ANNUAL FINANCIAL REPORT

Universal Registration Document 2021

axway

Contents

The information required in the Non-Financial Performance Statement is identified in the contents and the relevant chapters by the abbreviation NFPS.
The information required in the Annual Financial Report is identified in the contents by the abbreviation AFR.

Universal Registration Document 2021

Annual Financial Report

Management Report including the elements of the Non-Financial Performance Statement

Information relating to the Corporate Governance Report and the information required for the General Meeting

This Universal Registration Document was filed with the French Financial Markets (Authority *Autorité des marchés financiers, AMF*) on March 24, 2022, in accordance with Regulation (EU) no. 2017/1129, without prior approval in accordance with Article 9 of this Regulation.

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

Version faithful to the XBRL format.

A digital version is available at https://investors.axway.com/en

A word from Management

"Thanks to the transformations undertaken since 2018, Axway's business model is now based on a solid foundation of recurring revenue, supported by a robust product portfolio."

Pierre PASQUIER
Chairman of the Axway Board of Directors

To continue evolving and even better meet the critical needs of its 11,000 customers around the world. Axway must once again prove its ability to adapt. While we all hoped for a return to a calmer health and economic situation from 2021, it seems that uncertainty is here for the long term.

Thanks to the transformations undertaken since 2018, Axway's business model is now based on a solid foundation of recurring revenue, supported by a robust product portfolio. Axway's customer satisfaction is at an all-time high and the management team, led by Patrick Donovan, can also count on the unwavering commitment of its 1,700 employees. At the same time, the Company strengthened its corporate responsibility programme this year, integrating it more formally into its governance and setting ambitious non-financial objectives.

Axway must now be able to stabilise a growing and profitable model year after year, in line with its independent project and its historical values. After a second half of 2021 more difficult than anticipated, the 2022 objectives, which foresee a return to organic business growth and a further improvement in profitability, perfectly illustrate this ambition.

A pioneer in its industry, the Company must continue to combine experience with constant agility. After several years of internal transformation, Axway must once again assume a consolidator role in its markets and undertake a strategic refocusing of its product portfolio. The organic development of the Company must be founded on its most successful markets and I will fully support the management team in its external growth approach, which can prove complex in such a competitive environment.

In a world in motion, where change is increasingly rapid, we will strive, in 2022, to maintain a coherent and agile strategic course to support Axway's enlightened development. Being our customers' preferred partner remains our top priority, but we will continue to aim for a model which creates value for all stakeholders in our ecosystem.

In 2021, in an economic and health context that remains highly challenging, I was pleased with our teams' efforts to implement our new strategy. After the successful transformation plan completed last year, it was important for us to launch a new momentum so as to continue moving forward and allow us to gradually establish the independent, growing, and profitable model we believe in for our Company.

Although we faced unusual buying patterns late in the year that prevented us from achieving our annual growth target, we still had several positive results in 2021.

On the ground, organisational adjustments continued around a more assertive product portfolio management strategy, positioning Amplify, our API platform, as the driver of our future business growth and the primary focus of our investments. The technological excellence of our offering, once again confirmed in 2021 by the most influential market analysts, allows me to reiterate my full confidence in this strategy.

Over the past two years, thanks to Amplify and our most important historical products (MFT, B2B-EDI, Digital Finance), our sales teams were able to meet or exceed their targets for seven consecutive quarters before the challenges faced at the end of 2021.

The continuous growth of our Net Promoter Score has confirmed the high level of satisfaction of our customers. More than ever, our customers trust us to guide them through the evolution of their most complex software infrastructures. By choosing Axway, they benefit from one of the most comprehensive catalogs of offerings on the market, enabling them to turn their digitalization into a major competitive advantage through rapid and effective operational benefits.

This year, we have also succeeded in maintaining strong commitment among our employees despite the high turnover rates observed in our markets. We strive to maintain a transparent and regular dialogue with our teams to ensure that the relationship of trust we have established with them since 2018 continues. In this way, at the beginning of 2022, more than 1,000 employees who have been loyal to Axway for more than 3 years became shareholders in the Company.

Finally, we have taken new key steps in structuring our CSR programme and our corporate responsibility policy by defining more precise, well-defined non-financial objectives in line with our values and long-term ambitions.

We therefore begin 2022 with determination, ready to meet the challenges of a market characterised by limited visibility and strong competition, relying on the solid foundations we have built in recent years to best serve the interests of our stakeholders, including our Employees, Customers and Shareholders.

"More than ever, our customers trust us to guide them through the evolution of their most complex software infrastructures."

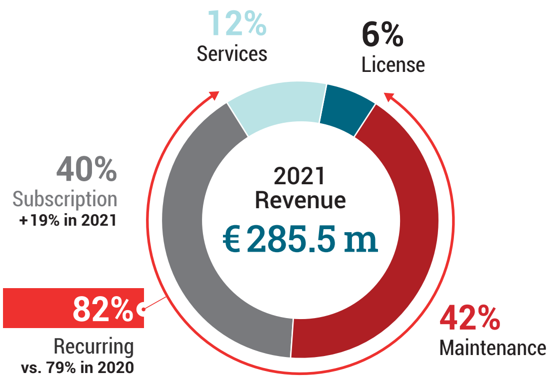
Patrick DONOVAN
Axway Chief Executive Officer

Business lines

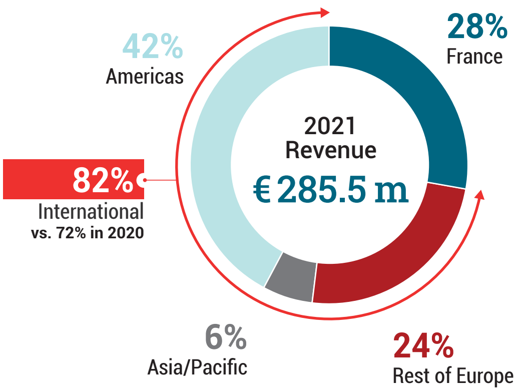
Our Mission:

Axway enables enterprises to Open Everything by securely integrating and moving data across a complex world of old and new.

Revenue by activity



Revenue by geography



2nd LARGEST HORIZONTAL SOFTWARE PUBLISHER IN FRANCE

Source: Top 250 Numeum - EY 2021*

Axway, a recognised leader:

Gartner 2021 Magic Quadrant™ for Full Life Cycle API Management

Shameen Pillai | Kimihiko Iijima | Mark O'Neill | John Santoro | Akash Jain | Fintan Ryan, 28 Sept. 2021.*

Forrester : API Management Solutions, Q3 2020

Source: The Forrester Wave™, 4 August 2020.*

According to Gartner, "Full life cycle API management remains a dynamic and thriving market with substantial potential for both investors and vendors looking to create and manage APIs as add-ons to their offerings. Gartner expects this market to continue its strong double-digit growth for at least the next five years."

* *Please refer to the disclaimers on page 230.*

2021 - 2023 Strategy

2021 →

Technological excellence & Portfolio focus →

Sustained growth and profitability →

Reinforced CSR ambition →

2023

Offers & Customers

Our offers

Trusted for decades. Built for tomorrow.

amplify

API Management Platform

Amplify makes it simple to collect, manage, distribute, secure, and control all APIs to connect applications and data across organizations. Amplify automates the discovery, reuse, and governance of all APIs across multiple gateways, environments, and vendor solutions.

Managed File Transfer (MFT)

Management of all critical data transfers across an organization from a single pane of glass.

B2B Integration (B2Bi)

Secure, API-enabled approach to EDI that helps respond faster to evolving business demands.

Digital Finance

Streamlined integration between business applications and financial information systems.

AXWAY'S SPECIALISED PRODUCTS

Visibility, intelligence, and security throughout the digital ecosystem

Our customers

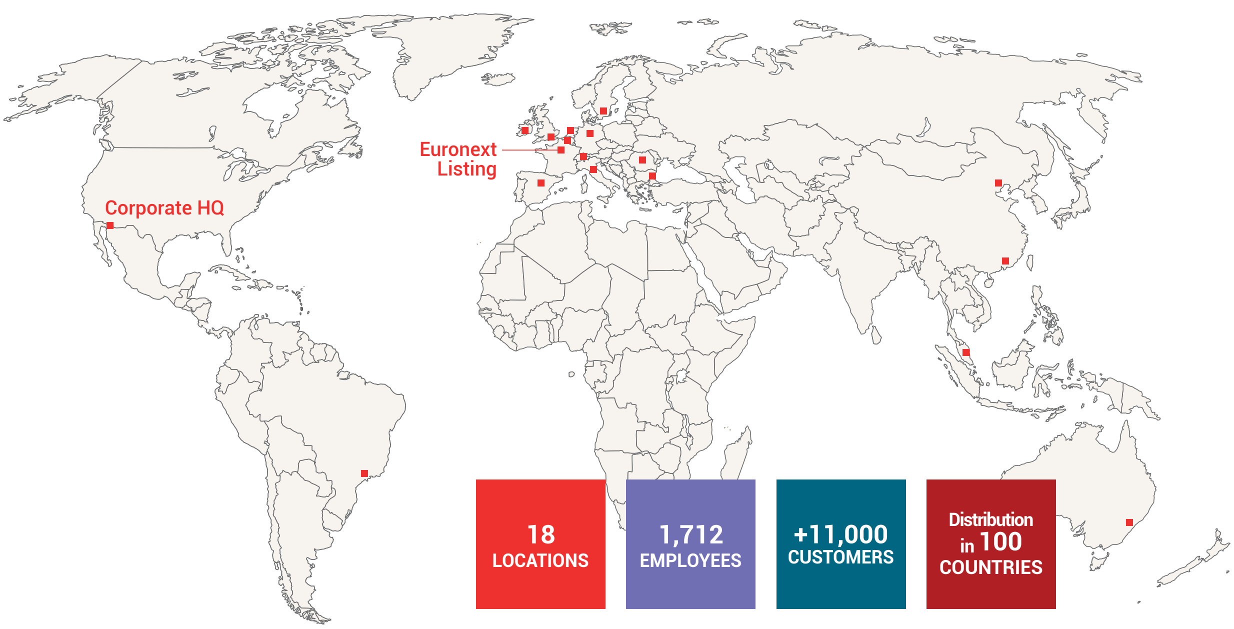
11,000 customers
in 100+ countries

- Financial services
- Manufacturing
- Retail
- Public sector
- Transport & Logistics
- Healthcare

Customer satisfaction as a company value
Net Promoter Score up 4 points vs. 2020

29
NET PROMOTER SCORE

Axway around the world

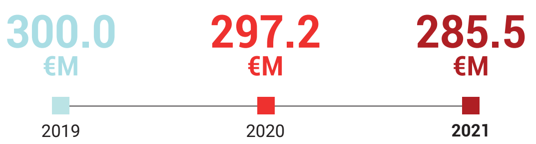


Further information can be found in Chapter 1 of the 2021 Universal Registration Document.

Operating indicators

Revenue & Results

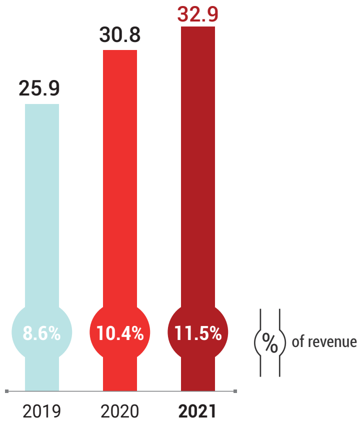
Revenue



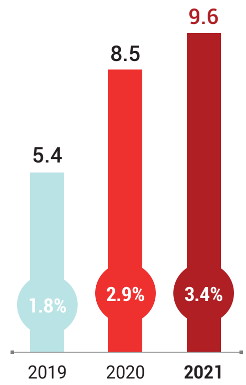
REVENUE RENEWAL RATE
94 %
Renewed or moved to Subscription

NEW OR CROSS-SELL BOOKINGS
+7 %
Representing 265 new customers

Profit on operating activities
(in millions of euros)

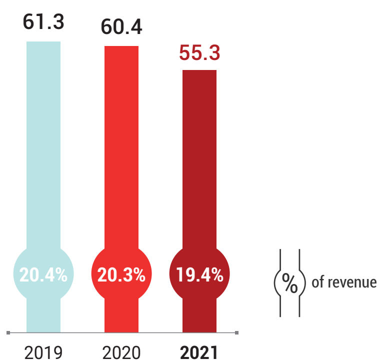


Net profit
(in millions of euros)

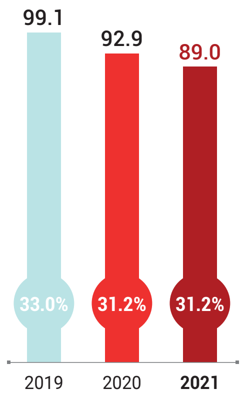


Investments

Research & Development
(in millions of euros)



Sales & Marketing
(in millions of euros)



Balance sheet

Net debt
€36.5 M
vs. €24.0M at 31/12/2020

Cash & equivalents
€25.4 M
vs. €16.2M at 31/12/2020

Total equity
€372.2 M
vs. €355.5M at 31/12/2020

Targets & Ambition

2022 objectives

- Organic revenue growth of between 1% and 3%
- Profit on operating activities representing 12% to 14% of revenue

Mid-term ambition

- Profit on operating activities ≥ 15%
- Earnings per share ≥ €1
- Revenue ≥ €500M (including M&A)

Further information can be found in Chapter 1 of the 2021 Universal Registration Document. Alternative performance measures are defined in the glossary.

Stock market & Share capital

Stock market profile

AXW LISTED EURONEXT

Euronext Paris – Compartment B
Bloomberg: AXW-FR
Reuters: AXW.PA
Market capitalisation at 31/12/2021: €582M

Main Euronext indexes:
CAC ALL Shares
CAC TECHNOLOGY
EN FAMILY BUSINESS
EN TECH CROISSANCE

Visit our investors website:
Investors.axway.com

Basic earnings per share
(in euros)

2019	2020	2021
0.25	0.40	0.45

Dividend
(in euros)

2019	2020	2021*
None	0.40	0.40

* *Submitted to shareholders' vote at the General Meeting of 24 May 2022.*

Share price and monthly trading volumes in 2021

Share capital

Share ownership at 31 December 2021

Shareholders' Agreement

55.69% of shares

66.18% of voting rights

21,633,597
Shares outstanding

36,079,526
Voting rights

	Sopra Steria	Sopra GMT	Pasquier Family	Odin Family	Management	Public	Treasury shares
Shares	31.96%	20.82%	0.11%	1.35%	1.46%	42.66%	1.65%
Voting rights	38.32%	24.96%	0.12%	1.32%	1.45%	33.82%	

2022 Financial Calendar

22 February
Full-Year Results

24 March
Universal Registration Document

28 April
Q1 Revenue

24 May
Annual General Meeting

26 July
Half-Year Results

20 October
Q3 Revenue

Further information can be found in Chapters 7 and 8 of the 2021 Universal Registration Document.

Governance

Axway's governance is founded on the sharing of powers between the Board of Directors and the Executive Committee, in accordance with the recommendations of the Middlenext Code.

Board of Directors

Name	Photo	Age	Nationality	Number of offices in other listed companies	Audit Committee	Appointments, Governance and Corporate Responsibility Committee	Compensation Committee	General Meeting date of expiry of term of office	Shares in the Company held personally	Independent Directors
Pierre Pasquier		86	French	1		Member		2023	0	
Kathleen Clark Bracco		54	American	1		Chairman	Member	2023	7,355	
Pierre-Yves Commanay		56	French	0		Member	Member	2022	2,816	
Hervé Déchelette		76	French	0	Member	Member		2023	22,734	■
Nicole-Claude Duplessix		62	French	0			Member	2025	1,540	
Emma Fernandez		58	Spanish	1			Member	2023	0	■
Michael Gollner		62	American British	1	Member			2025	100	■
Helen Louise Heslop		52	British	1	Member			2023	0	■
Pascal Imbert		63	French	1		Member	Chairman	2023	340	■
Véronique de la Bachelerie		62	French	0	Member			2023	0	■
Yann Metz-Pasquier		33	French	0	Member			2022	11,877	
Marie-Hélène Rigal-Drogerys		51	French	1				2022	0	■
Hervé Saint-Sauveur		77	French	0	Chairman			2023	900	■
Yves de Talhouët		63	French	0		Member	Member	2023	0	■

Chairman · Member · Independent Directors

Main topics covered in 2021

- Corporate strategy and associated budget;
- Approval of the financial statements;
- Quarterly results and related financial reports;
- Deliberations on workplace and wage equality;
- Social and environmental responsibility objectives;
- Composition of the Board and its committees;
- Procedures of the Board of Directors: amendment of the internal regulations and the self-assessment questionnaire;
- In-depth implementation of the ethics and anti-corruption internal systems;
- Qualification of directors as independent;
- Company officer compensation;
- Grant of free shares to employees;
- Legal monitoring: EU Green taxonomy, Middlenext code update.

Further information can be found in Chapter 4 of the 2021 Universal Registration Document.

14 members · **4** nationalities · **64%** independent directors · **43%** women · **6** meetings · **98.8%** attendance

Executive Committee

8
members

25%
women

4
nationalities

Patrick Donovan
Chief Executive Officer
USA - France

Roland Royer
Chief Customer Officer - USA

Cécile Allmacher
Chief Financial Officer
France

Vince Padua
Chief Technology & Innovation Officer - USA

Marc Fairbrother
EVP Research & Development
UK

Paul French
Chief Marketing Officer
USA

Rahim Bhatia
EVP Product Management
Canada

Dominique Fougerat
EVP People & Culture
France

Audit Committee

6 members | **5** meetings | **100%** attendance rate

Among the duties performed in 2021:

- review the financial statements including the green taxonomy;
- review the general risk map;
- monitor internal audit procedures and statutory auditors procedures;
- review insurance and Company's IT security policies;
- supervise and monitor anti-corruption procedures;
- monitor the implementation project for the new financial information system.

Appointments, Governance and Corporate Responsibility Committee

6 members | **5** meetings | **100%** attendance rate

Among the duties performed in 2021:

- assess corporate responsibility commitments, through CSR policy follow-up;
- review the Board and Comittees's composition and independance;
- update the Board's internal regulations & Ethics Charter in line with the updated Middlenext governance code;
- review and amend the BOD self-assessment questionaire;
- prepare deliberations of the Board of Directors on professional and employee equality;
- ensure the application and review of the conflict of interest, whistle-blowing and current & regulated agreements procedures.

Compensation Committee

6 members | **5** meetings | **97%** attendance rate

Among the duties performed in 2021:

- prepare the company officer compensation policy;
- propose fixed and variable compensation including non-financial criteria and benefits granted to company officers;
- verify the application of rules defined for calculating variable compensation;
- verify the quality of the information provided to shareholders on compensation, benefits and options granted to company officers;
- prepare the free share grant policy and verify the implementation of related plans;
- prepare decisions concerning employee savings.

Corporate responsibility

Non-financial performance statement NFPS

Axway rolls out its Corporate Responsibility policy through three commitments: **Employer, Societal and Environmental**.

In 2021, Axway has positioned CSR in its governance model and defined quantified ambitions, supported by programmes that will be rolled out between 2022 and 2028.

Employer Commitment:

Continue to shape the company we want to work for

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

Diversity in the workplace

at 31/12/2021

1,712 employees

vs 1,888 in 2020

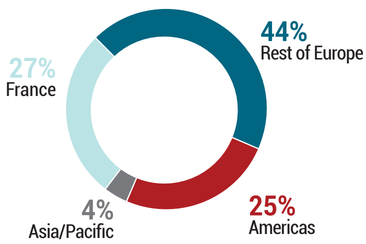
WOMEN

- **30%** of total headcount
- **15%** of managers

PEOPLE WITH DISABILITIES

- **1.7%** of France headcount

EMPLOYEES AROUND THE WORLD



Research & Development **42%** of employees

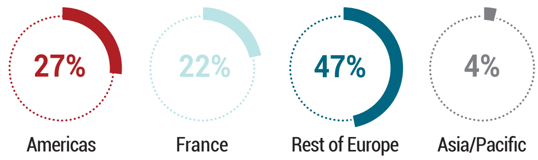
Customer Success Organisation **44%** of employees

Future of Work

- **100%** of employees working from home according to their wishes
- **60%** Home Office **40%** On site

Recruitment

- **204** new employees
- **98%** permanent contracts
- **33%** women vs. 28% in 2020



Talents development

- **29,915** training hours
  vs 24,176 in 2020
- **77%** training in digital format
  vs. 93% in 2020

Engagement

Independent employee engagement survey

	2021	2020	2019
Participation rate	79%	86%	83%
Employee engagement score	66%	69%	58%

Further information can be found in Chapter 3 of the 2021 Universal Registration Document.

2022-2028

Axway's CSR Targets

EMPLOYER

- **Employee Engagement Score >70%** for 2022 & 2023
- **33% of women in total headcount** by 2023
- **+25% of people with disabilities** by 2023

Each year, Axway renews its commitment to the United Nations Global Compact

Learn more about the UN Global Compact **www.unglobalcompact.org**

Societal Commitment:
Have a positive impact in our communities as a leading software company

ECOVADIS SCORE

OVERALL SCORE **61/100**

ENVIRONMENT	LABOR & HUMAN RIGHTS	ETHICS	SUSTAINABLE PROCUREMENT
70/100	70/100	70/100	30/100

STAKEHOLDER RELATIONS

EMPLOYEES
support knowledge sharing initiatives

CUSTOMERS
increase customer satisfaction

SHAREHOLDERS
communicate according to transparency best practices

SUPPLIERS
progress in Sustainable purchasing

PARTNERS
innovate in responsible values

CIVIL SOCIETY
digital development programmes for women

awareness-raising programmes for the integration of people with disabilities

TOOLS & LABELS

Business ethics

Digital security

Winner of the Transparency award 2021 - Category Hors SBF 120

Environmental Commitment:
Contribute to climate change mitigation

In 2021, Axway continued to measure and reduce its direct impact...

Direct Impact **Resources used for our internal activities**	Scope 1	Scope 2	Scope 3 (1)

...and for the first time, Axway also launched an analysis of its indirect impact.

Indirect Impact **Resources used for our external activities**			Scope 3 (2)

(1) Based on the Top 48 suppliers. (2) Based on the Top 4 IT suppliers.

Axway has set the target of achieving carbon neutrality by 2028. This project will involve employees and stakeholders and will be rolled out from 2022. The project is based on 3 levels of action: measuring, reducing and offsetting our impact.

2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028

SOCIETAL

- **Net Promoter Score > 40** by 2023
- **Gold EcoVadis ranking** by 2023
- **4 local programmes** in female digital education by 2023

ENVIRONMENTAL

- **10% reduction in paper consumption** in 2022 vs. 2019 (last normal year)
- **2 cyber clean up days** by 2023
- **Carbon neutrality** by 2028

Global Axway CSR internal training programmes

Business Model NFPS

Our Mission

Axway enables enterprises to Open Everything by securely integrating and moving data across a complex world of old and new.

INFRASTRUCTURE SOFTWARE MARKET TRENDS → CONVERGENCE OF LEGACY SYSTEMS AND NEW DIGITAL NEEDS

Strengths

PEOPLE

- 1,712 employees, women and men, of all ages, all origins, all countries, all cultures, all educational, professional or life paths

STRUCTURE & GOVERNANCE

- Locations in 18 countries
- Solid financial capacities
- Organic and external growth track record
- Independent enterprise project supported by reference shareholders
- Shared powers between Board & Executive Committee

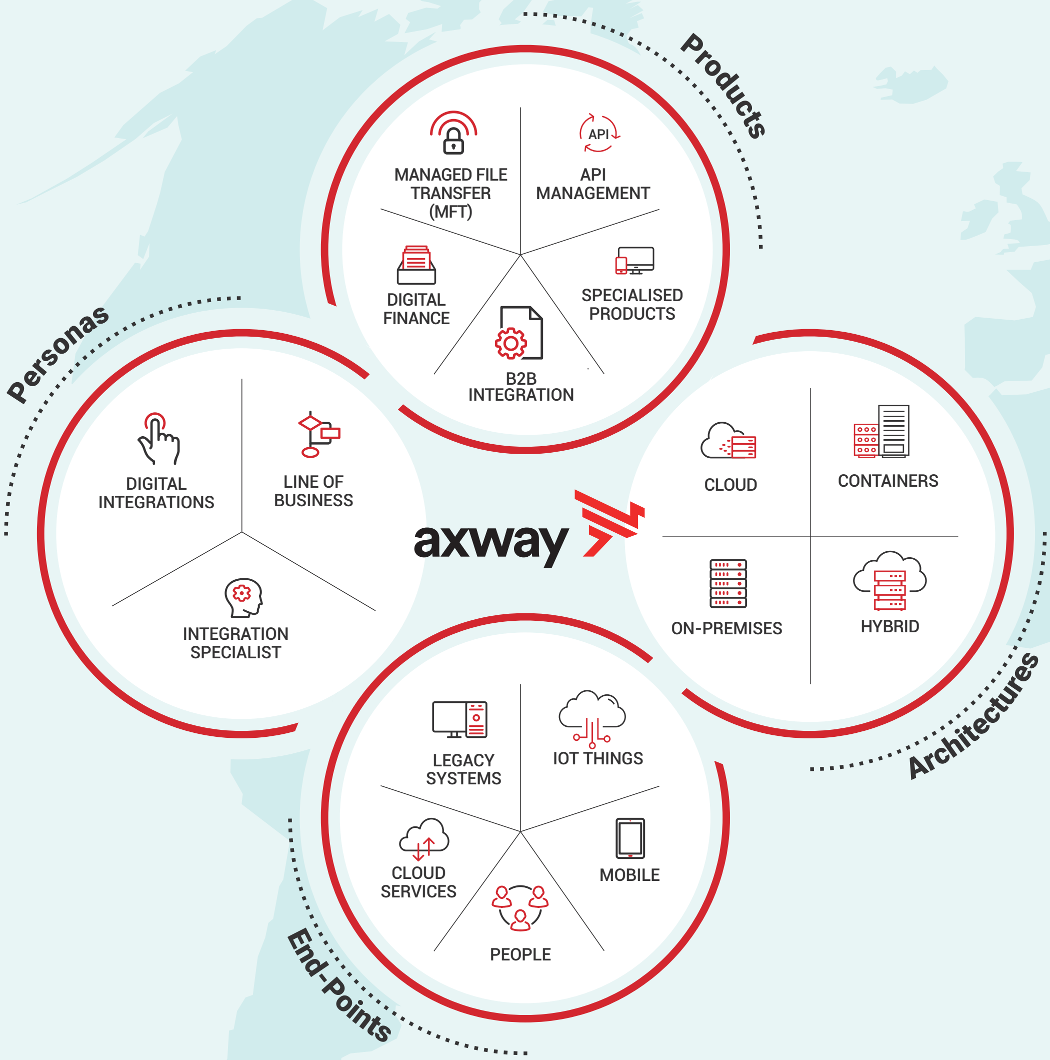
PRODUCTS

- Robust and diverse products portfolio
- Recognised technological leadership
- Strong innovation investments
- 51 technology patents
- Distribution in 100+ countries

ECOSYSTEM

- 11,000+ customers in 100 countries
- Worldwide partners & suppliers networks
- Diversified minority shareholders base
- Established CSR Commitments

Offers



RAMP-UP OF CLOUD AND SAAS MODELS

CONSTANT INNOVATION

SECURITY THREATS AND GREATER REGULATORY PRESSURE

TALENT WAR

SECTOR CONSOLIDATION

Strategy

Technological excellence & Portfolio focus

Sustained growth and profitability

Reinforced CSR ambitions

Value creation

With our Stakeholders

EMPLOYEES & CANDIDATES

- Employee engagement score of 66%
- 204 recruitments with 98% permanent contracts
- Skills developments with 29,915 training hours
- Open dialogue with management
- Employee share ownership plans

CUSTOMERS

- Best in class products
- Technology agnostic solutions
- Strong security standards
- High satisfaction rate
- EcoVadis silver ranking

SHAREHOLDERS

- Euronext listing
- Middlenext code compliance
- Gaïa rating participation
- Information transparency awards
- Dedicated team and website

PARTNERS & SUPPLIERS

- Ethics tools and whistle-blowing system
- Sustainable purchasing initiatives (in progress)

CIVIL SOCIETY

- UN Global Compact commitment
- Recycling & donation programmes
- Charity initiatives
- Education partnerships
- Carbon neutral programmes (in progress)

1

Axway and its business activities

This Chapter presents Axway's history and business strategy. For the past few years, the accelerated adoption of the cloud and "as a service" models by major organisations has been transforming the Company's environment. After a successful transformation cycle to become a leader in the hybrid integration market, in 2021, the Company has focused on strengthening its position in its most promising market, API management. Thanks to the expertise of over 1,700 employees around the world and continuous investment, Axway supports 11,000 customers and their digital ecosystems on a daily basis to successfully and securely move their mission-critical data.

1.1 Axway's history

2001-2010: Axway, the software subsidiary of Sopra group

Spin-off and European development

Axway was created in January 2001 through the spin-off of the "infrastructure software" business of the IT services group Sopra (now Sopra Steria). The different IT infrastructure solutions operated by the Group, including notably the *Règles du Jeu* software and the CFT and InterPel (Managed File Transfer) tools, were then grouped together within a single entity.

Between 2001 and 2005, the number of customers of the subsidiary doubled to 6,000. With the acquisition of Viewlocity in Sweden in 2002, Axway took a new step in its international development and by 2005 was established in most of the major European countries.

North American development and market leadership

The second major step in Axway's development aimed to align the Company's geographic presence with market realities. This involved significantly developing Axway's presence in the United States.

