (€12.4 million), Appcelerator Inc. (€8.2 million), Axway Pte Ltd in Singapore (€1.0 million), Axway Romania (€0.9 million), Axway Brazil (€0.9 million), Axway Hong Kong (€0.7 million), Axway UK (€0.5 million) and Axway Srl in Italy (€0.3 million).

Tax losses carried forward for Axway Inc. essentially resulted from acquisitions of Cyclone in 2006, Tumbleweed Communications Corp. in 2008 and Systar Inc. in 2014. 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 permitted capitalization to 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. At 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).

At 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).

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 derivatives, financial assets held for trading (*i.e.* acquired with a view to resell 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 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)	31/12/2016	31/12/2015	31/12/2014
Loans and receivables	3,235	1,780	1,371
Derivatives	-	-	-
Total	**3,235**	**1,780**	**1,371**

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Tax receivables (other than corporate income tax)	**-**	**-**	**6**
Loans	0	0	-
Deposits and other non-current financial assets	3,235	1,781	1,374
Provisions for loans, deposits and other non-current financial assets	-0	-1	-3
Loans, deposits and other non-current financial assets – net value	**3,235**	**1,780**	**1,371**
Total	**3,235**	**1,780**	**1,377**

The research tax credit receivables were sold to Natixis Bank in 2014, 2015 and 2016. 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 2014 Research Tax Credit and the total sold in 2016 is €8,993 with respect to 2015 Research Tax Credit. The tax authorities reimbursed Natixis in 2015 for the amount of the 2011 Research Tax Credit, which was €5,793 thousand and in 2016 for the amount of the 2012 Research Tax Credit, which was €3,578 thousand. Total receivables sold and not reimbursed to Natixis Bank by the tax authorities therefore amounted to €23,104 thousand.

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)	31/12/2016	31/12/2015	31/12/2014
Trade receivables	69,438	67,820	59,255
Accrued income	9,645	6,948	26,348
Accrued credit notes	-	-	-
Provision for doubtful debtors	-874	-911	-751
Total	**78,209**	**73,856**	**84,852**

Net trade receivables, expressed in terms of days of revenue, corresponded to 85 days of revenue at 31 December 2016 and at 31 December 2015. 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)	31/12/2016	31/12/2015	31/12/2014
Employees and social security	493	798	391
Tax receivables (other than corporate income tax)	3,508	6,201	2,649
Corporate income tax	11,790	10,590	9,436
Other receivables	2,345	-577	1,081
Prepaid expenses	6,837	5,193	4,411
Financial derivatives	-	-	-
Total	**24,973**	**22,204**	**17,968**

Tax receivables of €3.5 million relate mainly to deductible VAT.

7.4 Other non-current liabilities

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Non-current asset liabilities – portion due in more than one year	886	781	-
Employee profit-sharing during the year	3,132	3,223	2,766
Conditional advances	-	-	-
Financial derivatives	-	-	-
Deferred revenue	1,096	-	-
Total	**5,115**	**4,004**	**2,766**

The item *Employee profit-sharing* as of 31 December 2016 records Axway Software's provisions for employee profit-sharing liabilities for the fiscal year. These amounts increase financial debt for the following year.

7.5 Trade accounts payables

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Trade payables	14,533	7,573	7,170
Liabilities on non-current assets	1,933	911	761
Trade payables – advances and payments on account, accrued credit notes	-	-	-
Total	**16,466**	**8,483**	**7,931**

7.6 Other current liabilities

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Employees	19,824	18,581	17,990
Social security	9,348	10,382	11,917
Value added tax	8,814	11,796	10,854
Other tax liabilities	-	5	2,116
Corporate income tax	1,053	927	921
Other liabilities	2,896	3,422	851
Restructuring provision	699	3,102	-
Total	**42,634**	**48,215**	**44,648**

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 2015 and 2016 were as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2014	**245,248**	**8,776**	**236,472**
Systar acquisition	190		190
Foreign exchange gains and losses	15,220	43	15,176
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**

8.1.2 Determination of goodwill for business combinations

Goodwill recorded in January 2016 concerns the acquisition of Appcelerator Inc. measured at the date of acquisition. This goodwill was, however, made final as of 31 December 2016 within the stipulated allocation period of 12 months.

There were no acquisitions during the fiscal year ended 31 December 2015. The goodwill of Systar SA was made final in 2015 within the stipulated 12-month allocation period. It increased by €190 thousand due to the downward adjustment of €190 thousand in net assets acquired recorded in deferred tax assets connected to losses carried forward.

(in thousands of euros)	As at 31/12/2016
Acquisition price	46,766
Discounted value of earn-out	**0**
Acquisition cost	46,766
Net equity acquired	**-6,190**
Difference	52,956
Assets and liabilities at fair value net of tax	**20,902**
Goodwill	**32,054**

Considering the present value, the details of the Appcelerator Group's net assets were drawn up as follows as of 31 December 2016:

(in thousands of euros)	Carrying amount with the seller	Restatements	Fair value
Intangible assets	627	14,680	15,307
Property, plant and equipment			0
Financial assets	210	-100	109
Differed tax assets		6,323	6,323
Current assets	1,612		1,612
Cash and cash equivalents	822		822
Financial liabilities			0
Provision for post-employment benefits			0
Current liabilities	-9,461		-9,461
Net assets acquired	**-6,190**	**20,902**	**14,713**

8.1.3 Translation differential

Changes in exchange rates relate mainly to fluctuations in the Euro compared to the following currencies:

Change euro/currency *(in thousands of euros)*	31/12/2016	31/12/2015	31/12/2014
USD	5,732	14,724	15,296
SEK	-818	466	-1,268
Other currencies	-5	-14	-4
Total	**4,909**	**15,176**	**14,023**

4

8.2 Impairment testing

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 intangible assets with indefinite useful lives annually;
- test the impairment of goodwill acquired in a business combination annually.

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.

Part of Axway's recent expansion has been through external growth, the main acquisitions having been as follows: Cyclone Commerce in the United States in 2006, Actis in Germany in 2007, Tumbleweed in the United States in 2008, Vordel in Ireland in 2012, Systar in France in 2014 and Appcelerator in the United States in 2016.

All of the products developed internally or related to acquisitions are integrated in a common technical platform.

Axway operates as an international software developer. Its main markets are the USA and Europe. The technical platform's various software packages are distributed by sales subsidiaries that pay royalties on the income they earn from licenses 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;
- by applying in value-in-use calculations, cash flows beyond the five-year plan period are increased in line with historic long-term growth rates adjusted for inflation.

Cash flow projections for the explicit period are determined by taking into account:

- the general growth rate of the economy;
- the impact of technological advances in the sector.

The cash flows are discounted using a discount rate equal to:

- the ten-year risk-free money rate;
- supplemented by the market's risk premium multiplied by a sensitivity coefficient (b) specific to the entity.

c. Measurement of impairment losses

Impairment losses are 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 and 2016 did not give rise to the recognition of an impairment loss.

For FY 2016, the value-in-use calculated according to the discounted cash flow method amounted to €682.2 million, with a discount rate of 10.3% and an infinity growth rate of 2.3%, both resulting from the average of the 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 2.3%.

Value *(in thousands of euros)*		**Discount rate** **9.80%**	**10.30%**	**10.80%**
	1.80%	693,431	653,960	618,884
	2.30%	725,999	682,152	643,469
Growth rate in perpetuity	2.80%	763,201	714,084	671,112

	Kepler	**SocGen**	**Bryan Garnier**	**idMidCaps**	**MidCapp**	**Average**
	11/2016	**11/2016**	**11/2016**	**11/2016**	**11/2016**	**11/2016**
Discount rate	8.5%	10.0%	14.2%	9.0%	9.6%	10.3%
Growth rate in perpetuity	2.5%	2.5%	2.5%	2.0%	1.8%	2.3%

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 31 December 2016, the fair value of the Axway CGU, *i.e.* its market capitalization, was €643.2 million, and the fair value less costs to sell was €630.4 million. The recoverable amount of Axway's CGU thus amounted to €682.2 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.* €374.8 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 2016.

For 2015, application of this same approach resulted in maintenance of the value of goodwill, the market capitalization less selling costs, being determined at €496.7 million for an amount of consolidated shareholders' equity of €340.6 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 charged to the income statement in the year they are incurred;
- software package development costs are 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.

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 determining criteria concern the technical feasibility necessary for completion and the manner in which the asset will generate probable future economic benefits.

The risks and uncertainties inherent in software development do not allow the technical feasibility of a product to be demonstrated before a demo version that can be shown to a prospective customer is available. The differences between a demo version and the final version are generally minor, which means that the costs incurred in this phase of development, which may be capitalized, are not significant.

(in thousands of euros)	Gross value	Depreciation and amortisation	Net
31 December 2014	**73,659**	**28,027**	**45,632**
Changes in scope of consolidation	-	-	-
Acquisitions	983	-	983
Disposals	-3,056	-3,053	-3
Other movements	2,913	2,913	-
Foreign exchange gains and losses	1,271	445	825
Depreciation	-	6,528	-6,528
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**

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).

No expense incurred in developing the Group's solutions and software packages was capitalized, either in 2016 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 based on the straight-line method according to the expected useful economic lives of each non-current asset category as follows:

- Fixtures and fittings 10 years;
- Equipment and tooling 3 to 5 years;
- Furniture, 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 2014	**7,421**	**20,761**	**28,183**
Foreign exchange gains and losses	171	1,185	1,356
Acquisitions	1,702	2,310	4,012
Disposals	-993	-8,190	-9,183
Other movements	-9	-	-9
Changes in scope of consolidation	-	-	-
31 Decembre 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**
Depreciation and amortisation			
31 December 2014	**4,531**	**16,715**	**21,246**
Foreign exchange gains and losses	171	1,047	1,218
Charges	1,294	1,753	3,047
Reversals	-784	-8,142	-8,925
Other movements	-52	52	0
Changes in scope of consolidation	-	-	-
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**
Net value			
31 December 2015	**3,132**	**4,640**	**7,772**
31 December 2016	**9,142**	**5,390**	**14,532**

- 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 to premises for which leases were not renewed and which the Group no longer occupies.
- €10.5 million in acquisitions and €3.2 million in disposals in gross property, plant and equipment are related to the acquisition of new equipment during the installation of Axway Software in Tower W, in the former premises of Puteaux.

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 2016 provisions (in current and non-current liabilities)

(in thousands of euros)	01/01/2016	Change in scope of consolidation	Provisions for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	31/12/2016
Provisions for disputes	1,072	-	539	-733	-143		735
Provisions for guarantees	100	-	10				110
Other provisions for contingencies	186	-		-103	-5		77
Subtotal provisions for contingencies	**1,357**	**-**	**549**	**-836**	**-148**	**-**	**922**
Provisions for tax	1,172	-		-32			1,140
Restructuring provision	3,248		710	-3,260			699
Other provisions for losses	732		90	-20			802
Subtotal provisions for losses	**5,152**	**-**	**801**	**-3,312**	**-**	**-**	**2,641**
Total	**6,509**	**-**	**1,349**	**-4,148**	**-148**	**-**	**3,563**
Impact (net of expenses incurred)							
Profit from recurring operations			638.9		-142.8		
Operating profit			710.3				
Net financial income					-5.2		
Tax expense			-				
Total			**1,349**		**-148**		

- A provision for charges of €711 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).
- Provisions for disputes mainly relate to labor arbitration proceedings, severance pay and a number of trade disputes.
- Provision for tax was made to cover a tax risk relating to a pending tax inspection on the parent company for 2009, 2010 and 2011. The tax authorities notified an adjustment proposal corresponding to the amount of provision.
- The restructuring provision of €699 thousand essentially concerns the operations of Axway BV. The provision for guarantees on the delivery of software to Axway GmbH is €110 thousand.

Note 10 Financing and management of financial risks

10.1 Net cost of financial debt

(in thousands of euros)	2016	2015	2014
Income from cash management	128	286	231
Interest expense	-508	-648	-1,586
Total	**-380**	**-361**	**-1,355**

In 2016, interest expenses were connected 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	**795**	**-1,220**	**583**
Reversal of provisions	32	86	156
Proceeds from disposal of financial assets sold	-	-	-
Other financial income	-	-	-
Total foreign exchange gains/losses and other financial income	**827**	**-1,134**	**739**
Charges to provisions	-	-41	-159
Discounting of retirement benefit commitments	-203	-167	-267
Discounting of employee profit-sharing	-	-	-
Discounting of employee profit sharing	-	-	-
Change in the value of derivatives	47	162	234
Net carrying amount of financial assets sold	-	-	-9
Other financial expenses	-149	-113	-103
Total other financial expenses	**-305**	**-158**	**-304**
Total other financial income & expense	**522**	**-1,292**	**434**

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 four key criteria. In accordance with AMF Recommendation No. 2011-13 on the classification of UCITS as cash equivalents, a regular assessment of historical performance is carried out in order to confirm that the risk of a change in the value of these instruments is negligible, especially in times of crisis or market tension;

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- the eligibility of other UCITS to be considered as "cash equivalents" is not automatic: but must be established with reference to the four criteria.

Cash equivalents are 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 112.

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Investment securities	-	-	-
Cash	51,716	44,664	44,574
Cash and cash equivalents	**51,716**	**44,664**	**44,574**
Current bank overdrafts	-9	-798	-6
Total	**51,707**	**43,866**	**44,568**

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 contract in its own name; however it uses certain assets that are held by the Sopra Group under finance leases.

b. Operating leases

Leases under which the Group retains substantially all the risks and rewards incidental to ownership of the assets are treated as operating leases. Payments under these contracts are 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: these 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;
- liabilities related to employee profit-sharing recorded as blocked current accounts: these are subject to adjustment to take into account the differential between the contractual interest rate applied and the applicable regulatory rate ceiling. 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	31/12/2016	31/12/2015	31/12/2014
Bank loans	3,116	32,318	35,434	4,342	44,499
Current account – Sopra Group			-	-	-
Finance lease liabilities	7		7	40	44
Employee profit sharing	553	3,132	3,686	3,803	3,148
Other financial liabilities			-	-	-
Current bank overdrafts	9		9	798	6
Financial debt	**3,685**	**35,450**	**39,136**	**8,983**	**47,696**
Investment securities	-	-	-	-	-
Cash and cash equivalents	-51,716	-	-51,716	-44,664	-44,574
Net debt	**-48,031**	**35,450**	**-12,580**	**-35,681**	**3,122**

In July 2014, Axway Software contracted a multi-currency €125 million revolving line of credit with six banks for the purpose of financing of 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. In July 2016, the banking pool granted another one-year extension for the revolving credit facility. It now matures in July 2021.

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 (see Note 14.3).

A €45 million drawdown was made at 31 December 2014 to finance the acquisition of Systar, and was repaid in March 2015. In early January 2016, a drawdown of €20 million was made to finance the acquisition of Appcelerator. The available amount of the revolving credit facility therefore amounts to €105 million as at 31 December 2016.

In March 2015, a loan of €5 million was taken from the *Banque Publique d'Investissement* (BPI) for a five-year term.

At 30 April 2016, a loan of €5 million was taken from Banque Populaire. This loan, amortizable over five years, is not subject to any financial covenant.

Two new loans were also taken from BPI in 2016: one of €5 million in July for a seven-year period and the other of €3 million in September for a five-year period. They are not subject to any financial covenant.

10.5 Derivatives reported 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. At 31 December 2016

(in thousands of euros)	31/12/2016 Carrying amount	Fair value	Breakdown by class of derivative instrument: Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	3,235	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**	**-**	**-**

The fair value of trade receivables, other current receivables, trade payables and other current liabilities is the same as the carrying amount, owing to their very short settlement times.

b. At 31 December 2015

(in thousands of euros)	31/12/2015 Carrying amount	Fair value	Breakdown by class of derivative instrument: Assets and liabilities at fair value through profit and loss	Available-for-sale assets	Loans, receivables and other liabilities	Financial debt at amortised cost	Derivatives at fair value through profit or loss	Derivatives at fair value through shareholders' equity
Financial assets	1,780	1,780	-	-	1,780	-	-	-
Trade receivables	73,856	73,856	-	-	73,856	-	-	-
Other current receivables	22,204	22,204	-	-	22,204	-	-	-
Cash and cash equivalents	44,664	44,664	44,664	-	-	-	-	-
Financial assets	**142,505**	**142,505**	**44,664**	**-**	**97,841**	**-**	**-**	**-**
Financial debt – long-term portion	7,518	7,518	-	-	-	7,518	-	-
Current account – Sopra Group	-	-	-	-	-	-	-	-
Other non-current liabilities	781	781	781	-	-	-	-	-
Financial debt – short-term portion	1,465	1,465	1,465	-	-	-	-	-
Trade accounts payables	8,483	8,483	-	-	8,483	-	-	-
Other current liabilities	114,824	114,824	-	-	114,824	-	-	-
Financial liabilities	**133,072**	**133,072**	**2,247**	**-**	**123,307**	**7,518**	**-**	**-**

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)	78,209	874	55,516	11,710	5,647	1,898	1,158	355	1,051

b. Statement of changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Impairment of trade receivables at start of period	**911**	**751**	**962**
Charges	778	751	249
Reversals	-810	-615	-499
Changes in scope of consolidation	-	-8	-
Foreign exchange gains and losses	-5	31	40
Impairment of trade receivables at end of period	**874**	**911**	**751**

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 2016, there was no liquidity risk. On the same date, the Group had €105 million in credit lines and €20 million in unused bank overdrafts, which totaled €125 million. Furthermore, the Group had cash and cash equivalent of €51.7 million.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2016:

(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	35,434	37,981	3,135	3,387	4,124	3,341	22,225	1,770
Finance lease liabilities	7	7	7					
Employee profit sharing	3,686	3,236	543	903	671	665	454	
Current bank overdrafts	9	9	9					
Financial debt	**39,136**	**41,233**	**3,694**	**4,290**	**4,795**	**4,006**	**22,679**	**1,770**
Cash and cash equivalents	-51,716	-51,716	-51,716					
Consolidated net debt	**-12,580**	**-10,482**	**-48,022**	**4,290**	**4,795**	**4,006**	**22,679**	**1,770**

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 subscribed, a hedging contract was put in place to guard against the risks of a rise in the interest rate applicable to this line, the three-month Euribor.

