

Axway Software

2012 Shareholders' Meeting

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Opening

Pierre Pasquier

Dear Shareholders, thank you for attending this Axway Shareholders' Meeting, which I now declare open. Our first task is to appoint the officers. In accordance with the rules of procedure, the two biggest represented shareholders are required to appoint the scrutineers. I would ask Christophe Bastelica, representing Sopra, and Jean-Louis Favre-Lorraine, representing Sopra GMT, to join us. Patrick Gouffran will act as Secretary, and will arbitrate at the various stages of today's Shareholders' Meeting.

The last point to note is that we have reached a quorum.

Patrick Gouffran

Indeed, the holders of 17,311,256 shares are present or represented, or 85.90% of share capital.

Pierre Pasquier

All the documents necessary for this Meeting have been properly disclosed. We have received no questions from shareholders. The necessary documents were made available to all shareholders at the appropriate time. We have also asked analysts to attend as observers, even those that are not shareholders.

We will initially focus on the items on the agenda, before turning to the reports of the Board of Directors and the Statutory Auditors. We will then give you information on the resolutions before discussing them. Lastly, once you have voted on the resolutions, the Shareholders' Meeting will be closed.

Agenda

Patrick Gouffran

The agenda of the Ordinary Shareholders' Meeting includes a review of 14 resolutions:

- Approval of the separate financial statements – Discharge of the Board of Directors;
- Approval of the consolidated financial statements;
- Appropriation of earnings;
- Approval of the agreement on the rebilling of fees and expenses incurred in connection with Axway Software's stock-market listing, pursuant to Article L. 225-38 of the French Commercial Code;
- Approval of the service agreement with Sopra GMT, the lead holding company, pursuant to Article L. 225-38 of the French Commercial Code;
- Approval of the agreement on the disposal of intellectual property, pursuant to Article L. 225-38 of the French Commercial Code;
- Approval, in accordance with Article L. 225-42 of the French Commercial Code, of the agreement on the provision of IT resources between Axway Software and its subsidiaries, pursuant to Article L. 225-38 of the French Commercial Code;
- Approval of the agreement on the withdrawal from the tax consolidation agreement signed with Sopra Group, pursuant to Article L. 225-38 of the French Commercial Code;
- Approval of the debt write-off in favour of Axway Srl, pursuant to Article L. 225-38 of the French Commercial Code;
- Conclusions of the special report of the Statutory Auditors on regulated agreements and commitments;
- Appointment of new director;
- Setting of directors' fees for the current year;
- Authorisation for the Board of Directors to purchase ordinary shares of the Company;
- Powers granted to carry out legal formalities.

Report of the Board of Directors

Pierre Pasquier

You have all received the registration document. The report of the Board of Directors is on pages 68 to 92. If everyone is in agreement, rather than reading the report, Christophe Fabre will give you his observations. You will then be free to ask any questions you would like.

Christophe Fabre

Good day to everyone. First of all, I would like to review the 2011 performance, before turning to the key events and the strategy, and the outlook for 2012.

1) 2011 performance

Christophe Fabre

Slide 7: 2011 performance in brief

2011 was a year of slow growth in licences. The first half was buoyant, in line with the 2010 trend, while the second half, and the final quarter in particular, was depressed, mirroring the broader economic environment.

The significant growth in services was driven by licences signed in 2010, which resulted in implementation projects. 2011 was also a year of streamlining infrastructure. The final quarter was marked by a slowdown, focused on Europe, while we continued to enjoy robust momentum in the United States, with unceasing efficiency in respect of signatures.

Growth was strong in maintenance in 2011.

We also improved our margins, without slowing down product investment, but rather by continuing to improve our products, with a view to making them more attune with customer demand.

Slide 8: Revenue by half-year and region

Organic growth worked out at 1.5% in Europe in 2011, versus 12.6% in the United States. We were very successful in Asia/Pacific, a small region established to support key accounts present in the United States and Europe, with growth topping 25%. Growth totalled 5.7% over the full year, with revenue of €217.2 million.

Slide 9: Revenue by half-year and activity

Licence revenues represent fees for the use of software, maintenance, rights to regulatory changes and improvements, and the rights to support and services, software implementation services and changes of settings.

Licence revenues recorded organic growth of 1.2% over the year (+2.7% in the first half and +0.1% in the second half, which was quite a disappointing outcome). They reflect customers' commitment and investment in respect of new projects.