In 2005, the US represented over 50% of the global infrastructure software market, but Axway was only earning 4% of its annual revenue in the country. At the time, the Company also had ambitions to become a leader in several market sub-segments, particularly in the Managed File Transfer (MFT) and Business-to-Business (B2B) integration fields.

When it acquired Cyclone Commerce in 2006, Axway's Executive Management moved to the United States. The successive acquisition of Atos group's B2B activities and Tumbleweed in 2007 and 2008, further consolidated Axway's offer and position with both US and European major customers.

In 2009, Axway reached its development goals when it was ranked by the main market analysts as a leader in the Managed File Transfer (MFT) and Business to Business (B2B) integration segments. The share of revenue earned in the US increased from 4% in 2005 to nearly 30% in 2009 and 42% by the end of 2021.

Axway, an independent leading figure in the infrastructure software market since 2011

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

Thanks to a unique position in the data exchange sector, Axway started to ramp-up digital in its business model from 2012. To support its customers' transformation and changes to data consumption methods, the Company relaunched development of its product portfolio through the successive acquisitions of the companies Vordel, Systar, Appcelerator, Syncplicity and Streamdata.io between 2012 and 2019.

As a result, Axway extended its technological expertise to the fields of API, Mobile and Analytics. Since then, the Company has been able to offer its customers complete software solutions turning customers' heritage infrastructure into brilliant digital experiences.

Supported by a strong and diverse product portfolio, Axway has emerged as an independent leader in the hybrid integration market thanks to its Amplify offering for full lifecycle API management.

1

Axway's acquisition history

Date	Event
January 2001	Spin-off of Sopra group's infrastructure software business to create Axway
April 2002	Acquisition of Viewlocity (Sweden)
January 2006	Acquisition of Cyclone Commerce (USA)
February 2007	Acquisition of Atos group's B2B software business (Germany)
September 2008	Acquisition of Tumbleweed (USA)
June 2011	IPO on the Euronext Paris stock exchange
November 2012	Acquisition of Vordel (Ireland)
September 2013	Acquisition of the assets of SCI (Brazil)
January 2014	Acquisition of the assets of Information Gateway (Australia)
April 2014	Acquisition of Systar (France)
January 2016	Acquisition of Appcelerator (USA)
February 2017	Acquisition of Syncplicity (USA)
March 2019	Acquisition of Streamdata.io (France)

1.2 Overview of Axway's markets

1.2.1 Axway in the infrastructure software market

With revenue of €285.5 million in 2021, Axway is France's 2nd largest horizontal software publisher(1).

Gartner expects global spending on infrastructure software to reach US$369.3 billion in 2022, with a constant currency CAGR of 11.5% between 2021 and 2025(2).

As a software publisher, Axway operates in several infrastructure software sub-segments and specifically application infrastructure and middleware. In total, Gartner estimates the application infrastructure and middleware sub-segment market at US$52.4 billion in 2022(3). Within the application infrastructure and middleware sub-segment, Axway participates in four specific markets:

- API Management;
- Managed File Transfer (MFT);
- B2B Gateway Software (B2B-EDI Integration);
- Integration Platform as a Service (iPaaS).

For 2022, Gartner estimates growth in the different technology markets in which Axway operates as follows: Full Life Cycle API Management +18.6%, Integration Platform as a Service (IPaaS) +21.4%, Managed File Transfer +3.7%, B2B Gateway Software -3.4%(2).

As an international player, Axway is exposed to the dynamics of different geographic markets. The Company has locations in 18 countries across 5 continents. Gartner estimates 2022 application infrastructure and middleware growth in Axway regions as follows: North America +14.6%, Latin America +13.7%, Western Europe +9.8% and Asia/Pacific +11.7%(2).

Supported by a large network of technology partners and dealers, this multi-local presence means that Axway solutions are used in over 100 countries. The Company can support the largest organisations with all their transnational projects.

Infrastructure software is used in cloud, hybrid and on-premise environments. Historically, Axway distributes its solutions in the form of on-premise perpetual licenses. Since 2015, the Company has also offered solutions through "as a service" Subscription contracts. To be able to provide these Subscription offers, Axway makes use of cloud and/or hybrid technology models.

(1) Source: Top 250 Numeum - EY 2021.

(2) Gartner, Forecast: Enterprise Infrastructure Software, Worldwide, 2019-2025, 4Q21 Update, Amarendra, Laurie Wurster, Fabrizio Biscotti, Shailendra Upadhyay, Bindi Bhullar, Brandon Medford, Sharat Menon, Chandra Mukhyala, Rahul Yadav, Robin Schumacher, 20 December 2021. See Disclaimer page 230.

(3) Gartner Market Statistics for 2022, current as of 8 February 2022. See Disclaimer page 230.

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

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

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

According to Gartner, "Full life cycle API management remains a dynamic and thriving market with substantial potential for both investors and vendors looking to create and manage APIs as add-ons to their offerings. Gartner expects this market to continue its strong double-digit growth for at least the next five years"[(1)].

Axway's hybrid integration offering, based on its Amplify API management solution, is recognised globally as one of the best in the industry. In the third quarter of 2020, Axway was positioned as a Leader in The Forrester Wave™: API Management Solutions[(2)]. It was also recognised as a Leader in the September 2021 Gartner® Magic Quadrant™ for Full Life Cycle API Management for the sixth time[(1)]. Axway aims to maintain its leadership position in this market and continues to invest in this direction.

1.2.2 Trends observed in Axway's markets

The emergence of cloud-native services and applications in markets like Banking, Logistics or Healthcare, are putting pressure on market leaders to innovate faster to defend their positions and continue their development. Major companies with complex information systems are either proactively searching for new opportunities created by the development of digital technologies, or their ecosystem (customers, partners, suppliers) is pushing them to do so.

Nowadays, the significant drivers of technology development in the infrastructure software market are based around:

1. **Cloud and Hybrid Cloud**: by 2023, the cloud will account for 56% of total enterprise application spending, up from 44% in 2018[(3)]. The cloud is not just a simple deployment system for corporate solutions: it is a source of new adaptable and scalable services, which can be quickly integrated to optimise operational efficiency and generate new business opportunities;
2. **No-Code and Low-Code Platforms:** to increase the velocity at which successful businesses execute their strategy, the need to leverage all employee skills is necessary. From the technical to the non-technical resources, no-code and low-code platforms enable greater innovation velocity without worrying about complex enterprise infrastructure through an intuitive and easy to use experience, boosting greater overall productivity;
3. **Edge:** end users now require connectivity, responsiveness, and delightful experiences of applications across all devices: mobile, wearables, and IoT (*e.g.* automobiles). Such outcomes are only possible by bringing application runtime and data services closer to the customer. This is accomplished through cloud, microservices, APIs, and intelligent traffic routing;
4. **DevOps:** responsiveness to customer needs and demands enables increased added value to be delivered. DevOps delivers greater customer responsiveness through Continuous Integration/Continuous Delivery (CI/CD) by enabling faster feature releases and lower error rates. Therefore, businesses that are elite DevOps organisations will take a large share of customer value through accelerating value delivery and fault tolerance;
5. **Ecosystems:** businesses are not isolated entities. They operate with partners, supply chains, and service providers. Employees, partners, and customers are increasingly distanced and digital. Industries are transforming to meet this accelerating digital transformation. The banking, finance, healthcare, retail, logistics and warehousing sectors have had to accelerate their digital strategy in order not to be disrupted. One of the key components of an efficient digital strategy is to select and integrate the right partners to enable innovation and maximise customer value. A company's ecosystem, its health, and its ability to adapt therefore become indicators of overall success.

Aware of these changes, major organisations are seeking state-of-the-art approaches, based on digital platforms able to optimise data access, extract its value, provide flexible and agile interaction frameworks, involve ecosystems, and develop unique applications which create value for their businesses. While all major organisations now have a digital strategy, only a minority reach their deployment targets and fully benefit from the intrinsic value of their data.

(1) *Gartner® 2021 Magic Quadrant™ for Full Life Cycle API Management, Shameen Pillai | Kimihiko Iijima | Mark O'Neill | John Santoro | Akash Jain | Fintan Ryan, 28 September 2021. See Disclaimer page 230.*

(2) *The Forrester Wave™: API Management Solutions, Q3 2020, Forrester Research, Inc., 4 August 2020.*

(3) *Gartner, Forecast Analysis: Public Cloud Services, Worldwide, 14 November 2019. See Disclaimer page 230.*

1.2.3 The competitive environment

With its broad range of software products, Axway operates in several markets among a variety of competitors. In early 2022, Axway's competitive environment can be summarised as follows:

- **major generalists** covering a very wide range on the global information systems market like Amazon Web Services, Google, IBM-RedHat, Microsoft, SAP, Oracle, Salesforce, or Broadcom-CA Technologies.

  These major names - whose most recognised expertise includes operating systems, public and private cloud services, search engines and ERPs - all have capacities in certain infrastructure or integration markets. They can provide standardised offers able to respond to basic integration requirements. Axway's added value compared to these companies is demonstrated through long-standing expertise and specialised solutions for a collection of key technologies in the development of complex IT infrastructure solutions. Thanks to the advanced functionalities of Axway products, the Company is able to cover all complex integration scenarios, especially those that rely on file-based heritage infrastructures, that a major successful organisation might encounter.

  Axway also stands out for its position as an independent, technology-agnostic vendor. This approach is reflected by the Amplify offering capacities, which enable all data in an IT ecosystem to interact, on-premise and/or in the cloud, from all devices and through hundreds of applications;

- **infrastructure and integration specialists** like Boomi, Software AG, Tibco, Progress, MuleSoft, Apigee, WSO2, Kong, Postman or Informatica.

  These companies, which include cloud-natives, incumbents and specialist subsidiaries of generalists, are seeing their respective expertise and technologies converge towards new common markets. Axway stands out as an integration specialist thanks to 20 years of continued investment in data exchange businesses.

  A long-standing specialist in Managed File Transfer (MFT) and B2B-EDI integration, Axway has made 11 strategic acquisitions in its 20-year history to build one of the most comprehensive offering portfolios on the market.

1.2.4 Customers and target markets

Axway offers are aimed at all major organisations with complex information systems. Axway primarily offers horizontal software solutions able to target the needs of all types of customers, independent of their business sector. In addition, the Company also has a portfolio of specialised solutions for the specific needs of certain industries.

Axway customers - financial institutions, major players in manufacturing, retail, healthcare and the public sector - benefit from the Company's independent expertise to support them in their strategic choices of IT infrastructure solutions.

Each day, Axway solutions help 11,000 customers worldwide transform their businesses and industries.

In the **Financial Services** sector, Axway solutions allow optimised management of data flows which are critical to the operations of banks and their customers, financial markets and their regulators. Axway's specialised product portfolio also includes solutions able to support open API standards as well as accounting and payment flow integration.

In Advanced **Manufacturing**, Axway solutions are at the heart of the business, providing end-to-end visibility on **supply chains** through real-time data analysis. Axway's expertise helps limit costs thanks to agile infrastructure and automation tools. The Company has, in particular, in-depth knowledge of **supply chains** in the **Healthcare** sector and the **Automotive** industry.

In **Retail**, Axway's expertise extends from inventory and point-of-sale management solutions to final customer-focused applications, maximising the use of data to make it an asset which creates value.

In the **Public Sector,** Axway's products help governments secure, modernise and adapt their IT infrastructures to deliver a range of digital services. From secure data exchange to business-critical data governance, Axway's products enable critical data to be delivered to the people who need it, when and where they need it. Axway's offerings simplify administrative processes, streamline data management and associated costs, secure exchanges and enable critical use cases such as identity verification.

In **Transportation & Logistics,** Axway's solutions simplify data exchange, visibility and authorisations associated with transporting goods seamlessly around the world.

1.3 Strategy and objectives

AFR

1.3.1 Axway's strategy

As a software publisher and a leader in digital transformation, Axway supports the modernisation of its customers' IT infrastructures by securely moving, integrating or exposing their strategic data.

Axway's different technological areas of expertise converge to connect people, devices, companies and stakeholder ecosystems, thanks to software solutions which are turning customers' heritage infrastructure into brilliant digital experiences which create value for each use case.

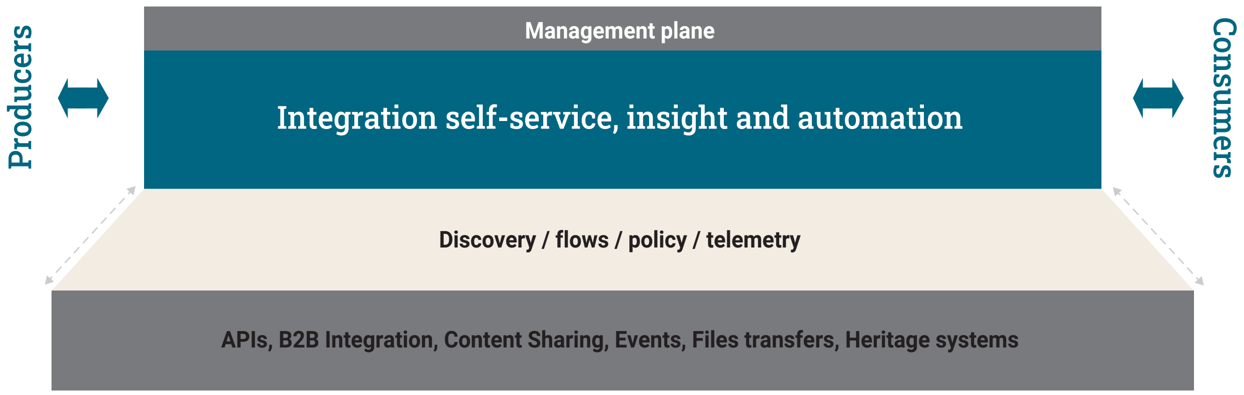
To be able to offer its customers a unique digital experience to tackle all of a major company's integration scenarios, thanks to a unified product and services catalogue, Axway has been working since 2016 to ramp up its Amplify offering.

The Amplify platform, powered by APIs, brings together all the players in a major organisation's IT ecosystem around a common set of tools. The teams in charge of applications and their integration, developers, operators, architects or members of the Board of Directors, within the company or with one of its partners, use Amplify to make the use of data a competitive advantage.

Through all the ready-to-use solutions and services offered by the Amplify platform, Axway's expertise is demonstrated in the following areas:

- **API Management:** Amplify combines API management functionalities and microservices governance to streamline the management, analysis and expansion of digital services;
- **Application Integration:** Amplify provides access to a collection of pre-built integration scenarios *via* IPaaS capacities;
- **Managed File Transfer (MFT):** Amplify helps manage the largest critical data flows in a flexible and secure manner;
- **B2B-EDI integration:** Amplify helps orchestrate business interactions on all value chains in a company;
- **Mobile Integration:** Amplify was designed to offer the required flexibility for the ramp-up of mobile demand, thanks to offers ranging from managed solutions to complete real-time data control.

Amplify Securely Opens Everything



The Amplify ecosystem

The Amplify platform is able to evolve the existing infrastructure solutions of major organisations, and it accommodates cloud, hybrid and on-premise architectures. Its different components are distributed as Subscriptions or Licenses to respond to the challenges of all types of customers.

In addition to the technological functionalities described previously, the Amplify platform offers various high added-value outcomes:

- **agility:** single control plane to manage all vendor gateways in the ecosystem providing automated visibility and traceability of transaction flows;
- **flexibility:** hands-free visibility and governance, integration with Axway and non-Axway infrastructure and gateways;
- **efficiency:** automation that allows the management and maintenance of the integrity of the catalogue and elimination of long manual interventions;
- **risk reduction:** secure open event-based platform enabling to processes to be automated and integrated with existing processes, creating productive governance that accelerates business.

The Amplify offering is a major source of growth for Axway in the years to come. Amplify commercial expansion enables Axway to accelerate the evolution of its business towards Subscription-based offers. This transformation offers the Company the sustainability of a growing, more profitable model, providing greater visibility in the medium term.

Intellectual property and Patents

At 31 December 2021, Axway had 51 patents (Issued and/or Published) relating to its technologies and solutions. These patents are filed mainly in the United States, in the security and exchange integrity market segment. The Company's business as a whole is not specifically dependent on a particular patent or technology.

1.3.2 Key events and changes in 2021

In 2021, in an economic and health context that remained highly uncertain, Axway launched a new 3-year strategic plan based on a strong product vision. There were a number of important developments throughout the year:

- Axway strengthened its business model, aiming to capitalise on its leader position in its most dynamic market, that of API management. While the anticipated spread of APIs is now a market reality, investment in Amplify over recent years has made it one of the first offerings capable of addressing the complex data governance issues faced by large organisations. This vision has enabled the Company to continue to win new customers at a sustained pace and has largely fueled the business pipeline throughout the year;
- efforts to constantly improve the Axway customer experience continued and were reflected in important reorganisations. To strengthen the privileged partner relationship that the Company seeks to offer each of its customers, teams were created to unify a global vision by product line. Several major contracts were won with long-standing customers who were particularly satisfied with the relationship of trust established with Axway. Over the year, the customer satisfaction indicator increased 4 points compared to 2020, with a Net Promoter Score reaching 29;
- Axway employee engagement remained strong despite the turbulent environment. The Employee Engagement Score was 66% for the year, once again reflecting the regular and transparent dialogue established with all employees;
- Marketing investments were continued and bore fruit. The digitalisation of events and campaigns did not prevent Axway from interacting effectively with its existing customers and prospects, as evidenced by the 25% growth in Amplify's pipeline over the year.

During the year, Axway also strengthened its CSR programme, evidencing quantified objectives defined with a timeline around the three previously identified fundamental pillars: Employer, Societal and Environmental. Using a range of key non-financial indicators, Axway's corporate responsibility ambitions are now deployed in its long-term strategy and included in the performance appraisal criteria adopted by the Company.

In addition, Axway recruited 204 new employees in 2021.

1.3.3 Next strategic priorities and ambitions for the future

"Open Everything" vision

Axway has been recognised as a major figure in the infrastructure software and integration solutions market since 2001. To transform its customers' IT data into a unique asset, Axway offers a collection of innovative and flexible solutions which provide rapid business benefits.

To create maximum value in their data ecosystems with their customers, partners and employees, organisations must "Open Everything" to securely integrate and move data across a complex world of new and old systems.

Maintain a growing and profitable model through a focused product portfolio

Through several years of work and significant investment, Axway has built its Amplify offering by leveraging the proven capabilities of its API management offering, enhanced with powerful integration tooling and support for complex organisational structures. The Company also enjoys a historical leader position thanks to its MFT, B2B and Digital Finance offerings which are leading solutions in their respective markets.

Although Axway faced unusual buying trends in Q4 2021, this range of key products grew over the fiscal year.

While customer satisfaction remains an absolute priority in the MFT, B2B and Digital Finance markets, and Axway plans to maintain its recognised positions in its mature markets, the highly differentiating added value provided by the Amplify API platform is a growth driver for the Company, which will therefore continue to invest to fuel its development.

At the same time, Axway aims to make the most of the specialist solutions completing its software portfolio. An in-depth review will be conducted in 2022 of certain niche products that produce little growth and/or profit, so that the Company can focus on growing its key products.

2022 Targets & Outlook

For 2022, Axway's objective is to achieve organic revenue growth of between 1% and 3%. The Company also aims to improve its profitability, with a margin on operating activities of between 12% and 14% of revenue for the year.

In the medium term, Axway's ambitions remain:

- to achieve revenue of €500 million through organic growth in sales and through acquisitions;
- to return to operating margin on business activity rates above 15%;
- to sustainably increase earnings per share to above €1.

1.4 Key figures and comments on the 2021 consolidated financial statements

1.4.1 Key figures

(in millions of euros)	**2021**	**2020**	**2019**
Revenue	285.5	297.2	300
EBITDA	41.3	43.7	38.7
Profit on operating activities	32.9	30.8	25.9
As a % of revenue	*11.5%*	*10.4%*	*8.6%*
Profit from recurring operations	19.9	17.6	14.6
As a % of revenue	*7.0%*	*5.9 %*	*4.9%*
Operating profit	17.3	17.6	14.3
As a % of revenue	*6.1%*	*5.9%*	*4.8%*
Net profit – Group share	9.6	8.5	5.4
As a % of revenue	*3.4%*	*2.9%*	*1.8%*
Number of shares at 31 December	21,633,597	21,351,066	21,225,381
Basic earnings per share *(in euros)*	0.45	0.40	0.25
Diluted earnings per share *(in euros)*	0.43	0.38	0.24
Net dividend per share* *(in euros)*	0.40	0.40	-
Cash and cash equivalents	25.4	16.2	21.1
Total assets	582.9	559.3	568.8
Total non-current assets	424.6	422.9	442.7
Deferred income (current)	55.8	54.7	60.6
Shareholders' equity – Group share	372.2	355.5	362.6
Net debt (cash)	36.5	24.0	21.6
Employees at 31 December	1,712	1,888	1,885

* *The distribution of a dividend of €0.40 per share will be presented to shareholders' vote at the General Meeting of 24 May 2022.*

1.4.2 Comments on the 2021consolidated financial statements

Operating performance and activity

In 2021, Axway generated revenue of €285.5 million, down 2.7% organically and 3.9% in total. While the scope of consolidation did not change during the year, exchange rate fluctuations negatively impacted revenue by €3.7 million, mainly due to the depreciation of the US dollar and the Brazilian real against the euro.

Profit on operating activities improved for the second year in a row, finishing at €32.9 million for the period, or 11.5% of revenue, compared to 10.4% in 2020.

Profit from recurring operations was €19.9 million in 2021, or 7.0% of revenue, compared to 5.9% the previous year. It includes amortisation of allocated intangible assets of €8.6 million and a share-based payment expense of €4.4 million.

Operating profit for the year was €17.3 million, or 6.1% of revenue. Net profit for the period was €9.6 million, representing 3.4% of revenue compared to 2.9% (€8.5 million) in 2020 and 1.8% (€5.4 million) in 2019

Finally, Basic earnings per share were €0.45 for the year, up from €0.40 in 2020.

Revenue by business line

(in millions of euros)	2021	2020 Restated*	2020 Reported	Total Growth	Organic Growth*
License	18.6	25.3	25.8	-28.0%	-26.6%
Subscription	114.2	96.1	97.3	+17.4%	+18.9%
Maintenance	119.0	136.6	138.2	-13.9%	-12.9%
Services	33.8	35.6	36.0	-6.0%	-4.9%
Axway Software	**285.5**	**293.5**	**297.2**	**-3.9%**	**-2.7%**

* *Revenue at 2021 scope and exchange rates.*

License revenue was €18.6 million in 2021 (6% of total revenue), an organic decrease of 26.6%. As customers favour more than ever the economic and technological flexibility of subscription offers, the License activity fell sharply over the year as expected. This decline is explained in particular by the drop in the number of significant contracts signed by the company at the end of the year.

The Subscription activity generated revenue of €114.2 million in 2021, with organic growth of 18.9% and 17.4% in total. Having grown steadily over the past three years, the activity now represents 40% of Axway's annual revenue. New customer wins accelerated throughout the year for key products in Axway's portfolio, including the Amplify API management offering which won 51 new customers in 2021. Certain specialised products operating in the cloud suffered from a high attrition rate, slowing overall activity growth. Sales performance over the period was satisfactory, as evidenced by the signing of new subscription contracts for an annual contract value (ACV) of €33.2 million, up 4.2% compared to the very high comparison base in 2020.

The Signature Metric therefore fell 2.2% in 2021.

Maintenance revenue was €119.0 million in 2021, or 42% of total revenue. As expected, and in line with the first nine months of the year, the activity reported a full-year organic decline of 12.9%. This trend is explained by the migration of the value of certain maintenance operations to the Subscription revenue line, as customers adopt more flexible contractual models.

Axway's recurring revenue, which includes Subscription and Maintenance contracts, represented 82% of the Company's revenue in 2021, i.e., €233.2 million, an increase compared to 2020 (79%). This includes €51.5 million of upfront revenue, recognised on the signing of Subscription contracts. Recurring revenue also represented 93% of Axway's product revenue (Licenses, Maintenance and Subscription) over the year, confirming the effective transition to recurring contracts, which should offer better visibility and more stable forecasts from 2023.

Still impacted by the health crisis and associated restrictions, the Services activity generated revenue of €33.8 million (12% of total revenue) in 2021, down 4.9% organically. While activity grew in some regions where remote services are possible, the situation was much less favorable in most major European countries and in the United States.

Revenue by geographic area

(in millions of euros)	2021	2020 Restated*	2020 Reported	Total Growth	Organic Growth*
France	81.4	93.5	93.5	-12.9%	-12.9%
Rest of Europe	67.4	62.9	62.3	+8.1%	+7.2%
Americas	119.4	120.8	125.3	-4.7%	-1.2%
Asia/Pacific	17.3	16.4	16.1	+7.4%	+5.8%
Axway Software	**285.5**	**293.5**	**297.2**	**-3.9%**	**-2.7%**

* *Revenue at 2021 scope and exchange rates.*

France reported revenue of €81.4 million in 2021 (28% of total revenue), an organic decline of 12.9%. In the country, at the end of the year, several large deals were postponed, causing a significant decrease in sales compared to the particularly high comparison base of Q4 2020.

The **Rest of Europe** region achieved organic growth of 7.2% in 2021, with revenue of €67.4 million, representing 24% of total revenue. The robust momentum of the Subscription activity (+50.9%) and the resilience of the License activity (+6.7%) helped offset the decline in other activities.

The **Americas (USA & Latin America)** generated revenue of €119.4 million over the year (42% of total revenue), with an organic decrease of 1.2%. Although not sufficient to compensate for the decline in License activity, Subscription activity accelerated significantly over the year as expected (+18.4%).

Asia/Pacific achieved annual revenue of €17.3 million (6% of total revenue), with organic growth of 5.8%. Thanks to growth in excess of 20% in the Subscription and Services activities, and more generally a return to normal business levels, Axway enjoyed a good year in the region.

Comparison of fiscal years ended 31 December 2021, 2020 and 2019

(in millions of euros)	2021	2020	2019
Revenue	**285.5**	**297.2**	**300.0**
License	18.6	25.8	52.8
Subscription	114.2	97.3	59.6
Maintenance	119.0	138.2	146.7
Sub-total Licenses, Subscription and Maintenance	**251.7**	**261.3**	**259.1**
Services	33.8	36.0	40.8
Cost of sales	**83.3**	**87.,6**	**88.4**
License and Maintenance	24.6	24.9	23.4
Subscription	27.0	28.3	26.7
Services	31.7	34.4	38.3
Gross profit	**202.3**	**209.7**	**211.5**
As a % of Revenue	70.8%	70.5%	70.5%
Operating expenses	**169.4**	**178.8**	**185.6**
Sales costs	89.0	92.9	99.1
Research & Development expenditure	55.3	60.4	61.3
General expenses	25.0	25.5	25.1
Profit on operating activity	**32.9**	**30.8**	**25.9**
As a % of Revenue	11.5%	10.4%	8.6%

Cost of sales and gross margin

In 2021, in an economic and health context that remained highly uncertain, the Company was particularly agile and successfully adapted its organisation and resources. Cost of sales fell 4.9%, consistent with and slightly above the 3.9% decrease in revenue.

The gross margin therefore continued to improve, reaching 70.8% of revenue in 2021.

The License and Maintenance gross margin fell -3.5% on 2020 due to a €26.4 million decrease in revenue. Costs remained stable year-on-year.

In 2021, the Subscription gross margin improved significantly to €87.2 million, or 76.4% of revenue, a robust rise of +26.3%. In 2020, this margin was €69.0 million, or 70.9% of revenue. This strong margin was generated thanks to a 17.4% increase in Subscription revenue combined with a 4.5% decrease in costs (hosting costs and salaries).

The Services gross margin improved 39.3% year-on-year, despite a €1.8 million fall in revenue. In 2021, the Services gross margin reached 6.4%, compared to 4.3% a year earlier. This additional margin is mainly due to a -€0.9 million reduction in salary costs following a contraction in the number of employees and a decrease in sub-contracting costs of -€1.1 million.

Operating expenses

Profit on operating activities was €32.9 million, representing 11.5% of revenue, compared with 10.4% in 2020. Optimised cost management and the expected fall in Research & Development expenses after several years of major investment, enabled a €2.1 million improvement in profitability despite the fall in business volume.

Operating expenses fell €9.4 million (-5.3%) on 2020, due to a decrease in sales costs of €3.9 million (-4.2%) and research and development expenses of €5.1 million (-8.4%).

Sales costs totalled €89.0 million in 2021 and represented 31.2% of revenue, compared with €92.9 million in 2020 (31.2% of revenue). This decrease in costs in absolute terms is mainly due to a contraction in commission and bonuses tied to the fall in business volume. In addition, the cancellation of marketing events and the reduction in travel expenses in the context of the health crisis generated savings of €0.6 million.

Research and development investment fell thanks to optimised management, with expenditure totalling €55.3 million, or 19.4% of revenue. This represents a decrease on 2020 expenditure of €60.4 million (20.3% of revenue).

Research and development expenses are down €5.1 million. Savings were realised following the departure of employees not replaced of €2.9 million and the push back of recruitment. In addition, expenses relating to external structure personnel fell €1.1 million, with further savings of €0.9 million, notably in travel expenses.

General expenses totalled €25.0 million and represented 8.8% of revenue, stable on 2020 (€25.5 million).

Balance Sheet and financial structure

At 31 December 2021, Axway had a solid financial position, with cash of €25.4 million and bank debt of €61.8 million.