As at 30 June 2016, this SWAP contract has expired and no new hedges were in place in 2016.

Summary of exposure to interest rate risk

The table below shows the Group's exposure to interest rate risk based on commitments at 31 December 2016.

As at 31/12/2016	Interest rate	31/12/2016	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	51,716	51,716	-	-	-	-	-
	Variable rate	-						
Financial assets	**Fixed rate**	**51,716**	**51,716**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank loans	Fixed rate	-5,002	-53	-302	-1,021	-998	-975	-1,654
	Variable rate	-30,431	-3,063	-3,030	-2,997	-2,213	-19,128	
Finance lease liabilities	Fixed rate	-7	-7				-	-
	Variable rate	-						
Employee profit sharing	Fixed rate	-3,686	-553	-975	-767	-805	-585	-
	Variable rate	-						
Other financial liabilities	Fixed rate	-						
	Variable rate	-		-	-	-	-	-
Current bank overdrafts	Fixed rate	-						
	Variable rate	-9	-9	-	-	-	-	-
Financial liabilities	**Fixed rate**	**-8,695**	**-613**	**-1,276**	**-1,788**	**-1,803**	**-1,561**	**-1,654**
	Variable rate	**-30,440**	**-3,072**	**-3,030**	**-2,997**	**-2,213**	**-19,128**	**-**
Net position before hedging	**Fixed rate**	**43,020**	**51,103**	**-1,276**	**-1,788**	**-1,803**	**-1,561**	**-1,654**
	Variable rate	**-30,440**	**-3,072**	**-3,030**	**-2,997**	**-2,213**	**-19,128**	**-**
Interest rate hedging instruments	**Fixed-rate payer swap**	**0**						
	Knock-in tunnel	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net exposure after hedging	**Fixed rate**	**43,020**	**51,103**	**-1,276**	**-1,788**	**-1,803**	**-1,561**	**-1,654**
	Variable rate with cap and floor	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Variable rate	**-30,440**	**-3,072**	**-3,030**	**-2,997**	**-2,213**	**-19,128**	**0**

b. Foreign exchange risk

Foreign exchange risk arises mainly from currency translation of financial statements for companies based in the USA, Brazil 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 2016 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 money flows are not systematically hedged.

At 31 December 2016, the net carrying amount of assets and liabilities recognized by Group entities in a currency other than their functional currency was as follows:

Inter-group commercial transactions

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Assets	2,190	3,468	2,197	1,633	1,330	11,482	1,780	24,081
Liabilities	360	1	2,671	369	446	13,392	864	18,103
Foreign currency commitments	-	-	-	-	-		-	-
Net position before hedging	**1,830**	**3,467**	**-474**	**1,263**	**884**	**-1,909**	**916**	**5,978**
Hedging instruments	-	-	-	-	-		-	-
Net position after hedging	**1,830**	**3,467**	**-474**	**1,263**	**884**	**-1,909**	**916**	**5,978**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**92**	**173**	**-24**	**63**	**44**	**-95**	**46**	**299**
Impact on shareholders' equity	**-**	**-**	**-**	**-**	**-**		**-**	**-**

Current accounts

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Assets						51,711		51,711
Liabilities	1,122	-	954	1,562	1,297	17,428	1,227	23,591
Foreign currency commitments	-	-	-	-	-	-	-	-
Net position before hedging	**-1,122**	**-**	**-954**	**-1,562**	**-1,297**	**34,283**	**-1,227**	**28,120**
Hedging instruments	-	-	-	-	-		-	-
Net position after hedging	**-1,122**	**-**	**-954**	**-1,562**	**-1,297**	**34,283**	**-1,227**	**28,120**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impact on shareholders' equity	**-56**	**-**	**-48**	**-78**	**-65**	**1,714**	**-61**	**1,406**

c. Equity risk

At 31 December 2016, Axway Software held 7,529 treasury shares, acquired under the terms of the share buyback programs authorized by the General Shareholders' Meeting at an average price of €29.79, for a total outlay of €224 thousand.

All transactions in treasury shares are recorded directly in shareholders' equity. The impact at 31 December 2016 was +€152 thousand (see Statement of changes in consolidated shareholders' equity).

Note 11 Cash flows

11.1 Change in net debt

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Net debt at 1 January (A)	**-35,681**	**3,122**	**-11,185**
Cash from operations after cost of net debt and tax	**43,459**	**40,552**	**35,236**
Costs of net financial debt	380	361	1,355
Income tax (including deferred tax)	3,745	-2,101	3,647
Cash from operations before cost of net financial debt and tax	**47,584**	**38,813**	**40,238**
Income taxes paid	-3,291	-2,527	-3,875
Changes in working capital requirements	-5,900	13,317	10,956
Net cash from operating activities	**38,394**	**49,602**	**47,319**
Change related to investing activity	-10,094	-4,715	-4,659
Net interest paid	-380	-361	-1,355
Available net cash flow	**27,919**	**44,525**	**41,304**
Impact of changes in the scope of consolidation	-45,944	-127	-49,719
Financial investments	-1,304	-384	-39
Dividends	-8,314	-8,227	-8,210
Capital increase in cash	3,444	3,085	1,292
Application of IAS 32/39 standards	-	-	-
Other changes	342	-1,139	-2,652
Total net change during the year (B)	**-23,856**	**37,733**	**-18,022**
Impact of changes in exchange rates	756	1,071	3,715
Net debt at 31 December (A-B)	**-12,580**	**-35,681**	**3,122**

Impact of changes in the 2016 scope of consolidation: (-)€45.9 million

The 2014 change concerned the acquisition of Systar in April and the acquisition of business goodwill in Brazil. The 2015 change concerned the correction of Systar's net assets acquired. The 2016 change concerned the acquisition of Appcelerator in January.

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Cost of acquisition (excluding earn-out)	-46,766	-	-53,705
Portion compensated as Axway shares	-	-	-
Net debt/Net cash and cash equivalents of companies acquired	822	-127	3,987
Deferred payments	-	-	-
Earn-outs disbursed for previous acquisitions	-	-	-
Total	**-45,944**	**-127**	**-49,719**

11.2 Reconciliation of the WCR with the cash flow statement

The change in WCR amounted to (-)€5.9 million in 2016 and is due to organic growth ((-)€3.3 million) and prepaid expenses. The change in WCR of €13.3 million in 2015 results from the reduction in the payment period for customers from 20 days in 2015, through 105 days at 31 December 2014 to 85 days at 31 December 2015.

11.3 Other cash flow

Net cash generated from operating activities amounted to €38.4 million in 2016, with cash from operations before cost of net financial debt and tax of €47.6 million.

Net cash of (-)€57.3 million used in investing activities came from the acquisition of Appcelerator ((-)€45.9 million) and acquisitions of property, plant and equipment and intangible assets ((-)€10.1 million), mainly in France due to the relocation to Tour W at La Défense and the United States.

Net cash used in financing activities amounted to +€26 million, with a change of €31.3 million in borrowings and a dividend of €8.3 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 114.

12.1 Changes in the share capital

At 31 December 2015, the share capital stood at €41,547,832 comprising 20,773,916 fully paid-up shares with a nominal value of €2.00 each.

In 2016, 224,083 share subscription options were exercised, creating 224,083 new shares at a price of €2.00.

At 31 December 2016, the share capital stood at €42,042,078 comprising 21,021,039 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 2016, 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 2016, 258,500 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 31/12/2016	
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	€14.90	18/05/2014	18/11/2019	196,575	€14.90	-	-5,100	-47,277	144,198	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	334,050	€14.90	-	-10,300	-141,306	182,444	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	64,250	€15.90	-	-6,000	-31,500	26,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	65,500	€15.90	-	-10,750		54,750	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	50,000	€21.86		-	-4,000	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**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	
Total asset plans	**1,394,850**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	

* *Increased to 1,295,611 following an amendment in June 2013.*

- 224,083 share subscription options were exercised during the 2016 fiscal year.
- 32,150 share subscription options were cancelled in 2016 following the departure of the holders.
- No options were allocated under Plans No. 1 and 2.
- The fair values of the share subscription options allocated under Plan No. 1 and Plan No. 2 were determined using the binominal model recommended by IFRS 2.
- The fair value of the share subscription options allocated under Plan No. 3 was determined using the same 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 stocks in comparable sectors.
- The average closing rate in 2016 was €23.72.
- The amount recognized in respect of 2016, in accordance with the method indicated in Note 1.16 Share-based Payment, was €222 thousand. This current expense relating to the valuation of services provided by beneficiaries in exchange for the granting of stock options was recorded in the income statement. No non-recurring expenses were 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 2016.

12.3 Bonus share allocation 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 2016, all bonus shares were in circulation, and none of them had been cancelled. The charge for this bonus share allocation plan for FY 2016 was €217 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 2016, 258,500 bonus shares are still in circulation. The charge for this new bonus share allocation plan for FY 2016 was €714 thousand.

12.4 Capital reserves

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Share issue, merger and contribution premium	112,924	109,038	105,819
Legal reserve	4,155	4,114	3,448
Total	**117,079**	**113,152**	**109,267**

The principal movements in 2016 were as follows:

- appropriation of 2015 earnings to the legal reserve: €41 thousand;
- issue premium related to the capital increase resulting from the exercise of 224,083 share subscription options: €2,950 thousand;
- premium related to the 2012, 2015 and 2016 bonus share plan and stock options still to be exercised: €937 thousand.

12.5 Dividends

The General Shareholders' Meeting of Axway Software held on 21 June 2016 to approve the 2015 financial statements approved a dividend of €0.40 per share, representing a total of €8,314 thousand.

This dividend was scheduled for payment on 7 July 2016.

It is proposed to the 2017 General Shareholders' Meeting approving the 2016 financial statements to distribute a dividend of €0.40 per share, which, based on the number of shares existing at 31 December 2016, amounts to €8,408 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)	2016	2015	2014
Net income – share attributable to owners of the parent company	31,476,576	27,855,864	26,486,195
Weighted average number of ordinary shares in issue	20,816,835	20,639,417	20,551,415
Basic earnings per share	**1.51**	**1.35**	**1.29**

(in euros)	2016	2015	2014
Net income – share attributable to owners of the parent company	31,476,576	27,855,864	26,486,195
Weighted average number of ordinary shares in issue	20,816,835	20,639,417	20,551,415
Weighted average number of securities retained in respect of dilutive items	464,282	262,754	325,169
Weighted average number of shares retained for the calculation of diluted net earnings per share	21,281,117	20,902,171	20,876,584
Fully diluted earnings per share	**1.48**	**1.33**	**1.27**

The only dilutive instruments existing at present are the stock options mentioned in Note 5.4 and the bonus shares allocated as part of the Plans of 29 April 2015 and 22 June 2016.

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 (€23.72) during the period, were considered as accretive.

Note 13 Related party transactions

13.1 Transactions with Sopra Group, Sopra companies and 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)	31/12/2016	31/12/2015	31/12/2014
Transactions with Sopra-Steria Group			
Sale of goods and services	2,136	1,869	477
Purchase of goods and services	-2,395	-2,934	-3,391
Operating receivables	905	521	105
Operating payables	-	-166	-58
Transactions with Sopra Steria Group affiliates			
Sale of goods and services	4,430	787	3,107
Purchase of goods and services	-4,211	-4,052	-3,698
Operating receivables	3,193	143	7
Operating payables	-350	-404	-278
Transactions with Sopra GMT			
Purchase of goods and services	-654	-713	-218
Operating payables	-170	-	-

The purchase of goods and services from the parent company 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

None.

Note 14 Off-balance sheet commitments and contingent liabilities

14.1 Contractual obligations

Contractual obligations *(in thousands of euros)*	Payments due per period			31/12/2016	31/12/2015	31/12/2014
	Less than one year	**From 1-5 years**	**More than 5 years**			
Long-term liabilities	3,116	30,664	1,654	35,434	4,342	44,499
Finance lease obligations	7	-	-	7	40	44
Employee profit sharing	553	3,132	-	3,686	3,803	3,148
Other financial liabilities	-	-	-	-	-	-
Current bank overdrafts	9	-	-	9	798	6
Total commitments recognised	**3,685**	**33,796**	**1,654**	**39,136**	**8,983**	**47,696**

Other commercial commitments *(in thousands of euros)*	Amount of the commitments per period			31/12/2016	31/12/2015	31/12/2014
	Less than one year	**From 1-5 years**	**More than 5 years**			
Credit lines	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-
Guarantees	-	622	474	1,096	1,055	997
Purchase obligations	-	-	-	-	-	-
Other commercial commitments	-	-	-	-	-	-
Total commitments not recognised	**-**	**622**	**474**	**1,096**	**1,055**	**997**

As part of the commitments received, Axway Software enjoys an unused overdraft line of €20 million.

Axway Software also has a €105 million multi-currency credit line (see paragraph 10.4), as of 31 December 2016.

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 €10.9 million in 2016, €9.9 million in 2015 and €9.4 million in 2014.

At 31 December 2016, the minimum annual payments due in the future under non-cancellable lease contracts were as follows:

(in thousands of euros)	Operating leases
2017	11,186
2018	8,696
2019	8,300
2020	7,406
2021	5,488
2022 and beyond	25,081
Total minimum future lease payments	**66,157**

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14.2 Commitments given related to recurring operations

(in thousands of euros)	31/12/2016	31/12/2015	31/12/2014
Discounted notes not yet due	-	-	-
Bank guarantees/deposits on leased premises	328	328	331
Bank guarantees for effective project completion	-	-	-
Other guarantees	117	91	89
Collateral, guarantees, mortgages and sureties	177	177	577
Severance pay for termination of CEO's duties	474	459	-
Total	**1,096**	**1,055**	**997**

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 date of signing until 30 June 2018 and below 2.5 from 31 December 2018 and 2 from 31 December 2020. This ratio was -0.33 at 31 December 2016;
- EBITDA/financial expense ratio of above 5.0 throughout the term of loan. This ratio was 130.4 at 31 December 2016;
- net debt/shareholders' equity ratio of lower than 1.0 throughout the term of the loan. This ratio was -0.04 at 31 December 2016.

At 31 December 2016, 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 potential 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 2016.

Note 15 Events subsequent to the balance sheet date

On 22 February 2017, Axway announced the cash acquisition of Syncplicity, a specialist in enterprise file sharing and synchronization (EFSS) solutions, providing users with the tools and experience necessary for secure collaboration. Syncplicity, a company located in the heart of Silicon Valley, founded in 2007, was owned by Skyview Capital, an international investment fund.

Note 16 List of consolidated companies at 31 December 2016

Company	Country	% control	% held	Consolidation method
Axway Software	France	-	-	Parent company
Axway Distribution France SAS	France	100%	100%	FC
Axway SAS	France	100%	100%	FC
Axway UK Ltd.	United Kingdom	100%	100%	FC
Axway 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	99.9%	99.9%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	FC
Axway Software do Brasil LTDA	Brazil	100%	100%	FC
Axway Romania Srl	Romania	100%	100%	FC
Axway Bulgaria EOOD	Bulgaria	100%	100%	FC
Axway Inc.	United States	100%	100%	FC
Axway Pte Ltd.	Singapore	100%	100%	FC
Axway Software China	China	100%	100%	FC
Axway Ltd.	Hong Kong	100%	100%	FC
Axway Software Sdn Bhd	Malaysia	100%	100%	FC
Axway Pty Ltd.	Australia	100%	100%	FC
Systar Ltd.	United Kingdom	100%	100%	FC
Appcelerator Inc.	United States	100%	100%	FC
Appcelerator GmbH	Germany	100%	100%	FC
Appcelerator UK	United Kingdom	100%	100%	FC
Appcelerator China	China	100%	100%	FC
Appcelerator Singapore	Singapore	100%	100%	FC

FC: Fully consolidated

4.6 Statutory Auditors' report on the consolidated financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2016, regarding:

- the audit of the accompanying consolidated financial statements of the company Axway Software as attached to this report;
- the justification of our assessments;
- the specific procedures required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I Opinion on the consolidated financial statements

We performed our audit in accordance with generally accepted French professional standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the consolidated financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

We certify that the consolidated financial statements for the year are, with respect to IFRS as adopted in the European Union, regular and fair and provide a faithful presentation of the assets, the financial position and earnings of the consolidated entity at the end of the fiscal year under review.

II Justification of assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected unit credit method, as indicated in Note 5.3 to the consolidated financial statements. As part of our assessments, we examined the data used, assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting valuations, as well as the appropriateness of the information provided in the notes to the consolidated financial statements;
- at each balance sheet date, the Company systematically performs an impairment test on goodwill, based on the methods described in Note 8.2 to the consolidated financial statements. In the course of our assessments, we examined the appropriateness of the approach adopted in addition to the implementation methods of this impairment test and the overall consistency of the assumptions used and the resulting assessments;
- the Company recognizes deferred tax assets in accordance with the procedures described in Note 6.4 to the consolidated financial statements. In the course of our assessments, we verified the consistency of all the data and assumptions serving as the basis for the valuation of deferred tax assets.