Maintenance revenues recorded organic growth of 10.1% over the year. We should be able maintain a similar pace in the years to come. Service revenues grew by 6% (+10% in the first half and +2% in the second half).

Slide 10: Breakdown of Axway's activities by region and segment

The increasing importance of the United States is noteworthy. Europe is also growing; growth in the United States has not come at the expense of Europe, although the United States' share of overall revenue is much larger.

Recurrent revenue, i.e. the maintenance segment, also continued its growth, reflecting the loyalty of our customers and an improved support offering covering companies' critical projects.

Slide 11: Simplified income statement

Revenue totalled €217.2 million. The direct cost of licence, maintenance and service revenues put the gross profit at €148 million, or 68% of revenue. Our gross margin of 68% is in line with market standards, although our goal is to lift it to 70%.

The percentage of research and development spending varies between 14% and 16% of revenue, depending on the year, which is standard for future growth projects and quality product investment. The operating margin came in at 16.3%, an improvement compared with last year's 14.9%. Our goal is to reach 20% as quickly as possible. Last but not least, the net profit was €21.4 million.

Slide 12: Simplified balance sheet

We had a positive cash position of €23.8 million and no debt, as cumulative borrowings and financial debt totalled only €2.5 million.

Slide 13: Change in shareholders' equity

The major changes stemmed from the spin-off and its preparation. A special dividend of €21.8 million paved the way for the transaction. The €61.2 million capital increase was used to repay Axway's debt to Sopra.

Slide 14: Cash flow statement

Net working capital improved significantly, on the back of reduced recovery times. This was the main factor in the improvement of free cash flow, which amounted to €35.3 million. Cash received from shareholders totalled €61.2 million, corresponding to the capital increase that was used to repay debt. Dividends paid during the year include the special dividend. The change in the Sopra current account related to its refund in the amount of €68.4 million.

Slide 15: Change in the workforce

The headcount grows every year, and totalled 1,755 at the end of 2011. A total of 1,131 employees are based outside France, and a further 624 in France. The headcount grew across all regions.

Slide 16: A solid financial structure

As we have no debt, we are in a very good position in respect of all of our banking covenants. The net debt to equity ratio is below 1, and EBITDA represents more than 5 times the cost of our net debt.

II) Key events

Slide 18: Axway's offering

The first point to emphasise is that our customers trust us. Axway operates in the business interaction networks segment. This is a speciality in the field of application middleware, and covers tools that allow applications to exchange business information. We target large companies. Business data flows can be either internal – between plants, warehouses, sales outlets, parent companies and subsidiaries – or external – customer order intakes, placing of orders with suppliers, escalation of regulatory information to governments, etc. These flows also take place between individuals and information systems, and can encompass several modes, all of which must be covered by the platform.

Slide 19: Some of Axway's customers in 2011 - United States

We signed up JP Morgan Chase in the U.S. in the first quarter of last year. Other contract wins include Sony, AmerisourceBergen and Disa.

Slide 20: Some of Axway's customers in 2011 - Europe

Contract wins in Europe include ING, Delta Lloyd, BNP Paribas, Barclays and Tieto, a Scandinavian company that has a cloud-computing offering based on an Axway platform. Cloud computing has potential to become a driver for Axway.

Slide 21: Some of Axway's customers in 2011 - Asia/Pacific

We signed an EIG with Chinese ports, which use Axway to conduct import and export customs clearances. In Asia, we also support the large accounts mentioned earlier.

III) Strategy and outlook

Slide 23: Strategy and objectives for 2012

In 2012, we will be facing a challenging economic context, both in respect of order intakes and cost rationalisation. The context is depressed in Europe, especially in view of our high exposure to France.

In the United States, the outlook is good for all segments of the offering, with growth expected to be moderate in 2012. We offer a comprehensive range of services, which is difficult to the extent that services are hinged on licence sales. We expect our performance to remain strong in the maintenance segment. Our customers continue to display a high level of loyalty.

We expect to deliver modest growth and to maintain operating profitability at least at its current level. It is important to bear in mind that Axway notches up the lion's share of its performance in the second half.

Slide 24: A proven strategy for a long-term project

In conclusion, let me stress that our strategy, our business positioning and our customer base are there for the long haul. Our long-term project should help consolidate the market. Lastly, we are looking into acquisitions, which are not ready to be finalised in the short term.

Pierre Pasquier

Thank you. I imagine you will ask questions later.