1.5 Comments on the Axway Software SA 2021 annual financial statements

The financial statements described below are those of Axway Software SA. They present the financial position of the parent company, strictly speaking. They do not include the financial statements of the Group's subsidiaries, unlike the consolidated financial statements.

1.5.1 Income Statement

2021 revenue increased 6.3% on 2020. Revenue from non-Group customers rose 0.8% (License +26.9%, Maintenance -44.1%, Services -49.6%, Subscription +127.9%) while inter-company revenue increased 10.7%.

The operating loss was -€12.3 million in 2021, compared with -€16.7 million in 2020. Despite savings in seminar costs (-€1.4 million), with most seminars held remotely due to COVID-19 health circumstances and a reduction in telecommunication costs (-€0.7 million) with increased working from home, operating expenses increased significantly. In particular, expenses relating to inter-company transactions rose +€8.1 million and IT maintenance costs rose +€1.5 million.

The net financial income (expense) improved from a net expense of -€3.6 million in 2020 to net income of +€4.1 million in 2021. The main movements in this heading comprised a fall in dividends received from subsidiaries of -€1.8 million, and increased reversals of provisions for current accounts of +€5.3 million. Financial expenses fell significantly due to a -€4.5 million decrease in the provision for foreign exchange losses.

The pre-tax current loss improved from -€20.4 million in 2020 to -€8.2 million in 2021.

The net exceptional expense was -€4.7 million in 2021, compared with -€4.9 million 2020. Exceptional expenses were impacted this year by Workday software implementation costs of €1 million. Commercial debt waivers were granted again this year to eight of our subsidiaries given their difficult net position for a total of €4.2 million, down -€0.5 million on 2020.

Employee profit-sharing totalled €0.8 million in 2021, compared with €0.9 million in 2020.

The 2021 net loss was -€7.8 million, compared with -€12.8 million in 2020.

1.5.2 Balance sheet

Shareholders' equity fell from €243.9 million at 31 December 2020 to €229.6 million at end-2021.

This decrease was due to the appropriation of the 2020 net loss of -€18.2 million to retained earnings, and the partial use of discretionary reserves for the payment of dividends in the amount of €8.5 million.

The -€3.4 million decrease in intangible assets and property, plant and equipment is due to IT equipment scrapped and licences that are now obsolete.

The +€2.3 million increase in non-current financial assets follows an increase in receivables from equity investments relating to our subsidiary in Ireland of +€2.2 million. The March 2021 creation of a new entity, Axway Switzerland, with a share capital of CHF 20 thousand (€18 thousand) increased the value of equity investments, as well as receivables from equity investments in the amount of €0.4 million.

The +€13 million increase in Trade receivables was mainly due to the increase in inter-company accrued income of +€21.1 million (including €17.7 million rebilled in respect of free shares to be granted); alongside a -€5.6 million decrease in customer receivables (France customers: -€4.5 million and export customers: -€1.3 million). The debt waivers granted to our subsidiaries contributed -€2.3 million to the reduction in trade receivables and -€1.9 million to the reduction in accrued income.

Other receivables, prepayments and accrued income fell -€7.5 million year-on-year, with lower translation adjustments on USD-denominated receivables and payables due to a more favourable USD exchange rate this year (including -€4.3 million on Axway Inc. current account receivables). Tax receivables also fell - €2.2 million due in part to research tax credits which decreased -€1.7 million on 2020.

Cash and cash equivalents increased +€15.8 million. In October 2021, a contract was signed with CM-CIC to perform share buybacks for the purpose of the employee free share grant plan. Share buybacks totalled €9.5 million at the end of December 2021. A €24 million credit facility was used to offset these share buybacks estimated at €16.5 million.

Bank balances increased by +€6.5 million.

Provisions increased by +€16.4 million. A total of €21.6 million was provided for the purchase of treasury shares for distribution under the free share plans. At the same time, due to a decrease in unrealised foreign exchange losses, the provision for foreign exchange losses was also reduced by -€4.9 million.

The repayment of loans from BPI and Banque Populaire enabled a -€2.4 million decrease in financial debt. At the same time, two new drawdowns on the RCF were also performed for a net amount of €24 million. Loans from equity investments also decreased -€3.9 million.

The +€6.8 million increase in Trade accounts payable was due in part to an increase in inter-company accrued expenses of -€4.5 million (+€0.8 million for cloud costs, +€0.9 million for purchase priced maintenance costs and +€2.0 million for R&D costs). Unpaid suppliers invoices also increased at the year end by +€2.4 million.

Tax and employee-related payables fell -€5.2 million. Employee-related payables decreased -€4.0 million (notably due to commission and bonuses, including social security contributions) and tax payables fell by -€1.2 million.

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

Pursuant to Article D. 441-6 of the French Commercial Code, trade accounts payable at 31 December 2021 break down as follows:

Article D. 441-6: Unpaid invoices received past due at the fiscal year-end

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment brackets						
Number of invoices	159					135
Total amount of invoices excluding VAT	2,582,711.29	281,639.86	990,629.52	211,075.04	4,353,890.96	5,837,235.38
Percentage of total purchases for the fiscal year, excluding VAT	2.35%	0.26%	0.90%	0.19%	3.97%	5.32%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of excluded invoices	NONE					
Total amount of excluded invoices	NONE					
(C) Reference payment periods applied (contractual or statutory - Article D. 441-6 of the French Commercial Code)						
Payment terms of reference used to calculate late payments	Statutory period: 30 days from the invoice date					

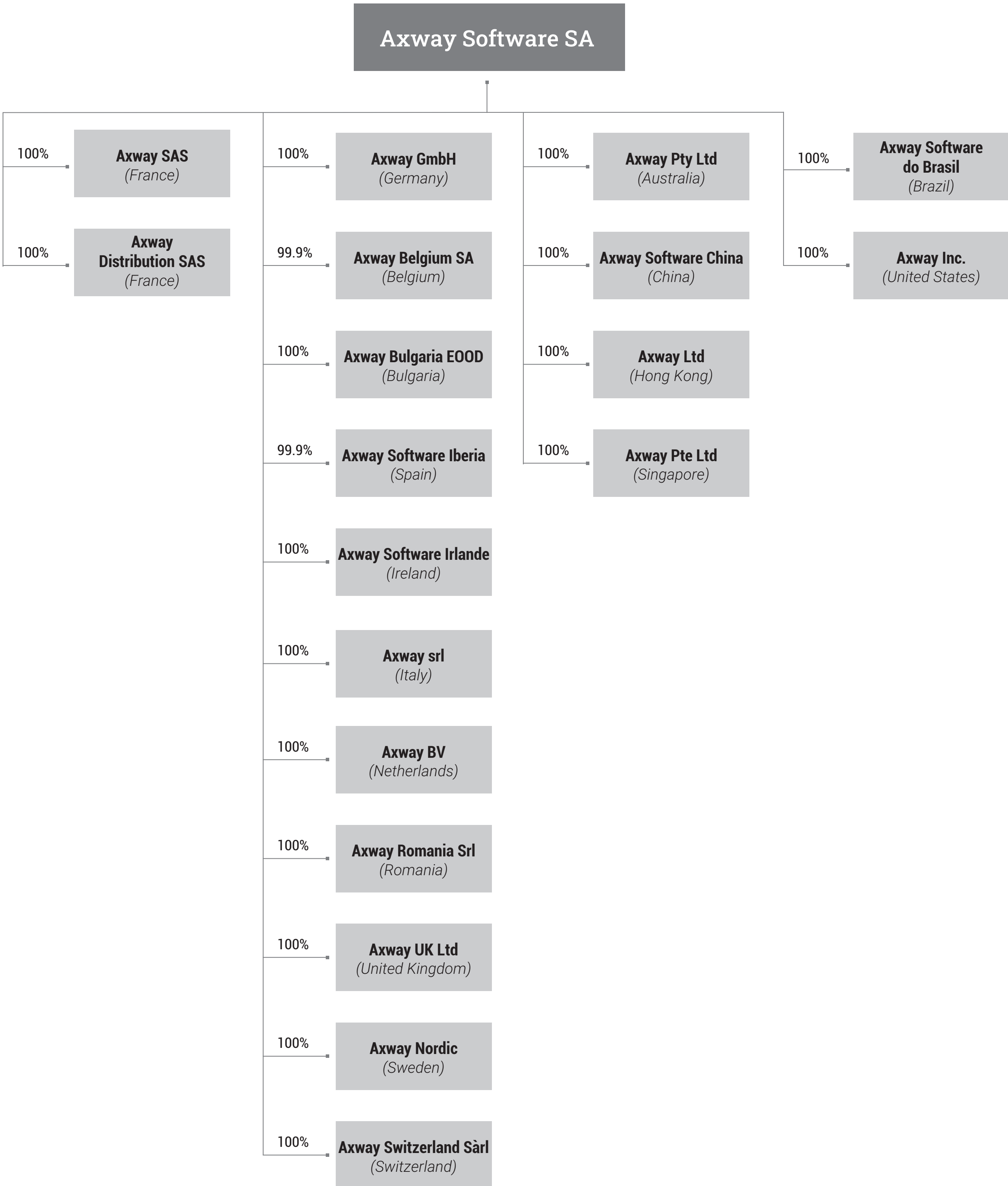
Trade receivables break down as follows:

Article D. 441-6: Unpaid invoices issued past due at the fiscal year-end

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total 1 day and over
(A) Late payment brackets						
Number of invoices	542					539
Total amount of invoices excluding VAT	20,207,412.71	1,045,825.71	2,529,976.10	484,152.43	7,983,510.74	12,043,464.97
Percentage of total purchases for the fiscal year, excluding VAT	12.08%	0.63%	1.51%	0.29%	4.77%	7.20%
(B) Invoices excluded from (A) regarding disputed or unrecognised debts and receivables						
Number of excluded invoices	NONE					
Total amount of excluded invoices	NONE					
(C) Reference payment periods applied (contractual or statutory - Article D. 441-6 of the French Commercial Code)						
Payment terms of reference used to calculate late payments	Statutory period: 30 days from the invoice date					

Invoices issued and past due more than 91 days are mainly inter-company receivables.

1.6 Axway's simplified structure at 31 December 2021



1.7 Axway Software at a glance

Company name	**The Company name is Axway Software.**
Place of registered office	The registered office is located at PAE Les Glaisins, 3 rue du Pré-Faucon, 74940 Annecy, France. The Company also has four secondary establishments located at Tour W 102 Terrasse Boieldieu, 92085 Paris La Defense Cedex, France and 23 rue Crepet, 69007 Lyon, as well as 23 rue Matabiau, 31000 Toulouse and 35 chemin du Vieux Chene, 38240 Meylan. The head office is located at 16220 N Scottsdale Rd. Suite 500, Scottsdale AZ 85254, USA.
Shareholders and investors website	Axway has a website dedicated to its shareholders and investors, www.investors.axway.com. The information presented on this website is not an integral part of this Universal Registration Document, unless expressly incorporated by reference.
Date of incorporation and Company term	The Company was incorporated on 28 December 2000 for a term of 99 years. The Company's term will therefore expire on 28 December 2099 unless it is dissolved before that date or the term is extended.
Legal status and applicable legislation	Axway is a French law public limited company (*société anonyme*). It is therefore governed by all the texts applicable to commercial companies in France and particularly the provisions of the French Commercial Code.
Trade and Companies Register	Annecy Trade and Companies Register under number 433 977 980. Its APE code is 5829A.
LEI	9695002206SP7FQONJ77.
SIRET	433 977 980 00047

Corporate purpose (Extract from Article 2 of the Articles of Association)
"The Company's purpose in France and abroad is: the publishing, sale, distribution, installation and maintenance of all types of software packages, the design and development of any software programme, the integration of any IT system, the sale of any IT systems and hardware, and the provision of any related services, training, consultancy and hosting; the Company's, direct or indirect involvement, by any means, in any transaction connected with its purpose by means of the incorporation of new companies, transfer of assets, subscription or purchase of securities or ownership interests, merger or otherwise, creation, purchase, leasing, lease management of any business goodwill or premises; the registration, purchase, use or disposal of any processes and patents connected with these activities. And, in general, all industrial, commercial, financial, procedural, movable property or real-estate transactions that may be directly or indirectly related to the corporate purpose or any similar or connected purpose."
Documents available for consultation
Axway Software's Articles of Association, the minutes of General Meetings and the reports of the Board of Directors to the General Meetings, Statutory Auditors' reports, the financial statements for the last three fiscal years and, more generally, all documents sent to or made available to shareholders pursuant to prevailing laws and regulations may be consulted at Tour W 102 Terrasse Boieldieu, 92085 Paris La Defense Cedex, France. Where applicable, these documents are also accessible on Axway's website www.investors.axway.com which notably contains regulated information published in accordance with Article 221-1 *et seq.* of the AMF General Regulations. Axway's Ethics charter and Securities Trading Code of Conduct can also be consulted on Axway's website at the following link: https://investors.axway.com/en/bylaws-regulations-agreements.
Fiscal year
The Company's fiscal year commences on 1 January and ends on 31 December of each year.

1.8 Axway's Organisation

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

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

1.8.1 Permanent Structure

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

Executive Management

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

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

The members of ExCom are responsible for strategy development and supervise the organisation and management system, as well as major cross-functional initiatives.

The Board of Directors

The Company's Board of Directors is composed of 14 directors (nine of whom are independent directors). The directors elected Pierre Pasquier as Chairman at the Board meeting of 28 July 2015. Information on the Board's organisation and working procedures is presented in Chapter 4, Section 1.2 of this Universal Registration Document.

Operational departments

The operational departments make up Axway's value chain and participate in the processes of defining, producing and selling Axway's products and services. They consist of:

- the Marketing Department, which carries out upstream strategic analysis (markets, competition) and processes involved in bringing products and services to the market;
- the Innovation, Product Management and R&D Departments, which oversee product innovation, development and maintenance and subsequent upgrades;
- the Global Customer Services Department which provides customers with telephone assistance and support, and the Professional Services teams, who provide support for users in integrating and implementing the solutions sold and provide assistance in using them;
- the Sales Department, which consists of the Company's sales teams.

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

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

This structure ensures that strategies and processes are consistent and harmonised, while providing the necessary proximity to Axway customers and markets.

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

National sales subsidiaries are responsible for managing local customers: sales relationships, invoicing and debt collection. These subsidiaries benefit from the support of cross-functional programmes organised at Axway level, which aim to coordinate the operations of certain customer groups (sector-based approaches, key account approaches) or certain products/services (notably Amplify).

Functional structures

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

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

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

Axway's corporate social responsibility structure

In support of its stakeholder responsibility policy and in accordance with the recommendations of the Middlenext Governance Code updated in 2021, Axway strengthened its corporate, social and environmental responsibility (CSR) framework within its governance bodies and internal teams.

Within the Board of Directors and its committees:

- CSR is included on the agenda of the Appointments, Ethics and Governance Committee, renamed the Appointments, Governance and Corporate Responsibility Committee.

Within Executive Management:

- Patrick Donovan, Chief Executive Officer, leads the CSR policy and defines the roadmap in monthly Committee meetings with the Human Resources Director, Head of Investor Relations and the CSR Coordinator;
- the main social, societal and environmental indicators are included and measured as part of the Company's performance.

With dedicated internal teams:

- the CSR working group, in place for a number of years now, comprises representatives of the Financial Communications department who coordinate CSR, Legal, Human Resources, Pre-sales, Purchasing and IT activities. It drafts and monitors the CSR programmes;
- the network of correspondents present in Axway's subsidiaries and responsible for gathering social, societal and environmental data in line with the CSR roadmap.

1.8.2 Temporary structures: businesses and projects

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

Projects are handled by temporary teams and are supervised:

- within a national sales unit; or
- under the responsibility of a management entity, acting in concert with other entities (sales entity for local commercial support, expert product assistance, etc.).

Each project must be organised and operated based on fundamental objectives: customer service, economic success, and contribution to Axway general growth.

The main development programmes for the various product lines use resources and expertise from different development centres, under the responsibility of a Programme Manager.

1.9 Recent developments

On 19 January 2022, Axway issued a press release announcing the adjustment of its annual forecast for fiscal year 2021:

"*Paris, 19 January 2022* - In compliance with Regulation (EU) No. 596/2014, Axway (Euronext: AXW.PA) is adjusting its annual revenue forecast for the 2021 financial year. Although Axway is able to confirm its annual profitability target of an operating margin on business activity of at least 11.0% of its revenue, the Company announced today that the total revenue will not meet the expected organic growth.

While the Company was anticipating organic revenue growth of between 2.0 and 4.0% in 2021, preliminary estimates, which have not yet been finalised or audited, suggest that annual revenues will be in the order of €285.5 million, representing an organic decline of approximately 2.7%.

After growing by 2.0% over the first nine months of the year, Axway's activity declined by 13.5% in Q4 2021. Over the period, several deals have seen their schedules postponed or their budgets reallocated. Some major clients and prospects, exposed to significant recruitment difficulties in their IT and administrative teams, did not launch the expected projects. These labour shortages could continue through fiscal year 2022."

1.10 Provisional financial timetable

Event	Date	Publication/Meeting
Publication of Q1 2022 revenue	Thursday 28 April 2022	Press release (before market opening)
General Meeting	Tuesday 24 May 2022	Shareholders' Meeting (2.30 p.m. CET) - Etoile Business Center - Paris
Publication of H1 2022 results	Tuesday 26 July 2022	Press release (after market closing) Analysts virtual conference (6.30 p.m. CET)
Publication of Q3 2022 revenue	Thursday 20 October 2022	Press release (before market opening)

1.11 Financial Communication and Investor Relations Contacts

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2

Risks and Control

2.1 Risk factors

AFR NFPS

2.1.1 Risk identification and assessment

Axway operates in a constantly changing business environment. The Company is exposed to risks, financial and non-financial, internal and external, which if they materialise could have a negative impact on its activities, financial results, reputation or jeopardise the achievement of its objectives.

Risk mapping is the approach allowing to identify and assess risks. All the domains of activity in the organisation were discussed with the risk owners and members of the Executive Committee, to identify the main threats and draw up a detailed description of each corresponding risk. These were assessed based on their probability of occurrence and their potential impact on business. This assessment takes account of all mitigation measures already implemented and effective ("net risk").

Based on this work, the most material net risks for the Company were extracted and are presented hereafter. This Section presents the main risks factors to which Axway considers it is exposed. Explanations are provided on how each risk may affect Axway, as well as information on how this risk is managed.

Other risks, which Axway is not aware of or currently considers to be of lesser importance, may also have a negative impact. In particular, additional information is provided on sensitivity to foreign exchange rate and interest rate risks in Chapter 5.

While Axway cannot ensure that all risks will be eliminated, risk management and the internal control system seek to identify, qualify and mitigate risks. They are described in Section 2 of this Chapter.

The COVID-19 pandemic created an uncertain environment, and impacted Axway's business, by exacerbating some of the already existing risks reported below. However, the actions taken by the Company minimised the adverse repercussions of this global crisis on its activity and organisation.

Risk mapping as well as risk factors were validated by Executive Management and examined by the Board of Directors' Audit Committee.

2.1.2 Main risks

AFR

Risk categories	Main risks	Criticity
Risks relating to Axway's market	• Risks of lack of innovation and failure to anticipate market trends	• High
	• Risks relating to the go-to-market of products and solutions	• High
	• Risks of customer base erosion and non-renewal of Maintenance or Subscription contracts	• Medium
Risks relating to Axway's business and organisation	• Risks relating to attracting, developing, engaging, recognising and retaining talents	• High
	• Risks of technical defects in product development and production errors	• Medium
Security risks	• Information, software and internal applications security risks	• High
	• Intellectual property protection risks	• Medium
Legal and compliance risks	• Regulatory compliance risks	• Medium

2.1.3 Risks relating to Axway's market

Risks of lack of innovation and failure to anticipate market trends

Risk description

CRITICITY :

Constantly evolving market

Technology innovation is a constant feature of the market in which Axway operates. Its commercial success lies mainly in its ability to deliver innovative products and solutions to satisfy the needs of its customers.

Axway must therefore be able to anticipate any developments in technology likely to be desired by the market and the expectations of its customers. Axway must offer a range of solutions perceived by its customers as different or innovative compared to existing applications, with financial conditions that the market will accept. Customers also desire technical agility, with the possibility to use apps in the cloud and/or on premise, deploying them easily on a variety of devices.

Axway can make no assurance that the new applications developed fully meet market expectations. The inability to develop the right vision on innovation, leading to inadequate product portfolio strategy and design, could lead to failure to satisfy the present and future business needs of customers and prospects.

Increased competition

Similarly, Axway can make no assurance that other alternative or rival technologies will not be developed. These technologies could gain substantial market shares and restrict the Company's ability to successfully sell its software and services. The competitive environment together with market pace and dynamics are evolving faster than ever. This could result in the inability to deliver innovative digital transformation solutions. The risk is even higher as Axway's market has concentrated and it competes with other companies with significantly greater resources.

Potential impact on Axway

The occurrence of this risk may lead to a rise in costs, a decline in sales and, more broadly, a significant negative impact on Axway's results.

Risk management process

Continuous investment in innovation

Axway constantly invests to develop new innovative offers and solutions for its customers. The Company continues to focus its efforts on delivering the agility and functionalities expected by customers.

It pays even greater attention to its proximity, transparency and communication with customers, to better understand their expectations and anticipate market trends. Axway's product strategy is clearly established: streamline the solutions portfolio to prioritise R&D investments and focus on an innovative and high-quality offering. In addition, the Company works closely with its key customers to explore, develop and implement new and revised offers that could have wider use cases.

Strengthened teams

Axway has strengthened the Product Management team, under the supervision of its EVP – Product, a permanent member of the Executive Committee. Under his leadership, this team enhances governance over product strategy, product lifecycle and release plans.

To better anticipate technological or architectural shifts in the customers' environments, Axway has set up an incubation team in the CTIO (Chief Technology & Innovation Officer) Office. The CTIO and incubation team are tasked with discovering, assessing, and testing new approaches or solutions that could drive long-term growth.

In addition, Axway regularly assesses external growth opportunities through the selective acquisition of new or complementary technologies. Acquisitions may be deemed necessary in the future to achieve Axway's ambitious strategic objectives, and strengthen its technology innovation, product portfolio, skills and/or customer base.

CRITICITY : MEDIUM HIGH

Risks relating to the go-to-market of products and solutions

Risk description

CRITICITY :

Recognition by the market and brand strategy

By launching new offerings, Axway supports the transition of its activity towards the Subscription business model. These changes must be accompanied by strong go-to-market initiatives.

Axway's business heavily depends on its ability to gain market recognition as a player offering products and services that deliver quality, security, innovation, and business outcomes to its customers. The inability to gain this recognition from customers, prospects, market analysts, and partners could prevent Axway from achieving its objectives.

This requires Axway to develop its brand and deliver its brand strategy through clear and impactful communication, by conveying an appropriate image of the Company. Axway must translate its strategy in the right message, adapted to each targeted audience.

Return on investment

It may be difficult for Axway to make its voice heard in a market dominated by major IT software and service players with substantial marketing power.

In such a competitive environment, the return on investment of the various actions to generate demand and identify commercial opportunities is not guaranteed. The sales and marketing efforts may be insufficient to generate enough interest from potential customers, obtain customer references, promote customer successes, demonstrate the added value of the proposed solutions, and finally to transform opportunities into an actionable pipeline and generate business by acquiring new customers.

Alliances and partnerships

Failure to build, develop and manage strong alliances and partnerships in order to access new markets, new customers and high-level personas in customer organisations could hinder the Company's growth.

Potential impact on Axway

The occurrence of this risk may lead to a slowdown in business, a decline in sales and, more broadly, a significant negative impact on Axway's results.

Risk management process

Strategic alignment of team

Synergy between the various departments is a priority for Axway. Continuity between the innovation, product management, product marketing, go-to-market, sales and customer experience processes was improved through strong governance and the involvement of the Executive Committee and its main Directors. All the teams, particularly sales and marketing, are fully aligned and focused on achieving the Company's strategic objectives.

Added value provider

Growth objectives notably place a greater emphasis on the commercial and technical value Axway provides to its customers. Axway has developed information campaigns in recent years, presenting specific examples of customer success and business added value. Axway has reinforced its positioning as a technical expert providing critical business outcomes to its customers. Ongoing exchanges with customers, through frequent satisfaction surveys, enable customers' needs to be understood and better met. Axway is therefore able to deliver real added value, by proposing the right product to the right customer. The Company is also converting its current installed base to provide customers with access to new innovative solutions.

Market analysts

Axway has also successfully bolstered its relationship with market analysts, demonstrating its valid vision and well-executed strategy. In particular, Axway has been recognised as a leader in Gartner's 2021 Magic Quadrant™ for Full Life Cycle API Management, for the sixth time.

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

Risk description

CRITICITY :

Importance of recurring revenue

The recurring revenue generated by Maintenance and Subscription contracts accounts for a significant and growing portion of Axway's business, representing more than 80% of 2021 revenue. This transition towards Subscription business models has been more rapid than expected, demonstrating the demand of customers and prospects for these business models.

This provides a certain visibility on the Company's future revenue but requires constant efforts to avoid the non-renewal of Maintenance or Subscription contracts (churn). The Company's ability to retain and expand its customer base is instrumental in maintaining and growing its revenue.

In this context, Axway must fully satisfy customer expectations and needs, by offering high-quality products and forging trustworthy relationships. A poor alignment of the teams in direct contact with customers, particularly the Sales, Services and Support teams, could be detrimental to the customer experience, which is key to satisfaction and loyalty. This is especially true for Support services, which need to deliver the right level of expertise and technical assistance to quickly remediate production or security incidents.

Measurement of usage and product adoption

In a consumption-based business model, the ability to measure usage and adoption of products by customers is critical to renewing and expanding business. In this new model, internal systems, infrastructures, and internal processes must be adapted to cater for these new means of production, sales, and operations. These new tools and processes require investment and team reorganisation.

Potential impact on Axway

The non-renewal of Subscription and Maintenance contracts by numerous customers could have a significant negative impact on Axway's results.

Risk management process

Critical applications for customers

The majority of Axway's major applications, once fully adopted by customers, are critical for their operational activities. They become an integral part of the services proposed internally or to their own customers.

Non-renewal by customers can have a significant negative impact on their activities, resulting in a low attrition rate for these applications once effectively deployed.

Axway strives to promote the adoption of its solutions and the renewal of its contracts to accompany its customers "From start to forever". This customer life cycle-based approach strengthens the customer partnership and promotes a relationship of trust.

Customer experience and satisfaction

The success of applications often depends on more than just the intrinsic quality of the technology. Customer satisfaction and loyalty also originate from the quality of the interactions to support them over the long-term. To this end, Axway has teams dedicated to the customer experience and customer success to develop the relationship over time and forge long-term customer trust. Axway has adopted tools designed to proactively monitor, anticipate, and manage Maintenance and Subscription renewals. The Company has a dedicated team to manage the renewal business.

Improving the customer experience is central to Axway's strategy. The Company constantly monitors the success of its solutions and of its customer support activity, through satisfaction surveys.

In particular, the Net Promoter Score is used to measure customer loyalty. The results of these surveys are used to implement corrective actions to further improve the customer experience and maintain a high level of overall customer satisfaction. These metrics are monitored by the Executive Committee and included in the variable compensation of most employees.

2.1.4 Risks relating to Axway's business and organisation

Risks relating to attracting, developing, engaging, recognising and retaining talents

Risk description

CRITICITY :

Rare and sought-after expertise

Axway operates in a highly competitive environment, with some particularly rare and sought-after expertise. This creates significant employee mobility and makes certain experts hard to find or retain. In this context, the Company may encounter difficulties in attracting, recruiting and retaining talent. Given the complexity of its applications, Axway's continued success mainly depends on its ability to ensure the harmonious management of its Human Resources. Axway has to build the loyalty and grow the staff members who boast the critical expertise required for its success, and who have a good understanding of the approaches to the use of a given software.

A significant reduction in the number of highly experienced employees, especially through their move to a competing company, could weaken certain activities. Such losses could diminish the added value delivered by Axway in terms of customer service and product quality or could require a significant amount of outsourcing to meet the commitments made to customers.

Attrition risk reinforced by the pandemic

The worldwide pandemic context which affected the whole economy specifically impacted the labour market. With the uncertainty linked to the pandemic, employees were generally reluctant to quit their current company in 2020. The context changed in 2021 with a notable catch-up effect. Thus, it is more than ever necessary to ensure the harmonious management of human resources, to favour employee engagement and loyalty.

Potential impact on Axway

The occurrence of this risk may lead to a slowdown in activity, a loss of reputation, an increase in labour and recruitment costs and, more broadly, a significant negative impact on Axway's results.

Risk management process

Talent management

Axway has set up comprehensive programmes to attract, develop, engage, recognise and retain talents.

The in-house recruitment team ensures the ability to attract sought-after profiles depending on the skills needed.

Axway recognises talent and builds loyalty for the long-term. The People & Culture team performs an annual review of its talent pool with the involvement of all managers, to assess not only the performance but also the potential of each employee. Through this Talent Review exercise, Axway identifies potential and necessary career developments.

These actions also allow an individual career and development plan to be built, and training needs to be identified. The Axway University team proposes numerous training modules. This offering is constantly renewed, notably on the evolution of Axway products. The Company also encourages greater flexibility between jobs and more transparent managerial communication to share and explain strategy and associate teams *via* more participative methods.

Finally, a free share plan, decided in 2019 was delivered in 2022, benefiting all employees.

Measurement of employee engagement

Employee involvement and engagement are also considered to be an essential performance lever. Axway conducts a yearly survey to measure employee engagement. The last survey in the fourth quarter of 2021 obtained an engagement score of 66%. This result is down slightly compared to 2020, a record high since these surveys began, but remains well above the objective of 60%. Actions are monitored at the highest level to further improve motivation and manage socio-environmental concerns.