These assessments form part of our overall audit approach of the consolidated financial statements and thus contributed to the formulation of our unqualified opinion expressed in the first section of this report.

III Specific verification

We also performed the specific procedures in accordance with professional standards applicable in France and required by law in relation to the information relating to the Group provided in the management report.

We have no comments to make on the fairness and consistency with the consolidated financial statements.

Courbevoie and Paris, 20 April 2017

The Statutory Auditors

Auditeurs & Conseils Associés	Mazars
represented by François Mahé	represented by 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 Appcelerator in January 2016, five new subsidiaries were consolidated within the Axway Group. These subsidiaries are included in the above table.

Deconsolidated entities

The liquidation of Systar Ltd (UK) was completed during the year ended 31 December 2016.

Reorganization of legal entities

No reorganization took place in 2016.

Restructuring measures

No restructuring measures took place in 2016.

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**		**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**
				Gross	**Net**				
Axway Software (France)									
Axway UK Ltd (United Kingdom)	119,717	-47,548	100.0%	148,270	148,270	-	19,114,979	2,023,586	625,928
Axway GmbH (Germany)	425,000	6,367,044	100.0%	23,038,194	19,338,194	-	24,674,682	6,517,990	-
Axway Srl (Italy)	98,040	109,751	100.0%	98,127	98,127	-	4,487,249	613,079	337,012
Axway Software Iberia (Spain)	1,000,000	222,760	100.0%	1,000,000	1,000,000	-	4,840,373	153,561	775,000
Axway Nordic (Sweden)	11,221	377,979	100.0%	20,706,081	500,081	-	3,399,263	147,121	-
Axway Inc. (United States)	2	150,836,267	100.0%	120,266,278	120,266,278	34,282,474	158,446,702	17,135,171	-
Axway B.V. (Netherlands)	18,200	211,471	100.0%	200,000	200,000	-	5,173,559	-179,899	310,000
Axway Belgium (Belgium)	1,000,000	141,332	99.9%	999,000	999,000	495,468	8,025,697	218,694	819,180
Axway Romania Srl (Romania)	12,141	1,950,997	100.0%	1,972,250	1,972,250	-	10,573,850	199,789	540,000
Axway SAS (France)	37,000	-14,497	100.0%	37,000	-	-	-	-1,302	-
Axway Pte Ltd (Singapore)	118,914	551,082	100.0%	1	1	-	6,365,311	272,709	337,860
Axway Ltd (Hong Kong)	9,949	355,225	100.0%	1	1	-	1,185,835	80,662	100,485
Axway Pty Ltd (Australia)	78,598	17,303	100.0%	1	1	-	7,130,813	142,737	128,858
Axway Software China (China)	1,392,228	-1,155,249	100.0%	1	1	-	2,233,613	91,516	-
Axway Software SDN BHD (Malaysia)	60,895	-57,587	100.0%	1	-	-	-	-	-
Axway Bulgaria EOOD (Bulgaria)	2,556	979,348	100.0%	979,846	979,846	-	7,851,220	744,724	881,979
Axway Distribution France (France)	16,000	-9,626	100.0%	17,800	-	6,500	-	-1,090	-
Axway Ltd (Ireland)	141,815	19,711,013	100.0%	42,841,900	42,841,900	-	15,652,040	9,720,296	-
Axway Software Do Brasil (Brazil)	3,247	-4,045,097	100.0%	3,255	-	1,649,680	3,777,969	340,108	-
Systar Ltd (United Kingdom)	479,788	-98,475	100.0%	571,674	381,300	-		-	-
Axway Inc. (United States)									
Appcelerator Inc. (United States)	-	-7,223,091	100.0%	48,301,544	48,301,544	10,208,358	6,562,286	-6,156,760	-
Appcelerator Inc. (United States)									
Appcelerator GmbH (Germany)	25,000	12,720	100.0%	27,465	27,465	-	-	-1,522	-
Appcelerator UK (United Kingdom)	1	279,998	100.0%	-	-	-	12,352	-249,139	-
Appcelerator China (China)	78,277	25,521	100.0%	75,995	75,995	-	54,309	9,306	-
Appcelerator Singapore (Singapore)	1	51,588	100.0%	-	-	-	-	-3,811	-

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5.1 Balance sheet

ASSETS

(in thousands of euros)	2016	2015
Intangible assets	57,967	63,451
Property, plant and equipment	7,837	2,911
Financial investments	225,733	190,893
Non-current assets	**291,537**	**257,256**
Trade receivables	67,635	62,357
Other receivables, prepayments and accrued income	22,691	16,362
Cash and cash equivalents	14,816	7,751
Current assets	**105,143**	**86,470**
Total assets	**396,680**	**343,726**

LIABILITIES

(in thousands of euros)	2016	2015
Share capital	42,042	41,548
Premiums	108,003	105,053
Reserves	63,744	62,776
Carried forward	-5	2
Net profit for the year	10,881	9,322
Tax-driven provisions	-	1,220
Equity	**224,666**	**219,921**
Provisions	**11,384**	**11,658**
Financial debt	85,498	50,175
Trade payables	22,240	16,217
Tax and social charge payables	23,385	24,371
Other liabilities, accruals and deferred income	29,507	21,384
Liabilities	**160,630**	**112,147**
Total liabilities	**396,680**	**343,726**

5.2 Income statement

(in thousands of euros)	2016	2015
Net revenue	160,841	172,148
Other operating income	3,832	1,500
Operating income	**164,674**	**173,649**
Purchases consumed	58,017	67,529
Employee costs	68,348	69,419
Other operating expenses	29,444	26,030
Taxes and duties	3,671	3,431
Depreciation, amortization and provisions	9,013	9,987
Operating expenses	**168,494**	**176,395**
Operating profit	**-3,820**	**-2,747**
Financial income and expense	8,547	4,878
Pre-tax profit on ordinary activities	**4,727**	**2,131**
Exceptional income and expense	-2,049	-2,072
Employee profit-sharing and incentive schemes	-564	-567
Corporate income tax	8,768	9,829
Net profit	**10,881**	**9,322**

5.3 Notes to the 2016 annual financial statements

1 Significant events, accounting policies and valuation rules

1.1 Significant events

Acquisition of Appcelerator

Our subsidiary Axway Inc. acquired 100% of the shares in Appcelerator for the sum of €50.9 million. This transaction impacted Axway Software since it helped finance the purchase by drawing down on its credit line with the banks for the sum of €20 million. This drawdown was reimbursed on 12 January 2017.

Changes in accounting policies and allocation of technical losses

Pursuant to ANC regulation No. 2015-06 of 23 November, 2015, the Company allocated its technical losses to underlying assets on which there were unrealized gains. Thus, €4.7 million was allocated to capitalized software and €5.7 million to the customer base. They were amortized over their estimated useful life, resulting in supplementary amortization of €0.9 million in 2016.

The residual amounts of the technical losses were allocated to business goodwill and are subject to annual impairment testing.

Liquidation of Systar Inc.

Systar Inc. was liquidated during the 2016 fiscal year, resulting in a loss of €104 thousand in Axway Software's parent company financial statements.

Puteaux sites moved to Tour W in La Défense

Axway closed its three sites at Puteaux to unite its staff at one single location, Tour W at La Défense. Various works were conducted at the new locations before the move – a server room was installed, seven floors were installed and fitted and furniture was purchased.

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* (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. 2015-06 of 23 November 2015);
- accrual basis; and
- 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 measure reliably 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 three, five or ten 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 twelve 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. It writes down the value of an asset if its current value (either the market value or the economic value, whichever is highest) is less than its net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at their acquisition cost or the pre-transfer carrying amount.

Depreciation is based on the straight-line method according to the useful economic lives of each non-current asset category as follows:

Fixtures and fittings	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 Section "Financial assets") and an analysis of the growth and profitability projections, is lower than the carrying amount in the financial statements. The analysis of growth projections may involve the discounting of future cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A growth rate in perpetuity of 2.2% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a discount rate of 9.4%.

Revenue

Services provided within the scope of the Group's software package operations include:

- the right of use under 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.

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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. 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 2016	**32,055**	**44,206**	**47,259**	**-**	**123,520**
Acquisitions	-	769	-	-	769
Internal reclassification	-	4,694	-10,361	5,667	-
Disposals	-	-	-	-	-
At 31 December 2016	**32,055**	**49,668**	**36,898**	**5,667**	**124,289**
Depreciation and amortization					
At 1 January 2016	**27,475**	**32,559**	**35**	**-**	**60,069**
Provisions	2,290	3,423	-	540	6,253
Reversals	-	-	-	-	-
At 31 December 2016	**29,765**	**35,983**	**35**	**540**	**66,322**
Net value					
At 1 January 2016	**4,581**	**11,647**	**47,224**	**-**	**63,451**
At 31 December 2016	**2,291**	**13,686**	**36,863**	**5,127**	**57,967**

Systar's technical loss of €4.7 million on software research costs and €5.7 million on the client base were reclassed according to the corresponding underlying asset and were removed from business goodwill. The depreciation and amortization rule applied to each of these losses is identical to that applied to the underlying assets to which they were allocated.

Research & Development expenses, which were capitalized by Systar, were taken over by Axway Software. Their amortization will continue until they have been extinguished.

Software development costs, which totaled €27,694,000 in 2016, were recorded in full as expenses (see Note 1.2 "Accounting principles" in Chapter 5.3).

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.

Property, plant and equipment

(in thousands of euros)	Technical installations	Fittings and installations	Furniture and office equipment	Total
Gross value				
At 1 January 2016	**7,109**	**1,841**	**537**	**9,487**
Acquisitions	972	2,305	633	3,910
assets	1,265	884	635	2,783
Disposals	-152	-1,825	-537	-2,514
At 31 December 2016	**9,194**	**3,204**	**1,268**	**13,666**
Depreciation and amortization				
At 1 January 2016	**5,053**	**1,228**	**294**	**6,576**
Provisions	859	254	69	1,181
Exceptional depreciation	-	305	83	389
Reversal Exceptional depreciation	-	-639	-175	-813
Reversal	-126	-1,116	-261	-1,503
At 31 December 2016	**5,787**	**33**	**11**	**5,830**
Net value				
At 1 January 2016	**2,055**	**613**	**243**	**2,911**
At 31 December 2016	**3,407**	**3,172**	**1,257**	**7,836**

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 2016, and for which payment is required, were recorded in outstanding non-current assets. Depreciation has been applied to these non-current assets.

Following the move, some of the furniture from Puteaux 3 and Puteaux 1&2 was sold to Sopra Steria for €82 thousand. The remaining furniture and fixtures and fittings from the Puteaux sites were removed from assets.

Purchases of technical installations consist solely of IT equipment.

The computer equipment acquired as part of Axway Software's move that had not yet been commissioned at 31 December 2016 was also recorded in outstanding non-current assets.

Financial assets

(in thousands of euros)	Equity investments	Receivables related to equity investments	Loans and other financial investments	Total
Gross value				
At 1 January 2016	**217,832**	**2,072**	**1,111**	**270,054**
Acquisitions/Increase	-	34,801	1,115	35,917
Disposals/Decrease	-4,953	-439	-153	-5,544
At 31 December 2016	**212,880**	**36,434**	**2,073**	**251,387**
Impairment				
At 1 January 2016	**28,623**	**1,497**	**1**	**31,173**
Provisions	63	-	3	66
Reversals	-4,532	-	-1	-4,533
At 31 December 2016	**24,154**	**1,497**	**3**	**25,655**
Net value				
At 1 January 2016	**189,209**	**574**	**1,110**	**190,893**
At 31 December 2016	**188,725**	**34,937**	**2,071**	**225,733**

Details concerning equity investments are provided in the "Subsidiaries and associated entities" tables presented in Section 7.2 in Chapter 4.

a. Gross amounts

In 2016, changes in equity investments were connected to the dissolution of Systar Inc. whose equity investments were written off for the sum of €5 million.

The increase in receivables linked to equity investments is mainly due to Axway Inc., to whom Axway Software loaned €28 million in January 2016 for the acquisition of Appcelerator. The increase is also connected to the change in the current account with our subsidiary Axway Belgium (€1.7 million).

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. A guarantee of €657 thousand was paid for Tour W and a holdback of €250 thousand was also recorded for a loan contracted in July 2016 with BPI Finance.

b. Impairment

The charge for equity investments corresponds to an adjustment of the value of the securities for Systar Ltd. (€63 thousand). The drawdown concerns Axway GMBH (€4.5 million) and Systar Inc. (€232 thousand).

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). The reversal of provisions relates to a guarantee that was recorded as a loss in 2016 (€1 thousand).

2.2 Other assets

Trade receivables

(in thousands of euros)	2016	2015
Non-Group clients	40,048	36,039
Accrued income	22,611	21,760
Group clients	7,179	6,311
Doubtful debtors	31	32
Provision for doubtful debtors	-2,234	-1,785
Total	**67,635**	**62,357**

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)	2016	2015
Corporate income tax	10,411	9,922
Tax at source	-	-
VAT	974	533
Other receivables	5,468	973
Prepaid expenses	2,965	1,636
Translation differential – Assets	2,874	3,299
Total	**22,691**	**16,362**

Research Tax Credit – transferred receivables

(in thousands of euros)	Nominal sold	Amount sold	Commission	Year of sale	Date of repayment	Off debt	Stock 31/12/2016
CIR 2013	6,730	6,538	29	2014	17/07/2017	non	6,730
CIR 2014	7,734	7,573	32	2015	16/07/2018	non	7,734
CIR 2015	9,146	8,993	36	2016	15/05/2019	non	9,146
Total	**23,609**	**23,104**	**97**				**23,609**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Provisions	Reversals	Amount at end of year
Impairment of trade receivables	1,785	450	1	2,234
Total	**1,785**	**450**	**1**	**2,234**

The provision of €450 thousand concerns only receivables with our subsidiary Axway Software Do Brazil.

2.3 Shareholders' equity

Share capital

Axway Software's share capital was €42,042,078 as at 31 December 2016. It comprised 21,021,039 shares, each with a nominal value of €2. The number of shares issued during this fiscal year totaled 221,538.

The Company held 7,529 treasury shares.

Statement of changes in equity

(in thousands of euros)	Share capital	Issue premiums	Legal reserve	Discretionary reserves	Net profit for the year	Tax-driven provisions	Carried forward	Total
Position at 1 January 2016	**41,548**	**105,053**	**4,114**	**58,662**	**9,322**	**1,220**	**2**	**219,921**
Appropriation 2014 earnings	-	-	41	973	-9,322	-	-2	-8,310
Additional 2014 earnings	-	-	-	-	-	-	-5	-5
Depr. and amort. Intellectual property	-	-	-	-	-	-1,220	-	-1,220
Free Share Plan	46	-	-	-46	-	-	-	-
Option exercise	448	2,950	-	-	-	-	-	3,398
Profit (loss) for the period	-	-	-	-	10,881	-	-	10,881
Position at 31 December 2016	**42,042**	**108,003**	**4,155**	**59,589**	**10,881**	**-**	**-5**	**224,666**

The total amount of dividends paid in 2016 was €8,310 thousand.

During the course of 2016, options were exercised, and gave rise to the creation of 247,123 shares. An issue premium was recognized for €2,950 thousand.

Share subscription option plans

	Initial position		Option exercise period		Position at January 1		Changes in the period, number of options:			Position as at 31/12/2016	
Grant date	**Number of options**	**Exercise price**	**Start date**	**Expiry date**	**Number of options**	**Exercise price**	**awarded**	**canceled**	**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											
11/18/2011	516,175	€14.90	5/18/2014	11/18/2019	196,575	€14.90	-	-5,100	-47,277	144,198	€14.90
11/18/2011	516,175	€14.90	11/18/2016	11/18/2019	334,050	€14.90	-	-10,300	-141,306	182,444	€14.90
3/28/2013	131,250	€15.90	9/28/2015	3/28/2021	64,250	€15.90	-	-6,000	-31,500	26,750	€15.90
3/28/2013	131,250	€15.90	3/28/2018	3/28/2021	65,500	€15.90	-	-10,750		54,750	€15.90
1/3/2014	50,000	€21.86	7/2/2016	1/3/2022	50,000	€21.86		-	-4,000	46,000	€21.86
1/3/2014	50,000	€21.86	1/3/2019	1/3/2022	50,000	€21.86		-	-	50,000	€21.86
Total	**1,394,850**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	
Total asset plans	**1,394,850**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	

* *Increased to 1,295,611 following an amendment in June 2013.*

- 224,083 share subscription options were exercised during fiscal year 2016.
- 32,150 share subscription options were canceled in 2016 following the departure of the holders.
- No options were allocated under Plans No. 1 and 2.

2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Provisions	Reversals (used provisions)	Reversals (unused provisions)	Amount at end of year
Provisions for disputes	1,024	598	320	567	735
Provisions for foreign exchange losses	3,299	2,874	-	3,299	2,874
Provisions for retirement benefits	6,121	697	385	-	6,433
Provisions for restructuration	43	160	-	-	203
Provisions for tax	1,172	-	32	-	1,140
Total	**11,658**	**4,329**	**736**	**3,866**	**11,385**

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 €6,196 thousand. The cumulative amount of unrealized actuarial differences on the balance sheet at year-end 2016 was (-)€237 thousand (see Note 1.2 "Accounting policies and valuation rules" in Chapter 5.3).

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 abandonment of an existing departure procedure and the introduction of a new contribution to the benefits paid in the event of retirement at the request of the employer entail the adjustment by the Group of its actuarial assumptions as defined under IAS 19.

Other assumptions such as turnover, mortality and discount rate are updated regularly to refine the calculation of retirement commitments.