Reports of the Statutory Auditors

I) Report of the Statutory Auditors on the separate and consolidated financial statements

1) *Report on the annual financial statements*

Christine Dubus

I will read the report on the annual financial statements, which appears on page 170 of the registration document. This report has three parts: our opinion on the financial statements, the basis of our assessments, and specific procedures and information.

The opinion on the financial statements is a simple certification of the company's financial statements.

Our opinion is based on the value of the equity holdings, since the Group's parent is actually a holding company, and accordingly on the accounting policies applied in this area.

Our specific procedures included all relevant audits. We have no observations on the fairness and consistency of this information in relation to the financial statements. We also verified the information on the remuneration and benefits paid to corporate officers, as well as the commitments made in their favour, and have no observations on that point either.

2) *Report on the consolidated financial statements*

Christine Dubus

Our report on the consolidated financial statements is on page 150 of the registration document. It also consists of three parts. First, our opinion on the consolidated financial statements prepared under IFRS is a simple certification of the financial statements prepared under IFRS, with an observation of a technical nature bearing on the application of new IFRSs applicable as of fiscal 2011.

Our assessments are based on three points. For provisions covering pension commitments in favour of employees, we examined the data, and the overall consistency of the information and assumptions used. The second point concerns the impairment tests carried out each year in respect of goodwill and intangible assets. We assessed the merits of the approach, the terms of the tests and the consistency of the full range of assumptions made by management. The third point was the recognition of deferred taxes. We checked the consistency of the various assumptions, particularly with regard to future tax liabilities and the assessments underlying these items. We have no observations on these issues.

Lastly, we performed specific verifications of the consistency of the information provided in the Group's management report, and have no comments or observations thereon.

II) Special report of the Statutory Auditors on regulated agreements and commitments

François Mahé

This report appears on page 63 of the registration document. In the opening, I note that the law requires the Board to follow a pre-approval process for agreements between companies that have directors in common. The final step of this process is the submission of the relevant agreements to the Shareholders' Meeting, on the basis of a special report by the Statutory Auditors.

Our report is divided into two parts. The first part deals with agreements approved during the year. The second sets out the agreements approved in prior years that remained in force during the year.

The newly approved agreements include:

- an agreement to rebill the costs of the spin-off between Sopra and Axway;
- the approval of a lead holding company agreement with Sopra GMT;
- a transfer within the Group of source software between Axway France and Axway Inc.;
- a debt write-off in respect of a subsidiary;
- an agreement on the withdrawal from the consolidated tax agreement due to the spin-off;
- services relating to the allocation of IT expenses within the Group;
- agreements on the sharing of resources, primarily within the Axway Group.

III) Report of the Statutory Auditors on the Chairman's report on corporate governance and internal control

François Mahé

This report appears on page 61. The Chairman of a company such as Axway is required to issue a report on internal control. The Statutory Auditors are subsequently required to verify the accuracy of this report and to give you a summary, which does not include any specific observations.

Information on the resolutions proposed

Pierre Pasquier

Patrick Gouffran will attempt to present the resolutions very succinctly, so your vote can be expressed clearly.

Patrick Gouffran

Fourteen resolutions are on the agenda.

The first two resolutions bear on the approval of the consolidated and separate financial statements for the year ended 31 December, as well as non-deductible expenses and the corresponding tax expense. These resolutions include the discharge of the directors.

Resolution number 3 concerns the appropriation of earnings. Axway's distributable income in respect of 2011 was €8,623,387.03. We propose allocating €5,037,660 to dividends, or 25 euro cents per share. This will be the first year in respect of which Axway pays a dividend, technical payments having been made between Axway and its parent in respect of 2010. The dividend payment is proposed for Friday 1 June, which would make the ex-dividend date Tuesday 29 May.

Resolutions 4 to 9 concern regulated agreements and commitments, which are described in the special report of the Statutory Auditors. The first five relate to the approval of the service agreements between the various Group companies. Resolution number 9 relates to Axway's write-off of a €280,000 debt in favour of its Italian subsidiary, Axway Srl.

Resolution 10 deals with the special report that our Statutory Auditors have just summarised.

Resolution 11 concerns the ratification of the appointment of Michael Gollner as a new director of Axway Software for a period of four years, prospectively expiring at the end of the 2016 Shareholders' Meeting called to approve the 2015 financial statements. Michael Gollner is Anglo American. He graduated from the University of Pennsylvania, holds a master's degree in international relations and an MBA from the Wharton Business School. Previously employed in the mergers and acquisitions departments of Goldman Sachs and Lehman Brothers, he is currently the managing partner of Operating Capital Partners.