These efforts to improve appeal, loyalty and talent development helped control the attrition rate in recent years and enabled the continued recruitment of several key positions.

Risks of technical defects in product development and production errors

Risk description

CRITICITY :

Product complexity

Research & Development teams must have the capacity to reflect strategy and vision in the development and delivery of product features and functionalities, with adequate design choices. The allocation of Research & Development resources has to find the right balance, by both promoting innovation and ensuring the sustainability of existing products, thus not jeopardising the installed base and recurring revenue.

The Company's applications are complex software engineering components, often made up of several million lines of code. Like any other company in its market, Axway can make no assurance that the software developed and integrated has no errors or defects.

Any losses caused by an error, performance defect or security breach could result in emergency corrective measures that generate substantial production cost overruns. Such problems may also result in claims for damages from customers or an increase in maintenance or warranty costs for Axway.

Cloud environments

The risk is even greater due to the growth in cloud activities. Axway applications are often used in complex and critical operating environments, processing several millions of individual transactions. In addition, an error or defect in a cloud application could create a disturbance for several customers sharing the same cloud environment.

The management of cloud environments must prevent production errors in order to meet the SLA (Service Level Agreements) and provide reliability, agility and availability for the delivery of the solutions in a cost-efficient manner.

Finally, the availability in the cloud of Axway legacy products requires significant investments to enable easier scalability and updates.

Potential impact on Axway

The occurrence of this risk may damage the Company's reputation, lead to legal proceedings with the customers concerned and, more broadly, have a significant negative impact on Axway's results.

Risk management process

Quality control

The aim of the quality controls conducted by Axway's Research & Development department is to industrialise the product development chain, through automated, consistent and continuous integration of product modifications. From product development to release, the development cycle must ensure source code quality, regression testing, continuous integration as well as repository, build and backlog management. This quality requirement also concerns the deployment of solutions and the management of migrations and upgrades, whether in the cloud or on premise.

Axway conducts quality assurance tests on all its new applications and on all new versions and updates of existing applications. These quality controls, supporting control environment and continuous improvement process ensure, to the best extent possible, the prevention, detection and management of errors and technical defects.

Incident management

Axway has adopted a general approach for the tracking and management of performance and reliability incidents. In cloud environments, the launch and operation of applications is constantly monitored to ensure the continuity of customer activities.

With regard to its customers, the Company undertakes to comply with its standardised support and service level maintenance procedures that are available on its website.

Axway also has professional indemnity and operations insurance coverage. This insurance covers all entities for the financial impacts arising from civil and professional indemnity claims in connection with their activities, due to material or immaterial physical damage or harm caused to third parties. The overall contractual claim limit is €30 million per year of insurance.

2.1.5 Security risks

Information, software and internal applications security risks

Risk description

CRITICITY :

Increasing cybersecurity threats

Axway operates in a market notable for very rapid technological changes, thereby constantly exposing it to IT or industrial hacking risks and IT virus attacks.

Security threats linked to cyber-crime are increasing and specifically targeting Axway's industry. Despite the measures implemented, the Company can make no assurance to its customers that there will be no security breaches or malicious exploitation by a third party.

A security breach in a customer environment or an uncorrected vulnerability in an application may be exploited by cybercriminals and customer data could be compromised. Such breaches could disrupt the smooth running of Axway's systems and applications and those installed for their customers. This could hinder the Company's ability to meet its availability, quality and service continuity commitments.

Increased complexity

Technological developments now allow the Company's applications and solutions to be used from various devices, particularly mobile, based on API technologies developed by Axway. Multiplying the number of access points on customer and internal infrastructures can increase the risk of unauthorised access to customer data.

This risk is heightened due to the nature of the Company's cloud service offering and the fact that this solution represents a growing percentage of its business. Cloud-based services occasionally involve the storage and transmission of sensitive customer data in strictly regulated fields such as financial services or medical services. Any security breach in its infrastructures could expose Axway to a risk of unauthorised access to sensitive internal or customer data. In addition, this risk may be increased by the use of external providers for cloud services.

Regarding internal systems and applications, the risk has also increased due to remote connections in the context of widespread working from home and the development of BYOD (Bring Your Own Device) – the use of personal devices for professional use. Finally, systems and tools must provide, more than ever in this changing industry, insightful and data-driven analytical capabilities to manage the business.

Potential impact on Axway

The occurrence of this security risk may damage Axway's reputation. It could also lead to legal proceedings with the customers or authorities concerned and, more broadly, have a significant negative impact on results.

Risk management process

Product security

The security of products and solutions is foremost in Axway priorities.

A dedicated products and solutions security team ensures that the imposed rules (Secure Software Development Lifecycle) are observed. This team ensures that Axway meets all security requirements in the development of its products and keeps up with increasing security threats. Security tests must be successfully completed before the release of each product. Proactive and corrective vulnerability controls are constantly performed.

For cloud services, Security Operations Center teams constantly monitor the smooth running of operations on customer production environments and manage any security breach or vulnerability.

Protection of information

Axway ensures it complies with data privacy protection regulations. The Company fully adheres to the requirements set forth in the General Data Protection Regulation (GDPR) under the control of a DPO (Data Protection Officer).

Axway strives to protect the security and confidentiality of both customers and Axway information and sensitive data, whether in the cloud or on premise.

Internal policies and procedures

Axway has defined an information security management system comprising a consistent set of policies and procedures based on ISO 27001 principles. Under the responsibility of its CISO (Chief Information Security Officer), these policies are applied across the Company and enable Axway to obtain external certifications. They demonstrate its compliance with security and information security best practices – *e.g.*, ISO 27001, SOC2, ISO 9001, FEDRAMP, Common Criteria, etc.

As security is everyone's concern, all employees receive yearly security training, particularly on information security.

In addition, specific IT teams and tools – including intrusion detection and prevention systems – constantly monitor internal information systems and manage server and workstation vulnerabilities. Systems for backing up data, monitoring infrastructures and data flows and controlling access to sites and IT applications are thus deployed universally. These measures ensure availability, security and business continuity.

Axway has also set up a Business Continuity Plan, disaster recovery plan and crisis escalation procedures to quickly remediate any security issues and minimise the reputational impact of a potential security breach.

A cybersecurity insurance policy was taken out in addition to the professional indemnity insurance coverage to manage and cover as well as possible the different types of cybersecurity risks. It covers damages following third-party claims, material and immaterial damage and operating losses, additional expenses or costs related to the management of crisis communication, in particular following a security failure. The overall contractual claim limit is €10 million per year of insurance.

2.1.6 Legal and compliance risks

Intellectual property protection risks

Risk description

CRITICITY :

Axway intellectual property

Axway's business is founded on the software and solutions it develops and integrates, and those of companies acquired over the years. The Company can make no assurance that no third parties will claim the intellectual property rights to Axway software or that the Company's intellectual property will not be stolen or misused. This risk is heightened by the exposure sought by Axway to promote its solutions.

Third-parties intellectual property

Infringement of the intellectual property of software vendors, open-source components or OEM (Original Equipment Manufacturers) – third-party components embedded in Axway software, could lead to compliance breaches and legal proceedings.

Potential impact on Axway

The occurrence of such risks could hinder Axway's ability to use or develop its solutions. More broadly, any third-party claim to intellectual property rights could have a material adverse impact on Axway's results.

Risk management process

Axway protection

Axway uses the various means at its disposal, *i.e.*, copyright, patent rights, trademark rights, and professional secrecy. The Company put in place confidentiality measures and technical processes to protect its intellectual property rights.

Axway strives to mitigate the risk of legal action for infringement of intellectual property rights by filing patents for its software where this is authorised by local applicable laws.

Axway selects its subcontractors and other technological partners based on their ability to safeguard the Company against any intellectual property right claims.

Axway compliance

Axway rolled out a compliance programme for open-source software and performs a legal analysis as soon as any potential non-compliance situation is identified. The Company also ensures it fully complies with the usage and licensing requirements of third party software and components.

Regulatory compliance risks

Risk description

CRITICITY :

Regulatory inflation

Axway operates in over fifteen countries *via* its subsidiaries and is therefore subject to various legislation. The Company must comply with national regulations and implement regulatory requirements for commercial, fiscal or data privacy matters as well as environmental, social, and corporate responsibility matters. These regulations may be amended at any time and Axway's operating costs in a given country may prove to be higher than anticipated.

The – necessary – development of corporate social responsibility brings significant changes in how companies must consider social and environmental risks, in particular with the development of the Green Taxonomy.

In addition, most of the countries where Axway operates have laws on foreign investment and on companies under foreign ownership operating within their territories. These laws may restrict exports and how Axway can distribute or sell certain applications. Furthermore, numerous customers depend on obtaining and maintaining administrative authorisations and certifications. The Company may therefore be required to comply with certain regulatory provisions in its capacity as subcontractor.

Axway can make no assurance that no breaches of regulation will be identified during an audit or inspection. Likewise, the Company can make no assurance that its suppliers or subcontractors comply or will comply at all times with applicable regulations.

Potential impact on Axway

The occurrence of this risk may damage Axway's reputation, lead to legal proceedings with the customers or authorities concerned and, more broadly, have a significant negative impact on the Axway's results.

Risk management process

Controls and legal expertise

Axway relies on a network of internal and external experts in addition to legal and regulatory monitoring tools to identify, comply with and anticipate the regulations applicable to each of its entities.

The Company has rolled out internal control and continuous improvement procedures. Delegation rules and validation workflows are implemented to ensure consistent decision-making at the required level of responsibility.

Axway is also developing a culture of compliance and business ethics: the Company implemented a Code of Ethics, a whistle-blowing procedure, and training or awareness-raising campaigns delivered globally on security, GDPR, the fight against fraud and corruption, insider trading, etc. Specific mappings of risks relating to corruption, influence peddling and duty of care are also maintained and considered when establishing risk factors.

The Company is also committed to greater social responsibility and highlights the actions taken on its employer, social and environmental commitment in Chapter 3 of this document.

As detailed below, Axway took out insurance policies for adequate coverage and protection of the Company's activity and employees.

Management of COVID-19 pandemic

Axway's priority regarding the consequences of the COVID-19 pandemic has always been the health and safety of all its stakeholders. Management ensured it complied with changing regulations in each of the countries in which the Company operates. Frequent meetings were held, and regular updates were provided to all parties on the situation. Axway quickly adapted to ensure adequate working from home and limit physical interactions.

2.2 Internal control and risk management

2.2.1 Internal control and risk management environment

Axway's internal control and risk management system complies with prevailing laws and regulations. It is supported by the reference framework, implementation guide and recommendations published and updated by the *Autorité des Marchés Financiers* (AMF).

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

- 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".

With regard to risk management, its aim is to:

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

The main risks that Axway faces are described in Chapter 2, Section 1 "Risk factors".

All of the internal control system and risk management processes 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 Axway achieve its objectives and providing reasonable assurance on their implementation. In the event of a new acquisition, this company will be fully consolidated 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 Axway's objectives will be achieved.

2.2.2 Components of the internal control and risk management system

1 Organisation

Legal organisation

The number of legal structures is purposely limited to the simplest organisation, with a single active company per country, except for temporary situations resulting from acquisitions. The Company controls directly all subsidiaries of which it is the parent. All companies are fully consolidated and there are no *ad hoc* entities located outside the scope of consolidation. A legal organisational chart at 31 December 2021 is presented in Chapter 1, Section 6.

Internal organisation

The internal organisation of Axway is described in Chapter 1. The key players in risk management and internal control are:

- the Executive Committee: Chief Executive Officer, Directors of the Operating Divisions, Directors of the Functional Structures;
- centralised functional structures for the Company as a whole (Human Resources, Finance, IT, etc.);
- operating departments focused on a specific aspect of software publishing (Product, Research and Development, Customer Success Organisation, Marketing) and Business Units, administrative, regional or national branches of these divisions.

Definition of powers and responsibilities

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

Management of Human Resources

Axway ensures the appropriate development of its Human Resources management and strives to retain the personnel who are key to its activity.

The People & Culture Department has set up measures aiming to optimise the development of each employee's career path. This development is guided by a career evaluation and tracking process, tailored to the needs of the Company. This process includes key moments for evaluating skills and performance and reviewing working conditions. Annual performance appraisals and employee monitoring by People & Culture Business Partners lead to the definition of action plans (training, mentoring).

Axway's policy and the measures aimed at mastering Human Resources management and the related main indicators are laid out in Chapter 3 "Corporate responsibility".

IT systems

The Information Systems Department is responsible for information systems management. This entity is in charge of IT resources (including procurement) and implementation of security processes. By continuously working on the modernisation of the IT system, this department supports Axway's growth in all its aspects: organic growth, integration of acquisitions, geographical expansion, and integration of industry developments such as cloud services.

The objectives of this department are to adapt the information system as effectively as possible to the operating requirements of the Company and users, and to ensure the physical and logical security of data to which permanent access must be guaranteed. Systems for backing up data, monitoring infrastructures, and controlling access to sites and IT applications are thus deployed universally.

Procedures

Axway has formalised and communicated its Ethics charter, as part of a transparent, fair and loyal approach to all stakeholders: customers, employees, shareholders, partners, suppliers and societal organisations. The Ethics charter defines the rules that the Company and any associated stakeholder must observe in their internal behaviour and vis-a-vis persons and companies in its business relations. It also describes the warning procedures in place should these rules not be observed (professional alert system). Furthermore, an Ethics Committee has been set up to regularly analyse potential cases of fraud, measures undertaken, and changes in procedures and controls which guarantee compliance with corresponding legal requirements.

The Operational and Functional Departments are responsible for the implementation, maintenance and appropriation (through a training programme) of Axway's procedures. Each operating division – Product, Research and Development, Customer Success Organisation (CSO), Marketing – has a unit in charge of defining, rolling out, industrialising and monitoring procedures, methodologies and tools. Global and support processes (People & Culture, Infrastructures and IT systems, Finance, Legal and administrative functions) are also formalised. The procedures are, in part, grouped together in the Quality Management System (QMS), accessible at all times through a collaboration portal. One of the main goals of the procedures is to manage the risks identified and cover operating activities:

Axway also has information security management procedures (Information Security Management System), based on the principles set out in ISO/IEC standards 27001-27002 and 27005. These procedures aim to protect IT systems in terms of access, use, disclosure, disruption, modification, or destruction. The IT systems security policy was designed to protect not only the Company's internal data but also that of its customers and partners.

The procedures are rolled out as soon as possible following acquisitions. In parallel, internal messages sent on a regular basis to operational and functional managers provide further details on the implementation of the procedures and information on new rules.

2 Internal dissemination of information

The business monitoring system is a fundamental component of the internal control system. This system is designed not only to organise the internal dissemination of information, ascending to Executive Management and descending to the operating and functional units, but also to direct, control, assist and provide training.

Management meetings held throughout and at all levels of the organisation are scheduled at regular intervals corresponding to the various horizons considered: (1) a weekly basis for a monthly horizon (operational monitoring of the activity, monitoring of forecasts, execution and production, management of major contracts, alerts and risks); (2) a monthly basis for an annual horizon (previous month's results, review of annual forecasts, budget monitoring); (3) an annual basis for the multi-year timeframe (budgetary approach as part of the strategic plan).

3 Risk identification and management process

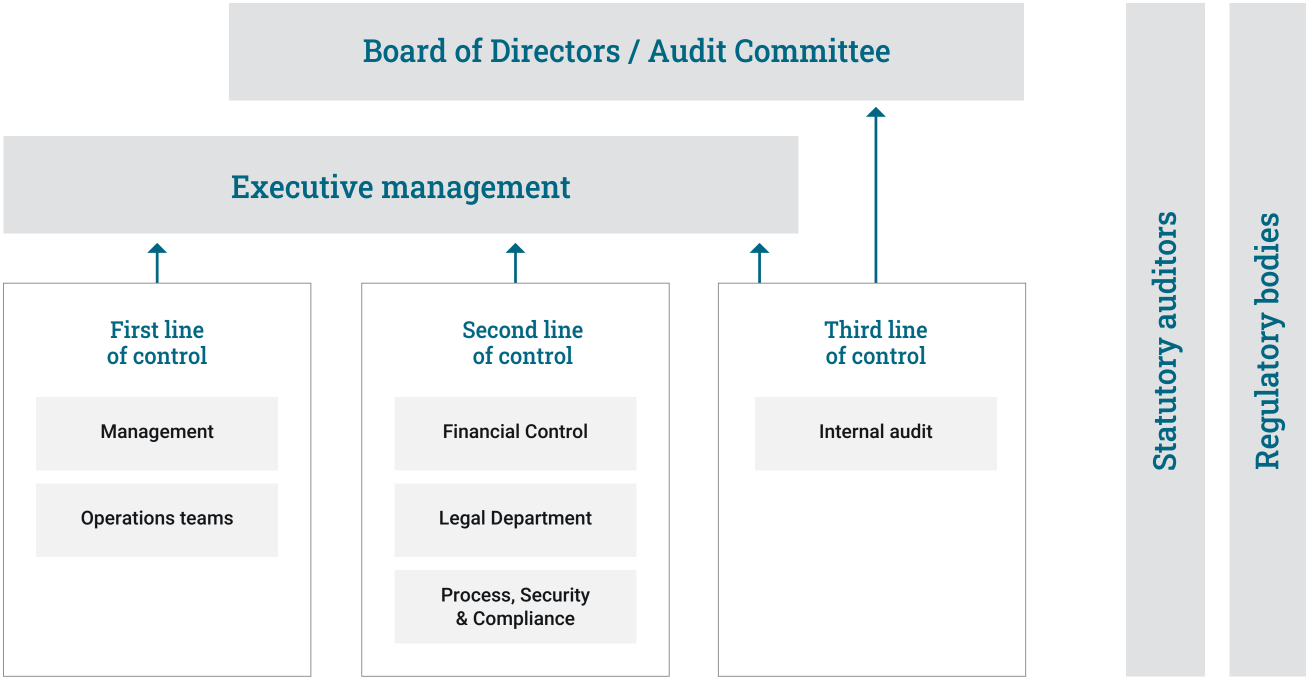
The primary risk factors are listed in Chapter 2, Section 1 "Risk factors" of this document.

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

Operational risks associated with business activities are classified as "alerts" in the in-house lexicon when they are significant for the entity that identifies them. They are handled immediately or are included in the weekly review carried out at each level of the organisation with the aim of implementing an appropriate action plan as quickly as possible and informing management, if need be.

2.2.3 Key players in the internal control and risk management system

Everyone at Axway has a part to play in risk management and internal control, from the governance bodies and senior management to each and every employee. Control activities take place throughout the Company, at all levels and in all functions. They are monitored both internally and externally and are subject to a continuous improvement process. In accordance with best practices, three lines of risk control can be identified and are described below.



1 Executive management

The internal control and risk management system is approved and overseen by executive management. It monitors the system's ongoing effectiveness, takes any action required to remedy identified weaknesses, and ensures the risks remain within acceptable tolerance thresholds. Executive management ensures that all appropriate information is communicated in a timely manner to the Board of Directors and the Audit Committee.

2 Board of Directors' Audit Committee

A detailed description of the Audit Committee's role and composition is available in Chapter 4, Section 1 of this document. On behalf of the Board of Directors, the Audit Committee performs the following tasks:

- internal control and risk management: the Audit Committee monitors the smooth running of the internal control and risk management system, preparation and processing of accounting and financial information; it assesses the effectiveness of the processes set up by management to identify, evaluate, manage and verify financial and non-financial risks;
- financial reporting: the Audit Committee critically reviews management's decisions and assessments involving financial statements, performance analyses and half-yearly reports;
- internal audit: the Audit Committee ensures the smooth running of the internal audit unit by reviewing the audit universe and risk mapping, approving the annual internal audit plan and monitoring assignment results as well as the implementation of recommendations;
- external audit: the Audit Committee ensures the quality of the Company's relations with the Statutory Auditors and monitors the performance of their engagement.

3 First line of control: operational teams

The first line of control for the internal control and risk management system is operational management, responsible for implementing it for the area under its responsibility and ensuring that the procedures are respected. Operations teams in each of the main structures of the organisation define the processes and formally document the applicable procedures, in line with the delegation guidelines and rules communicated by Management. They equip themselves with the tools necessary for the Company to operate properly.

4 Second line of control: monitoring and control

Several control functions that report to the functional divisions play a specific role in risk management. They provide assistance and guidance to operational staff, using a preventive approach (contractual and expense commitments), or by performing controls on the application of procedures and the results obtained (particularly controls on the quality of the data entered into the information system). Axway has set up structured central teams such as the Legal Department, Financial Control, or the Process, Security & Compliance team.

Financial control

Financial Control reports to the Finance Department and has the following main duties:

- verify Services and Subscription revenue prior to each monthly closing, in addition to the costs for all offices within the Axway scope;
- produce a consolidated monthly report with analysis of the results from the internal management system and audit consistency with the monthly forecasts;

- conduct office reviews: reviews of the distribution entities and cost centres;
- control the application of rules and procedures linked to the production of accounting and financial information;
- assist the operational managers and train those working with the management systems.

Legal Department

The Legal Department plays a key role in the management of Axway's various contractual commitments. The procedures provide for the consultation of this department prior to the signing of contracts with third parties - whether they be customers, suppliers or partners. More generally, the Legal Department ensures that Axway complies with applicable laws and regulations in the countries where it operates. It also defines the management of the legal entity of the Company and of its subsidiaries. The Legal Department participates in numerous working groups, particularly with Middlenext, to discuss best practices and ensure its full compliance with prevailing regulations.

Process, Security & Compliance

The Process, Security & Compliance team is responsible for managing the Quality Management System (QMS). Headed by the CISO (Chief Information Security Officer), it is also responsible for the Information Security Management System (ISMS). It therefore ensures the documentation, development and enforcement of the relevant policies and procedures across the Company. This unit also manages Quality and Security certifications and responds to audit requests submitted by customers.

5 Third line of control: ongoing supervision

Internal audit

Pursuant to the internal audit charter, this unit has the following duties:

- independent and objective assessment of the operation of the internal control system *via* a periodic audit of Company entities and business areas;
- development of all recommendations to improve the Company's operations;
- monitoring the implementation of corrective actions agreed upon following each audit;
- updating of the risk mapping (Audit & Risk Universe).

The audit assignments and the associated recommendations aim to improve internal control and procedures to reduce the risks identified and help achieve the Company's strategic objectives. The internal audit plan is built upon the priorities identified for the year, based on the risk mapping. It is submitted to the Chief Executive Officer and the Audit Committee for approval. All key areas and processes are covered within a four-year audit cycle.

In conjunction with these transversal and thematic audits, the internal audit Department has developed internal control reviews carried out in all entities over the audit cycle. In addition, it may perform specific investigations related to fraud or corruption.

The internal audit Department is under the authority of the Chief Executive Officer and has direct access to the Chairman of the Board of Directors, if deemed necessary. Information on the audits performed, the findings identified, and the follow-up of recommendations is constantly shared with the Board of Directors' Audit Committee.

6 External monitoring

Statutory Auditors

During their procedures within the Company, the Statutory Auditors familiarise themselves with internal control systems relevant to the audit and assess the design and implementation of controls.

Furthermore, they conduct efficiency tests on identified key controls using sampling techniques. To gain a better understanding of the operations and the transactions in the financial statements, the Statutory Auditors hold regular meetings with Operational Managers, who are in the best position to explain the Company's business activities.

2.2.4 Assessment and continuous improvement process

Internal and external assessments of the internal control system and its procedures make it possible to identify areas of improvement and give rise to action plans aimed at its enhancement.

Through internal audits, internal control is continuously assessed in entities and business segments and corrective actions are implemented whenever necessary. The implementation of these actions is continuously controlled to ensure the risks identified are dealt with. No major failure of the internal control system has been identified to date.

1 Certifications

The continuous improvement programme headed by the Process, Security & Compliance team continued and led to the renewal of certifications in 2021.

External certification bodies are called on to conduct an impartial review of the quality and security management system. These reviews enable Axway to take stock of its processes and remediate any identified malfunctions. They result in a harmonisation of practices, by promoting a continuous improvement culture and contribute to perfecting the quality and security of the products and services provided:

- Axway organises an annual independent third-party audit of all its cloud activities. The resulting SSAE18/ISAE3204/SOC2 Type II report states how Axway has implemented its main controls and objectives with regard to compliance with these standards. This standard aims to reassure users of these outsourced services on the reliability of the internal security and control system used to monitor services performed on their behalf;

- Axway renewed its ISO 9001 certification, based on ISO 9001:2015 changes, for its Global Customer Services activities in France, Italy, Germany and the United States in 2021;
- Axway renewed its ISO/IEC 27001:2013 certificate in 2021;
- Axway worked on the *Common Criteria* EAL4+ certification for its API Gateway product for a contract with an aerospace customer;
- Axway remains compliant with HIPAA regulations, published by the US Department of Health and Human Services (HHS), which define the rules for protecting personal healthcare data for electronic health insurance management in the United States. In terms of data protection, Axway complies with the General Data Protection Regulation (GDPR), the Australian Act, the LGPD in Brazil and the CCPA (California Consumer Privacy Act).

2 Customer audits and surveys

The security and quality management system is regularly reviewed during customer audits. These are becoming increasingly frequent, particularly due to the strict regulations in the health and finance sectors. Any comments made or watch-points identified are used to improve this system.

Furthermore, within the Customer Success Organisation operating department, a team focuses on the customer experience, customers being pivotal to Axway's strategy. A major customer loyalty and satisfaction survey system for customers and partners has been implemented. Campaigns are regularly carried out, allowing us to measure customer satisfaction and customers' perception of the quality of the products and services, with the aim of constantly improving the offering. Customers are also surveyed on service quality during transactional studies at the closing of each case handled by the Support unit or at the end of Services projects. In addition, this Customer Experience team collects feedback from the user groups.

2.3 Preparation and processing of accounting and financial information

2.3.1 Coordination of the accounting and financial function

Organisation of the accounting and financial function

The responsibilities of the Finance Department mainly involve producing the separate financial statements of the Company's subsidiaries and preparing the consolidated financial statements, management control, tax issues, sales administration, financing and cash accounting. The accounting and financial function is predominantly centralised within the Company. As previously indicated, there are a limited number of legal entities, and consequently, accounting entities, which generates operational savings and limits operating risks.

The Finance Department reports to the Company's Executive Management. Like all entities, it contributes to the aforementioned steering system. Executive Management is closely involved in the planning and supervision process as well as in preparing the financial statements.

The Board of Directors is responsible for the regular oversight of accounting and financial information. It reviews and approves the half-year and annual financial statements, taking account of the Statutory Auditors' opinion.

Organisation of the accounting information system

All Axway companies prepare full quarterly accounts on which the Company bases its 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 companies. The application of rules is monitored continuously by the Finance Department, particularly regarding the application of revenue recognition and project valuation rules. The accounting methods and principles used are those presented in the notes to the consolidated financial statements, as disclosed in Chapter 5 of this document. Any changes are presented to the Audit Committee.

2.3.2 Preparation of the reported accounting and financial information

Reconciliation of accounting data with the internal management system

All of the Business Units prepare a monthly budget, a monthly operating statement and budget forecasts that are revised monthly. These actions are designed to present the reality of operations and provide a clear view of performance.

The budget process offers the opportunity to apply the strategy approved by the Executive Committee, adapt the organisation to developments in business segments, market demand and competition, and assign quantitative and qualitative objectives to all entities. Each Business Unit prepares a budget, including detailed monthly operating forecasts.

A monthly operating statement is prepared by each of the Business Units. A revised operating statement is also prepared each month. This statement includes the results of the previous month and a revised forecast for the remaining months of the current year. The results derived from the analytical management system are verified and reconciled with the quarterly accounting results by the Finance Department.

Preparation and validation of the consolidated financial statements

Each Axway company draws up monthly financial statements and prepares a consolidation reporting package. The interim and annual consolidation reporting packages are reviewed by each company's external auditor. The consolidated financial statements are audited by the Statutory Auditors. For the 31 December closing, the Statutory Auditors audit the Company's financial statements, and, where necessary, those of its subsidiaries, for the purpose of their certification.

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

Financial reporting

Financial reporting is supervised by the Chairman of the Board of Directors. Axway distributes its financial information by different means and notably *via* press releases, the Universal Registration Document, and the presentation of half-year and annual results.

The Universal Registration Document is filed with the AMF after the completion by the Statutory Auditors of their procedures, consisting in confirming the consistency of the information on the financial position and accounts with historical financial information on which they have issued a report and reading the entire document in order to identify, among the other information, anything that is clearly inconsistent with their general knowledge of the Company.

All of this information can be consulted on Axway's Investor Relations website page.

2.4 Insurance and risk hedging policy

Insurance management is centralised by the Legal Department. The purpose of the insurance programmes is to ensure a uniform and adapted coverage of risks for the Company and its employees, for all entities and under reasonable and optimised conditions. The scope and coverage of these various insurance programmes are reviewed annually with regard to changes in the Company's size, its activities, the insurance market and risk assessment.

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

Nonetheless, it is noteworthy that, in the last three years, no major claim has been reported by any of Axway's entities under the policies described below (or others covering the Group in the past).