2.5 Liabilities

Financial debt

(in thousands of euros)	Amount at start of year	New borrowings	Repayments	Amount at end of year
Syndicated facility	4,262	33,000	1,638	35,624
Employee profit sharing fund	3,297	480	540	3,236
Payables related to equity investments	41,727	15,071	10,276	46,522
Accrued interest on financial debt	889	116	889	116
Total	**50,175**	**48,667**	**13,343**	**85,498**

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 (see Note 14.3 in Chapter 4.5).

A €20 million drawndown was made in January 2016 to finance the Appcelerator company acquired by Axway Inc. in this same period, to whom we loaned €28 million.

Two loans of €5 million and €3 million were taken out in July and September 2016 with the Banque Publique d'Investissement (BPI) over a five-year period with an annual percentage rate of 1.47%.

A loan of €5 million was also taken out with Banque Populaire with an annual percentage rate of 0.98%.

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 observed at 31 December 2016.

Trade payables

(in thousands of euros)	2016	2015
Trade payables and related accounts	4,838	2,236
Accrued expenses	15,833	12,180
Trade payables – Group	1,570	1,801
Total	**22,240**	**16,217**

Tax and social charge payables

(in thousands of euros)	2016	2015
Employee costs and related payables	7,112	7,490
Social security	8,662	9,465
Withholding tax	6	-
VAT	**7,539**	**7,171**
Other tax	67	245
Total	**23,385**	**24,371**

Other liabilities, accruals and deferred income

(in thousands of euros)	2016	2015
Client deposits	669	607
Liabilities in respect of non-current assets	3,681	161
Group and associates	750	750
Other liabilities	**77**	**38**
Deferred income	21,868	18,772
Translation differential – Liabilities	2,461	1,058
Total	**29,507**	**21,384**

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)	2016	2015
Licenses	26.5%	25.5%
Support and maintenance	58.6%	53.2%
Integration and training services	13.0%	21.3%
Cloud	1.9%	-
Revenue	**100.0%**	**100.0%**

Out of €160.8 million in revenue for 2016, €70 million was generated at the international level.

3.2 Compensation allocated to the members of administrative and management bodies

Directors' fees totaling €262 thousand were paid to directors in March 2016.

Compensation paid in 2016 to governing and management bodies was €943 thousand.

3.3 Net financial income

(in thousands of euros)	2016	2015
Dividends received from equity investments	4,856	8,323
Interest on bank borrowings and similar charges	-484	-316
Interest on employee profit sharing	-219	-215
Discounting of retirement benefits (provision)	-164	-117
Losses on receivables from equity investments	-	-
Interest received and paid on Group current accounts	56	-245
Positive and negative foreign exchange impact (including provisions)	-3,123	-3,077
Other allocations to and reversals of financial provisions before exchange rate differences	7,765	486
Other financial income and expense	-140	39
Financial items	**8,547**	**4,878**

The detail of dividends received is listed in the table of subsidiaries and equity investments (see Section 4.7.2).

3.4 Exceptional income

In 2016, the exceptional income of (€2,049 thousand) primarily relates to:

- income from the sale and liquidation of Systar Inc. (€4,616 thousand);
- VNC Liquidation of Systar Inc. €4,952 thousand;
- Scrapping of non-current assets (furniture and fixtures and fittings) (€987 thousand);
- restructuring costs (€2,079 thousand);
- indemnity for leaving the Puteaux premises (€188 thousand);
- exceptional provision (€549 thousand);
- exceptional impairment (€813 thousand);
- reversal of the additional amortization of the Cyclone intellectual property (€1,220 thousand);

3.5 Employee profit sharing

Employee profit sharing, in the amount of €503 thousand, was determined following a statutory profit-sharing agreement between the Company and the Works Council.

3.6 Corporate income tax

Research tax credits

Axway Software received research tax credits for 2016 in the amount of €9,180 thousand.

Breakdown of tax between recurring and exceptional income

(in thousands of euros)	**2016**	**2015**
Tax on recurring operations	423	768
Tax on exceptional items	-183	-607
Additional contribution	249	247
Provisions for tax reassessment	-32	-
Tax claim	-	-218
Tax adjustment 2014	-	-811
Research tax credit	-9,180	-9,146
Other tax credits	-45	-61
Total corporate income tax	**-8,768**	**-9,829**

Deferred and latent tax position

	Basis					
	Start of the year		Change		End of the year	
(in thousands of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
I. Certain or potential discrepancies						
Tax-drive provisions	--	--	--	--	--	--
Investment grants	--	--	--	--	--	--
Temporary non-deductible expenses						
• To be deducted the following year						
• *employee profit sharing*	591	-	-	-88	503	-
• *C3S*	130	-	-	-20	110	-
• *construction work*	214	-	-	-13	201	-
• To be deducted thereafter						
• *provision for retirment commitments*	6,121	-	312	-	6,433	-
• *other*	-	-	-	-	-	-
Temporary non-taxable income						
• *net short-term capital gains*	-	-	-	-	-	-
• *capital gains on mergers*	-	-	-	-	-	-
• *long-term deferred capital gains*	-	-	-	-	-	-
Deducted expenses for tax purposes (or taxed income) that has not been recognised						
• deferred charges	-	-	-	-	-	-
• translation differential – Liabilities		-1,058	-	-1,403		-2,461
Total	**7,057**	**-1,058**	**312**	**-1,524**	**7,247**	**-2,461**
II. Items to be offset						
Losses that may be carried forward for tax offset	**16,630**		**4,152**		**20,782**	
Long-term losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
III. Contingent tax item						
Capital gains on non-depreciable assets contributed on merger	-	**762**	-	-	-	**762**
Special reserve for long-term capital gains	-	-	-	-	-	-
Special reserve for construction profits	-	-	-	-	-	-
Other	-	-	-	-	-	-

4 Other information

4.1 Maturities of receivables and payables at the balance sheet date

Receivables

(in thousands of euros)	Gross Amount	Within one year	One to five years
Non-current assets			
Receivables related to equity investments	34,937	495	34,441
Other non-current financial assets	2,071	1,157	914
Current assets			
Doubtful debts or disputes	31	-	31
Other trade receivables	69,838	69,838	-
Employee costs and related payables	131	131	-
Social security	-	-	-
VAT	974	974	-
Tax credit	10,411	489	9,922
Other tax	221	-	221
Group and associates	-	-	-
Other receivables	5,123	5,123	-
Accruals and deferred income	5,839	5,723	116
Total	**129,574**	**83,930**	**45,645**

Other non-current financial assets mainly relate to the market-making agreement and treasury shares.

Liabilities

(in thousands of euros)	Gross amount	Within one year	One to five year
Bank debt			
• Two years maximum at origin	116	116	-
• More than two years maximum to origin	35,624	21,483	14,141
Other financial debt	3,236	543	2,693
Group and associates	46,522	46,522	-
Trade payables	22,240	22,240	-
Employee costs and related payables	7,112	6,608	503
Social security	8,662	8,662	-
State and public bodies			
• Corporate income tax	-	-	-
• VAT	7,539	7,539	-
• Other taxes and similar	67	67	-
Liabilities in respect of non-current assets	4,431	4,431	-
Other liabilities	669	669	-
Accruals and deferred income	24,329	24,329	-
Total	**160,548**	**143,210**	**17,338**

4.2 Information concerning related parties

(in thousands of euros)	**Related parties**
Assets	
Advances and payments on account for non-current assets	-
Equity investments	188,725
Receivables related to equity investments	34,937
Loans	-
Trade receivables	26,124
Other receivables	-
Translation differential – Assets	2,869
Liabilities	
Convertible bonds	-
Other bonds	-
Bank debt	-
Other financial debt	-
Group and associates	46,522
Liabilities in respect of non-current assets	750
Trade payables	14,746
Other liabilities	-
Translation differential – Liabilities	2,448
Income statement	
Income from equity investments	4,856
Other financial income	333
Financial expense	278
Write-off of receivables (financial expense)	-
Provisions for impairment of equity investments (financial expense)	63
Provisions for impairment of trade receivables (financial expense)	450
Provisions for impairment of current accounts (financial expense)	-
Reversal of impairment of equity investments (financial income)	4,532
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
Trade receivables	24,511
Tax and social charge receivables	252
Other receivables	-
Total	**24,769**
Accrued expense	
Accrued interest	116
Trade payables	15,833
Trade receivables – Credit notes to be issued	1,900
Tax and social charge payables	11,845
Other liabilities	-
Total	**29,693**

Tax and social charge receivables correspond to the Tax Credit for Competitiveness and Employment (C.I.C.E.) recognized as a deduction from employee costs in the amount of €290 thousand, claims filed with the Tax Department for €218 thousand, VAT accrued on expenses amounting to €729 thousand and Patronage tax credits of €44 thousand.

4.4 Staff

The average workforce in 2016 comprised 657 employees, and the number of employees at 31 December 2016 was 626.

4.5 Fees for Statutory Auditors

The fees of the Statutory Auditors included in the income statement amounted to €236 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	117
Bank guarantees for guaranteeing payment of tax liabilities	177
Bank guarantees for guaranteeing payment of supplier invoices	None
Unfunded retirement commitments (actuarial differences)	-237
Guarantees given to subsidiaries to guarantee tender bids	None
Guarantees given to subsidiaries to guarantee leases	None
Severance of CEO's duties	474
Collateral, mortgages and sureties	None
Interest rate hedging instruments	None
Exchange rate hedging instruments	None

Bank guarantees

A bank guarantee of €225 thousand in place of a security deposit was arranged in 2012 when the Puteaux 1 lease was taken over.

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.

Bank guarantees for effective project completion stood at €117 thousand at 31 December 2016.

Guarantees of €177 thousand were established in August 2014 to ensure the payment of tax liabilities.

Retirement commitments

At the end of 2016, the unfunded part of the retirement commitment stood at (-)€237 thousand.

Severance pay

Severance pay for the Chief Executive Officer was set at $500 thousand (or €474 thousand at the rate of the dollar on 31 December 2016).

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

The reader is invited to refer to Chapter 4, Section 7.2 ("List of subsidiaries and equity investments") of this Registration Document.

5.4 Statutory Auditors' report on the annual financial statements

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your General Meetings, we hereby report to you for the year ended 31 December 2016, regarding:

- the audit of the accompanying annual financial statements of Axway Software attached to this report;
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I Opinion on the annual financial statements

We performed our audit in accordance with generally accepted French professional standards. These standards require that we perform our audit in such a way as to obtain reasonable assurance that the annual financial statements are free from material misstatement. An audit involves the verification, on a test basis or through the use of any other selection methods, of the evidence supporting the amounts and disclosures included in the annual financial statements. An audit also includes an assessment of the accounting policies used and significant estimates made by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the evidence we have been able to gather provides a sufficient and appropriate basis to express our audit opinion.

In our opinion, the financial statements give a true and fair view of the state of the financial position and the assets and liabilities of the Company and of the results of operations for the year just ended, in accordance with French accounting policies.

Without calling into question the opinion expressed above, we would like to draw your attention to Note 1.1, which outlines the change in accounting policy relating to the allocation of technical losses.

II Justification of assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code governing the justification of our assessments, we hereby report on the following matters:

- as mentioned in the first part of this report, Note 1.1 to the Annex shows the change in accounting policy resulting from the application of the new accounting regulation on the allocation of technical losses. As part of our assessment of the rules and accounting policies followed by your Company, we have verified the correct application of the change of accounting regulation and the presentation thereof;
- the assets of Axway Software mainly consist of equity investments, for which the accounting policies are described in Note 1.2 to the Annex. Our work involved assessing the criteria used to estimate the carrying amount of these investments. In the context of our assessments, we verified the rationale for the approach adopted as well as the consistency of all of the hypotheses used and the resulting valuations;
- the Company allocates a provision for its retirement benefit commitments towards its employees based on the projected unit credit method, as indicated in Notes 1.2 and 2.4 to the Annex. In the course of our assessments, we examined the data used, we assessed the actuarial assumptions retained, verified the overall consistency of these assumptions and the resulting measurements.

The assessments made in this way form part of our audit approach with respect to the annual financial statements, taken together, and therefore contributed to the formation of our opinion, as expressed in the first section of this report.

III Specific procedures and disclosures

We also performed the other procedures required by law in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information provided in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Regarding the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on compensation and benefits in kind paid to company officers as well as commitments granted in their 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.

In application of the law, we verified that the various information relating to the investments and control and the identity of the owners of the capital have been provided in the management report.

Courbevoie and Paris, 20 April 2017

The Statutory Auditors

Mazars

represented by Bruno Pouget

Auditeurs & Conseils Associés

represented by François Mahé

5.5 Summary of results of Axway Software SA for the past five fiscal years

(in euros)	2016	2015	2014	2013	2012
Capital at end of financial year					
Share capital	42,042,078	41,547,832	41,136,276	40,930,354	40,642,076
Number of ordinary shares outstanding	21,021,039	20,773,916	20,568,138	20,465,177	20,321,038
Number of bonds convertible into shares					
Operations and results for the financial year					
Revenue excluding VAT	160,841,463	172,148,256	156,668,622	140,823,095	135,959,288
Results before tax, employee profit sharing, depreciation, amortisation and provisions	4,207,072	10,966,245	50,009,463	12,636,275	16,152,038
Corporate income tax	-8,767,585	-9,829,433	-4,803,562	-5,332,396	-2,557,207
Employee profit-sharing and incentive schemes owed inrespect of the financial year	564,138	567,488	1,049,317	1,222,312	1,070,259
Results after tax and employee profit sharing, depreciation, amortisation and provisions	10,881,106	9,321,572	50,557,004	13,492,187	15,083,037
Distributed earnings	8,408,416	8,309,566	8,227,255	8,186,071	7,112,363
Earnings per share					
Results after tax and employee profit sharing, but before depreciation, amortisation and provisions	0.59	0.97	2.61	0.82	0.87
Results after tax and employee profit sharing, depreciation, amortisation and provisions	0.52	0.45	2.46	0.66	0.74
Dividend awarded per share	0.40	0.40	0.40	0.40	0.35
Employee dara					
Average number of employees during the financial year	657	705	626	622	616
Total payroll for the financial year	47,188,819	47,725,975	41,213,578	39,678,256	36,916,934
Total benefit paid for the financial year (social security, employee welfare, etc.)	21,159,075	21,692,547	18,811,294	18,710,694	17,612,693

Capital and Axway Software stock

6

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 2016, Axway Software's capital consisted of 21,021,039 shares with a nominal value of two (2) euros each, fully paid up, amounting to share capital of €42,042,078. 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 associated with the capital on 31 December 2016 was 33,976,963.

Changes in share capital for the fiscal year ended 31 December 2016 are detailed in Section 3 ("Changes in share capital") of this Chapter 6.

On 31 December 2016, if all bonus shares were issued and all share subscription options, exercisable or not, were all exercised, this would result in the issuance of 797,642 new shares, representing 3.80% of the Company's 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	Equity 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(3)	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(4)	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.

To the best of the Company's knowledge, no individual public shareholder owns more than 5% of the capital.

On 31 December 2016, Axway Software did not own any treasury shares other than those held under the market-making agreement (7,529 shares).

The main changes to the shareholding structure over the past year were due to Geninfo's transfer of all its Company shares to Sopra Steria Group SA, detailed in item 6.2 hereunder.

Shareholders	Equity at 31/12/2015 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.

	As of 31/12/2014				
Shareholders	**Number of shares owned**	**% of share capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of voting rights**
Sopra Steria Group SA	5,238,721	25.47%	10,474,442	10,474,442	29.53%
Sopra GMT(1)	4,382,858	21.31%	8,765,716	8,765,716	24.72%
Pasquier family Group(1)	19,535	0.09%	39,070	39,070	0.11%
Odin family Group(1)	230,595	1.12%	461,706	461,706	1.30%
Sopra Développement(2)	1	0.0%	1	1	0%
Management(2)	220,385	1.07%	436,881	436,881	1.23%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA(3)	10,092,095	49.07%	20,177,816	20,177,816	56.89%
Geninfo	1,793,625	8.72%	3,587,250	3,587,250	10.11%
Shareholder agreement between the Founders, Sopra Group SA and Geninfo	11,701,998	57.20%	11,701,998	11,701,998	67.01%
Total shareholder agreements between the Founders, the Managers, Sopra Group SA and Geninfo	11,885,720	57.79%	23,765,066	23,765,066	67.01%
Caravelle	2,572,458	12.51%	5,144,916	5,144,916	14.51%
Float	6,065,389	29.49%	6,511,438	6,511,438	18.36%
Treasury shares	44,571	0.21%	44,571	0	0%
Total	**20,568,138**	**100%**	**35,465,991**	**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, 4,853,374 shares held by the Founders and Managers subgroup (i.e. 23.59% of the capital and 27.36% of the voting rights) and 5,238,721 shares held by Sopra Steria Group SA (i.e. 25.47% of the capital and 29.53% of the voting rights) at 31/12/2014.

Sopra GMT's ownership structure is as follows:

Sopra GMT's ownership structure	**31/12/2016**		**31/12/2015**		**31/12/2014**	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**	**Shares**	**% of capital**
Pierre Pasquier family Group	318,050	68.95%	318,050	68.95%	318,050	67.31%
François Odin family Group	132,050	28.63%	132,050	28.63%	132,050	27.95%
Sopra Group management	13,474	2.42%	11,174	4.74%	22,435	4.74%
Total	**463,574**	**100%**	**472,535**	**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).

According to a decision dated 31 May 2016 (216C1265), the *Autorité des marchés financiers* (AMF) examined a request submitted by Sopra Steria Group SA for exemption from the obligation to file a takeover bid for the Company's shares within the scope of a transaction whereby Géninfo will transfer all of its shares in the Company to Sopra Steria Group, whose individual holding will thus exceed 30%. The AMF granted this request since, prior to the transaction, the shareholder grouping to which Sopra Steria Group belongs already held the majority of the Company's voting rights.