Resolution 12 concerns directors' fees for 2012. It is proposed that these fees be maintained at €250,000, the same level as in 2011, shared among the members of the Board.

Resolution 13 authorises the Board of Directors to purchase shares of the Company. The main purpose is to ensure the share's liquidity. Under this resolution, you will be asked to extend this authorisation for a period of 18 months, i.e. until 23 November 2013. Any purchases would be capped at 10% of Axway's share capital, at a maximum price of €37 per share.

Resolution 14 is administrative in nature, and aims to facilitate the completion of various formalities following this meeting.

Discussion

From the floor

You are involved in a dispute with U.S. agency GSA. Have you reached an agreement? If not, what is the financial impact on Axway likely to be?

Pierre Pasquier

We are not in a position to make any disclosures on this issue at the moment. We have begun talks with the agency in question, and believe that we will reach an agreement. We have examined the issue with our auditors and our lawyers, and everything looks reassuring.

From the floor

What sort of leverage do we have to improve margins? How can we gain in profitability when revenue is expected to remain flat?

The dollar is gaining value. Can you tell us what effect the increase in the dollar is having on us?

Finally, how is the development of cloud computing impacting us?

Christophe Fabre

Margin improvement should be based on growth. As Axway's distribution and R&D infrastructure is now in place, revenue growth will no longer require the same level of capital expenditure. This is why we expect moderate growth to translate into margins being at the very least maintained.

Cloud computing is a major area of growth for the software industry, alongside mobility, social networks and big data. These four areas are attracting interest from the IT sector majors. Axway is not positioned in either cloud computing or big data as such. It is however active in helping companies manage, secure and increase the visibility of their information flows, etc. Cloud computing is another way of using software, either as part of a private cloud or externally, in a public cloud or in SaaS mode. For applications to work, information must be given to them, and must be synchronised internally. Cloud computing is a driver for us because we connect applications anywhere, inside or out.

From the floor

Do you have any medium-term acquisition prospects? What direction could we take in the medium term?

Could you tell us more about the trading environment in April and May?

Also, will the share purchases described in resolution 13 be implemented?

Pierre Pasquier

No to the third question. The aim for now is to regulate the share price.

From the floor

What are your concerns? The waiting game by customers? France? The banking sector? What are the risks facing the Group?

Christophe Fabre

We need to deal at the moment with what is happening in the economy today. Sales cycles are indeed being stretched, and the management team needs focus on this.

For the long term, we need to beef up our offering and take advantage of new technological drivers, such as cloud computing and big data. We also need to grasp what is happening in our customers' markets. We have a three-year project, which is aimed at bringing our top line up to \$500 million and helping us deliver a margin of 20%. We also need initially to ensure that our offering is robust, so that we can extract greater synergies from acquisitions going forward.

The acquisition strategy therefore aims primarily to bolster the value of the offering, to enhance its competitiveness. Then, once the offer is competitive, we will be in a position to extract synergies.

It is true that we still have scope to deepen our footprint in some markets, namely the U.K. The ideal solution would be to find a good complementary technology in the U.K., but it would also be interesting to find one in Canada or the United States.

Final point, we will issue a statement on the April results in July.

Pierre Pasquier

Our approach is not one of consolidation through acquisitions. Our aim is to round out our existing operations, taking into account recent technological progress. A process of pure consolidation will then be possible.

If there are no further questions, we can now vote on the resolutions.

Voting on resolutions

Patrick Gouffran

Axway's share capital is divided in to 20,150,641 shares. The law states that an ordinary shareholders' meeting may only vote if the shareholders present or represented account for at least one-fifth of these shares, i.e. 20% of voting shares. The quorum accordingly works out at 4,021,358 shares. The holders of a total of 17,317,979 shares are present or represented today, accounting for 86.11% of voting shares. The Meeting may therefore validly vote.

Please be informed that the 14 resolutions proposed to the Ordinary Shareholders' Meeting require a simple majority of votes of shareholders present or represented in order to be adopted. In counting the votes, abstentions shall be counted as votes against.

Please note also that the resolutions can be found in the registration document on pages 172 to 176, and in the document you have been given. Some of the resolutions are very long, and I propose not to read them in full, but just to summarise the main points.