The main insurance programmes are as follows:

Assurance	Description
Professional indemnity and operations insurance	This programme covers all Axway companies. It covers the financial impacts arising from civil and professional indemnity claims in connection with their activities, due to material or immaterial physical damage or harm caused to third parties. This policy also covers the additional costs incurred to prevent accidents or reduce their impact. The overall contractual limit is €30 million per year of insurance. This programme is supplemented in France by an insurance for inexcusable conduct, the purpose of which is to guarantee the reimbursement of the financial losses incurred by the Company if they result from work-related accidents or occupational illness.
Cybersecurity insurance	This programme covers all Axway companies. It covers all the direct or indirect financial impacts, material and immaterial damages and operating losses relating to cybersecurity risks. The overall contractual limit is €10 million per year of insurance.
Senior executives' and company officers' professional indemnity insurance	This programme covers all Axway company officers, senior executives and directors. The programme covers all the financial impacts of claims made against them for any professional negligence committed during the performance of their duties. The overall contractual limit is €25 million per year of insurance. An additional $5 million was subscribed for the United States scope.
Assistance for employees on assignment	This programme covers all Axway employees, company officers, senior executives and directors. It covers accidents or illnesses arising on business trips.
Operating damage and loss insurance	Insurance programmes have been set up to cover losses and damages to property (sites, equipment, terminals, etc.) and operating losses.

3

Corporate responsibility

NON-FINANCIAL PERFORMANCE STATEMENT

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

The new Corporate responsibility markers

2021 will have seen a major step forward in incorporating company and individual commitments to corporate, social and environmental responsibility.

International commitments to combating global warming, the ongoing uncertain health situation, accelerating digital transformation and changing work patterns are affecting citizens and all economic players.

European directives, particularly the new sustainable taxonomy standard, introduce non-financial key performance indicators which have become essential to access business financing and market confidence. These indicators are expected and shared by all Company stakeholders: employees, customers, shareholders, suppliers, partners and societal organisations.

In 2021, Axway strengthened its CSR commitments, setting quantified objectives and a timeline comprising performance measurement indicators monitored by the Company.

Each year, Axway renews its commitment to the United Nations Global Compact, in the areas of corporate, social and environmental responsibility. Fore more information: https://www.globalcompact-france.org/participants/3773

3.1 Axway, an innovative and responsible player in the digital sector

AFR

As a software publisher Axway supports companies and organisations in their digital transformation. Strongly committed to its stakeholders, Axway discharges its corporate responsibility, including it in its business model, governance and risk management.

In 2021, Axway strengthened its system and launched new programmes covering the three commitments: social responsibility as an employer, societal and environmental responsibility to take into account its climate impact. Axway's CSR key indicators are now deployed in its strategy and monitored in its performance objectives.

Axway's operating context, strategy, risk monitoring and corporate governance are presented in Chapters 1, 2 and 4 of the 2021 Universal Registration Document, and summarised below.

Axway's strategy and business model

The software solutions developed by Axway help modernise the IT infrastructures of companies and organisations by securely transferring, integrating or exposing their data.

Axway has many assets enabling it to innovate and support its customers, and to succeed with its employees:

- constant dialogue with its team members, *i.e.* over 1,700 employees across 18 countries;
- an organisation focused on satisfying its 11,000 customers, measured by the Net Promoter Score (NPS);
- a portfolio of products recognised by market analysts;
- a responsive operational structure supported by a healthy financial position;
- ambitious investments in Research and Development and Sales and Marketing;
- balanced governance and a shareholder structure guaranteeing an independent corporate project;
- strong ethical values, shared with all the Company's stakeholders.

These assets support Axway's ambition to become an independent and committed leader in the infrastructure software market.

Industry context

In the software publishing sector, Axway's human capital and innovative capacity represent major strategic challenges, including:

- talent development and the recruitment of rare and highly sought-after profiles;
- quality of life and a good balance between working on-site and from home, of increased importance with the global health crisis;
- innovation around cloud and SaaS solutions and hybrid offers more broadly;
- changes in digital usage and the need to constantly measure customer satisfaction;
- accelerated data consumption and the need for analysis, monitoring and performance of exchanges;
- Integration of social and environmental responsibility performance objectives in digital activities.

Main risk factors, including non-financial risks

Axway's main financial and non-financial risks are organised into four categories:

- market risks;
- risks relating to the business and organisation;
- security risks;
- legal and compliance risks.

These risks were assessed based on their probability of occurrence and their potential impact on business. The assessment takes into account all mitigation measures already implemented and effective (net risk). For each of these risks, the document describes how it could impact Axway and the risk management systems implemented.

Axway's governance

Axway's governance is based on a distribution of powers between a Board of Directors and an Executive Committee in agreement with the recommendations of the Middlenext Governance Code to which Axway adheres.

In 2021, Axway modified some of its governance arrangements to comply with the new European directives and the Middlenext Governance Code, updated at the year-end.

New features include:

- publication of the Board of Directors' internal regulations on the Company's website;
- changes to the Appointments, Ethics and Governance Committee to materialise the work of Corporate Responsibility.

3

Board of Directors	Executive Committee
Chairman 14 members, including 9 independent members; 43% women, 57% men; 3 committees: • Audit Committee; • Appointments, Governance and Corporate Responsibility Committee; • Compensation Committee. Responsible for defining Axway's strategy.	Chief Executive Officer 8 members 25% women, 75% men; Responsible for executing Axway's strategy.

Axway's corporate social responsibility structure

In support of its stakeholder responsibility policy and in accordance with the recommendations of the Middlenext Governance Code updated in 2021, Axway strengthened its Corporate, Social and Environmental Responsibility (CSR) framework within its governance bodies and teams.

Within the Board of Directors and its committees:

- CSR is included on the agenda of the Appointments, Ethics and Governance Committee, renamed the Appointments, Governance and Corporate Responsibility Committee.

Within Executive Management:

- Patrick Donovan, Chief Executive Officer, leads the CSR policy and defines the roadmap in monthly Committee meetings with the Human Resources Director, Head of Investor Relations and the CSR Coordinator;
- the main social, societal and environmental indicators are included and measured as part of the Company's performance.

With dedicated internal teams:

- **the CSR working group,** in place for a number of years, includes representatives of the Financial Communications, Legal, Human Resources, Pre-sales, Purchasing and IT activities. It drafts and monitors the CSR programmes;
- **the network of correspondents** present in Axway's subsidiaries and responsible for gathering social, societal and environmental data in line with the CSR roadmap.

The Non-Financial Performance Statement (NFPS), an annual statement presenting Axway's CSR policy, programmes, indicators and performance monitoring.

Materiality tools

Axway has implemented processes and tools that are shared with its stakeholders to evidence its commitments:

- ethics and anti-corruption: Ethics charter and Securities Trading Code of Conduct;
- data protection: privacy programmes;
- digital security: charters, standards and internal and external security training programmes;
- customer satisfaction surveys and supplier assessments;
- employee satisfaction independent survey;
- whistle-blowing system;
- Corporate, Social and Environmental performance measurement using ranked indicators, quantified with a timeline;
- materiality matrix for CSR commitments.

Responsible recognition and indices

Each year, Axway renews its commitments with recognised organisations and initiatives, including:

- the United Nations Global Compact since 2016;
- Gaïa rating, the responsible investment stock market index;
- EcoVadis, a global CSR assessment standard;
- Acesia, the AFNOR assessment platform;
- quality and safety standards and particularly ISO/IEC 9001 and 27001, AICPA SOC2.

Reference guide: United Nations Sustainable Development Goals

Axway's three Corporate Social Responsibility commitments - Employer, Societal and Environmental - correspond to 12 of the 17 Sustainable Development Goals - SDGs - defined by the United Nations:

SDG 3 Good health and well-being

SDG 4 Quality education

SDG 5 Gender equality

SDG 8 Decent work and economic growth

SDG 9 Industry, innovation and infrastructure

SDG 10 Reduced inequalities

SDG 11 Sustainable cities and communities

SDG 12 Responsible consumption and production

SDG 13 Climate action

SDG 15 Life on land

SDG 16 Peace, justice and strong institutions

SDG 17 Partnerships for the Goals

Stakeholders in Axway's ecosystem

As a software publisher, Axway is required to interact with numerous stakeholders within its ecosystem: employees, customers, partners, suppliers, shareholders and societal organisations.

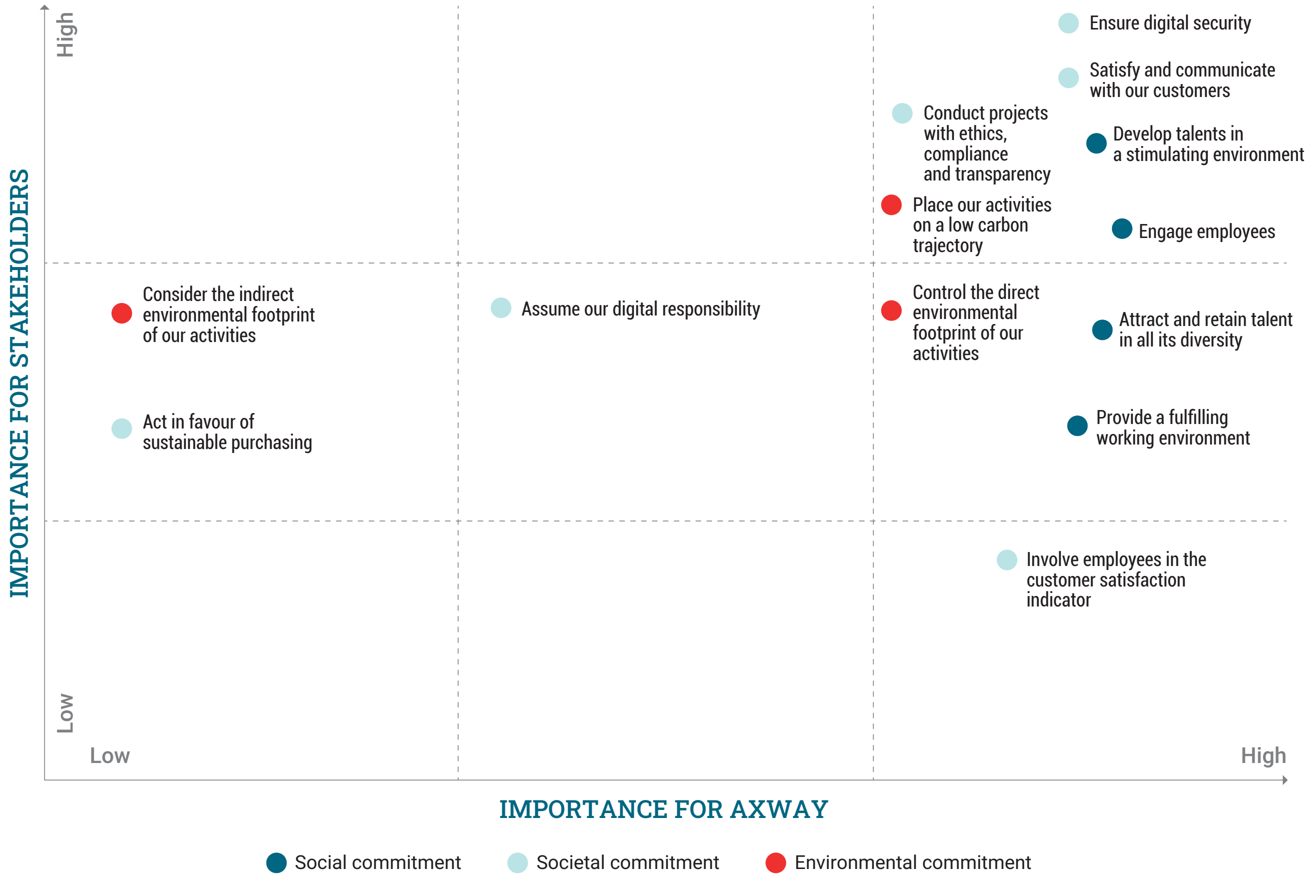
The quality of relations and ethics within this ecosystem have always been core to Axway values.

Ambitions and Commitments

To achieve its ambitions, Axway has defined its main non-financial performance indicators around its three commitments:

EMPLOYER	SOCIETAL	ENVIRONMENTAL
▪ **Employee Engagement Score >70%** for 2022 & 2023 ▪ **33% of women in total headcount** by 2023 ▪ **+25% of people with disabilities** by 2023	▪ **Net Promoter Score > 40** by 2023 ▪ **Gold EcoVadis ranking** by 2023 ▪ **4 local programmes** in female digital education by 2023	▪ **10% reduction in paper consumption** in 2022 vs. 2019 (last normal year) ▪ **2 cyber clean up days** by 2023 ▪ **Carbon neutrality** by 2028

Materiality



Social	Societal	Environmental
Develop talents in a stimulating environment: training, innovation in working methods and with customers.	**Assume our digital responsibility:** transfer of usage skills, digital for women.	**Place our activities on a low carbon trajectory:** measure, reduce and offset the impacts of our activities on the environment.
Attract and retain talent in all its diversity: gender, age and disability diversity. Variety of businesses and geographical areas.	**Satisfy customers:** Customer Success 360° programme and customer satisfaction survey - NPS tool. Innovation, Quality of products and supports, co-design, customer experience, digital sovereignty - ISO 27001.	**Control our direct environmental footprint:** consumption of internal and external resources (energy, paper, digital exchanges), GHG emission assessment, offsetting
Provide a fulfilling working environment: work/life balance, working on-site and from home, internal communication, monitoring psychosocial risks.	**Ensure digital security:** security of data, activities and digital exchanges in internal applications and the cloud.	**Consider our indirect environmental footprint:** impact linked to the development and use of Axway's software, including the main suppliers.
Engage employees: annual employee engagement survey.	**Conduct projects with ethics:** governance code, Global Compact commitment.	**Compliance** with the European Green Taxonomy
Inclusion of the NPS customer satisfaction indicator in the compensation policy.	**Act in favour of sustainable purchasing**: ethical tools integrated into contracts by type of supplier or partnership. Assessment of supplier dependency.	
Employee Engagement criteria included in Executive Management compensation	**Involve employees** in measuring customer satisfaction.	

3.2 Employer Commitment: continue to shape the Company we want to work for

3.2.1 Key figures

Total workforce at 31 December 2021

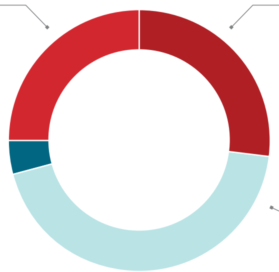
2021	2020	2019
1,712	1,888	1,885

Payroll

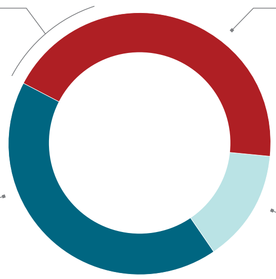
(in millions of euros - including social security contributions))

2021	2020	2019
186	197	196

Workforce by geographical area in 2021



Workforce by area of expertise in 2021



Type of employment contact

	2021	2020	2019
Fixed-term employment contract	2%	4%	4%
Permanent employment contract	**98%**	96%	96%

Average seniority

2021	2020	2019
8 years	7 years	7 years

Average age

2021	2020	2019
42 years	41 years	41 years

% of women in the workforce

	2021	2020	2019
Total workforce	30%	29%	28.8%
Board of Directors	43%	43%	43%
Executive Committee	25%	22%	25%
Managers*	15%	28%	N/A

* *Information on members of Board of Directors is presented in Chapter 4 of the Universal Registration Document.*

% of employees with disabilities

	2021	2020	2019
France scope	1.7%	1.7%	1.5%

Recruitment and Attrition

	2021	2020	2019
New employees	204	247	341
Attrition	21.9%	13.6%	17.5%

% of women recruited

2021	2020	2019
33%	28%	29%

Employee training

	2021	2020	2019
Number of training hours per year	29,915	24,176	30,900
Average number of training days per employee	1.86	1.50	2.0

Employee engagement

	2021	2020	2019
Internal survey participation rate	79%	86%	83%
Level of employee engagement	66%	69%	58%

Future of Work: flexible working methods

60% working from home;

40% working on site.

3.2.2 Talent as diverse as the world around us

3.2.2.1 Digital sector and diversity

The software publishing industry, by its global dimension and international training standards, recruits people from all continents and multiple cultures.

The digital industry is relatively young compared to traditional industrial businesses and is developing new areas of application. It is growing talent from a wide range of sectors, from science to data analytics, virtualisation, artificial intelligence and artistic fields, such as animation, images, gaming or digital communities grouped around mobile applications creating new services.

Through innovation, the digital sector is pushing back sector boundaries and changing company business models and management methods.

However, this same digital sector suffers from a talent shortage and recruitment is a constant challenge for its players. Despite this shortage, recruitment efforts focus on the integration of new profiles and particularly women, who are under-represented in these businesses, as well as people with disabilities.

Improvements in the gender balance are slow. The percentage of girls or women in digital training sectors worldwide remains low. Axway is faced with a shortage of female candidates, automatically impacting the number of women in the Company.

Access to employment for people with disabilities remains exceptional and a range of insertion programmes is developing slowly and in different ways across countries.

To progress further in 2021, Axway considered its diversity challenges in more depth and decided to develop internal and external programmes to promote gender diversity and the integration of people with disabilities.

3.2.2.2 Diversity and equality in Axway

Committed to its ethical rules, in particular vis-a-vis employees, and in accordance with local regulations in each of the countries where Axway is located, the Company complies with non-discrimination principles. The main principles are described below:

Equal pay for equal work:

- in France, Axway publishes each year the gender equality index introduced by the Ministry for Labour: https://travail-emploi.gouv.fr/droit-du-travail/egalite- professionnelle-discri-mination-et-harcelement;
- in the United States, Axway complies with the Equal Opportunity Employer programme: https://www.eeoc.gov/employers.

Respect-for-all training and awareness-raising:

Training initiatives notably include anti-harassment training. Other ethical tools are presented in Section 3.3.2 of this Chapter.

Gender diversity of teams: objective of 33% in 2023

The feminisation of the workforce improves year-on-year but at a relatively slow pace. This trend is common to the entire IT sector, both in companies and schools.

Depending on the country, women hold on average 15% of executive and senior management positions at Axway. Axway's Board of Directors comprises 6 women (43%) and 8 men (57%). The Executive Committee has 8 members, including 2 women (25%).

Diversity	2021	2020	2019
Gender equality index in France	88/100	79/100	75/100
% of women on the Board of Directors	43%	43%	
% of women on the Executive Committee	25%	22%	25%
% of women in a managerial role (worldwide)	15%	29%	
% of women executives ("*cadre*" status in France only)	26%	29%	
Equal Opportunity Employer commitment in the USA	Yes	Yes	Yes
Anti-harassment training	Yes	Yes	-
Employees with disabilities employment week (France)	Yes	Yes	

Already positioned above the industry average, Axway has decided to take measures to improve its gender balance. Women currently represent 30% of Axway's total workforce and the Company has set the objective of achieving 33% in 2023.

Axway is rolling out internal programmes in support of this objective and is undertaking societal programmes to raise awareness of digital careers among young girls and women. These initiatives are presented in Section 3.3, Societal Commitment, of this Chapter.

Disability diversity

Axway has been committed to employing people with disabilities in France for several years. At 31 December 2021, people with disabilities represented 1.72% of Axway's employees in France.

Axway's **Disability programme** in France comprises:

- personalised assistance for employees with disabilities: specific arrangements – ergonomics, equipment, organisation of working time, etc. – and assistance with all the administrative procedures necessary to have their status as disabled workers recognised;

- a disability officer and a Human Resources department manager are responsible for supporting employees who are personally or indirectly dealing with disability;
- the status of “caregiver” was introduced for employees assisting a close friend or relative with disabilities. This provides access to financial support, flexible working hours and adjustments to their working conditions.

HanDigital Week 202

Reducing prejudice and highlighting people’s expertise rather than their disability.

This year, employees showed genuine interest in two main events:

- an online conference with the 400 meter Rio Olympic champion, Nantenin Keita and Zoé Maras, a student and promising French and world wheelchair tennis star;
- DuoDay: for several years now, in France and other European countries (Belgium, Finland, Portugal, Germany, Luxembourg), operation DuoDay forms pairs; a person with disabilities and a volunteer professional in companies, local authorities and associations.

  In 2021, Axway and Sopra Steria Group welcomed 11 individuals with disabilities.

Axway ranked its societal objectives and defined the integration of people with disabilities as a major focus, deciding to set an objective of a 25% increase in the number of people with disabilities by 2023.

Age diversity

Axway facilitates the integration of both young candidates and more senior employees into the Company and develops their employability throughout their career.

The average age of Axway’s employees at 31 December 2021 was 42.

Number of employees by age range	2021	2020*	2019*
Under 30	13%		
30 to 45	51%		
45 to 55	23%		
Over 55	13%		

**Axway changed the comparative age ranges in 2021.*

3.2.2.3 Recruitment: highly sought-after talent

Engineers: still a highly sought-after profile

In a sector where the number of available positions is far higher than demand in many countries, there is still significant competition for job offers.

In 2021, Axway continued to be attractive, with 204 new hires, all recruited through remote interviews adapted to the health context.

Nearly all the 204 new hires started their employment working from home.

Recruitment by geographical area

Axway recruited 204 new employees in 2021, compared to 247 the previous year. On the other hand, more employees left Axway in 2021 than in 2020. Given the health context, all candidate interviews were held remotely.

Recruitment	2021	2020	2019
Number of new hires during the year	204	**247**	308
Geographic area			
Europe – excluding France	47%	50%	56%
France	22%	18%	18%
Americas	27%	27%	23%
Asia/Pacific	4%	5%	2%
% of women recruited			
	33%	28%	23%

Recruitment by age

Across all Axway locations, employees are recruited without distinction as to age, from young graduates to more experienced individuals and senior staff.

Recruitment by age range	2021	Recruitment by age range in prior years	2020	2019
Under 30	26%			
30 to 45	**53%**	**Over 40**	33%	34%
46 to 55	15%	o/w between 50 and 55	4%	12%
Over 55	6%	o/w over 55	5%	5%

The average age of employees recruited in 2021 was 37.

Recruiting young talent for a “learning” company

	2021	2020	2019
Interns	2	6	15
Work-study/apprenticeship	9	22	24
Hiring at the end of the apprenticeship	4	2	4

In 2021, while the integration of interns and work-study students was complicated by working from home, Axway successfully maintained the positions proposed.

For several years, Axway has been developing a programme to attract young talent through numerous initiatives.

These measures include:

- **relations with schools:** in conjunction with 10 universities and engineering schools in several countries, Axway participates several times a year in school forums to attract students and offer numerous internships each year. Axway also uses specialised recruitment platforms;
- **work-study and apprenticeships:** Each year, Axway offers work-study or apprenticeship contracts to a large number of young people, many of whom are offered employment contracts at the end of their apprenticeship or work-study period;
- **3 years/3 professions programme:** In 2021, Axway continued its "3 years/3 professions" programme during which work-study students and apprentices successively discover the Research and Development, Services and Customer Support professions. Created in 2015, this programme has already welcomed **16 work-study students**. In 2021, **one student** from this programme was hired by Axway at the end of their apprenticeship.

Axway entered into a partnership with a European recruitment platform that provides solutions for career services for higher education institutions. Axway has a dedicated page on this platform where it posts internship and job offers for young graduates.

Promote referral and encourage Axway employees to be its ambassadors

Axway continued its referral programme, encouraging Axway employees to invite members of their network to join the Company.

Permanent employment contracts

Type of recruitment contract	2021	2020	2019
Fixed-term Employment Contracts	2%	4%	4%
Permanent Employment Contracts	98%	96%	96%

Axway recruits almost exclusively on permanent contracts, except for temporary replacements. The share of permanent employment contracts increased in 2021 despite the unprecedented global economic context.

Given the nature of Axway's business, almost all young hires are from higher education institutions. Professional experience is preferred over initial academic training when hiring older employees. This also varies greatly from country to country.

Recruitment strategy and commitment

In 2021, thanks to its Talent Acquisition team located in various countries around the world and capable of covering all the geographic areas where it operates, Axway recruited a variety of profiles, mainly engineers and sales staff.

The partnerships entered into with the specialised platforms help strengthen Axway's employer brand and visibility as an employer of choice.

3.2.3 A motivating working environment

3.2.3.1 Incorporate employee expectations

Axway has organised an annual engagement survey since 2016, called the "Axway Voice Survey".

The objective is to regularly measure employee engagement and identify global and local areas for improvement – by country, but also to deploy related action plans. This dialogue is based on the survey, as well as:

- focused working groups by community led by the employees themselves. An internal Hackathon was organised in April 2021 and was highly successfully with employees who were invited to propose initiatives to improve employee engagement;
- full result reports by the Chief Executive Officer or Executive Committee members through meetings held to present results and action plans to be deployed;
- internal roadshows by Axway Executive Management members, held in-person and virtually, open to all employees and organised by geographical area.

In 2021, these meetings continued and once again enabled both the strategy and team innovations to be shared, but also all teams to be kept informed of measures implemented in response to the pandemic and the social link between employees working mostly from home to be maintained.

The level of employee engagement is one of the qualitative criteria considered when determining the Chief Executive Officer's variable compensation.

Engagement survey methodology

Under the methodology, a baseline participation of 30% of employees invited to respond is needed for the survey to be representative of the employee voice. 65% is considered a good participation rate.

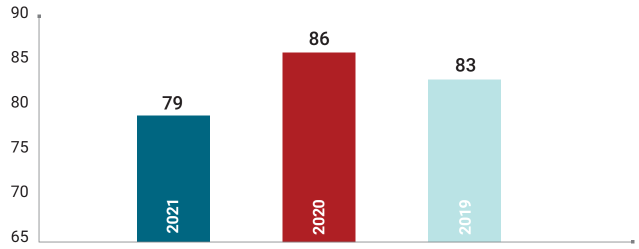
It is recognised that for a company to achieve its goals and create a profitable virtuous circle, it needs an employee engagement rate of 60% or above. This reflects the% of employees who feel positive and engaged with the Company's goals.

Participation in the 2021 survey

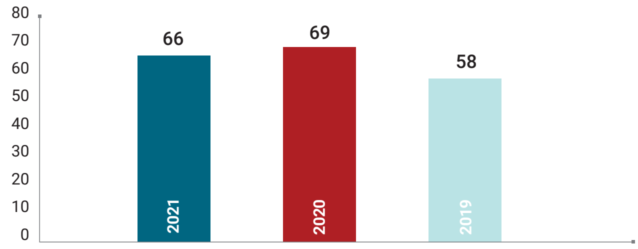
Employee participation in the survey at the end of 2021 was 79%, and the engagement rate was held well above 60%, at 66%.

These scores are well above those recorded in 2019, and slightly below 2020, considered an exceptional year during which employee engagement reflected their appreciation of the many support and communication measures implemented during the pandemic.

% participation in the internal survey



% employee engagement



Conducted in October 2021 for the fifth year running, the employee engagement survey is a key management tool for measuring employee engagement and for Company management, as well as an opportunity for employees to raise issues. The engagement indicator is also included in the executive compensation policy.

Employee engagement indicator	2021	2020	2019
Employee internal survey	1	1	1
Internal survey participation rate	79%	86%	83%
Level of employee engagement	66%	69%	58%
Questionnaire including environmental and societal questions	yes	yes	yes
Survey on working from home expectations	-	1	-
Customer satisfaction criteria included in employee compensation	yes	yes	yes
Employee engagement criteria included in the Chief Executive Officer's compensation	yes	yes	No
Executive Management communication on strategy: number of events organised	yes	yes	yes
Executive Committee member internal roadshow	yes virtual	yes virtual	yes
Working group following the internal survey	yes	yes	yes
Seniority bonus	yes	yes	yes

3.2.3.2 Future of Work, a flexible and sustainable approach to working

Balancing working from home and working on-site

Future of Work: 60/40%

Even before the international pandemic, the "Home Office" system was extensive in the United States. 37% of Axway employees based in the United States were already working from home.

In 2020, faced with a global pandemic, Axway implemented working from home measures for all employees in only a few weeks.

In 2021, Axway launched a new flexible and sustainable way of working, *Future of Work*. This system responds to employee expectations expressed in surveys and internal discussions and aims to contribute, for each employee, to a good work/life balance in the most fulfilling conditions.

Drafted with all employees through two internal surveys and local working groups, the *Future of Work* policy promotes a better work/life balance by enabling employees to work **60% of time remotely and 40% of time on-site, in an Axway office.**

This flexibility is mainly founded on:

- coordination between the team and management to define together the days employees work from home;
- freedom to work remotely from a private location several days in a row;
- collaborative digital tools to enable constant dialogue with the team.

This working-time policy was recorded in a professional agreement in France in October 2021, applied from 1 November and in Germany in early January 2022. The roll-out of this flexible arrangement continues in the first-half of 2022 as the various countries lift health restrictions.

Years	2021	2020	2019
Good practice information on working from home (% of employees)	100%	100%	N/A

Making working time more flexible

Employees on part-time contracts: 2.45%

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

In 2021, 2.45% of Axway employees worked part-time, up from 1.80% in 2020, mostly within the scope of parental leave.

Working time and working from home	2021	2020	2019
Total percentage of employees working part-time	2.4%	1.8%	2.1%
Percentage of employees working from home during the COVID-19 crisis	100%	100%	N/A
Number of days worked from home by employee (per quarter)	33 days		
Number of days worked from home by employee (per month and in France) - No longer applicable since the October 2021 agreement	N/A	N/A	5 days
Number of employees working from home in the USA (as an annual%)	37%	N/A	33%
Collective bargaining agreement	Yes	Yes	Yes
Employee training manual	Yes	Yes	Yes

Additional leave

At Axway, additional leave is granted based on several criteria: seniority, age, family situation or personal events in order to improve each employee's work-life balance. For example, this represents on average five days per employee in France.

To recognise the considerable efforts of employees in 2021, as in 2020, Axway granted all employees an additional day's leave,

Maintain low absenteeism

Absenteeism remains very low at Axway and is mainly linked to family events.