Based on this decision, Géninfo sold its entire stake in the Company, *i.e.* 1,793,625 shares representing 8.62% of the Company's share capital, to Sopra Steria Group SA.

A collective declaration of the crossing of thresholds and declaration of intention (no. 216C1292) was filed following the transfer of the Company's shares. This declaration, filed by the shareholder grouping consisting of the Pasquier and Odin families, Sopra GMT, Sopra Steria Group SA, Sopra Développement, the Managers, and Geninfo, stated that:

- Géninfo no longer held any Company shares and was therefore no longer a member of the "Founders-Managers-Sopra Steria Group SA – Geninfo" grouping;
- on 31 May 2016, Sopra Steria Group SA individually exceeded the thresholds of 25% of the Company's share capital, and 30% and 1/3 of its share capital and voting rights;
- on 31 May 2016, Sopra GMT individually exceeded the threshold of 25% of the Company's voting rights;
- on 31 May 2016, the "Founders – Managers – Sopra Steria Group"sub-grouping (now the only grouping, following Geninfo's exit) exceeded the threshold of 50% of the Company's share capital, holding (without Geninfo) 12,160,702 Company shares to which are attached 22,188,149 voting rights, representing respectively 58.46% of the share capital and 65.62% of the voting rights on the date of said declaration.

Pursuant to the provisions of Article L. 233-7, VII of the French Commercial Code, Sopra Steria Group SA and Sopra GMT made the following declarations of intention:

The Sopra Steria Group declared that:

- the acquisition of the 1,793,625 Axway Software shares was fully financed through credit lines available to the Company;
- Sopra Steria Group acts in concert with Sopra GMT, the Pasquier and Odin families, the Managers of Sopra Steria Group and Sopra Développement;
- Sopra Steria Group is not planning to purchase Axway Software shares nor acquire sole control of Axway Software, given that it already holds control of Axway Software with the above-mentioned persons and entities;
- Sopra Steria Group will continue to support the strategy of Axway Software as it has done in the past and is not contemplating initiating any measures, of any type whatsoever, that could have an impact on the strategy of Axway Software, nor any of the operations listed in Article 223-17 I, Item 6 of the AMF general regulations;
- Sopra Steria Group is not party to any agreement, nor does it hold any of the financial instruments mentioned in Items 4 and 4*bis,* Section I of Article L. 233-9 of the French Commercial Code;
- Sopra Steria Group is not party to any reverse transaction agreement concerning Axway Software shares or voting rights;
- Sopra Steria Group is not planning to request the appointment of any new director(s) within Axway Software.

Sopra GMT declared that:

- the crossing of the threshold was not accompanied by any acquisition of issuer shares;
- Sopra GMT acts in concert with the Pasquier and Odin families, Sopra Steria Group, its Managers and Sopra Développement;
- Sopra GMT is not planning to purchase Axway Software shares nor acquire sole control of Axway Software, given that it already holds control of Axway Software with the above-mentioned persons and entities;
- Sopra GMT will continue to support the strategy of Axway Software as it has done in the past and is not contemplating initiating any measures, of any type whatsoever, that could have an impact on the strategy of Axway Software, nor any of the operations listed in Article 223-17 I, Item 6 of the AMF general regulations;
- Sopra GMT is not party to any agreement, nor does it hold any of the financial instruments mentioned in Items 4 and 4*bis,* Section I of Article L. 233-9 of the French Commercial Code;
- Sopra GMT is not party to any reverse transaction agreement concerning Axway Software shares or voting rights;
- Sopra GMT is not planning to request the appointment of any new director(s) within Axway Software.

To the best of the Company's knowledge, with respect to fiscal year ended 31 December 2016, no other shareholder had declared to have exceeded either the thresholds set out in the Articles of Association, or the legal thresholds. The information provided by the Company in this chapter is based on the information provided by the shareholders, in particular through the AMF website, the disclosures made to the Company pursuant to the provisions of Article L. 233-7 of the French Commercial Code and the stipulations of Article 28 of the Company's Articles of Association, as well as the shareholder register forwarded by the Company's financial intermediary.

Since 1 January 2017, no disclosure was made concerning the exceeding of the thresholds set out in the Articles of Association, or the legal thresholds.

6.2.2 Approximate number of shareholders

At 31 December 2016, Axway Software had 815 shareholders who owned 15,010,708 registered shares and 27,966,632 attached voting rights out of a total of 21,021,039 shares making up the share capital, and 33,977,278 total voting rights. The figures given are calculated by difference on the basis of the table presenting the current ownership as of 31 December 2016.

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 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 preemptive 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 – continue to exert an influence on the Company and hold the majority of voting rights at the Company's General Meetings. Their ownership, in concert, of around 57.74% of the capital and 64.92% of the voting rights means that they control Axway.

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, owing to 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 listing of the Company. 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 Jun 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 Company's interests, to comply with the market ethics charter and the Board's internal regulations and to observe the rules of 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 the crossing of thresholds, the shareholder grouping stated that it wished 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		

Date	Description	Capital following transaction *(in euros)*	Nominal value	Number of shares Created	Number of shares Total	Contributions Nominal value	Contributions Premiums or reserves
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		
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		

6.4 Shares held by the Company or on its behalf – share buyback programme

The Combined General Meeting of 21 June 2016 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 €76,956,044, excluding acquisition costs, may be allocated to this share buyback program for a maximum of 2,079,893 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 21 June 2016.

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 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 ordinary shares to qualifying company officers, employees and former employees, or certain categories thereof, of the Company or of the Group under profit sharing schemes or a company savings plan in accordance with the law;

(c) award bonus shares under the bonus share award scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees and qualifying company 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 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 2016, 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 stock *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 2016, Kepler Capital Markets held €867,796.33 in cash and 7,529 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. As a reminder, the implementation of the market-making agreement was decided upon in the framework of the authorization granted by the Combined General Meeting of 22 June 2015.

On 20 April 2016, the Board of Directors resolved to ask the General Shareholders' Meeting of 21 June 2016 to renew this authorization (see Chapter 6 "Resolutions").

6.5 Issue authorisations given to the Board of Directors of Axway – delegations granted by the General Shareholders' Meetings

The table below summarizes the currently delegations granted by the General Shareholders' Meeting in accordance with Article L. 225-100 paragraph 7 of the French Commercial Code.

I. Delegations of authority granted by the 22 June 2015 Combined General Meeting

Authorisation granted to the Board of Directors for purposes of buying the ordinary shares of the Company (15th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	18 months
Expiry date	22 December 2016(1)
Scope of powers	10% of the total number of ordinary shares on the date of the buybacks, for an amount not exceeding €76,863,467 and, in any event, a theoretical maximum of 2,077,913 ordinary shares
Use made of these powers during the fiscal year *(in euros)*	€665,844.03
Remaining balance	9.9% of the total number of ordinary shares on the date of the buybacks, for an amount not exceeding €76,863,467 and, in any event, a theoretical maximum of 2,077,913 ordinary shares

(1) The 15th resolution adopted by the Combined General Meeting of 21 June 2016 cancelled the unused part of this resolution.

Authorisation granted to the Board of Directors to cancel the shares acquired by the Company in the context of the share buyback programme; corresponding reduction in the share capital (16th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	24 months
Expiry date	22 June 2017
Scope of powers	10% of the capital, subject to the fact that such percentage is applied to the capital adjusted on the basis of transactions affecting it after the date of the Combined General Meeting of 22 June 2015
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	10% of the capital, subject to the fact that such percentage is applied to the capital adjusted on the basis of transactions affecting it after the date of the Combined General Meeting of 22 June 2015

Delegation of authority granted to the Board of Directors to increase the share capital through the capitalisation of reserves, profits, share premiums or other items (17th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 convertible securities authorized by the other resolutions and limited by the 24th resolution of the Combined General Meeting of 22 June 2015.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities convertible into ordinary shares with preferential subscription rights and/or of securities giving a right to the allocation of debt securities (18th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 18th, 19th and 22nd resolutions.

Delegation of authority given to the Board of Directors to increase the share capital through the issue of ordinary shares and/or securities convertible into ordinary shares, without preferential subscription rights and/or of securities giving a right to the allocation of debt securities by private placement (19th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 capital increase nominal threshold set in the 24th resolution of the Combined General Meeting of 22 June 2015.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 18th resolution of the Combined General Meeting of 22 June 2015.

Delegation of authority granted to the Board of Directors to increase the share capital through the issue of new shares and/or securities convertible into ordinary shares, without preferential subscription rights, within the framework of a public offering (20th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 capital increase nominal threshold set in the 24th resolution of the Combined General Meeting of 22 June 2015.
(2) This amount is deducted from the maximum nominal amount of debt securities set in the 24th resolution of the Combined General Meeting of 22 June 2015.

Authorisation granted to the Board of Directors with a view to increasing the amount of the initial issue, in the case of the issue of ordinary shares or of negotiable securities giving access to ordinary shares with maintenance or elimination of the preferential subscription right, decided in implementation of the 18th, 19th and 19th resolutions (21st resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers (in euros)	Limit of ceilings respectively provided by the 18th, 19th and 20th 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 to issue ordinary shares and/or negotiable securities giving access to ordinary shares with a view to remuneration of contributions in kind accorded to the Company and consisting of equity securities or negotiable securities giving access to the capital, outside of a public exchange offer (22nd resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 24th resolution of the Combined General Meeting of 22 June 2015.

Authorisation granted to the Board of Directors with to set the issue price of the ordinary shares or of any negotiable securities giving access to ordinary shares without preferential subscription rights, within an annual limit of 10% of the share capital per year (23rd resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers	10% of the share capital per twelve (12) month period as well as the ceiling set forth in the 24th resolution on which it applies
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 24th resolution on which it applies

Overall limit of the issue authorisations, with or without preferential subscription rights (24th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 18th, 19th, 20th, 21st, 22nd, and 23rd resolutions of the Combined General Meeting of 22 June 2015.

Authorisation given to the Board of Directors to proceed, to the benefit of employees and company officers of the Company or of its group, with the issue of warrants for the subscription and/or acquisition of redeemable shares (BSAAR), without preferential shareholder subscription right (25th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	18 months
Expiry date	22 December 2016
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 share capital on the date of the Board's decision(1)

(1) This amount is included in the amount of the 26th resolution.
This resolution was superseded by the 10th resolution adopted by the Combined General Meeting of 21 June 2016.

Authorisation granted to the Board of Directors to award stock options to qualifying Axway Group company officers and employees (26th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	38 months
Expiry date	22 August 2018
Scope of powers	1% of the number of shares in the Company's capital on the date the options are awarded by the Board of Directors
Use made of these powers during the fiscal year	-
Remaining balance	1% of the number of shares in the Company's capital on the date the options are awarded by the Board of Directors

Authorisation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan (27th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	26 months
Expiry date	22 August 2017
Scope of powers *(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 issue of ordinary shares or convertible securities authorized by the other resolutions of the Combined General Meeting of 22 June 2015.

Authorisation granted to the Board of Directors to grant bonus shares, whether existing or to be issued, to qualifying company officers or employees (28th resolution)

Date of General Shareholders' Meeting granting the powers	22 June 2015
Duration of powers and expiry date	38 months
Expiry date	22 August 2018(1)
Scope of powers *(in euros)*	4% of the Company's share capital as of the date on which they are granted by the Board of Directors
Use made of these powers during the fiscal year *(in euros)*	-
Remaining balance	4% of the Company's share capital as of the date on which they are granted by the Board of Directors

(1) The unused part of the 28th resolution was cancelled by the 11th resolution adopted by the Combined General Meeting of 21 June 2016.

II. Delegations of authority granted during the Combined General Meeting of 21 June 2016

Authorisation granted to the Board of Directors for purposes of buying the ordinary shares of the Company (9th resolution)

Date of General Shareholders' 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 buybacks, for an amount not exceeding €76,965,044 and, in any event, a theoretical maximum of 2,079,893 ordinary shares

Authorisation given to the Board of Directors to proceed, to the benefit of employees and company officers of the Company or of its group, with the issue of warrants for the subscription and/or acquisition of redeemable shares (BSAAR), without preferential shareholder subscription right (10th resolution)

Date of General Shareholders' 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 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	7% of the Company's share capital on the date of the Board's decision

(1) This amount is included in the amount of the 26th resolution.
This resolution cancelled the unused part of the 25th resolution adopted by the Combined General Meeting of 22 June 2015.

Authorisation granted to the Board of Directors to grant bonus shares, whether existing or to be issued, to qualifying company officers or employees (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 on which they are granted by the Board of Directors
Use made of these powers during the fiscal year *(in euros)*	1.13% of the Company's share capital as of the date on which they are granted by the Board of Directors
Remaining balance	2.87% of the Company's share capital as of the date on which they are granted by the Board of Directors

6.6 Share subscription option plans

The table below summarizes the status as at 31 December 2016 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 31/12/2016	
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 share * General Meeting of 28/04/2011											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2019	196,575	€14.90	-	-5,100	-47,277	144,198	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2019	334,050	€14.90	-	-10,300	-141,306	182,444	€14.90
28/03/2013	131,250	€15.90	28/09/2015	28/03/2021	64,250	€15.90	-	-6,000	-31,500	26,750	€15.90
28/03/2013	131,250	€15.90	28/03/2018	28/03/2021	65,500	€15.90	-	-10,750		54,750	€15.90
03/01/2014	50,000	€21.86	02/07/2016	03/01/2022	50,000	€21.86		-	-4,000	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**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	
Total asset plans	**1,394,850**				**760,375**		**-**	**-32,150**	**-224,083**	**504,142**	

* *Increased to 1,295,611 following an amendment in June 2013.*

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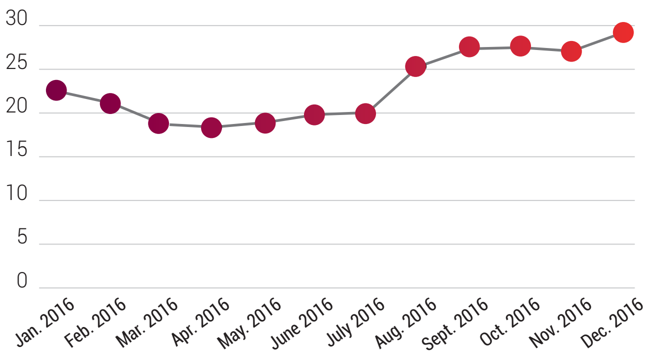
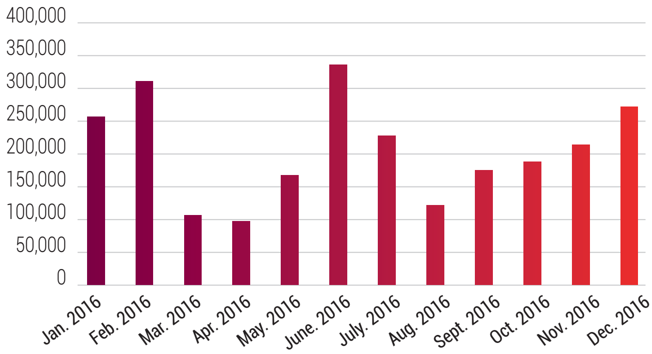
6.7 Share price



Average closing price (in euros)

Source: Euronext Paris.

6.8 Monthly trading



(by volume)

Source: Euronext Paris.

6.9 2016 share price performance

High *(in euros)*	**Date of High**	**Low** *(in euros)*	**Date of Low**	**Closing price** *(in euros)*	**Average Price (opening)** *(in euros)*	**Average Price (closing)** *(in euros)*	**Number of Securities exchanges** *(in euros)*	**Capital** *(in millions of euros)*
24.40	4 January	21.82	20 Jan.	23.32	23.23	23.15	263 821	6.05
23.65	1 February	18.92	26 Feb.	19.450	22.01	21.96	323 898	6.71
20.30	2 Mars	19.40	04-Mar.	19.78	19.73	19.75	102 481	2.02
19.84	21 April	18.60	14 Apr.	19.24	19.48	19.46	92 037	1.79
20.66	10 May	19.11	02-May.	20.38	19.92	19.94	174 965	3.50
21.50	9 June	19.57	24-Jun.	20.68	20.72	20.78	348 207	7.17
25.15	29 July	19.90	14 Jul.	24.50	20.77	20.98	235 992	5.16
27.00	23 August	24.20	01-Aug.	26.80	25.69	25.83	126 371	3.24
28.79	23 September	25.80	01 Sept.	28.19	27.67	27.70	182 991	5.05
29.10	28 October	27.00	07 Oct.	27.92	27.83	27.83	194 591	5.48
28.88	30 November	26.50	09 Nov.	28.88	27.30	27.46	220 701	6.09
31.00	20 December	27.30	02 Dec.	30.60	29.24	29.40	281 627	8.29

Source: Euronext Paris.

6.10 Earnings per share

The Board of Directors of Axway, in its meeting of 22 February 2017, resolved to ask the upcoming General Meeting to approve a dividend of €0.40 per share.

6.11 Information on takeover bids pursuant to Article L.225-100-3 of the French Commercial Code

1. The Company's ownership 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 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 regulations applicable to the appointment and replacement of the members of the Board of Directors comply with applicable legal and regulatory requirements and are set forth in Article 14 of the Articles of Association.

   The Articles of Association may be modified by the Company in accordance with applicable legal and regulatory provisions.
8. The powers of the Board of Directors are set out in Article 17 of the Articles of Association. "The Board of Directors determines the overall business strategy of the Company and supervises its implementation. It examines any and all matters related to the efficiency and effectiveness of business operations and reaches decisions about any and all issues concerning the Company, within the limits of the corporate purpose and except for those matters which, by law, can only be decided on by the shareholders in a General 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 at 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.