I) First resolution: Approval of the financial statements – Discharge of the Board of Directors

The Shareholders' Meeting approves the separate financial statements for the year ended 31 December 2011, which show a profit of €8,623,387.03. It gives the members of the Board of Directors full and unconditional discharge from their duties. The Shareholders' Meeting also approves non-deductible expenses in the amount of €51,593, and the corresponding tax expense of €17,198.

This resolution is adopted.

II) Second resolution: Approval of the consolidated financial statements

The Shareholders' Meeting approves the consolidated financial statements for the year ended 31 December 2011, which show a net profit attributable to equity holders of the parent of €21,456,393, as well as the transactions reflected in the said financial statements.

This resolution is adopted.

III) Third resolution: Appropriation of earnings

The Shareholders' Meeting notes that the distributable earnings of Axway Software total €8,623,387.03. It decides to allocate the distributable earnings as follows: The legal reserve shall amount to €2,017,903.37, or 5% of share capital. The dividend per share shall amount to €0.25. It shall be payable on 1 June 2012. It is stipulated that the total proposed dividend is eligible for the 40% tax deduction pursuant to Article 158-3-2 of the French Tax Code. The amount of dividends distributed over the three prior financial years is indicated below.

This resolution is adopted.

IV) Fourth resolution: Approval of the agreement on the rebilling of fees and expenses incurred in connection with

[Axway Software's stock-market listing, pursuant to Article L. 225-38 of the French Commercial Code](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the agreement for the rebilling of expenses and fees incurred in connection with Axway Software's stock-market listing detailed in the special report of the Statutory Auditors and the corresponding conclusions of the said report.

This resolution is adopted.

V) [Fifth resolution: Approval of the service agreement with Sopra GMT, the lead holding company](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the service agreement with Sopra GMT, the lead holding company, and the corresponding conclusions of the said report.

This resolution is adopted.

VI) [Sixth resolution: Approval of the agreement to dispose of intellectual property](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the agreement for the disposal of intellectual property and the corresponding conclusions of the said report.

This resolution is adopted.

VII) [Seventh resolution: Approval of the agreement for the provision of IT resources into between Axway Software and its subsidiaries](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the agreement covering the provision of IT resources between Axway Software and its subsidiaries, and the corresponding conclusions of the said report.

This resolution is adopted.

VIII) [Eighth resolution: Approval of the agreement to leave the tax consolidation agreement with Sopra Group](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the agreement to leave the tax consolidation scheme signed with Sopra Group and the corresponding conclusions of the said report.

This resolution is adopted.

IX) [Ninth resolution: Approval of the debt write-off in favour of Axway Srl](#)

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, approves the debt write-off in favour of Axway Srl and the corresponding conclusions of the said report.

This resolution is adopted.

X) Tenth resolution: Conclusions of the special report of the Statutory Auditors on regulated agreements and commitments

The Shareholders' Meeting, having heard the special report of the Statutory Auditors on regulated agreements, notes the conclusions of the special report on regulated agreements and commitments entered into or authorised, which were pre-approved by the Shareholders' Meeting of 28 April 2011 and which remained in force during the past financial year.

This resolution is adopted.

XI) Eleventh resolution: Appointment of a new director

The Shareholders' Meeting, having reviewed the report of the Board of Directors, decides to appoint Michael Gollner as director for a period of four years ending at the conclusion of the 2016 Ordinary Shareholders' Meeting called to approve the 2015 financial statements.

This resolution is adopted.

XII) Twelfth resolution: Setting of directors' fees

The Shareholders' Meeting decides to set at €250,000 the amount of directors' fees for the current financial year, to be split between the members of the Board of Directors.

This resolution is adopted.

XIII) Thirteenth resolution: Authorisation for the Board of Directors to purchase ordinary shares of the Company

Patrick Gouffran

This resolution is very long and very technical. It provides an authorisation for a period of 18 months, capped at 10% of share capital, for purchases at a maximum price of €37 per share. If you wish, I can read the entire resolution.

This resolution is adopted.

XIV) Fourteenth resolution: Powers to perform formalities

The Shareholders' Meeting fully empowers the bearer of an original, a copy or an extract from the minutes of this Meeting for the purposes of carrying out all legal or administrative formalities and carrying out all filing and disclosure requirements stipulated under applicable law.

This resolution is adopted.

Close

Pierre Pasquier

There being no more items on the agenda, the meeting is declared closed.

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