Due to widespread working from home, it was difficult to calculate exact rates of absenteeism for 2020 and 2021 in a manner comparable to previous years.

It can however be noted that the absenteeism rate was 2.08% in 2021.

	2021	2020	2019
Absenteeism rate	**2.08%**	**N/A**	**2.72%**
Sickness		0.96%	1.21%
Number of workplace accidents/occupational illness	0.93%	0.01%	0.04%
Maternity-Paternity-Adoption	1.02%	1.00%	1.33%
Family events	0.13%	0.07%	0.10%
CIF (individual training account)	0%	0.02%	0.04%

Encourage a healthy, balanced and engaged lifestyle

Axway is committed to providing its employees with a safe and healthy workplace. With this aim, Axway has implemented, for several years now, a well-established health and safety policy.

Since 15 March 2020, the start of the fist lockdowns, the France Human Resources Department has discussed developments in the health situation and all related measures with employee partners, keeping them informed.

Beyond regulations, the collaborative working model adopted by Axway is accompanied by careful attention to premises where employees work and meet. These are welcoming, sometimes fun places that encourage shared time involving unified themes. In 2020, certain employees, particularly in France and the United States, spontaneously formed online sports, instant messaging and regular discussion groups that continued actively in 2021.

Training and information on the quality of work life

Depending on the year, Axway proposes training modules or communicates information in the following areas:

- health and safety programmes;
- installations and equipment;
- physical and psychosocial risks;
- health coverage;
- good health practices – Healthy Week;
- health and safety intranet space;
- information or the Future of Work system

3.2.4 Develop the talents of each employee

3.2.4.1 Skills development

In the digital sector, skills development is achieved both through training and sharing experience. Experience is gained within teams and with customers, partners and suppliers and also now with societal organisations where digital transformation is deployed to citizens in a circle of use that stimulates technological innovation.

3.2.4.2 Axway University

Axway University is Axway's major development centre. The training offering focuses on the activities critical to Axway's success: technical expertise, upskilling the sales teams, personal development and management, business ethics, security.

For two years, training courses have been digital. In 2021, Axway University set up a new e-learning platform, Learning Management System – LMS – which helped maintain a high level of training throughout the pandemic. Training could be organised for customers, partners and employees despite health constraints in the past two years. Depending on the subject, training may be optional or mandatory. Digital training represented 77% of training hours in 2021. The digital format, which requires short, dynamic sequences, represented 93% of training hours in 2020. Sessions can be accessed from the new platform and are integrated into Axway's "Jive" internal social network. Employees have access from their usual work tool and choose from a wide range of courses that they can use as they wish, according to their needs.

A total of 29,915 hours of training were provided in 2021 to 2,297 employees[(1)], *i.e.* an average of 1.86 days per trained employee, up significantly year-on-year.

Training sessions in 2021	2021	2020	2019
Total number of training hours	29,915	24,176	30,900
% of e-training	77%	93%	58%
Number of employees trained[(1)]	2,297	2,292	2,194
Average number of training days per employee	1.86	1.50	2.00
Number of interns trained[(2)]	38,258	20,142	14,011
Training budget *(in €)*	750,000	n/a	n/a
Dedicated training intranet space	Yes	Yes	Yes
Employees having a career interview every 2 years	Yes	Yes	Yes
% of employees having a career interview	96%	96%	98%

(1) *Including employees who left the Company during the year, but who had taken a training course.*
(2) *Employees who took several training courses during the year are counted several times.*

3.2.4.3 Experience and innovation, a virtuous circle

Learn and succeed through customers

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

If they do not work directly with customers, employees can obtain customer feedback through the permanent monitoring of customer satisfaction, the Voice of the Customer programme, organised by the Customer Experience team.

Due to the emergence of Subscription models, which change the way customers use Axway's solutions, the Company has deployed a training module on assessing customer satisfaction: the *Net Promoter Score* module. This module is taken by all Axway managers and most teams, whatever their function. A total of **1,611 employees have been trained since the launch of this initiative, including 63 employees in 2021**.

In addition, the NPS customer performance indicator has been added to the criteria for determining the amount of variable compensation for eligible employees, as detailed in Section 3.3.1 of this Chapter.

These various initiatives place customer satisfaction at the heart of Axway's strategy and make all employees active participants in this approach.

Foster innovation and experiment

Open business Factory

Open Business Factory

The Open Business Factory is a co-creation "laboratory" dedicated to Open Innovation driven by Axway.

Co-built in conjunction with six founding members from leading companies, the Open Business Factory brings together innovation and digital directors from forty leading groups, to federate a community of members wishing to pool their discussions in a momentum of innovation and synergy.

Following a successful launch despite the health crisis, the initiative was strengthened in 2021. The Open Business Factory circle organised six ideation workshops around issues such as innovations expected by millennials and the challenges for companies, major data and data sharing infrastructures, sustainable development as a driver of co-innovation, executive committee involvement in the innovation approach, frugal innovation, the holy grail and, finally, the Marketplace: a field of infinite possibilities. These workshops enabled member companies to launch and enrich new innovative projects.

Coordinated by Axway, the Open Business Factory brings together six founding members:

- Matthieu Heslouin, Chief Digital Officer, BPI FRANCE
- Laurent Papiernik, Chief Data Officer, Gares SNCF & Connexions
- Hicham Rais, Head of Smart Systems and Innovation, IDEX Services
- Dominique Cadi, Deputy Chief Information and Digital Services, Ile de France Mobilités
- Frédéric Charles, Digital Strategy and Innovation Director, Suez Smart Solutions
- Caroline Jamin, Head of the Business Acceleration and Open Innovation Department, TOTAL ENERGIES

Past workshops: peer debates and benchmarking

Date/subject	Format	Number of participants
24 September 2020: "Innovations expected by millennials"	In-person: Breakfast at the Ritz -Paris	21
25 November 2020: "Major data and data sharing infrastructures"	Virtual: WORLD CAFÉ WEBINAR	16
10 March 2021: "Sustainable development, a driver of co-innovation"	Virtual: WORLD CAFÉ WEBINAR	15
7 May 2021: "Executive Committee involvement in the innovation approach"	In-person: Breakfast at the Ritz -Paris	21
9 December 2021: "Frugal innovation 2.0: the holy grail"	In-person: Breakfast at the Ritz -Paris	16
16 February 2022: "The marketplace: a field of infinite possibilities"	In-person: Breakfast at the Ritz -Paris	15

https://www.openbusinessfactory.com/

Internal mobility for continuous learning

	2021	2020	2019
Internal transfers	181	371	110

To meet the expectations expressed by employees in the first employee engagement surveys, Axway pursued its voluntary internal mobility policy for all employees in 2021.

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

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

181 employees moved internally in 2021, either *via* a promotion or a change in position. The 2019 published figure did not include employees whose job title or code had changed, contrary to 2018 and again this year.

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

Appraisal for progress and growth

- **Talent Review approach:** for the third year in a row, Axway set up and carried out a global talent review (95% of the total workforce) to appraise and discuss the performance and potential of each employee. Carried out collectively and shared by managers and Human Resources managers, this annual exercise, which replaces the former annual assessment interview system, makes it possible to identify key talents and the development and training actions necessary for the development of each employee.

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

Benefits of the Axway community

Axway's teams in 18 countries can share Company events *via* the "Jive" internal social network, internal newsletters and on-site events:

- **the "Jive" internal social network:** a day-to-day tool for exchanges between employees, Axway's internal social network is aimed at all employees and is the Company's internal space for discussion. Organised by spaces and communities, it provides a range of services: internal resources, employee information, tools, customer references and product catalogues. It was particularly precious during the two years of the pandemic which generated considerable internal communication.

In addition to the internal social network:

- **the Griffin Digest:** this weekly internal electronic newsletter distributed by the Human Resources Department, whose name echoes the griffin of the Axway logo, is sent every Friday to all employees, regardless of their geographical location or the entity to which they belong;
- **the Friday Customer Connection letter:** this is distributed by Axway's CEO, who presents a signature or customer reference to all teams each week, in the form of a few lines. It is a popular channel for gaining a better understanding of how customers use Axway's solutions;
- **communications issued by Executive Management and the various members of the Executive Committee:** these increased in 2021 to inform employees, support activity and employee morale and share decisions;
- **Executive Roadshows:** in-person and virtual meetings organised by Executive Management members with employees by country.

Develop managerial power

In 2021, Axway continued the Objectives and Key Results – OKR – approach, which enables Axway to collectively manage the performance of its teams by defining strategic objectives by business line and even key results that are shared on a quarterly basis.

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

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

These training courses were deployed during 2020 and continued in 2021 with 368 employees receiving 128 hours of training.

3.2.5 Recognise and promote talent

Average seniority: 8 years

Build loyalty in a long-term project

Axway's objective is to write a shared employee/Company history. This shared history is already visible in the average seniority of men and women at Axway – 8 years – in a volatile employment market.

Recognise and celebrate employee loyalty

At Axway, employee loyalty is rewarded. Employees who have been with Axway for 3, 5, 10, 15, 20, 25, 30, 35 or 40 years are honoured for their loyalty to the Company during a friendly event, an initiative held at all Axway sites and shared on Jive, the internal social network. 541 employees were honoured in 2021.

Pay according to attractive financial and social conditions

The Axway compensation policy reflects industry practice, according to the country of business, and also the assessment of the performance and potential of each employee. Employees are encouraged to build and develop their own potential within the Company.

In 2021, as in previous years, Axway paid salary increases in accordance with a policy of individualisation, applied in a fair and identical manner in all countries where Axway operates.

In France, employees are eligible for profit-sharing according to the provisions of a new agreement signed for the period 2021-2023 as well as a company Savings Plan.

In accordance with the law and best practice in each country, Axway also takes part in retirement and pre-retirement schemes, as well as occupational-insurance schemes covering its employees for various additional contingencies, beyond the regulatory provisions imposed by the different countries.

Example compensation components specific to Axway

Compensation components specific to Axway	2021	2020	2019
Variable compensation tied to Company performance depending on the position held	Yes	Yes	Yes
% of employees receiving variable compensation tied to customer satisfaction	61.7%	60.0%	58.9%
% of employees receiving profit-sharing – France *	100%	100%	100%
Number of shares granted to employees under the annual plan	-	-	200

* *Applicable to all Axway France employees with at least 3 months' seniority in the fiscal year, or at the date of departure or in the event of contract termination. 515 employees received profit sharing in 2021 in respect of 2020 results.*

Become an Axway shareholder: the free share grant programme

In order to involve its employees even more closely in the Company's transformation project, Axway introduced two free share grant plans. The first plan was launched in 2012 following the Company's IPO. The second plan was launched in 2019 with the grant of 200 free shares to all Axway employees active at that date, subject to the condition that they remain employed by Axway for a period of three years, *i.e.* until 2022.

At the end of December 2021, Axway employees held 0.96% of the Axway share capital vs. 0.84% in 2020.

The free share grant plans are described in Chapter 4 and the breakdown of the share capital is presented in Chapter 7 of the 2021 Universal Registration Document.

3.2.6 2023 social objectives

Axway constantly implements an improvement process, with both short and long term goals, to develop its employer responsibility in line with its customer commitments and its strategy.

In 2021, collaborative efforts were also launched to determine a common framework for the Company as a whole, based on new working practices, flexibility and working on-site and from home, while tailoring the Axway strategy to employee expectations: the "*Future of Work*" programme.

Axway has set the following indicators for 2023:

- employee engagement score above 70% in 2022 and 2023;
- increase in the % of women employees to 33% by 2023;
- 25% increase in the number of people with disabilities by 2023.

These programmes will be deployed across the Company and adapted to local requirements.

Employer Commitment

EMPLOYER

- **Employee Engagement Score >70%** for 2022 & 2023
- **33% of women in total headcount** by 2023
- **+25% of people with disabilities** by 2023

3.3 Societal Commitment: have a positive impact in our communities as a leading publisher

Axway's societal commitment exists in the digital environment where innovation changes use, including in civil organisations. The Company participates, in particular, in the work of professional bodies such as Syntec/Numeum in France.

Axway's materiality analysis has helped deepen the assets that Axway can share with civil organisations, in a similar way to its employer commitments. They are presented in the first part of the NFPS.

Axway's societal responsibility indicators are founded on surveys conducted with its customers and employees, and through dialogue with its shareholders, partners and suppliers.

The societal responsibility programmes are very naturally built around the technological skills and digital uses that Axway teams can share with all its stakeholders including civil organisations and particularly women and people with disabilities who are less represented in the sector.

The societal commitment is truly evidenced when legal tools formalise commitments. Axway therefore continues to develop its internal processes, charters and responsible labels that push forward Axway with its stakeholders.

3.3.1 Increase customer satisfaction

The satisfaction of Axway's customers, alongside that of its employees, is Axway's first commitment. This satisfaction guarantees the performance of the IT systems implemented and creates a virtuous value chain, notably through upskilling teams, innovation, and better digital services. This value creation is in turn shared with internal teams and other stakeholders: partners, suppliers, investors.

The Axway Customer Success organisation

The Customer Success organisation, which is central to the Axway business model, as described in the profile of this document, represented 42% of Company employees in 2021. Its goal is to maintain a permanent dialogue with customers to propose tailored and scalable solutions and services in line with their expectations.

This department is managed by the Customer Success Officer, a member of the Axway Executive Committee and metrics are presented each year to the Board of Directors and the Appointments, Governance and Corporate Responsibility Committee.

Measure customer satisfaction

The customer satisfaction indicator set up at Axway in 2016 is based on the Net Promoter Score (NPS) method. Incorporated into the Axway risk management process, it is used as a performance indicator for the variable compensation of certain employee categories and the Chief Executive Officer (see Chapter 4 of this document).

The Net Promoter Score (NPS) indicator measures the satisfaction of 3 customer categories: Detractors, Passive, Promoters. It is built around:

- an iterative process: a closed-loop customer feedback survey, ensuring dialogue with all customers throughout the year and over the long term;
- customer management tools: Customer 360° Dashboard, etc., "Customer success plans" which reinforce this dialogue, provide follow-up reports and update marketing databases to launch campaigns, meetings, training courses, etc.;
- customer expectations which fuel Axway software design and Research and Development.

The customer satisfaction indicator is 29 in 2021, a rise of 4 points on the previous year.

Axway has set itself the goal of increasing customer satisfaction with a Net Promoter Score (NPS) score of 40 by 2023.

The main customer expectations measured by the system cover the following concerns:

- software quality and performance;
- technical support;
- service engagement;
- training;
- customer events;
- customer management.

These measurements drive the Axway software design and development strategies.

Tailor customer dialogue

From the beginning of the health crisis in 2020, the customer engagement strategy enabled Axway to adapt its means of communication. This was successfully continued in 2021, although in a more hybrid format:

- certain customer events were held in-person, such as Axway's 20 year celebration in Paris in October 2021 - while others became virtual, shorter but more frequent;
- 79 user groups and customer advisory board meetings were held virtually in 2021;
- selective studies and questions helped assess well-being in customer relationships;
- the on-line Axway Customer Community was expanded with over 4,000 participants by the end of 2021;
- a "virtual contact" training course was launched to share good practices in video conferencing;
- an ideation portal was introduced in 2021, where customers, partners and employees can collaborate on product ideas and vote on the ideas they like.

Train and share skills

The expectations identified in customer surveys are used to build training programmes for both Axway and customer teams.

Sharing Axway's CSR performance with its customers

Each year, Axway assesses its CSR performance using the EcoVadis platform to promote transparency and trust by customers and business partners. Bringing employees, processes and the platform together, EcoVadis implemented a broad-spectrum CSR assessment methodology covering 150 purchasing categories, 110 countries and 21 CSR indicators. This is the leading collaborative platform evaluating suppliers' sustainable development performance for global supply chains. EcoVadis has become a trusted partner for buyers at a significant number of multinational companies.

Silver EcoVadis label

Axway retained its Silver label rating, with an improved score of 61/100 compared to 60/100 last year.

Axway aims to improve its performance and achieve the Gold label by 2023.

Axway also answers customer questionnaires *via* other independent external organisations such as AFNOR with the Acesia platform.

Support co-development

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

3.3.2 Deploy our responsibility vis-à-vis all our stakeholders

3.3.2.1 With our employees, sharing their expertise with societal organisations

Axway has included sharing expertise in its Societal commitment.

In 2021, two lines of progress were defined:

- **digital development programmes for women;**
- **awareness-raising programmes for the integration of people with disabilities.**

In addition, Axway supports initiatives undertaken by employees through societal organisations, according to the countries where it is located.

Axway helps develop and raise awareness of digital careers with organisations such as:

- Syntec in France: contribution to surveys on the digital sector, workshops;
- Talents du Numerique "Des metiers d'avenir pour un monde à inventer': participation in the work of this organisation aimed at promoting and developing digital innovation for all, and more vulnerable groups. https://talentsdunumerique.com/;
- Mission handicap: described in Section 3.2.2 of this Chapter.

Digital development programmes for women: deploy 4 new programmes by 2023

Axway has decided to increase its involvement in sharing its digital expertise with societal organisations. In 2022 and 2023, Axway's Corporate programmes facilitated by the CSR system will be deployed with contributions from volunteer employees to provide personal accounts and support young girls and women:

- in primary and high schools, to encourage young girls to pursue scientific or artistic studies that will lead to digital businesses;
- in universities, to share Axway's experience with female students;
- in local associations working in girls' or women's communities to promote digital learning and training.

The programmes supported by Axway over the past several years have therefore been analysed with a view to a more comprehensive deployment. They include:

Elles bougent

The Elles Bougent association aims to promote exciting scientific and technical professional paths to schoolgirls and female students in France. It seeks to demonstrate how these professions are accessible to women through the testimonials and the mentorships of women that have chosen these professions.

Wi FiLLES

The FACE foundation Wi-Filles programme was chosen to support the digitisation campaign with Axway individual shareholders. Wi-Filles is a programme to introduce young girls between 14 and 16 years old to digital uses, jobs and skills. It encourages young girls to further their understanding of a future with digital, develop their independence and their ability to act and take control of their education and career. (https://www.fondationface.org/projet/wi-filles/).

PWN | PARIS
PROFESSIONAL WOMEN'S NETWORK

Professional Women's Network, a European women's network with 700 active members in Paris and 4,000 members in 30 cities, present in Dublin, Rome, Berlin, Madrid, etc. It promotes women engineers who transmit their passion and wish to encourage vocations. The partnership between PWN and Axway enabled 12 female employees from Europe to participate in discussions organised by the network and thus raise awareness of Axway. The Axway Human Resources Director facilitated a roundtable discussion on gender diversity during the organisation's annual congress on 7 October 2020.

Societal initiatives launched under the impetus of employees in different countries.

Theme	Example initiatives
Dignity of the human person	**In France**, employees organised a collection of gift boxes to be distributed for Christmas to people in need. Each box contained something warm, something tasty, something to relax, a beauty product, and a small card. Axway collected 50 boxes which were then redistributed to the neediest though different charity organisations.
	In Bulgaria, employees bought and donated the most necessary and needed products for families in support of "Together Forward – Rosino" foundation. This foundation provides a hot lunch for children from socially disadvantaged families, collects clothes and shoes. "Together Forward – Rosino" Foundation supports about 40 families in the area. **Smile4you** is an association in Bulgaria that supports children with problems in development and their families who could not work "normal" jobs as their children`s special needs. Every year, Axway Bulgaria collaborate with them by purchasing meaningful gifts for employees for various occasions through the year.
	Feed My Starving Children (FMSC) is a non-profit organisation that provides nutritious meals to children worldwide. Volunteers package the meal, then the packages are distributed to schools, clinics, orphanages, and feeding programmes around the world. On 18 August 2021, Griffins packaged MannaPack Rice which is the first and original food formula that FMSC uses. The ingredients include soy, rice, vegetables, and vitamins. These ingredients reduce problems with malnutrition. Axway employees packaged 87 boxes, which made 18,792 meals, and fed 51 kids for a year. **In the United States**, **St. Mary's Food Bank** exists to help feed hungry families throughout Phoenix and nine Arizona counties. Employees who are local to the Scottsdale office brought in cans to the holiday party, while remote employees had the opportunity to make a monetary donation online. The Scottsdale office donated enough cans to fill an entire SUV.
	In Romania, **FDP Protagonisti în Educație** is an association that promotes the human dignity of the most disadvantaged people in our communities, building on the experience of each of them and involving them as real protagonists of their lives. Axway Romania employees donated 4500 RON (€910), which will be used to support 50 children with special educational needs who receive therapeutic support in the "Wonder" day centre. Fresh fruit for hospitals in Romania: Axway donated approximately 110kg of fresh fruit to the medical entities of several hospitals in Bucharest including Fundeni Hospital and the Cancer Institute as well as to other children's hospitals.
	In France, five-year partnership with **ADIE** - a non-profit association - to which Axway supplies software. This association helps people marginalised in the labour market, without access to the traditional banking system, to set up businesses and thus create their own jobs, *via* the use of microcredits.
Environment	**Adopt a Hive** is a socially responsible programme that offers a comprehensive solution to the problems in the beekeeping industry in Bulgaria and supports all Bulgarian honey producers and of course preserving the sweety bees as they are one of the most important creatures on the planet and their existence is crucial for all other species, including humans. **Caps for Future in Bulgaria:** this campaign consists in collecting plastic caps for recycling. The money obtained goes towards purchasing incubators for premature babies and special ambulances for children. Dedicated collection areas have been set up on Axway's premises. The caps are collected twice a year and the programme is supported by communication campaigns. From 2021, we started to collect and recycle aluminium cans as well.
Animal Dignity	**Animal Rescue Sofia** is a Bulgarian organisation working to solve the problem of stray dogs and cats. Dozens of people come to the shelter to help every week - the volunteers provide indispensable help to the dogs by walking and socialising them. Thanks to them, the dogs in the shelter improve their contact with humans and build a stable relationship of trust.

3.3.2.2 With our partners: innovate in responsible values

Axway applies its ethical and anti-corruption rules to the various partners with which it works. These partnerships are formalised at local or global level and according to the different types of agreements:

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

In 2021, Axway again strengthened its partner system which encourages co-innovation through the creation of joint solutions *via* the Amplify Marketplace. With its partner ecosystem, Axway extends its market impact through different levels of reciprocal commercial commitment, co-marketing initiatives and partner training courses.

Axway also measures the level of satisfaction of its partners. The Net Promoter Score (NPS) indicator, whose methodology and system were previously described in Section 3.3.1 of this Chapter, provides essential information for working relations between Axway, its partners and its customers.

In 2021, the satisfaction survey of global partners confirmed their strong commitment to Axway.

3.3.2.3 With our suppliers: strengthen the sustainable purchasing system

Over the past two years, Axway has improved its purchasing and supplier selection system, strengthening its sustainable purchasing analysis process in line with its commitments. This information is detailed in Section 3.3.8 of this Chapter.

Purchases are central to Axway's activities, both for internal consumption and projects undertaken with customers and partners. Purchase agreements are carefully organised at Axway to guarantee the Company's service quality and compliance with ethical commitments.

IT purchases for Axway's internal activity and customer projects are made by the dedicated IT Purchasing team which oversees the clauses contained in the contracts with the Legal Department. Depending on the supplier, Axway will retain the clause already set out by the supplier or incorporate one of its clauses from its ethics charter available on the website www.axway.com.

Other purchases are made directly by Business Units based on the procedures drawn up for Axway as a whole and its 18 global offices.

Axway's purchasing procedures

The procedures are known and available on the Company's internal social network. The Legal Department discusses each purchase with the Business Unit and ensures that clauses similar or in reference to the Axway ethics charter, including anti-corruption practices, are included and signed by the supplier or partner.

> The purchasing procedure covers 100% of purchase agreements, which are reviewed by the Legal Department and include social responsibility clauses.

A defining purchase management tool

Deployed at the end of 2020, Axway's Purchasing platform enables the secure signature of supplier contracts, enhancing its purchasing control and responsibility procedure. Axway supplier selection and commitment indicators may also be drawn up under this project.

Regular audit and monitoring of purchasing procedures

Purchasing procedures are regularly audited by the internal audit Department and presented to the Audit Committee.

Integrating CSR criteria into the purchasing processes

The ethical tools and charters described in this document are shared with Axway's suppliers.

Social responsibility clauses depending on the type of supplier: responsibility charters are therefore tailored to the types of service provider: purchases for internal use, purchases for external use, OEMs, external products embedded in our offers.

Furthermore, when analysing its indirect environmental impact presented in Section 3.4.2 of this document, Axway launched an analysis of the 50 main suppliers of goods and services, computer resources and IT services to consider, as a first step, their environmental and societal performance.

The implementation of a Green Taxonomy in 2021 also included an analysis of resources and services purchased from suppliers.

This work contributes to developing Axway's sustainable purchasing approach, which occupies a major place in the Company's business model.

3.3.2.4 With our shareholders and investors: financial information transparency

Since its shares were listed in 2011, Axway has constantly enhanced its financial reporting according to best practices to ensure the equal treatment of all shareholders and inform them of financial matters in complete transparency. These practices are primarily based on the following processes:

- adhesion to the Middlenext Code and distribution of governance between the Board of Directors and the Executive Committee;
- Euronext Paris listing;
- participation in the Gaia socially responsible investment index;
- team, resources and website dedicated to shareholders and investors;
- dialogue with investors and individual shareholders;
- observance of financial reporting best practices;
- responsible dividend policy.

ESG responsible investment index: Gaia Rating

For several years, Axway has participated in the Gaia Rating index by providing all the non-financial data requested by Gaia. This index designed for investors measures the social, societal, environmental and governance indicators of companies that complete their questionnaire and then selects the best 230 entities.

In 2021, Axway was rated 75/100 and therefore retained in the index for companies reporting revenue of between €150 million and €500 million.

Analysis of new sustainable finance indices for Axway

Investors' new expectations for ESG performance indicators led Axway to review all surveys submitted to it by non-financial rating agencies.

In the coming months, Axway will conduct an opportunity study on inclusion in a new ESG financial rating index.

3.3.3 Evidence our commitments using ethical and responsible tools

Axway has decided to work on a global ethics programme driving values in the Company as a whole and within its ecosystem. This programme is also materialised in charters which are shared with stakeholders.

The charters are all available on Axway's website under the heading Ethics & anti-corruption.

Trust in our business relationships

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

Axway has demonstrated the principles underlying this charter through specific examples. An online training course is available. Axway's objective is that this training is completed by all employees. New recruits must complete it within three months of their arrival. Automatic reminders are sent out if necessary.

Whistle-blowing procedure

To safeguard its values, in 2018, Axway set up a whistle-blowing system respecting the confidentiality of the identity of the whistle-blower and the individuals targeted. In addition to questions concerning the application of our Ethics charter, the dedicated email address, axway.notification@axway.com, has dealt with three whistle-blowing incidents since its launch.

Fight against corruption

Axway has adopted an active approach in the fight against corruption. Each year, Axway renews its adhesion to the United Nations Convention of 31 October 2003 against corruption which commits it to applying the laws in force, including anti-corruption laws in the countries where it operates. More specifically, Axway has undertaken all measures to satisfy its obligation to comply with the Sapin 2 law and continues to develop its monitoring practices and tools accordingly.

Securities Trading Code of Conduct

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

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

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

The purpose of the Securities Trading Code of Conduct is to inform employees, company officers, executives or other Axway stakeholders as well as any current or future shareholder of the Company of the legislative and regulatory principles relating to market abuse as well as the additional internal measures put in place in particular to prevent insider misconduct. The Code of Conduct was updated in 2020 to comply with AMF regulatory changes and recommendations.

Data protection

Through its presence in 18 countries, Axway wishes to maintain a common culture of transparency, trust, integrity and responsibility both internally with its employees and externally with its customers and business partners.

Axway's privacy compliance programme (https://www.axway.com/en/gdpr) supports this culture by presenting policies to ensure that processing complies with the laws and regulations in force in the countries where it operates: the General Data Protection Regulations in the EU (GDPR), the Privacy Act amendment 2017 in Australia, the California Consumer Privacy Act in the United States and the *Lei Geral de Protegao de Dados* in Brazil.

In keeping with its pledge to accompany the digital transformation of its customers in complete security Axway publishes an information memo on the protection of privacy for each of its products on its website, to support its customers in their privacy compliance policies.

Ensure digital security

As a software publisher, digital security is central to the Company's processes. As already presented in the preceding Sections of this Chapter on customers, suppliers and partners, Axway ensures the security of its exchange processes and applications.

The digital security system is organised by the Executive Security Committee which runs the Security Management System *via* a dedicated team. The Committee meets three times a year.

Security risk management and the related system is described in Chapter 2 of the 2021 Universal Registration Document.

The programmes addressing the needs of all stakeholders are founded on recognised standards, protocols and processes and include:

For customers:

- ISO 27001 certification
- SOC2 Type II audit
- assessment of security as an indicator of customer loyalty
- security of cloud services
- security of support services
- security management for developments without any breaches and viruses
- penetration-integration testing for Axway products and services
- sector compliance depending on customer requirements
- auditing
- internal training

For employees:

- security of exchanges between Axway's internal systems
- security of information contained in the Company's information system
- security of systems used for remote working

With various types of partner:

- hosters in the cloud
- integrators, advisers

For shareholders and investors:

- GDPR personal data protection policy
- file safeguard and shareholder identification procedures

In the COVID-19 context in 2021:

- business continuity plan based on the ability of all teams and departments to work from home
- continuity of internal systems that can be accessed at any time from anywhere in the world
- continuity of cloud services for our customers

Management of Cyberattack risks:

- internal teams dedicated to managing system and development security
- rapid response policy and procedure for security incidents
- Security Operation Centre, operational 24/7
- advanced systems to protect communications, networks, work stations and premises

Security training

Training sessions on best security practices last in general 30 to 45 minutes. They are supplemented by a second training session on current Axway security policies, the duration of which depends on the expertise already acquired by each employee the previous year.