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 remuneration.

The Chairman is appointed for a duration that cannot exceed his term of office as a director. He is eligible for re-election. The Board of Directors can dismiss him at any time.

No one over the age of 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 Managing Director.

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 Managing Director has reached this age limit, he or she is deemed to have resigned from office.

The length of the term of office of the Managing Director 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 Shareholders' Meeting may award directors a fixed annual sum in the form of directors' fees, which are treated as operating expenses; the amount remains unchanged until further notice. The apportionment of the sum between directors is determined by the Board of Directors.
2. The Board of Directors determines the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the 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 entitles to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the capital it represents.

   It moreover carries voting and representation rights at General Shareholders' Meetings, as well as the right to be kept informed about the Company's performance and to receive certain corporate documentation when and in the manner provided for by law and in the Articles of Association.

2. Shareholders are only liable for corporate liabilities to the amount of their contributions.

   The rights and obligations stay with the share regardless of who owns it.

   Ownership of a share implies acceptance of the Company's Articles of Association and the decisions of the General Shareholders' Meeting.

3. Where necessary to hold a certain number of shares to enjoy a particular right, owners not holding that number shall make it their business to group together, or potentially buy or sell the required number of shares.

   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.

   Join owners of undivided shares are represented at General Shareholders' 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 Shareholders' Meetings and to bare owners in Extraordinary Shareholders' Meetings. Nevertheless, shareholders may agree to share voting rights at General Shareholders' 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 Shareholders' 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 Shareholders' Meetings

Article 25 – General Shareholders' Meetings

The decisions collectively made by the shareholders shall be taken in General Shareholders' Meetings characterized either as Ordinary Shareholders' Meetings, Extraordinary Shareholders' Meetings or Special Shareholders' Meetings depending on the nature of the decision to be taken.

Special Shareholders' 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 Shareholders' Meetings are binding for all the shareholders, including absentee and dissenting shareholders and those lacking legal capacity.

Article 26 – Venue and procedure for convening General Shareholders' Meetings

General Shareholders' Meetings are called and held pursuant to the terms and conditions laid down by law.

General Shareholders' 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 Shareholders' 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 Shareholders' Meetings – Powers – Composition

The General Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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.

A merger of the Company is on the double voting right, which may be exercised within the acquiring company, if the Articles of Association of such company so provide.

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 Shareholders' Meetings

When there are several categories of shares, no changes may be made to the rights of a given category of shares unless approved by an Extraordinary General Meeting open to all shareholders and also by Special Shareholders' Meeting of the holders of the category of shares in question.

Decisions taken by Special Shareholders' Meetings are valid only if the shareholders attending the Meeting or represented by proxy represent at least one-third of the total voting rights, in the case of a first meeting, and one-fifth of the total voting rights in the case of a second meeting.

In all other respects, Special General Meetings are convened and deliberate in the same way as Extraordinary Shareholders' Meetings.

7.5 Preparation and auditing 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

Jean-Marc Lazzari, Chief Executive Officer

Information officer

Patrick Donovan, Chief Financial Officer

Axway Software, 6811 East Mayo Blvd, Suite 400, Phoenix, Arizona 85054, USA

Persons responsible for auditing the financial statements

Statutory Auditors

Auditeurs et Conseils Associés

31, rue Henri-Rochefort, 75017 Paris, France

Represented by François Mahé

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)*.

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, 22 April 2017

Jean-Marc Lazzari

Chief Executive Officer

7.6 Provisional reporting timetable

Publication 1st quarter 2017: Wednesday 26 April 2017

General Meeting: Tuesday 6 June 2017

Publication 1st Half-Year 2017: Wednesday 26 July 2017

Publication 1st Half-Year Report: Wednesday 30 August 2017

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.

Person responsible for shareholder relations

Patrick Gouffran, Director of Financial Communications

Axway Software, Tour W, 102 Terrasse Boieldieu 92085 Paris, La Défense Cedex France

Tel: +33 (0)1 47 17 24 65

Email: pgouffran@axway.com

Combined General Meeting of 6 June 2017

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8.1 Explanatory statement

Dear Shareholders,

We wish to hold a Combined General Meeting on 6 June 2017, for the purposes of presenting to you the consolidated and parent company financial statements for the fiscal year ended on 31 December 2016, 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 2016, 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 parent company and consolidated financial statements, appropriation of earnings and discharge of members (1st to 4th 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 2016 (as well as non-tax deductible expenses and charges), which show a profit of €10,881,106.02, and approve the transactions reflected in those financial statements and/or summarized in those reports, (1st resolution);
- give full discharge to the members of the Board of Directors, without reservation, for the performance of their duties for the fiscal year ended 31 December 2016 (2nd resolution);
- approve the consolidated financial statements for the year ended 31 December 2016, showing consolidated net profit – Group share – of €31,476,576 and the transactions reflected in those financial statements and/or summarized in those reports (3rd 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 (4th resolution).

2. Renewal of Michael Gollner's term of office as a director (5th resolution)

The Board reminded shareholders that Michael Gollner's term of office as director has 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:

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

Michael Gollner is Managing Partner of Operating Capital Partners, which he founded in 2008. Michael Gollner previously worked in the Investment Banking Department of 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.

3. Appointment of Nicole-Claude Duplessix as a new director (6th resolution)

The Company's Board of Directors needs to expand further to include new profiles, particularly technical profiles, in order to understand and address the challenges faced by the Company in an increasingly competitive environment.

For this reason, it is proposed that Nicole-Claude Duplessis be appointed as director to replace Sopra Steria. Nicole-Claude Duplessis' experience in the IT sector and particularly in the field of quality will reinforce the technical skills of the Board.

Nicole-Claude Duplessix has a professional background and extensive 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 subsequently worked with various Group key accounts. For six (6) years she has been working on the security of critical projects in a multicultural environment, as well as the integration of new companies acquired by the Sopra Steria Group. Her experience in the technology industry enables the Board to strengthen its technical know-how.

4. Statutory Auditors' report on regulated agreements and commitments (7th 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.

5. Setting of the amount of the directors' fees to be allocated to the members of the Board of Directors for the current year (8th 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 and advise that the amount of directors' fees has been increased slightly from previous years. The total annual amount of directors' fees has not been changed since 2011, the date of the Company's initial public offering. In addition, the Board of Directors has grown since that period, which has reduced the proportion of directors' fees allocated to each director.

6. 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 Board of Directors of the Company for the fiscal year ending 31 December 2017 (9th resolution)

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code introduced by law no. 2016-1691 of 9 December 2016, known as Sapin 2, 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 ending 31 December 2017.

These principles and criteria approved by the Board of Directors on the recommendations of the Compensation Committee are set out in detail in the report attached to the management report and presented below.

7. 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 2017 (10th resolution)

Pursuant to the provisions of Article L. 225-37-2 of the French Commercial Code introduced by law no. 2016-1691 of 9 December 2016, known as Sapin 2, we submit 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 2017.

These principles and criteria approved by the Board of Directors on the recommendations of the Compensation Committee are set out in detail in the report attached to the management report and can be found in Chapter 8 of the Registration Document.

8. Renewal of the Company's authorization to buy back its own shares and to cancel treasury shares (11th and 12th resolutions)

The Combined General Meeting of 21 June 2016 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*; and
- 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 €98,798,841 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 2018 inclusive, and would end the authorization, granted on 21 June 2016, for the portion not yet used.

In order to give the Board of Directors full discretion over the use of the repurchased shares, we also recommend that this Meeting supplement this authorization by authorizing the Board of Directors to reduce the capital by cancelling some or all of the shares bought back pursuant to Articles L. 225-209 of the French Commercial Code (buyback authorization explained above) up to a maximum of 10% of the capital, for an exercise period of twenty-four (24) months. This authorization would be granted for a period of a period of twenty-four (24) months.

9. Renewal of delegations of authority and authorizations granted to the Board of Directors to increase the Company's capital (13^{th} to 19^{th} resolutions)

The powers granted to the Board of Directors on 22 June 2015 to increase the share capital, with or without preferential subscription rights, and to access the financial market by issuing securities, with or without preferential subscription rights, that give or could give access to the share capital, are due to expire on 21 August 2017.

Consequently, the Board of Directors will ask you to renew, for twenty-six (26) months, these existing powers by approving the 13^{th} to 19^{th} resolutions, so that it may, if necessary, initiate, when it deems appropriate, the financial transactions that would be best suited to the Group's financing needs for its development and to market opportunities.

The capital increases that could result from these resolutions may be carried out (i) through the capitalization of reserves, profits or share premiums (13^{th} resolution), (ii) through the issuance of ordinary shares and/or securities giving access to the capital, with preferential subscription rights (14^{th} resolution), (iii) through the issuance of ordinary shares and/or securities giving access to the capital, with cancellation of preferential subscription rights, through private placement (15^{th} resolution), (iv) through the issuance of ordinary shares and/or securities giving access to the capital, with cancellation of preferential subscription rights, as part of a public tender offer (16^{th} resolution), (v) through the issuance of ordinary shares and/or securities giving access to the capital, to compensate contributions in kind made to the Company and comprising equity securities or securities giving access to the capital, outside public exchange offers (18^{th} resolution).

The 14th, 15th and 16th resolutions would also allow the Board of Directors to issue securities giving entitlement to the allocation of debt securities.

The maximum amounts of ordinary shares and securities giving access to the capital that can be issued under the 13th to 19th* resolutions would be as follows:

- nominal amount of €20 million for capital increases that may result from the 13th, 14th and 16th resolutions and €10 million for capital increases that may result from the 15th resolution, each time, not taking account of the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or of holders of rights to bonus shares;
- 10% of the share capital of the Company (as at the date on which the Board of Directors uses the delegation of authority) for a capital increase that may result from the 18th resolution;

it being specified that all issuances of ordinary shares and securities giving access to the capital that may be carried out pursuant to the 14th, 15th, 16th, 18th and 19th resolutions would be subject to a maximum overall nominal amount of €20 million (20th resolution); this limit is therefore not applicable to capital increases through capitalization of reserves, profits or share premiums (13th resolution).

Moreover, the Board of Directors may, under the 17th resolution submitted to you, decide, for each issuance carried out pursuant to the 14th, 15th or 16th resolutions, that the number of ordinary shares and/or securities giving access to ordinary shares of the Company be increased by the Board of Directors, at the same price as that used for the initial issue, under applicable legal and regulatory conditions, in the event of oversubscription, in particular to grant a greenshoe option in accordance with market practices and subject to the above issuance limits.

The purpose of the 19th resolution submitted to you is to authorize the Board of Directors, in the event of the issue of ordinary shares and/or securities giving access to the Company's share capital with cancellation of preferential subscription rights, that is to say, pursuant to the 15th and 16th resolutions, to deviate from the pricing conditions set out in said resolutions, it being specified that the total nominal amount of the capital increases likely to be carried out under this resolution could not exceed 10% of the share capital per twelve (12) month period and would be deducted from the overall ceiling of €20 million.

Lastly, the maximum nominal amount of debt securities that may be issued pursuant to these delegations of authority would be €200 million for the 14th and 16th resolutions and €100 million for the 15th resolution, all subject to an overall nominal limit of €200 million for all these delegations of authority, it being specified that these limits are separate from the amount of debt securities whose issue may be decided or authorized by the Board of Directors pursuant to Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code.

10. Renewal of authorizations granted for the purpose of promoting share ownership by employees and/or company officers of the Group (21st and 22nd resolutions)

You will be asked to authorize the Board of Directors, if it deems it advisable:

- to issue warrants for the subscription and/or acquisition of redeemable shares (BSAAR) to employees and company officers of the Group (21st resolution). The BSAAR would give the right to subscribe for or purchase a maximum total number of shares representing 1% of the Company's share capital on the date of the Board of Directors' decision, it being specified that the amount of the capital increase resulting from the issuance of shares as a result of the subscription of the BSAAR would be deducted from the limit set in the 20th resolution. This delegation would be granted for a period of eighteen (18) months;
- to increase the share capital, on one or more occasions, through the issuance of ordinary shares of the Company reserved for members of a company savings plan (22nd resolution). The maximum amount of the capital increases that may be carried out pursuant to this authorization would be set at 3% of the share capital, it being specified that this amount would be separate and distinct from the limits to capital increases resulting from the issuance of ordinary shares or securities giving access to the share capital that are the subject of other resolutions submitted for your approval, and that it would be determined not taking account of the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or of holders of rights to bonus shares. This delegation would be granted for a period of twenty-six (26) months.

11. Powers to perform legal formalities (23th resolution)

Lastly, you are asked to give all powers to the bearer of an original, a copy or an extract of the minutes of the decisions of the General Meeting of 6 June 2017 to carry out the required formalities following this Meeting.

The Board considers that the resolutions submitted for your approval are consistent with the interest of the Company and promote the development of its operations.

Report drawn up in accordance with the provisions of Articles L. 225-37-2 *et seq.* of the French Commercial Code on the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation package including all benefits of any kind granted to the Chairman and to the Chief Executive Officer

I. Rules regarding the setting and distribution of the compensation granted

The Company complies with applicable laws and regulations. In accordance with the recommendations of the Middlenext Code, various methods are used to determine the amount and breakdown of the compensation granted to senior executives and company officers.

On an annual basis, the Company's Remuneration Committee reviews the policy for the compensation of the Chairman and the Chief Executive Officer, in relation to both the compensation received by the other senior executives and company officers and the challenges faced by the Group in a highly competitive environment.

The Remuneration Committee then issues recommendations to the Board of Directors, which rules on the amounts and criteria thus defined.

The Board decides whether to uphold or modify the proposals made.

II. Compensation of Pierre Pasquier, Chairman of the Board of Directors (Resolution No. 9)

It is recalled that the Chairman's compensation package is composed of (a) fixed compensation and (b) directors' fees. The Chairman receives no other compensation, such as variable and/or multi-year compensation, for his duties.

a. Fixed compensation

Since the Company's initial listing in 2011, Mr. Pasquier has received gross annual compensation of €120,000. His fixed compensation has remained unchanged over the past six financial years.

This situation is inconsistent with practices regarding the compensation of company Chairmen. Moreover, it does not recognize the work done by the Chairman within the Company.

Consequently, the Board proposes that his fixed compensation for 2017 be increased to the annual gross amount of €138,000.

b. Directors' fees

In addition to fixed compensation, the Chairman receives directors' fees for his duties as Company Director. Subject to approval at the General Meeting of 6 June 2017, the directors' fees totaling €302,000 euros (gross) will be divided among Board members according to a distribution rule which takes account of (i) the directors' attendance at the different Board meetings and meetings of the Committees to which they have been appointed, and (ii) their effective participation in the work done at these meetings.

Accordingly, the final amount of directors' fees to be granted to the Chairman in respect of his director's duties in 2017 can only be calculated in 2018.

III. Application of the compensation of Jean-Marc Lazzari, Chief Executive Officer (Resolution No. 10)

The compensation package of the Company's Chief Executive Officer comprises (a) fixed compensation, (b) variable compensation, (c) benefits in kind, and (d) severance payments.

Moreover, it is recalled that the Company's Chief Executive Officer is currently based in the USA, in order to strengthen and build up the Group's US subsidiary.

a. Fixed compensation

For 2017, the Chief Executive Officer receives an annual gross amount of US$625,000 in fixed compensation. This amount is in line with market practices for the compensation of Chief Executive Officers in comparable groups.

b. Variable compensation

The Chief Executive Officer receives variable compensation, the maximum amount of which may not exceed 100% of his fixed compensation, i.e. an annual gross amount of US$625,000, breaking down as follows:

- 40% of the total maximum amount, i.e. US$250,000 will be linked to organic growth in licence and cloud revenue; and
- 40% of the total maximum amount, i.e. US$250,000 will be linked to profit (loss) from operations; and
- 20% of the total maximum amount will be linked to non-financial qualitative criteria.

However, the full and effective payment of this variable portion in 2018, in respect of FY 2017, as calculated by the Board of Directors on the basis of the recommendations issued by the Remuneration Committee, is nevertheless subject to shareholder approval at the General Meeting convened to approve the 2017 financial statements.

c. Benefits in kind

The Chief Executive Officer is currently based in the USA. His expatriation costs are defrayed by the Group. This is standard practice for Company employees' expatriation contracts. It was thus decided that this standard practice should also be applied to the Chief Executive Officer.

In this respect, the benefits in kind paid to the Chief Executive Officer for 2017 amounted to US$224,000. These benefits in kind include the defraying of housing rental costs and other common living expenses.

Moreover, this amount is reviewed annually to take account of the cost of living in the USA.

d. Summary of the implementation of severance pay

The Chief Executive Officer is liable to receive severance payment in the amount of US$500,000. However, the payment of this amount is subject to the Middlenext recommendations. Thus, 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.

8.2 Agenda

Ordinary General Meeting

- Approval of the parent company financial statements and of the non-tax deductible expenses and charges.
- Discharge of members.
- Approval of the consolidated financial statements.
- Appropriation of earnings.
- Renewal of Michael Gollner's term of office as a director.
- Appointment of Nicole-Claude Duplessix as a director.
- 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 2017 fiscal year.
- 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 Board of the Company for the year ending 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 year ending 31 December 2017.
- Authorization to be given to the Board of Directors to buy back shares in the Company.