In 2021, an internal conference called the "Axway Security Conference" provided an opportunity to present, in a concrete manner, the various projects that contribute to the security of our developments and services, as well as how our products and services meet the security expectations of our customers and the market.

Attended by more than half of the Company's employees and recorded and available on the Axway University platform, this conference enriches Axway's security training catalogue.

	2021		2020		2019	
Security training	**number**	**hours**	**number**	**hours**	**number**	**hours**
Annual security training	3,726	2,029	2,944	2,208	2,668	1,709

This table does not include more technical training sessions, such as sessions focusing on software development, which are generally longer per employee.

3.3.4 2023 societal objectives

Axway will roll out the societal commitment programmes described in this Chapter across the Company's entire scope and with the participation of employees over the coming years based on the following priorities:

- continue to boost customer satisfaction with a score of 40 by 2023 (29 in 2021);
- enhance its CSR performance *via* the EcoVadis platform with a score of 72/100 (61 in 2021);
- develop the programme for young girls and young women in several countries where Axway operates.

Societal Commitment

SOCIETAL

- **Net Promoter Score > 40** by 2023
- **Gold EcoVadis ranking** by 2023
- **4 local programmes** in female digital education by 2023

3.4 Environmental Commitment: reduce our direct and indirect impact

Digital sector and environmental impact

Long regarded as an "intangible" industry, the digital "information and communication technologies (ICT)" sector was not clearly identified as a leading stakeholder in environmental issues. On the contrary, in the years which saw the development of computer science and then the Internet, the sector was considered as a contributor to digitisation, as paper use was eliminated and transport reduced in an environmental virtuous circle.

There was then a shift in consciousness with the acceleration of digital transformation, the development of mobile applications and the need for corresponding resources, leading digital industrial players to adopt resource management, streamlining and offset strategies to limit costs and reduce the ecological footprint.

International regulations and climate change goals are now set out in the governance codes and strategies of responsible businesses, including in the digital sector.

A new phase for Axway

In 2021, at the instigation of Patrick Donovan, Chief Executive Officer, Axway reconsidered its environmental trajectory to gradually adopt a more sustainable approach to its activities. This was a strategic turning point, if we consider that the aim is to attain carbon neutrality by 2028.

Our work focused primarily on the following areas this year:

- definition of quantitative goals to reduce the direct impacts of our activities;
- inclusion of our greenhouse gas emissions relating to our products and services;
- initial analysis of Axway's external activities with an indirect impact;
- initial calculation of the indirect impact using the top 50 suppliers of goods and services in the resource supply chain;
- monitoring European Green Taxonomy work in line with CSR.

An initial trajectory was therefore established for the next stages over the seven-year period:

- 2022-2023: understand all the sectors to be covered, determine the key monitoring indicators, consider the sustainable purchasing process, set resource measurement tools, organise internal programmes with the contribution of employees and the progressive commitment of Axway's external stakeholders;
- 2023-2024: integrate CSR work consistently with the alignment with the European Green Taxonomy, roll-out of the reduction and offset programme and processes;
- 2024-2027; stabilise the approach in the Axway business model.

Axway has set the target of achieving carbon neutrality by 2028. This project will involve employees and stakeholders and will be rolled out from 2022. The project is based on 3 levels of action: measuring, reducing and offsetting our impact.

2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028

Take account of the direct and indirect impact of activities on the environment

13 CLIMATE ACTION

During the year, Axway produced an initial snapshot of its greenhouse gas emission sources, the types of activities concerned and the 3 scopes to be considered in order to classify them in the following two categories:

- direct impact: resource consumption linked to the internal activities of the Company (premises, operations IT infrastructure);
- indirect impact: resource consumption linked to external activities (software design, research and development), particularly customers.

Emission sources, indicators by activity and scope, for the calculation of the direct and indirect impact by emission source and usage category

The Scope concepts are defined in Section 3.4.1.2 of the Chapter.

In CO_2 metric tons equivalent	**Direct Impact Resources used for our internal activities**				**Indirect Impact Resources used for our external activities**
	Scope 1	**Scope 2**	**Scope 3**		
Emission sources Pictograms gas, fuel-oil, water	Consumption of gas and fuel-oil Fuel consumption by the business vehicle fleet	Electricity consumption Heating network consumption in La Défense	Purchases of services and resources, non-IT suppliers	Purchases of services and resources, IT suppliers	Purchases of services and resources, IT suppliers
Usage categories in the Company's activities Pictograms software and server			- Services essential to our operations (lease of premises, insurance, advisory services, communication, telecommunications, business travel, sub-contracting, etc. - Products essential to our operations (furniture, etc.)	- Software licences and Subscriptions - IT sub-contracting services - Equipment (hardware, telephony, etc.)	- Cloud hosting - Software licences and Subscriptions - IT sub-contracting services
	133	**728**	**3,948**	**1,922**	**1,357**
	6,713				1,357
	83%				17%

3.4.1 Measure to reduce our direct impact

Our desire to integrate environmental challenges into our day-to-day activities led Axway to implement rules to reduce energy and raw material (mainly paper) consumption. Launched several years ago, this virtuous momentum was consolidated in 2021.

The health context in 2021, with working from home adopted beyond government recommendations, directly impacted resource consumption:

- Axway's premises largely unoccupied;
- travel reduced to what was strictly necessary;
- widespread use of digital collaboration tools.

3.4.1.1 Resource management processes

The need to manage the environmental impact of our internal activities (direct impact) is covered by a continuous improvement programme that specifically involves Axway's relevant functional divisions, employees, and all its stakeholders.

Major processes are designed to reduce resource consumption:

Working from home, a means of reducing environmental impacts

The new rhythm of 40% working from home/60% working in the office described in Section 3.2.3.2 of this Chapter generates a structural reduction in resource consumption and particularly energy consumption at our premises and transport. A more precise assessment will be conducted in the coming years.

Video conferencing

The use of video conferencing became widespread in 2021 with the new *Future of Work* system.

Use of digital meetings: essential in collaborative work.

Video conferencing	2021	2020	2019
Number of digital meetings[1]	246,793	281,483	126,189
Digital meetings per employee[2]	144	149	67

(1) *Number of meetings measured in WebEx – Teams apps.*
(2) *Calculated based on 1,712 employees as at 31/12/2021, with data rounded.*

Electronic signature

Already in place for several years, the use of the DocuSign electronic signature solution has increased for all types of official documents.

Theoretical savings realised with the use of DocuSign represent 7,927kg of wood, 194,793 litres of water, 18,607kg of coal and 1,288kg of waste.

Electronic signature	2021	2020	2019
Number of files signed	19,572	9,671	8,303
Number of pages signed	97,247	46,571	33,746

Reasonable consumption of paper, plastic and cardboard

In 2021, Axway once again addressed the issue of paper, plastic and cardboard consumption in its internal activities.

- paper: for several years now, the Company has adopted measures to limit paper usage, raised awareness internally and set up digital tools to reduce the need to print;
- plastic: pursuant to local regulations, Axway has eliminated the use of plastic cups and the centralised purchase of plastic bottles in several countries;
- cardboard: this mainly involves packaging for IT equipment or office supplies ordered by Axway. It is reused as much as possible for equipment returns or redistribution or included in the local recycling process.

These approaches are adapted according to the country and environmental regulations.

In its commitments, Axway seeks to promote awareness among internal buyers and employees on how to reduce these consumables.

Paper consumed (reams in France)	2021	2020	2019
France	195	150	750
United States	152	163	395
Romania	75	50	75
Bulgaria	15	40	40
Ireland	5	10	20
Germany	100	40	195
TOTAL	**544**	**453**	**1475**

Other means of reducing paper, plastic and cardboard consumption

Meal payment card	Replacement of paper since 2020
Shareholder exchanges by e-mail	60% of Axway's registered shareholders have provided their e-mail address to eliminate the use of paper.
Beverage containers	Distribution of water bottles and mugs to our stakeholders.

Waste recycling and processing

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

In France, Axway has chosen a supplier that provides uplift services - for recycling purposes - of cardboard, paper, plastic, cans and printer cartridges. The supplier does both regular and one-off collections. Voluntary collection points have also been installed to facilitate the process for employees. For WEEE (waste electrical and electronic equipment), Axway continues to pursue its policy of making donations to associations or to employees.

In 2021, Axway generated nearly 4 tonnes of waste. The main monitoring indicators are presented in the following table:

Waste collection *(in kg)* **(France)**	**2021**	**2020**	**2019**
Plastic	186	64	31
Ink cartridges	0	13	22
Paper & cardboard	3,429	2,823	7,195
Cans	0	5	154
Bulky waste	8	91	1,183
Waste electrical and electronic equipment	254	239	245

Reasonable consumption of IT equipment

Regarding IT and office equipment, new ergonomic work stations improve the quality of employees' working conditions but also optimise energy and resource consumption with less energy-consuming terminals.

Standard employee equipment -work station, office equipment- is renewed every 3 years.

As part of the roll-out of the "*Future of Work*" policy, Axway entered into a partnership with a leasing company which supplies equipment and connectivity. Deployed in France in November 2021, employees can equip their home working space with second-hand office equipment. This system will be rolled-out in other European countries in 2022.

IT equipment donations

In addition to recycling, donations extend the life of IT equipment and replace the production of a new model in a circular economy approach.

It therefore offers new resources to employees for their personal use or to public utility associations serving underequipped communities.

	2021	**2020**	**2019**
Donations of IT equipment, computers, screens, etc. *(in units)*	656	360	500

Involve management in sustainability discussions

In 2021, many more Axway managers were involved in environmental impact analysis thanks to new CSR initiatives. Their involvement contributed to promoting these new competencies internally.

To meet its 2023 objectives, Axway has rolled out a CSR e-learning programme for all employees, incorporating environmental commitments.

Manage the energy consumption of IT servers on the Axway site

Five years ago, Axway decided to outsource the machine room for production applications for its La Défense site in France. An eco-responsible Green Label operator, Interxion was carbon neutral at the end of 2020 (www.interxion.com/fr/neutralite-carbone-2020).

For the hosting of proprietary or customer data, Axway sets up service contracts to host large volumes of data. These service contracts signed with leading market players such as Amazon AWS, Microsoft or Salesforce, enable Axway to ensure sustainability commitments and social and environmental best practices in this area.

In addition, ongoing work on Axway's sustainable purchasing process includes the direct environmental impact of Axway's main hosting providers.

Manage heating and air-conditioning energy consumption

Heating and air conditioning: as a tenant at all its sites, Axway seeks to optimise the energy performance of its facilities. When leases are renewed, the premises are equipped with modern, environmentally friendly heating and air-conditioning systems. The French headquarters located in Paris La Defense benefit from highly environmentally-friendly air conditioning and heating networks which operate using the county's waste (Enertherm).

Energy consumption in MWh	**2021**	**2020**	**2019**
France - La Défense site, including heating/air conditioning (Enertherm)	1,984	2,540	2,614
Germany	213	720	236
Bulgaria	679	566	803
Ireland	37	38	75
Romania	688	696	438
United States	6	816	993
Total	**3,607**	**5,376**	**5,158**

In Phoenix, the service room was outsourced from the fourth quarter in 2020. This transfer, combined with lower attendance on site explains the absence of energy consumption.

Following the signing of an energy performance contract by the owner of the La Défense premises, a new schedule of heating operating hours was put in place (shutdown in the evening and at weekends). This automatically led to a reduction in consumption of nearly 40% in 2021.

Energy consumption decreased 33% between 2020 and 2021 (including the different sources of energy and usage).

3.4.1.2 Axway carbon report

Regarding the 3 carbon report scopes

The terms Scope 1, Scope 2 or Scope 3 are used in an organisation's carbon report. The carbon report is used to determine how much greenhouse gas is emitted when manufacturing a product or from the activities of an organisation over a given period according to 3 scopes:

Scope 1: direct emissions

Scope 1 encompasses greenhouse gas emissions caused directly by the manufacture of a product or a service. For example, if the manufacture of a product requires the use of oil, fuel combustion or if its production generates CO_2 or methane emissions, all these emissions are accounted for in Scope 1. These are referred to as direct emissions.

Scope 2: indirect emissions caused by energy consumption

Scope 2 encompasses greenhouse gas emissions caused by the energy consumption needed to manufacture a product or a service. For example, to manufacture a product, electricity must generally be consumed to operate the plants where the product is designed. This electrical consumption does not in itself generate any greenhouse gases. But electricity production emits greenhouse gases. All these emissions caused by secondary energy consumption are accounted for in Scope 2. This scope also includes emissions from heating and cooling networks. These are referred to as indirect emissions caused by energy consumption.

Scope 3: other indirect emissions

Scope 3 encompasses all other greenhouse gas emissions that are not directly caused by the manufacture of a product but by other stages of the product's lifecycle (supply, transport, use, end-of-life, etc.). For example, raw materials are needed to manufacture a product. The extraction and transformation of these raw materials, as well as their transportation to the production plant, generate greenhouse gases. Similarly, a product's end-of-life or recycling also generates greenhouse gases. These indirect emissions caused by the other stages of a product's lifecycle are accounted for in Scope 3. These are referred to as other indirect emissions.

Greenhouse gas emission assessment methodology (BEGES)

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

The 6-country scope used for the assessment covers over 80% of the total area of premises.

The BEGES was completed by an independent service provider with a Bilan Carbone® license issued by the Association Bilan Carbone (ABC) for 2021. It was drawn up based on the updated official greenhouse gas emissions assessment in accordance with version 4 of the assessment production methodology published in October 2016 by the French Ministry for Ecological Transition.

Indicators used:	Geographic scope and network of correspondents:
• gas, fuel-oil, electricity and water consumption;	• France;
• kilometres travelled (excluding personal vehicles);	• Germany;
• IT equipment donations;	• Romania;
• waste recycling and management.	• Bulgaria;
	• Ireland;
	• United States – Phoenix site.

Axway carbon report results

The carbon report identifies greenhouse gas emissions of **861** (T eq. CO_2):

- direct greenhouse gas emissions in CO_2 metric tons equivalent amounted to 133 (T eq. CO_2); and
- indirect greenhouse gas emissions associated with the production of imported electricity, heat or steam, in CO_2 metric tons equivalent amounted to 728 (T eq. CO_2);
- and finally, other indirect GHG emissions (line power losses) in CO_2 metric tons equivalent amounted to 97 (T eq. CO_2).

Thus, total GHG emissions by the Axway Group within the scope defined above totalled 958 (T eq. CO_2). The assessments for 2019 and 2020 were updated for 2021 with updated emission factors, as recommended by the Ministry in its methodology.

The **reported carbon footprint** on which Axway can act directly through its policy is therefore 861 (T eq. CO_2).

Estimated carbon intensity is obtained by dividing the carbon footprint in absolute terms by revenue, i.e. 2.96 T eq. CO_2/€ million of revenue.

Reported carbon footprint (absolute value)

Scope 1 & 2
861
T eq CO_2

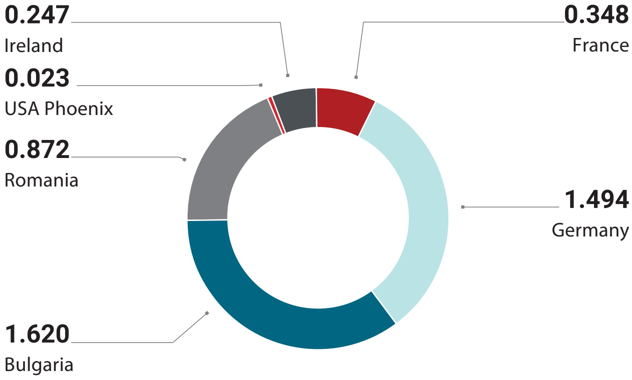
Estimated carbon Intensity

2.96
T eq CO_2/
Revenue
in € million

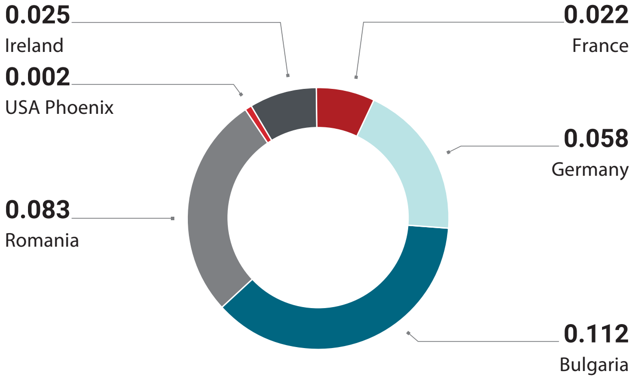
At constant structure, greenhouse gas emissions fell by 40% (639 T eq. CO_2) between 2020 and 2021.

This was most likely due to employees continuing to work from home during lockdowns due to the COVID-19 pandemic. In addition, energy regulation efforts enabled a reduction in the temperature at the Paris premises during the weekend and therefore greenhouse gas emissions.

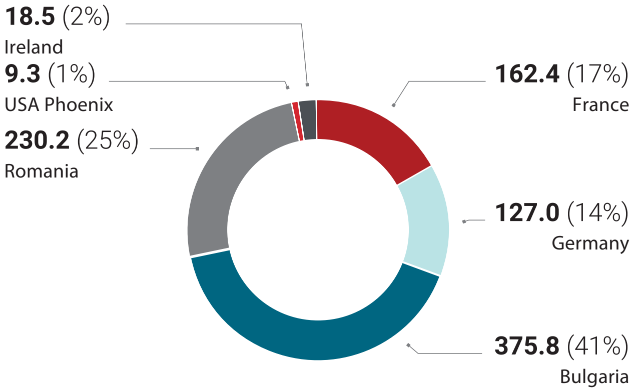
Breakdown of greenhouse gas (GHG) emissions in T eq. CO_2 by person and country



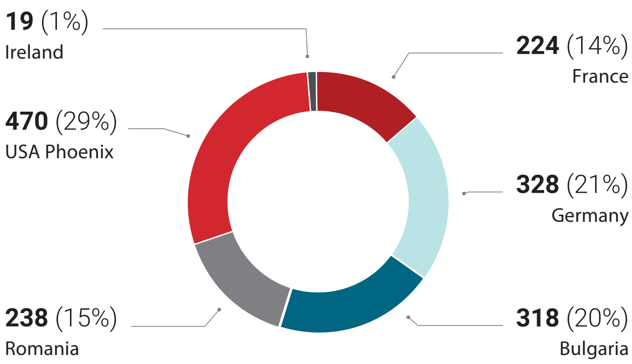
Breakdown of greenhouse gas (GHG) emissions in T eq. CO_2 by m²



Breakdown of greenhouse gas (GHG) emissions by country in 2021

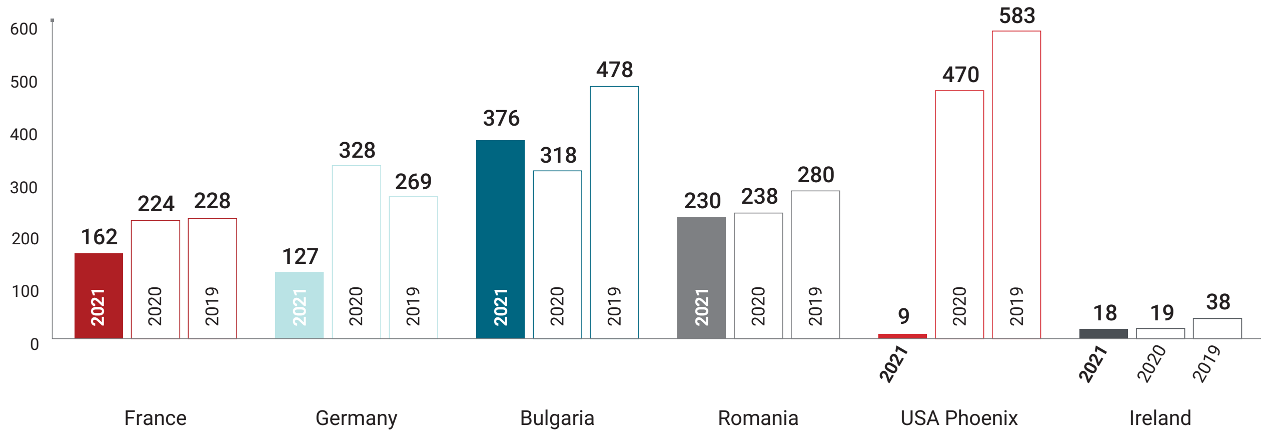


Breakdown of greenhouse gas (GHG) emissions by country in 2020



Change in greenhouse gas emissions in T eq. CO_2

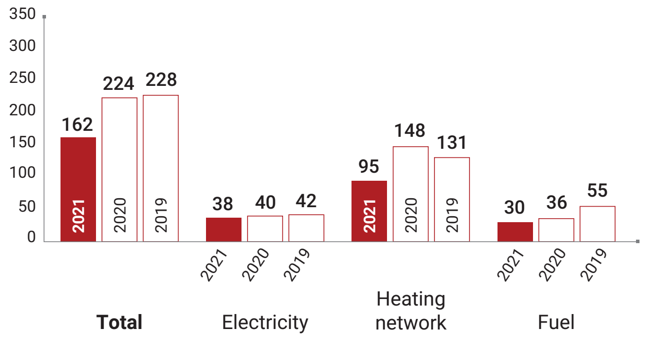
By country



The decrease is significant in Germany due to a rationalisation of space and especially in the United States where new premises were occupied alongside continued working from home.

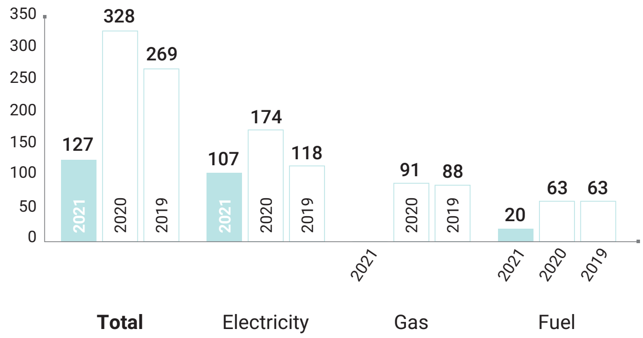
Change in GHG emissions in T eq. CO_2

France



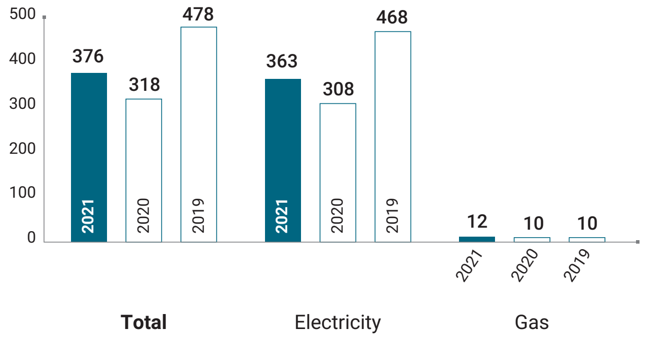
Change in GHG emissions in T eq. CO_2

Germany



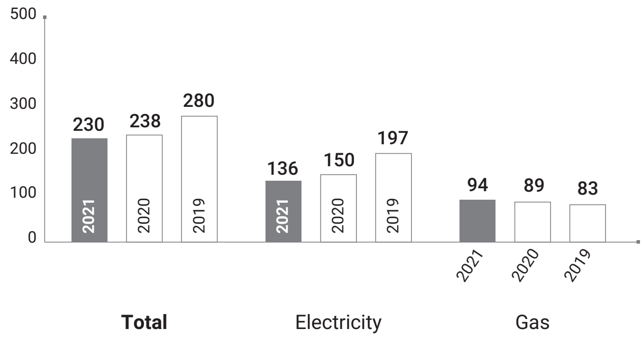
Change in GHG emissions in T eq. CO_2

Bulgaria



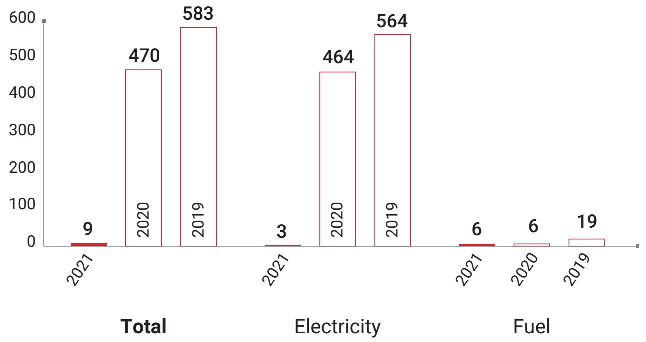
Change in GHG emissions in T eq. CO_2

Romania



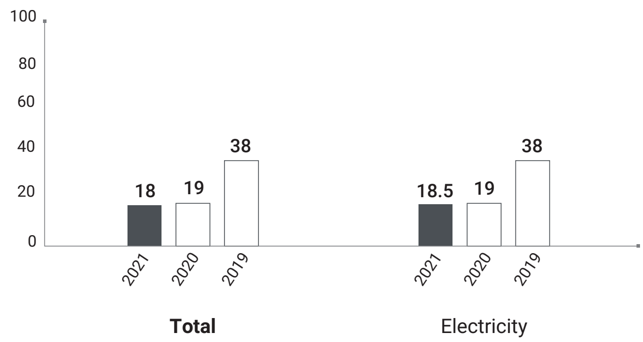
Change in GHG emissions in T eq. CO_2

USA (Phoenix)



Change in GHG emissions in T eq. CO_2

Ireland



For the first time this year, Axway performed a scope 3 analysis of its purchases of products and services used in internal activities ("Direct Impact"). The top 46 suppliers essential to our operations were selected for this first analysis. They mainly concern purchases of services, such as advisory services, communication, telecommunications, business travel and sub-contracting, as well as purchases of software licences and subscriptions and IT sub-contracting services. While limited with regard to indirect purchases, this first analysis enabled the calculation of our direct carbon footprint.

Scope 3
Non-IT purchases
3,948
T eq CO_2

Scope 3
IT purchases
1,922
T eq CO_2

3.4.2 Measuring our indirect impact

Two years ago, Axway began analysing the indicators relating to the environmental impact of its external activities. The initial focal points consisted in taking a "snapshot" of the areas of activity and tools requiring environmental resources.

Axway's various businesses and functions are

- software design and research & development;
- data hosting;
- software deployment and installation at customer sites;
- services;
- maintenance;
- product life cycle.

Tools used by Axway

- For the development of Axway software and its installation at customer sites to measure and help reduce impacts;
- applications, *e.g.* to reduce the cloud computing requirements of our software;
- IT hardware and equipment for work stations;
- eco-development, open source and focused development methods;
- remote collaboration tools (*e.g.* Teams video conferencing app) by development teams to limit travel;
- development labels and standards incorporating responsible approaches.

The purchasing process for resources purchased externally

An initial assessment of resources purchased externally was conducted for the top four suppliers of IT resources - hosting of data and software – enabling working hypotheses to be established. Emissions relating to these four suppliers totalled 1,357 metric tonnes of CO_2 equivalent.

Scope 3
IT purchases
for customers
1.357
tCO_2 equ

In the next stage, Axway will consider the adaptations to be made when assessing the environmental policies of suppliers in order to calculate its impact.

Stakeholders involved in the Company's activities

- Customers and their expectations of Axway's CSR performance;
- suppliers in the sustainable purchasing process described in Section 3.3.2.3;
- partners in co-innovation projects.

Contribution of software developed by Axway to reducing the environmental impact of its customers

As discussed above, Axway's business model and notably its research and development activities are based on digital innovation for its customers. The digitisation of exchanges, which has largely reduced paper consumption, transport and physical processes, has greatly contributed to reducing the carbon impact.

Axway's product development and installation plan has included streamlining energy consumption since the outset.

In addition, Axway has included analysing the contribution of its software to reduce the environmental impact of its customers in its indirect impact approach. As already indicated, this work is also conducted in line with the Green Taxonomy, which categorises activities with a sustainable impact.

3.4.3 Green Taxonomy: eligibility of Axway's activities and investments

3.4.3.1 Regulatory context

In order to promote transparency and a long-term vision of economic activities and direct capital flows to sustainable investments, the European Union established a common classification system for company activities enabling the identification of economic activities considered sustainable. This system is defined in European Regulation (EU) 2020/852 of 18 June 2020, known as the "Taxonomy Regulation".

Definition:
An activity may be considered sustainable where it:

- contributes substantially to one or more of the following environmental objectives:
  - climate change mitigation,
  - climate change adaptation,
  - sustainable use and protection of water and marine resources,
  - transition to a circular economy, waste prevention and recycling,
  - pollution prevention and control,
  - protection and restoration of biodiversity and ecosystems;
- complies with technical screening criteria that have been established by the Commission;
- does not significantly harm any of the environmental objectives;
- is carried out in compliance with the OECD guidelines for multinational enterprises.

Reduced provisions were provided for the first year of application in 2022 (in respect of fiscal year 2021). Companies must disclose the part of their revenue, capital expenditure and operating expenditure that corresponds to so-called "eligible" economic activities, that is activities classified in the European Taxonomy. In addition, only activities contributing to the initial climate objectives have been identified (climate change mitigation and adaptation).

For fiscal year 2022 (publication in 2023), companies must publish the part of revenue, capital expenditure and operating expenditure considered "sustainable" for the first two environmental objectives, that is respecting the technical criteria related to each of the eligible activities: substantial contribution to one of the two environmental objectives, does not harm the other environmental objectives and meets minimum social guarantees.