Extraordinary General Meeting

- 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; powers conferred on the Board of Directors.
- 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.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares with maintenance of preferential subscription rights and/or securities giving entitlement to the allocation of debt securities.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares, with cancellation of preferential subscription rights, and/or securities giving entitlement to the allocation of debt securities, through private placement.
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares with cancellation of preferential subscription rights and/or securities giving entitlement to the allocation of debt securities within the context of a public tender offer.
- Authorization granted to the Board of Directors to increase the size of the initial issue in the event of the issuance of ordinary shares or securities giving access to ordinary shares, with maintenance or with cancellation of preferential subscription rights, decided upon pursuant to the 14th, 15th and 16th resolutions.
- Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares to compensate contributions in kind made to the Company and comprising equity securities or securities giving access to the capital, outside public exchange offers.
- Authorization granted to the Board of Directors to set the issue price of ordinary shares and/or any securities giving access to ordinary shares, in the event of the cancellation of preferential subscription rights, up to the limit of 10% of the capital per 12-month period.
- Overall limit of the issue authorizations with maintenance or with cancellation of preferential subscription rights.
- Authorization given to the Board of Directors to proceed, in favor of employees and company officers of the Company or of the Axway Group, with the issue of warrants for the subscription and/or acquisition of redeemable shares (BSAARs), without preferential shareholder subscription rights.
- Authorization granted to the Board of Directors to carry out a capital increase by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan.
- 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 2016, showing a profit of €10,881,106.02. 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 €25,892, and the corresponding tax expense of €31,476,576.

Second resolution

Discharge of members

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, gives the members of the Board of Directors full and unconditional discharge from their duties for the fiscal year ended 31 December 2016.

Third 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 2016 showing a consolidated net profit – Group Share –of €31,476,576. 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.

Fourth 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 €10,881,106.02.

Profit for the period	€10,881,106.02
Retained earnings: dividends not paid on treasury shares	€4,583.80
Total	**€10,876,522.22**

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	€49,424.60
Dividend	€8,408,416.00
Discretionary reserves	€2,418,681.62
Total	**€10,876,522.22**

The legal reserve thus amounts to €4,155,000 *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 2016, *i.e.* 21,021,039 shares and amounts to €0.40. The dividend per share shall be adjusted in accordance with the following:

- the number of shares issued between 1 January 2017 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 15 June 2017.

In accordance with applicable tax rules (Article 158-3-2° of the French General Tax Code) with respect to the calculation of income tax, this dividend gives the right, for shareholders who are natural persons and French residents for tax purposes, to a 40% tax deduction.

Furthermore, for these shareholders who are natural persons resident in France for tax purposes, this dividend will cumulatively have to give rise (excluding shares held in a company savings plan):

- to withholding tax at source of 21%, which does not discharge the taxpayer from its obligation to pay income tax on the gross dividend (Article 117 *quater* of the French General Tax Code), but rather is an advance payment of 2016 income tax due in 2017. This withholding tax does not apply to shareholders whose reference tax revenue (revenue in 2016) is less than €50,000 (for single, divorced or widowed taxpayers) or €75,000 (for taxpayers filing jointly), as long as such shareholders have sent the paying institution a written declaration on their honor requesting an exemption and confirming that their taxable reference income satisfies these conditions, by 30 November 2016 at the latest. However, taxpayers who buy or subscribe for shares after such date from a paying institution of which they were not clients or with which they did not hold a securities account may submit this request for exemption at the time of purchase or subscription of the shares;
- to social security contributions of 15.5% (including deductible general social contribution of 5.1%), also withheld at the source.

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:

FY	Distributed earnings eligible for the deduction under Article 158-3-2° of the French General Tax Code: Dividend per share	Distributed earnings eligible for the deduction under Article 158-3-2° of the French General Tax Code: Other distributed earnings per share *(in euros)*	Distributed earnings not eligible for the deduction *(in euros)*
2015	0.40	0	0
2014	0.40	0	0
2013	0.40	0	0

Fifth resolution

Renewal of Michael Gollner's term of office as a 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 Michael Gollner's term of office as a director will expire at the end of this General Meeting and consequently decides to renew Michael Gollner's directorship 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 2020.

Sixth resolution

Appointment of Nicole-Claude Duplessix 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 Nicole-Claude Duplessix 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 2020.

Seventh 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.

Eighth resolution

Determination of the directors' fees to be allocated to members of the Board of Directors for the 2017 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.

Ninth 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 Board of the Company for the year ended 31 December 2017

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the elements constituting the components comprising the total compensation attributable to Pierre Pasquier for his term of office as Chairman of the Board of Directors for the year ending 31 December 2017.

Tenth 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 year ending 31 December 2017

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, and having reviewed the Board of Directors' report prepared pursuant to Article L. 225-37-2 of the French Commercial Code, approves the principles and criteria for the determination, distribution and allocation of the elements 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 year ending 31 December 2017.

Eleventh 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 €98,798,841.

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) retaining 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

Twelfth resolution

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; powers conferred on the Board of Directors

The General Meeting, having reviewed the Board of Directors' report and the special report of the Statutory Auditors:

- authorizes the Board of Directors, with the option to delegate in accordance with the law, to cancel, pursuant to the provisions of Article L 225-209 of the French Commercial Code, on one or more occasions and at its sole discretion, all or a portion of the treasury shares held by the Company that may be acquired in application of a delegation of authority granted on the basis of this same Article, within the limit of 10% of the share capital per twenty-four (24) month period, with the specification that this percentage is applicable to the share capital as adjusted according to the relevant transactions that may take place subsequently to this Meeting;
- decides that the Company's capital will be reduced as a result of the cancellation of these shares, as decided, when applicable, by the Board of Directors under the aforementioned conditions;
- grants all powers to the Board of Directors to perform the transaction(s) authorized by this resolution, and in particular to allocate the difference between the repurchase price for the cancelled shares and their par value to the premiums and available reserves it deems appropriate, to modify the Articles of Association accordingly and to complete the required formalities;
- decides that this authorization is granted for a period of twenty-four (24) months from this Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorization in force having the same purpose.

Thirteenth resolution

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

The General Meeting, having fulfilled the quorum and majority requirements for Ordinary General Meetings, having reviewed the Board of Directors' report, and pursuant to the provisions of Articles L. 225-128, L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with the law, the power to decide, on one or more occasions, within the proportions and time periods of its choice, through the capitalization in the share capital of reserves, profits, premiums or other sums whose capitalization is legally and statutorily possible, either through the allocations of new bonus ordinary shares to shareholders or through an increase in the par value of the existing ordinary shares, or further still, through a combination of these two methods;
2. decides that the nominal amount of the capital increases that may be completed pursuant to this delegation, to be increased, if applicable, by the amount required to preserve the rights of the holders of securities or the owners of other rights giving access to the share capital, in accordance with the law, may not exceed twenty million euros (€20,000,000.00) and is independent and separate from the limits placed on capital increases potentially arising from the issue of ordinary shares or securities giving access to the share capital authorized by the other resolutions submitted to this Meeting;
3. grants to the Board of Directors, within the limits determined above, including but not limited to, all powers, with the option to subdelegate in accordance with the law, if this delegation is used, to:

(a) set the amount and the nature of the sums to be incorporated in the share capital as well as the item(s) from which they will be deducted, set the number of new ordinary shares to be issued or the amount by which the nominal value of existing ordinary shares that make up the share capital will be increased, set the date, even retroactive, from which the new ordinary shares will earn dividends or upon which the increase in nominal value will take effect, charge the costs and fees incurred by the issues to any available reserves,

(b) decide, pursuant to Article L. 225-130 of the French Commercial Code, that in the case of the bonus allocation of ordinary shares, fractional rights will not be negotiable or transferable and that the corresponding new ordinary shares will be sold; the proceeds from the sale will allocated to those holding the rights under the terms specified by law,

(c) proceed with any adjustments required by legal or regulatory texts and, if applicable, the contractual or statutory provisions providing for other adjustments,

(d) record the completion of each capital increase and make the corresponding modification to the Articles of Association,

(e) make all the necessary arrangements and enter into any agreements required to ensure the proper completion of the planned transactions and, generally, do all that is necessary, complete all actions and formalities required to finalize any capital increase(s) that may take place a result of this delegation;

4. decides that this delegation is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, as the case may be, for the portion not yet used, any authorization in force having the same purpose.

Fourteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares with maintenance of preferential subscription rights and/or securities giving entitlement to the allocation of debt securities

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129, L. 225-129-2, L. 225-132, L. 225-134, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with the law, the power to decide, with maintenance of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, ordinary shares and/or securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company issued freely or at a cost, and/or securities giving entitlement to the allocation of debt securities, it being specified that shares and other securities may be subscribed in cash or by offset of liquid, certain and payable claims against the Company;
2. decides that the issuance of preferred shares pursuant to Article L. 228-11 of the French Commercial Code and the issuance of any securities giving access to preferred shares shall be excluded from this delegation;
3. decides that the total nominal amount of share capital increases that may be carried out immediately and/or in the future pursuant to this delegation may not exceed twenty million euros (€20,000,000) or the countervalue value of this amount in a foreign currency on the date of issue, not taking into account the nominal value of the shares to be issued in order to preserve, in accordance with the law and, if applicable, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or holders of rights to bonus shares, it being specified that this amount is to be deducted from the nominal limit for capital increases provided for in the 20th resolution;
4. decides that securities giving access to the Company's share capital issued pursuant to this resolution may specifically consist of debt securities or may be associated with the issue of such securities, or may even permit their issue as intermediate securities. They may take the form of subordinated or non-subordinated notes, fixed term or not, and may be issued in euros, in foreign currencies, or in any monetary unit used as a benchmark for several currencies provided that the nominal amount of the debt securities thus issued does not exceed two hundred million euros (€200,000,000) or the countervalue of this amount in a foreign currency as of the issue date. This ceiling applies to all debt securities that may be issued pursuant to this resolution or the 15th and 16th resolutions. It is specified that this ceiling is independent of the amount of debt securities that may be issued based on the decision or authorization of the Board of Directors in accordance with Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 an L. 228-94 paragraph 3 of the French Commercial Code;
5. decides that the holders of ordinary shares may exercise, under the conditions specified by law, their irreducible preferential subscription right to ordinary shares and securities that may be issued pursuant to this resolution, and that the Board of Directors may also grant to holders of ordinary shares a reducible preferential subscription right that these holders may exercise proportionally to their subscription right and, in any event, within the limit of their requests. If the irreducible and, if applicable, reducible subscriptions, have not absorbed the entirety of an issue of ordinary shares or securities, the Board may, at its discretion and in the order it sees fit, use all or some of the options provided by Article L. 225-134 of the French Commercial Code, particularly the option of offering all or a portion of the unsubscribed securities to the public;
6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may provide the right;

7. gives, within the limits determined above, including but not limited to, all powers to the Board of Directors, with the option to subdelegate in accordance with the law, in order to:

(a) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,

(b) set the issue price, the amounts to be issued and the dividend eligibility date, even if retroactive, for ordinary shares and/or securities giving access to capital to be issued,

(c) determine the methods for issuing ordinary shares and/or securities,

(d) set, when applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or for fixed time periods, ordinary shares and/or securities giving access to the share capital issued or to be issued,

(e) take, as a result of the issue of ordinary shares and/or securities giving access to ordinary shares, any necessary measures to protect the rights of the holders of the securities giving access to the Company's capital, share subscription or purchase options or rights to the allocation of bonus shares, and this, in compliance with legal and regulatory provisions and, when applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,

(f) at its sole discretion if it so deems appropriate, charge the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,

(g) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market,

(h) and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting capital increases and make the corresponding modifications to the Articles of Association,

(i) in the event debt securities are issued, decide, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will provide entitlement to ordinary shares of the Company (including the fact of associating guarantees or sureties to them);

8. decides that the delegation is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, as the case may be, for the portion not yet used, any delegation in force having the same purpose.

Fifteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares, with cancellation of preferential subscription rights, and/or securities giving entitlement to the allocation of debt securities, through private placement

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129, L. 225-129-2, L. 225-135, L. 225-136, L. 228-91 and L. 228-92 of the French Commercial Code: and Section II of Article L. 411-2 of the French Monetary and Financial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with the law, the power to decide, with cancellation of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, by means of one of the options listed in Section II of Article L. 411-2 of the French Monetary and Financial Code, ordinary shares and/or securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, and/or securities giving entitlement to the allocation of debt securities, it being specified that shares and other securities may be subscribed in cash or by offset of liquid, certain and payable claims against the Company;

2. decides that the issuance of preferred shares pursuant to Article L. 228-11 of the French Commercial Code and the issuance of any securities giving access to preferred shares shall be excluded from this delegation;

3. decides that:

(a) the total nominal amount of share capital increases that may be carried out immediately and/or in the future under this delegation (i) may not exceed ten million euros (€10,000,000) or the countervalue on the issue date of this amount in foreign currency, it being specified that it shall be deducted from the nominal limit for capital increases provided for in the 20th resolution and that it shall be set not taking account of the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or of holders of rights to bonus shares; and (ii) may not, in any event, exceed the limits set by the applicable regulations (to date, 20% of the Company's share capital over a 12-month period, in accordance with Article L. 225-136, 3 of the French Commercial Code),

(b) the nominal amount of debt securities that may be issued pursuant to this delegation of authority may not exceed one hundred million euros (€100,000,000) or the countervalue of this amount in foreign currency, it being specified that it shall be deducted from the nominal limit for debt securities provided for in the 14th resolution, it being specified that it is separate from the amount of debt securities whose issue may be decided or authorized by the Board of Directors pursuant to Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

4. decides to cancel the preferential subscription right of holders of ordinary shares to ordinary shares or securities giving access to ordinary shares issued under this resolution and to reserve the subscription to these securities for the categories of people described in Section II of Article L. 411-2 of the French Monetary and Financial Code subject to the maximum legal terms and limits established by laws and regulations;

5. decides that, if the entire issue of ordinary shares or securities giving access to the capital is not taken up through subscriptions, the Board of Directors may use, in the order it sees fit, any or all of the following options:

(a) limit the issue to the amount of the subscriptions under the condition that it attain, at minimum, three-quarters of the determined issue,

(b) freely allocate all or a portion of the unsubscribed securities;

6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may provide the right;

7. decides that (i) the issue price of the ordinary shares shall be at least equal to the minimum amount provided for by applicable laws and regulations at the time this delegation is used, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date and that (ii) the issue price of the securities shall be such that the amount immediately received by the Company, plus where applicable, the amount that may subsequently be received by the Company shall be, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in "(i)" above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date;

8. gives, within the limits determined above, including but not limited to, all powers to the Board of Directors, with the option to subdelegate in accordance with the law, in order to:

(a) draw up the list of beneficiaries of the private placements made in application of this delegation and the number of securities to be allocated to each of them,

(b) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,

(c) set the issue price, the premium amounts if applicable, the amounts to be issued and the dividend eligibility date, even if retroactive, for ordinary shares and/or securities giving access to capital to be issued,

(d) determine the methods for issuing ordinary shares and/or securities,

(e) set, when applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or during fixed time periods, ordinary shares or securities giving access to ordinary shares that are issued or to be issued,

(f) if appropriate, decide to add a guarantee or sureties to the securities to be issued, as well as to the debt securities to which these securities would provide the right of allocation, and to establish their nature and characteristics,

(g) take, as a result of the issue of ordinary shares and/or securities giving access to ordinary shares, any necessary measures to protect the rights of the holders of the securities giving access to the Company's capital, share subscription or purchase options or rights to the allocation of bonus shares, and this, in compliance with legal and regulatory provisions and, when applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,

(h) at its sole discretion if it so deems appropriate, charge the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,

(i) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market, and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting capital increases and amend the Articles of Association accordingly,

(j) in the event debt securities are issued, decide, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will provide entitlement to ordinary shares of the Company;

9. decides that the delegation is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, as the case may be, for the portion not yet used, any delegation in force having the same purpose.

Sixteenth resolution

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities giving access to ordinary shares with cancellation of preferential subscription rights and/or securities giving entitlement to the allocation of debt securities within the context of a public tender offer

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129-2, L. 225-135, L. 225-136, L. 225-148, L. 228-91 and L. 228-92 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with the law, the power to decide, with cancellation of preferential subscription rights for holders of ordinary shares, to increase the share capital, on one or more occasions, by issuing, in France and abroad, ordinary shares and/or securities giving access by any means, immediately and/or in the future, to ordinary shares of the Company, and/or securities giving entitlement to the allocation of debt securities, it being specified that shares and other securities may be subscribed in cash or by offset of liquid, certain and payable claims against the Company, it being specified that said shares and/or securities giving access to ordinary shares may in particular be issued to compensate securities that may be contributed to the Company, as part of a public exchange offer in compliance with the provisions of Article L. 225-148 of the French Commercial Code;
2. decides that the issuance of preferred shares pursuant to Article L. 228-11 of the French Commercial Code and the issuance of any securities giving access to preferred shares shall be excluded from this delegation;
3. decides that:

(a) the total nominal amount of share capital increases that may be carried out immediately and/or in the future under this delegation may not exceed twenty million euros (€20,000,000) or the countervalue on the issue date of this amount in foreign currency, it being specified that it shall be deducted from the nominal limit for capital increases provided for in the 20th resolution and that it is set not taking account of the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or of holders of rights to bonus shares,

(b) the nominal amount of debt securities that may be issued under this delegation may not exceed two hundred million euros (€200,000,000) or the countervalue of this amount in foreign currency, it being specified that it shall be deducted from the nominal limit for debt securities provided for in the 14th resolution but that it is separate from the amount of debt securities whose issue may be decided or authorized by the Board of Directors pursuant to Articles L. 228-36-A, L. 228-40, L. 228-92 paragraph 3, L. 228-93 paragraph 6 and L. 228-94 paragraph 3 of the French Commercial Code;

4. decides to cancel the preferential subscription right of holders of ordinary shares to ordinary shares or securities giving access to ordinary shares issued under this resolution and to propose these securities as part of a public tender offer in the manner and within the maximum limits provided by law and regulations, on the understanding that the Board of Directors may grant holders of ordinary shares an irreducible preferential right to new shares and, where applicable, a reducible right, to some or all of the issuance, within the time limit and under the conditions it shall set in accordance with legal and regulatory provisions and which shall be exercised in proportion to the number of ordinary shares owned by each holder of ordinary shares. This preferential right may not result in the creation of transferable rights;
5. decides that, if the entire issue of ordinary shares or securities giving access to the capital is not taken up through subscriptions, the Board of Directors may use, in the order it sees fit, any or all of the following options:

(a) limit the issue to the amount of the subscriptions under the condition that it attain, at minimum, three-quarters of the determined issue,

(b) freely allocate all or a portion of the unsubscribed securities;

6. takes note that this resolution entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares to which the securities that may be issued on the basis of this delegation may provide the right;
7. decides that (i) the issue price of the ordinary shares shall be at least equal to the minimum amount provided for by applicable laws and regulations at the time this delegation is used, after adjusting, if necessary, this amount to account

for the difference in dividend eligibility date and that (ii) the issue price of the securities shall be such that the amount immediately received by the Company, plus where applicable, the amount that may subsequently be received by the Company shall be, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in "(i)" above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date;

8. gives, within the aforementioned limits, including but not limited to, all powers to the Board of Directors, with the option to subdelegate in accordance with the law, in order to:

(a) determine the form, nature and characteristics of the securities to be created and set the terms of issue, particularly the dates, time periods and methods,

(b) set the issue price, the amounts to be issued and the dividend eligibility date, even if retroactive, for the shares to be issued,

(c) determine the methods for issuing ordinary shares and/or securities,

(d) set, when applicable, the methods through which the Company will be able to buy or exchange on or off a stock exchange, at any time or during fixed time periods, ordinary shares or securities giving access to ordinary shares that are issued or to be issued,

(e) take, as a result of the issue of ordinary shares and/or securities giving access to ordinary shares, any necessary measures to protect the rights of the holders of the securities giving access to the Company's capital, share subscription or purchase options or rights to the allocation of bonus shares, and this, in compliance with legal and regulatory provisions and, when applicable, the contractual provisions providing for other adjustments, and suspend, if applicable, the exercise of the rights associated with these securities, and this, in compliance with legal and regulatory provisions,

(f) at its sole discretion if it so deems appropriate, charge the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue,

(g) initiate, if necessary, the admission of the ordinary shares or securities to be issued to trading on a regulated market, and, generally, take all measures, enter into all agreements and carry out all formalities to ensure the proper completion of the planned issues, record the completion of the resulting capital increases and amend the Articles of Association accordingly,

(h) in the event debt securities are issued, decide, in particular, whether they will be subordinated, set their interest rate, their term, fixed or variable reimbursement price with or without a premium, the redemption methods and the conditions under which these securities will provide entitlement to ordinary shares of the Company;

9. decides that this delegation is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorization in force having the same purpose.

Seventeenth resolution

Authorization granted to the Board of Directors to increase the size of the initial issue in the event of the issuance of ordinary shares or securities giving access to ordinary shares, with maintenance or with cancellation of preferential subscription rights, decided upon pursuant to the 14th, 15th and 16th resolutions

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. authorizes the Board of Directors to decide, for each issuance carried out pursuant to the 14th, 15th and 16th resolutions submitted to this General Meeting, that the number of ordinary shares and/or securities giving access to ordinary shares of the Company to be issued, with or without preferential subscription rights, may be increased, at the same price as that used for the initial issue, under legal and regulatory conditions, with the option to subdelegate in accordance with the law, in the event of oversubscription, in particular to grant a greenshoe option in accordance with market practices and subject to the issuance limits specified in the resolution in accordance with which the issue is decided;

2. decides that this authorization is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorization in force having the same purpose.

Eighteenth resolution

Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities giving access to ordinary shares to compensate contributions in kind made to the Company and comprising equity securities or securities giving access to the capital, outside public exchange offers

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129-2 and L. 225-147 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with the law, the power to decide, on one or more occasions, up to a maximum of 10% of the Company's share capital (as at the date on which the Board of Directors uses this delegation), to issue ordinary shares and/or securities giving access by any means, immediately and/or in the future, to ordinary shares or other existing or future equity securities of the Company to compensate contributions in kind made to the Company and comprising equity securities or securities giving access to the capital, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. decides to cancel, in favor of holders of various types of securities that are the subject of contributions in kind, the preferential subscription right of holders of ordinary shares to the ordinary shares or securities so issued and takes note that this delegation entails the waiver by the holders of ordinary shares of their preferential subscription right to the ordinary shares of the Company to which the securities that may be issued on the basis of this delegation may provide the right;
3. gives the Board of Directors, with the option to subdelegate in accordance with the law, all powers to implement this resolution and, in particular, to approve, based on the report of the independent appraisers *(commissaires aux apports)* referred to in the first and second paragraphs of Article L. 225-147 of the French Commercial Code, the valuation of the contributions as well as the grant, if any, of specific benefits and to lower the valuation of the contributions or the consideration for specific benefits if the contributors so agree, to determine the issuance amount and the nature of the securities to be issued, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, to set the dividend eligibility dates, even if retroactive, for the securities to be issued, to determine the procedures, where applicable, for preserving the rights of holders of securities or other rights giving access to the capital in accordance with legal and regulatory provisions and, if applicable, the contractual provisions providing for other adjustments, to note the completion of the capital increase that compensates the contribution, to list the securities to be issued, to charge, at its sole discretion if it so deems appropriate, the expenses, disbursements and fees generated by the issues to the corresponding premium amounts and to deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new capital following each issue and to amend the Articles of Association accordingly;
4. decides that the total nominal amount of capital increases that may be carried out under this delegation, which may not exceed 10% of the share capital, shall be deducted from the limit provided for in the 20th resolution submitted to this Meeting;
5. decides that the delegation is granted for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, as the case may be, for the portion not yet used, any delegation in force having the same purpose.

Nineteenth resolution

Authorization granted to the Board of Directors to set the issue price of ordinary shares and/or any securities giving access to ordinary shares, in the event of the cancellation of preferential subscription rights, up to the annual limit of 10% of the capital per 12-month period.

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Article L. 225-136 1° paragraph 2 of the French Commercial Code, authorizes the Board of Directors, with the option to subdelegate in accordance with the law, in the event of an issuance of ordinary shares and/or securities giving access to the ordinary shares of the Company without preferential subscription rights, under the terms, including those concerning their amount, specified in the 15th and 16th resolutions, to deviate from the price setting conditions provided for in said resolutions and to set the issue price for ordinary shares or securities giving access to ordinary shares at an amount that shall be (i) for ordinary shares, at least equal to the weighted average price of the last three (3) trading sessions prior to the price setting, less a maximum discount, where appropriate, of 10% and (ii) for securities giving access to ordinary shares, such that the amount immediately received by the Company, plus where applicable, the amount that may subsequently be received by the Company, is, for each ordinary share issued as a result of the issue of these securities, at least equal to the amount referenced in paragraph (i) above, after adjusting, if necessary, this amount to account for the difference in dividend eligibility date.

The total nominal amount of capital increases that may be carried out under this resolution may not exceed 10% of the share capital per period of twelve (12) months as well as the threshold set in the 20th resolution from which it is deducted.

This authorization is granted for a period of twenty-six (26) months from this Meeting and it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorization in force having the same purpose.

Twentieth resolution

Overall limit of the issue authorizations with maintenance or with cancellation of preferential subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings and having reviewed the Board of Directors' report and thus having taken note of the adoption of the 14th, 15th, 16th, 17th, 18th, 19th and 21st resolutions of this Meeting, decides to set at the overall amount of twenty million euros (€20,000,000) the maximum nominal amount for share capital increases that may result from said resolutions, it being specified that this nominal amount shall be increased, where applicable, by the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, of holders of stock options or of holders of rights to bonus shares. Consequently, each issuance of shares and/or securities giving access to ordinary shares carried out under the above 14th, 15th, 16th, 17th, 18th, 19th and 21st resolutions shall be deducted from this limit.

Twenty-first resolution

Authorization given to the Board of Directors to proceed, in favor of employees and company officers of the Company or of the Axway Group, with the issue of warrants for the subscription and/or acquisition of redeemable shares (BSAARs), without preferential shareholder subscription rights

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to Articles L. 228-91 *et seq.*, L. 225-129 *et seq.* and L. 225-138 of the French Commercial Code:

1. delegates to the Board of Directors, with the option to subdelegate in accordance with provisions provided by law, the power to decide to issue, on one or more occasions, new or existing warrants for the subscription and/or acquisition of redeemable shares ("**BSAARs**");
2. decides that pursuant to this delegation, the Board of Directors may grant a maximum of 1% of the Company's share capital as of the date of the decision of the Board of Directors and that the amount of the capital increase resulting from the issuance of new ordinary shares that the BSAARs may entitle to shall be deducted from the limit in the 20th resolution submitted for your approval at this Meeting.

   To such amount, there shall be added the number of ordinary shares required in order to preserve, pursuant to law and to contractual stipulations, the rights of the BSAAR holders;
3. decides, pursuant to the provisions of Article L. 225-138 of the French Commercial Code, to cancel the preferential subscription right of shareholders to the BSAARs and to reserve such right for employees and company officers of the Company and its foreign subsidiaries. The Board of Directors will draw up the list of persons authorized to subscribe for the BSAARs (the "Beneficiaries") and the maximum number of share warrants that may be subscribed by each of them;
4. decides that the Board of Directors:

(a) shall determine all of the features of the BSAARs, in particular their subscription price, which shall be determined, after consultation with an independent expert, on the basis of the parameters influencing its value (being principally the following: the exercise price, the lock-up period, the exercise period, the triggering threshold and the redemption period, the interest rate, the dividend distribution policy, the current price and volatility of the Company share) as well as the modalities for the issuance and the terms and conditions of the issuing contract,

(b) shall determine the subscription or acquisition price of the shares by exercising the share warrants, on the stipulation that a share warrant will give entitlement to subscribe for (or acquire) an ordinary share in the Company at a price at least equal to 120% of the average of the closing prices of the Company's share for the twenty (20) trading sessions preceding the date on which all the terms and conditions of the share warrants and the terms of their issuance were determined,

(c) shall take any necessary measures to protect the rights of the holders of BSAARs, and this, in compliance with legal and regulatory provisions and suspend, if applicable, the exercise of the rights associated with these BSAARs, and this, in compliance with legal and regulatory provisions,

(d) in the event of the acquisition of existing shares, shall acquire the shares required under the share buyback program;

5. takes note that the adoption of this resolution will entail as of right waiver by the shareholders – in favor of the Beneficiaries – of their preferential subscription rights for the shares to be issued by the exercise of the BSAARs;

6. gives all powers to the Board of Directors, with the option to subdelegate in accordance with the legal and regulatory conditions, to take all measures, to enter into all agreements and to carry out all formalities making it possible to issue share warrants, to record the completion of the resulting capital increases, to amend the Articles of Association accordingly and to amend, as it deems necessary and subject to the agreement of the holders of BSAARs, the contract for issuing BSAARs.

In accordance with Article L. 225-138 II of the French Commercial Code, the Board of Directors will prepare an additional report for the next General Meeting on the conditions under which this delegation has been used.

This delegation of authority is granted for a period of eighteen (18) months from the day of this General Meeting and cancels, from this day, in the amount, as the case may be, of the portion not yet used, any delegation in force having the same purpose.

Twenty-second resolution

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

The General Meeting, having fulfilled the quorum and majority requirements for Extraordinary General Meetings, and having reviewed the Board of Directors' report and the special report of the Statutory Auditors, pursuant to the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138, and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq*. of the French Labor Code:

1. authorizes the Board of Directors, with the option to subdelegate in accordance with the law, to increase the share capital, on one or more occasions and based solely on its own decisions, at the times and in the manner it shall determine, through the issuance of ordinary shares of the Company reserved for members (hereinafter referred to as the "Beneficiaries") of a company savings plan of one of the legal entities of "Axway Group" which means, for the purposes of this resolution, the Company, the companies or groups included in the scope of consolidation of the financial statements of the Company (including Companies consolidated by the Company for the first time no later than the day before the start of the subscription period or the start of the reservation period if there is one) and their subsidiaries and the entities or groups under the control of the Company pursuant to Articles L. 225-180 of the French Commercial Code and L. 3344-1 and L. 3344-2 of the French Labor Code;
2. decides to cancel, in favor of the aforementioned Beneficiaries, shareholders' preferential subscription rights to ordinary shares to be issued, where applicable as bonus shares, under this authorization;
3. decides to set at 3% of the share capital the maximum amount of the capital increase(s) that may be carried out pursuant to this authorization, it being specified that (i) this amount is separate and distinct from the overall limit referred to in the 20th resolution above and (ii) that it is determined not taking account of the nominal value of the shares to be issued in order to preserve, in accordance with the law and, as the case may be, with contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's capital, stock options or rights to bonus shares;
4. decides that the issue price of ordinary shares to be issued under this resolution may not be greater than the average listed price of the ordinary shares of Axway Software SA on the regulated market of Euronext in Paris during the twenty (20) trading sessions preceding the day on which the Board of Directors or the Chief Executive Officer or, with the latter's approval, one or more Managing Directors, decide(s) to increase the share capital, setting the start date of the subscriptions, not more than 20% less than this average and 30% of the same average when the lock-up period stipulated in the plan is greater than or equal to ten years. When implementing this delegation, the Board of Directors may reduce or eliminate the aforementioned discount, on a case-by-case basis, when it deems necessary, to comply with legal and regulatory requirements and in particular with the tax, accounting and social security requirements applicable in certain countries in which Axway Group companies or groups participating in the capital increase transaction are located;
5. authorizes the Board of Directors to award bonus shares to Beneficiaries of ordinary shares, whether to be issued or already issued, it being specified that the total benefit resulting from this award and, where applicable, the discount referenced in paragraph 4 above, may not exceed the legal and regulatory limits;
6. decides that the delegation is valid for a period of twenty-six (26) months from this Meeting and that it cancels, from this day, in the amount, as the case may be, of the portion not yet used, any authorization in force having the same purpose;

7. grants the Board of Directors, with the option to subdelegate in accordance with the law, all powers for the purpose of setting the terms and conditions for implementing the capital increase(s) decided on under this resolution, including, but not limited to:

(a) setting the criteria the legal entities belonging to Axway Group must meet so that the Beneficiaries may subscribe to the capital increases that are the subject of this authorization,

(b) setting the conditions that the Beneficiaries of the new ordinary shares issued must fulfill and, in particular, deciding if the ordinary shares may be subscribed directly by the Beneficiaries who are members of a company savings plan or through company mutual funds *(fonds communs de placement d'entreprise)* or other structures or entities permitted under applicable legal or regulatory provisions,

(c) establishing the characteristics, conditions, amount and procedures for the issues that will be carried out under this resolution and, in particular, for each issue, setting the number of ordinary shares to be issued, the issue price and the rules for reduction applicable in the event of an oversubscription by the Beneficiaries,

(d) setting the start and end dates for subscriptions, as well as the terms and conditions for subscription, and the reservation periods before subscription, and setting the terms for the issuance and delivery of and the dividend eligibility date for the ordinary shares issued,

(e) opting to fully or partially substitute bonus ordinary shares issued or to be issued for the discount on the price of the ordinary share under the conditions and limits specified in Article L. 3332-21 of the French Labor Code,

(f) recording or arranging for the recording of the completion of the capital increase(s) for the amount of ordinary shares that will actually be subscribed,

(g) charging the costs of the share capital increase(s) to the amount of the premiums related thereto and deducting the sums needed to raise the legal reserve to one-tenth of the new capital after each increase,

(h) amending the Articles of Association accordingly, and

(i) in general, doing what is necessary and taking all measures to complete the capital increase(s), entering into all agreements and conventions, and carrying out all necessary formalities relating to the above-referenced capital increase(s), where applicable, to the admission for trading on a regulated market and to the financial service of the ordinary shares issued under this resolution and to the exercise of the rights attaching thereto.

Twenty-third 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 2014:
   - the consolidated financial statements of Axway for 2014 and the Statutory Auditors' report on the consolidated financial statements that formed part of the Registration Document filed on 23 April 2015 under No. D15-0391 (on pages 119 to 164 and 165 respectively),
   - the parent company financial statements of Axway Software for 2014 and the Statutory Auditors' report on the financial statements that formed part of the Registration Document filed on 23 April 2015 under No. D15-0391 (on pages 167 to 186 and 187 respectively);
2. for financial year 2015:
   - Axway's consolidated financial statements for 2015 and the Statutory Auditors' report on the consolidated financial statements that formed part of the Registration Document filed on 25 April 2016 under No. D16-0393 (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 under No. D16-0393 (on pages 171 to 190 and 191 respectively).

DEFINITIONS

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 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.

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.

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Table of concordance

In order to enhance the readability of the annual report filed as a Registration Document, the following theme-based table allows the reader to identify the headings required by Commission Regulation (EC) No. 809/2004 of 29 April 2004.

n/a: not applicable.

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n/a: not applicable.

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Website: **www.investors.axway.com/en**

Mobile Web App **Axway IR**

France
Tour W
102 Terrasse Boieldieu
92800 Puteaux
P. +33 (0) 1.47.17.24.24
F. +33 (0) 1.47.17.22.23

USA
6811 E. Mayo Boulevard, Suite 400
Phœnix, Arizona 85054
P. +1.480.627.1800
F. +1.480.627.1801

www.axway.com