For fiscal year 2023 (publication in 2024), companies must publish the part of revenue, capital expenditure and operating expenditure considered "sustainable" for all six environmental objectives.

Axway conducted an in-depth analysis of all its activities in its various consolidated entities. This analysis was conducted jointly by the CSR division, the finance department and the operating departments.

Scope and key indicators

Revenue, capital expenditure and operating expenditure for all Axway activities corresponding to the scope of companies under its control was considered.

Financial data is taken from the accounts at 31 December 2021 and revenue and capital expenditure can therefore be reconciled with the financial statements.

Financial indicator assessment procedure

The financial ratio denominators were defined in accordance with the definitions set out in the Delegated Act of 6 July 2021 on Article 8 of the Taxonomy Regulation.

For the numerators, there are no definitions of the expected information for eligibility. The Group therefore reasoned by analogy with the alignment ratios to determine the part of ratios eligible under the taxonomy.

3.4.3.2 Analysis of Axway activities and capital expenditure for the Green Taxonomy

Key Performance Indicator (KPI): Revenue by activity

At this stage of its deployment, the Taxonomy Regulation prioritises activities that have the most significant impact on climate change and that offer the greatest potential for reducing greenhouse gas emissions. To date, the Taxonomy has listed more than 80 activities accounting for 90% of greenhouse gas emissions and that therefore must make the greatest efforts to attain the EU commitment of reducing emissions by 55% by 2030 and being carbon neutral by 2050.

The regulation also sets out enabling activities, that is activities that contribute to adapting other activities by proposing products or solutions that enable the negative effects of current or future climate change to be avoided and/or limited.

Axway activities concerned

Axway, as a software publisher, is a major digital transformation player.

The services provided as part of its software activities comprise a software user right (license), maintenance, related services and Software As a Service type subscriptions.

To better meet its customers' expectations, Axway transformed its historical Software business model (License, Maintenance and Services), moving towards a "Software As a Service" subscription-based business model enabling the use of remote servers.

Axway's Subscription activity groups together two Software As a Service offerings:

- **the "Axway Managed" offering,** which includes the use of licenses, maintenance services and the hosting of all these services. In this offering, hosting is provided by Axway or sub-contracted to a third party hosting provider; and
- **the "Customer Managed" offering**, which is a hybrid offering as the "on-premise" components (licenses) are hosted on the customer's premises or sub-contracted by the customer to a third party hosting provider, and the other Software as a Service components are hosted by Axway, or sub-contracted by Axway to a third party hosting provider.

As Axway's core business is software publishing, this business model transformation does not make Axway a traditional hosting provider. In practice, hosting services are entirely sub-contacted by Axway to leading hosting providers on the market, such as Amazon Web Services and Microsoft Azure.

In addition, Axway selects leading hosting providers that have defined an ambitious low carbon trajectory.

Work on measuring and reducing Axway's indirect impact on the environment is described in the NFPS (Non-Financial Performance Statement) in Section 3.4.2 of this document, together with the ambition to be "carbon neutral" by 2028.

Identification procedures

Axway identified its activities that are eligible with respect to the climate change mitigation and adaptation objectives (the "Climate objectives").

With respect to the "climate change mitigation" environmental objective, Axway analysed the following activities:

- **Activity 8.1 "Data processing, hosting and related activities"**: a part of Axway Managed revenue corresponds to this activity. However, all hosting activities performed using third party infrastructures are excluded from the application scope of the taxonomy. As Axway sub-contracts its Axway Managed hosting services, the related Group activities are not currently eligible in respect of activity 8.1.
- **Activity 8.2 "Data-driven solutions for GHG emissions reductions"**: the nature of Axway's offering would not appear to directly meet the definition of this article. However, as Axway is a digital transformation player, certain projects could be eligible provided they are supported by specific analyses demonstrating substantial greenhouse gas emission savings.

At this stage, Axway has not recognised the eligibility of its revenue for activity 8.2.

With regard to the "climate change adaptation" environmental objective, Axway analysed activity 8.1 "Data processing, hosting and related activities" and activity 8.2 "Computer programming, consultancy and related activities".

At this stage of the regulation, these activities 8.1 and 8.2 do not constitute enabling activities within the meaning of Regulation (EU) 2020/852.

Axway has not therefore recognised the eligibility of its revenue for this environmental objective.

The analysis conducted by Axway leads us to conclude that Axway's activities do not fall within the 88 highest greenhouse gas emitting activities targeted by the Taxonomy. At the same time, Axway's activities are not considered enabling activities. Nonetheless, Axway is implementing progress actions in favour of the climate, the results of which are measured through performance indicators published in Section 3.4 of this document.

To conclude, Axway considers that its economic activities do not substantially contribute to these first two environmental objectives. The part of revenue corresponding to eligible sales is therefore nil in fiscal year 2021.

Capital and operating expenditure

Capital expenditure Key Performance Indicator (KPI) – CAPEX

Capital expenditure corresponds to capitalised costs in respect of intangible assets and property, plant and equipment, including IFRS 16 right-of-use assets.

Group eligible capital expenditure mainly concerns private cars, IT servers and the purchase of buildings (with respect to the right-of-use).

Axway eligible capital expenditure in respect of fiscal year 2021 amounts to 38.1% out of a total of €3.7 million (see the Notes to the consolidated financial statements, Sections 8.4 and 9.1 of the 2021 Universal Registration Document).

Operating expenditure Key Performance Indicator (KPI) – OPEX

Operating expenditure is defined as direct costs that cannot be capitalised and include research and development expenditure, building renovation costs, maintenance and repair costs, lease payments expensed in the income statement and all other expenditure relating to the everyday maintenance of assets.

Group eligible operating expenditure mainly concerns short-term leases of private cars.

Axway eligible operating expenditure under the Green Taxonomy in fiscal year 2021 amounts to 0.02% out of a total of €71.0 million.

3.4.4 2028 environmental objectives

In 2021 Axway set its environmental commitment objectives based on the following three indicators:

- 10% reduction in paper consumption by 2023;
- employee mailbox cyber clean-up campaign to reduce the use of cloud resources;
- carbon trajectory to become carbon neutral by 2028.

Environmental Commitment

ENVIRONMENTAL

- **10% reduction in paper consumption** in 2022 vs. 2019 (last normal year)
- **2 cyber clean up days** by 2023
- **Carbon neutrality** by 2028

Summary of Axway's CSR commitments by stakeholder, indicators

Commitment	Programme	Indicator	SDG*	Stakeholder: Employees	Customers	Suppliers	Partners	Shareholders & Investors	Societal Organi-sations
	Employee engagement	Axway Voice Survey	SDG8	x					
	Gender diversity	% of women in the workforce	SDG5	x					x
	Disability diversity	Integration of new hires	SDG10	x					x
	Talent development	Number of day's training	SDG4	x	x		x		
	Offer a fulfilling environment	*Future of Work*, balance on-site/home working	SDG8	x	x		x		
Social		Dialogue and internal communication	SDG8	x					
	Ensure digital security	Certificates Training Processes	SDG8	x	x	x	x	x	x
	increase customer satisfaction	NPS indicator, surveys EcoVadis rating Recognition of business analysts	SDG8	x	x		x		
		Sustainable purchasing Ethics charter, whistle-blowing procedure	SDG8 and 16	x	x	x	x	x	x
		Consultancy, technology, integration and distribution partner programmes	SDG8	x			x		
	Govern ethically and sustainably	Middlenext Code Securities Trading Code of Conduct Listing on Euronext Paris CAC Tech, Tech 400 indexes, *Gaïa Rating*	SDG8 and 16	x	x	x	x	x	
	Assume our digital responsibility	Skills transfer	SDG4	x	x	x	x	x	x
Societal		Participation in educational and societal programmes Co-innovation of applications serving the public Hackathons		x	x		x		x

Commitment	Programme	Indicator	SDG*	Stakeholder: Employees	Customers	Suppliers	Partners	Shareholders & Investors	Societal Organi-sations
	Reduce our environmental footprint Carbon trajectory	Measure Reduce Recycle Offset	SDG13	x	x	x	x	x	x
		By tool: video conferencing, clean-up	SDG13	x					
	Direct Impact Indirect Impact	By resource: paper, plastic, equipment and IT software By type of Axway activity	SDG15	x	x	x		x	
Envi-ronmental		In the European Green Taxonomy framework	SDG8 and 13	x	x	x		x	

** Sustainable Development Goals*

Methodology note

For the scope defined, the data stems from country-specific reporting and the reporting produced by the divisions concerned (Recruitment and Training). A continuous improvement process has been set up for those systems.

Information published concerns the entire Axway scope, unless the scope is indicated: for example the country or countries concerned. The indicators used are those of the French Grenelle II Act. The principle of consistency of accounting methods year-on-year is respected. Data is collected from the relevant departments and a continuous improvement process has been set up for those systems.

Materiality matrix

In 2020, after mapping all the stakeholders presented in Section 3.12.3of the NFPS, it became apparent that the main stakeholders were customers, employees and investors. CSR challenges, commitments and related indicators were therefore defined based on their expectations. Customer expectations were identified during the Net Promoter Score (NPS) process and when responding to calls for tenders. Employee expectations are gathered from engagement surveys. Investor relations express their expectations particularly during meetings held throughout the year. Furthermore, societal expectations are also shared during working groups facilitated by Middlenext and through Axway's membership of Syntec Numerique. The issues were rated by interviewing the relevant management teams using an iterative process. The analysis was also conducted in accordance with the risk approach.

This rating was reviewed in 2021 given the strengthening of certain issues, in particular environmental. The matrix was validated by the Appointments, Governance and Corporate Responsibility Committee.

Employee information

General provisions

Scope of consolidation and indicators

The workforce shown in the "Workforce" and "Workforce by Geographical Area" tables corresponds to the total number of employees at 31 December 2021. The indicators chosen are those used for personnel management and Axway's employee-related issues. They reflect the results of the Human Resources policy.

Relations with employees

Axway Software

Since 4 October 2019, employer-employee dialogue at Axway Software SA has been conducted within the framework of an SEC, Social and Economic Committee, elected for 4 years. Three trade unions (CGT, CFDT and Traid-Union) are represented on the Committee.

Labour relations at Axway GmbH

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

Overview of collective agreements

Within Axway, six agreements were in force at 31 December 2020 in France. In 2020, two agreements were signed in France and six were signed in Germany.

The following collective agreements were signed at Axway Software SA in 2020

- Amendment to the 2021-2023 profit-sharing agreement;
- Future of Work working from home agreement;
- agreement on working from home resulting from the collective bargaining agreement of 31 July 2017 on the transformation of the Annecy site.

Six collective agreements were signed at Axway GmbH in 2021 with the works council.

General Works Council Agreements - 2021:

- GBV Bonus plan;
- GBV Commission plan;
- GBV Remote Work Agreement;
- GBV Secret Server.

Local Works Council Agreements - 2021 (3 locations):

- BV Compensation - Distributing policy;
- BV On Call Duty.

Health and safety information

Scope of consolidation and indicators

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

Health and safety conditions at Axway Software

In 2020, there were:

- two commuting accidents with lost time.

Preserving the health and safety of employees is a fundamental goal and an integral part of the Human Resources and social policy. The objective is part of an overall procedure conducted in close collaboration with the occupational health doctors, site managers and CHSCT.

Summary of collective agreements concerning health

No agreement has been signed in this regard.

Occupational health

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

Good practice awareness-raising actions concerning work and particularly on-screen work could not be undertaken in 2020 due to the COVID-19 health context.

Evaluation of psychosocial risks

A steering committee comprised of members from Human Resources and representatives from CHSCT was assembled in 2015 to evaluate psychosocial risks within Axway France. It regularly continues this work, monitoring the situation. Following the assessment in 2020, the Single Document was updated to include risks relating to the health crisis.

Certificate of disclosure by an Independent Third Party

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

Verifying auditor's report

Year ended 31 December 2021

Dear shareholders,

Further to a request by Axway Software (hereinafter the "entity") and in our capacity as an independent third party certified by COFRAC under number 3-1081 (scope available at www.cofrac.fr), we hereby report on the consolidated non-financial performance statement for the year ended 31 December 2021 (hereinafter the "Statement"), presented in the Axway Management Report, in accordance with the legal and regulatory provisions of Article L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the entity

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators. The Statement has been prepared in accordance with the benchmarks used by the entity (hereinafter the "Guidelines"), the main elements of which are available at request at the Company's registered office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of the profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to 3° of Article R. 225-105 I and II of the French Commercial Code, *i.e.* the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and extent of work

We conducted our work in accordance with standards applicable in France determining the conditions in which an independent third party performs its engagement and with the international standard, ISAE 3000.

Our work was conducted between 25 February and 9 March 2022 and took approximately five man-days.

We conducted five interviews with the individuals responsible for preparing the Statement.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the activities of all the companies included in the consolidated scope, the description of the labour and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement covers each category of information provided for in Article L. 225-102-1 III in social and environmental matters, as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement includes an explanation for the absence of the information required under Article L. 225-102-1 III, 2;
- we verified that the Declaration presents the business model and the main risks related to the activity of all entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services as well as its policies, actions and results, including key performance indicators;
- we verified, when they are relevant to the main risks or the policies presented, that the Statement presents the information provided for in Article R. 225-105 II;
- we assessed the selection and validation process of the main risks;
- we asked about the existence of internal control and risk management procedures put in place by the entity;
- we assessed the consistency of the results and key performance indicators adopted in view of the main risks and policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the companies included in the consolidated scope in accordance with Article L. 233-16;
- we assessed the collection process implemented by the entity for the completeness and sincerity of Information;
- for the key performance indicators and other quantitative results that we considered to be the most important, we implemented:
  - analytical procedures consisting in verifying the proper consolidation of the data collected and the consistency of any changes in data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out with a selection of contributing entities(1) and covers between 43% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests(2);
  - we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
  - we assessed the overall consistency of the Statement based on our knowledge of all the companies included in the consolidated scope.

We believe that the work we carried out in exercising our professional judgement allows us to make a conclusion of moderate assurance; a higher level of assurance would have required more extensive work.

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

Conclusion

Based on our work, we did not identify any material anomalies that call into question the preparation of the non-financial performance statement in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is presented fairly and in accordance with the Guidelines.

Lyon, 10 March 2022

Finexfi

Isabelle Lhoste

Partner

(1) *Axway Software SA, Axway US*

(2) *3.2.1 Human Resource key figures (Recruitment and Turnover), 3.2.2.2 Diversity and equality in Axway (Gender diversity of teams), (Age diversity: without discriminating against younger and more senior employees), (Recruitment by geographical area), (Recruitment by age), 3.2.3.2 Future of Work, a flexible and sustainable approach to working (Making working time more flexible), 3.4.1.1 Resource management processes (Number of video conferences), (Reasonable consumption of paper, plastic and cardboard), (Waste recycling and processing), (Manage heating and air-conditioning energy consumption).*

Employee and environmental information cross-reference table

Article 225 and Decrees of 19/08/2016 and 09/08/2017		Axway NFPS		
GP[1]	**General reporting principles**	**Page**	**Name**	**Comment**
GP1 (A. R. 225-105. I-)	The NFPS mentioned in I of Article L. 225-102-1 and the consolidated non-financial performance statement mentioned in II of the same Article present the business model of the Company or, as the case may be, of all the companies for which the Company prepares consolidated financial statements.	Profile pages 2-13	Business model	
GP2 (A. R. 225-105. I-)	For each information category, they also present: 1° A description of the main risks related to the business of the Company or of the group of companies, including, where relevant and proportionate, the risks created by its business relationships, products or services; 2° A description of the policies applied by the Company or all companies, including, where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of the risks mentioned in 1°; 3° The results of these policies, including key performance indicators. (Decree of 09/08/2017)	Chapter 2 pages 24-38	Risk factors	See specifically the Sections in Chapter 2
GP3 (A. R. 225-105. I-)	Where the Company does not have a policy with respect to one or more of these risks, the statement includes a clear and reasoned explanation of the reasons justifying this. (Decree of 09/08/2017).			Axway applies a policy to all risks that affect it.
GP4 (A. R. 225-105.1 I-)	The information published is presented "in such a way as to allow a comparison of the data" (Law of 12/07/2010). The Report of the Board of Directors or Management Board "presents the data observed during the financial year ended and, if necessary, during the previous financial year, so as to allow a comparison between this data". (Decree of 24/04/2012).			See specifically the Sections in Chapter 2
GP5 (A. R. 225-105.1 II-)	When a company voluntarily complies with a national or international reference system in order to fulfil its obligations under this Article, it mentions this fact, indicating the recommendations of this reference system that have been adopted and the procedures for consulting it. (Decree of 24/04/2012)	pages 48-49	Support for the Global Compact Adhesion to the Middlenext Code	
GP6 (A. R. 225-105.1 III-)	Without prejudice to the disclosure requirements applicable to the report provided for in Article L. 225100, these statements are made freely available to the public and easily accessible on the Company's website within eight months of the end of the financial year and for a period of five years. (Decree of 09/08/2017).	Group website		https://investors.axway.com/en and https://investors.axway.com/fr
GP7 (A. R. 225-105.2 I-)	The independent third party mentioned in V of Article L. 225-102-1 is appointed, as the case may be, by the Chief Executive Officer or the Chairman of the Management Board, for a period not exceeding six financial years, from among the bodies accredited for this purpose by the French Accreditation Committee (COFRAC) or by any other accreditation body that is a signatory to the multilateral recognition agreement established by the European Coordination of Accreditation Bodies. The independent third party is subject to the incompatibilities provided for in Article L. 822-11-3.	pages 80-81	Certificate of disclosure and opinion of fairness concerning social, societal and environmental information.	
GP7 (A. R. 225-105.2 II)	When the information is published by companies whose thresholds exceed €100 million for the balance sheet total or €100 million for the net revenue and 500 for the average number of permanent employees employed during the financial year, the report of the independent third party includes: a) A reasoned opinion on the conformity of the statement with the provisions of I and II of Article R. 225-105, as well as on the fairness of the information provided pursuant to 3° of I and II of Article R. 225-105; b) The due diligences carried out in conducting the verification procedures. (Decree of 09/08/2017).			

Article 225 and Decrees of 19/08/2016 and 09/08/2017		Axway NFPS		
GP[1]	General reporting principles	Page	Name	Comment
GP8 (A. L. 225-102-1. IV)	The defined companies which are under the control of a company which includes them in its consolidated accounts in accordance with Article L. 233-16 are not required to publish a statement on non-financial performance if the Company that controls them is established in France and publishes a consolidated statement on non-financial performance or if the Company that controls them is established in another Member State of the European Union and publishes such a statement pursuant to the legislation to which it is subject. (Order of 19/07/2017).			
GP9 (A. L. 225-102-1. V)	For companies whose balance sheet total or revenue and number of employees exceed the thresholds set by decree of the French Council of State (*Conseil d'État*), where applicable on a consolidated basis, the information contained in the statements is verified by an independent third party, in accordance with the procedures set by decree of the French Council of State. This verification gives rise to a notice which is sent to the shareholders at the same time as the report referred to in the second paragraph of Article L. 225-100. (Order of 19/07/2017).			
Employee information				
I.a)	**Employment**			
I.a) 1.1	Total workforce	page 52		
I.a) 1.2	Breakdown of employees by gender	page 52		
I.a) 1.3	Breakdown of employees by age	page 54		
I.a) 1.4	Breakdown of employees by geographic area	page 52		
I.a) 2.1	Recruitment	pages 44-48		
I.a) 2.2	Redundancies	Non material		
I.a) 3.1	Compensation	page 60		
I.a) 3.2	Change in compensation	page 60		
I.b)	**Organisation of work**			
I.b) 1	Organisation of working time	page 57		
I.b) 2	Absenteeism	page 57		
I.c)	**Health and safety**			
I.c) 1	Health and safety conditions at work	page 80		
I.c) 2.1	Frequency and seriousness of workplace accidents	page 80		
I.c) 2.2	Occupational diseases	Non material		
I.d)	**Relations with employees**			
I.d) 1	Organisation of social dialogue, in particular the procedures for informing staff, consulting and negotiating with them	page 79		
I.d) 2	Review of collective agreements, particularly in the area of health and safety at work	page 79		

Article 225 and Decrees of 19/08/2016 and 09/08/2017		Axway NFPS		
GP(1)	**General reporting principles**	**Page**	**Name**	**Comment**
I.e)	**Training**			
I.e) 1	Training policies implemented, including environmental protection policies.	pages 53-55		
I.e) 2	Total number of training hours	page 53		
I.f)	**Equal treatment**			
I.f) 1	Measures taken in favour of gender equality	page 46		
I.f) 2.1	Measures taken in favour of employment	page 56		
I.f) 2.2	Measures taken for the integration of people with disabilities	page 48		
I.f) 3	Anti-discrimination policy	pages 46-49		
Environmental information				
II.a)	**General environmental policy**			
II.a) 1.1	Organisation of the Company to take environmental issues into account	pages 70		
II.a) 1.2	Environmental evaluation or certification procedures	page 62		EcoVadis
II.a) 2	Resources dedicated to the prevention of environmental risks and pollution	Non material	Non material	Axway is not affected by this point due to its tertiary activity.
II.a) 3	Provisions and guarantees for environmental risks			
II.b)	**Pollution**	**Non material**	**Non material**	
II.b) 1.1	Prevention, reduction, repair measures: AIR			
II.b) 1.2	Prevention, reduction, repair measures: WATER			
II.b) 1.3	Prevention, reduction, repair measures: SOIL			
II.b) 2	Consideration of any form of contamination specific to any activity, notably sound and light disturbances			
II.c)	**Circular economy**			
II.c).i)	Waste prevention and management	pages 70-71		
II.c).i) 1	Measures of prevention, recycling, reuse, other forms of waste recovery and disposal	pages 70-71		
II.c).i) 2	Actions in the fight against food waste	Non material	Non material	The premises in La Defense (France) have a company restaurant committed to the fight against food waste(2).
II.c).ii)	Sustainable use of resources			
II.c).ii) 1.1	Water consumption	Non material	Non material	Axway uses only water for sanitary purposes in its tertiary activity. The premises are equipped with efficient technology in this area.
II.c).ii) 1.2	Water supply in keeping with local constraints			Axway does not operate in countries where the use of water is restricted.
II.c).ii) 2.1	Raw material consumption	Non material	Non material	Axway only uses paper and office supplies for its tertiary activity.
II.c).ii) 2.2	Measures taken to improve efficiency of use			
II.c).ii) 3.1	Energy consumption	page 70		
II.c).ii) 3.2	Measures taken to improve energy efficiency			
II.c).ii) 3.3	Measures taken to improve the use of renewable energies			
II.c).ii) 4	Soil use	Non material	Non material	Axway is not affected by this point due to its tertiary activity. Axway leases its premises and does not carry out any construction work.

Article 225 and Decrees of 19/08/2016 and 09/08/2017		Axway NFPS		
GP[(1)]	**General reporting principles**	**Page**	**Name**	**Comment**
II.d)	**Climate change**			
Ii.d) 1	The significant greenhouse gas emissions generated by the Company's activities, in particular by the use of the goods and services it produces	pages 69, 72-74		Scope: France, Germany, Bulgaria, Romania, USA (Phoenix), Ireland
Ii.d) 2	Adaptation to the consequences of climate change	Non material	Non material	Axway is not directly concerned by this point, but its products and services enable some of its customers to adapt to climate change (for example: management of local authorities' data flows to optimise the multi-modal mobility of their citizens).
Ii.d) 3	Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented to this end	page 68		
II.e)	**Protection of biodiversity**			
II.e) 1	Measures implemented to protect and conserve biodiversity	Non material	Non material	Axway is not affected by this point due to its tertiary activity.
Societal information				
III.a)	**Societal commitments in favour of sustainable development**	**pages 63-67**		
III.a) 1	The impact of the Company's activity in terms of employment and local development	page 54		
III.a) 2	The impact of the Company's activity on neighbouring or local communities	Non material	Non material	Axway is not affected by this point due to its tertiary activity.
III.a) 3	Relationships with the Company's stakeholders and the methods of dialogue with them	pages 63, 67		
III.a) 4	Partnership and corporate patronage initiatives	pages 64		
III.b)	**Subcontractors and suppliers**			
III.b) 1	Integration of social and environmental criteria in the purchasing policy	page 65		
III.b) 2	Integration of social and environmental responsibilities in relations with suppliers and subcontractors	pages 65		
III.c)	**Fair practices**	**pages 66-67**		
III.c)	Measures taken for consumer health and safety	Non material	Non material	Axway is not affected by this point due to its tertiary activity. Its products and services have no impact on the health and safety of consumers.

Article 225 and Decrees of 19/08/2016 and 09/08/2017		Axway NFPS		
GP[(1)]	**General reporting principles**	**Page**	**Name**	**Comment**
Information on the fight against corruption and tax evasion[(3)]				
	Actions taken to prevent corruption			
Information on actions in favour of human rights				
V.a)	**Promoting and complying with the Fundamental Conventions of the International Labour Organisation (ILO)**	page 48-49		**Adhesion to the Global Compact**
V.a) 1	Respecting freedom of association and the right to collective bargaining	Non material	Non material	Axway is committed to these issues through its adhesion to the Global Compact, but does not have any operations in countries considered high risk.
V.a) 2	Elimination of employment and professional discrimination			
V.a) 3	Elimination of forced or compulsory labour			
V.a) 4	Effective abolition of child labour			
V.b)	**Other actions taken in favour of human rights**			

(1) *GP: General Reporting Principles.*
(2) *The following themes (to be addressed obligatorily in the NFPS): fighting against food insecurity respect for animal welfare and responsible, fair and sustainable food are not material for Axway*
(3) *The Group is tax-transparent and wishes its tax policy to be an inherent part of its corporate responsibility strategy The Group therefore adopts a civic behaviour that consists not only in complying with the legislation, but above all in making a fair contribution to the countries in which it operates.*

4

Corporate Governance

AFR NFPS

AFR NFPS

Axway is subject to the laws, codes and regulations prevailing in the countries where the Group operates. The Company thus complies with the various recommendations issued by the *Autorite des Marches Financiers* (*AMF - French Financial Markets Regulator*) and has decided to apply the Middlenext Code of Governance.

4.1 Composition and procedures of the management and supervisory bodies

The Company is a public limited company (*société anonyme*) with a Board of Directors. It is governed by applicable French laws and regulations and its Articles of Association. The Board of Directors determines the overall business strategy of the Company, supervises its implementation and meets as often as the Company's interests require it to do so, at the request of its Chairman.

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

The main provisions of the Articles of Association[(1)] relating to members of the Board of Directors and management bodies can be consulted on our Investors web page at https://investors.axway.com/en/bylaws-regulations-agreements.

4.1.1 Composition of the Board of Directors

The Board of Directors comprises a minimum of three and a maximum of eighteen members. During the life of the Company, the directors are appointed, reappointed or dismissed by the Ordinary General Meeting; they are all eligible for re-election. Directors are appointed for a term of four (4) years.

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

Diversity is a point of specific concern in the composition of the Board of Directors:

With regards to independence, the Board seeks, each year, during the review of its composition, to ensure a good balance between independent and non-independent members.

With regards to parity, the aim is to move towards an equal number of men and women. Parity is also sought in the specialist committees.

The desire for Board members of different nationalities reflects the search for multicultural diversity. Finally, a diversity of skills is also a major factor in the composition of the Board of Directors. The essential skills to guarantee the good functioning of the Board of Directors include experience in the software publishing sector, financial expertise, expertise in international environments, as well as corporate governance expertise in listed family companies, to favour the leveraging of assets for profitable and sustainable growth.

The Board wishes to extend this diversity policy to Axway's top-level management.

(1) Unless indicated otherwise, references to the Articles of Association in this Chapter concern the Articles of Association adopted by the Board of Directors' meeting of 23 June 2011 and last updated at the Board of Directors' meeting of 27 January 2022.

The Board of Directors comprises the following members:

Pierre Pasquier, Chairman of the Board of Directors and Director

Address:
Sopra Steria Group SA
PAE Les Glaisins
Annecy-le-Vieux
74940 Annecy
France

Date of 1st appointment:
22/12/2001

Date of most recent renewal:
General Meeting of 5 June 2019 and Board of Directors' meeting of the same day.

Attendance rate:
Board of Directors: 100%
Appointments, Governance and Corporate Responsibility Committee: 100%

Experience:
Pierre Pasquier has over 50 years' experience in digital services and managing an international company. He founded Sopra group in 1968 with his partners and is Chairman of the Board of Directors.

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

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

In 2011, Pierre Pasquier led the IPO of the subsidiary Axway Software, remaining Chairman of the Board of Directors.

He was Chairman and Chief Executive Officer of Sopra group until 20 August 2012, when the duties of Chairman and Chief Executive Officer were separated.

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

Offices and duties held during the fiscal year:

In Axway
- Director;
- Chairman of the Board of Directors;
- Director or corporate officer of non-French subsidiaries or sub-subsidiaries of the Group

Outside Axway
- Chairman of Sopra Steria Group;
- Director or corporate officer of non-French subsidiaries or sub-subsidiaries of Sopra Steria Group;
- Chairman and CEO of Sopra GMT

Offices expired during the past five years:
None

Kathleen Clark-Bracco, Vice-Chairman of the Board of Directors and Director

Address:
Sopra Steria Group SA
6, avenue Kleber
75116 Paris
France

Date of 1st appointment:
28/04/2011 Director
24/10/2013 Vice-Chairman

Date of most recent renewal:
General Meeting of 5 June 2019 and Board of Directors' meeting of the same day.

Attendance rate:
Board of Directors: 100%
Appointments, Governance and Corporate Responsibility Committee: 100%
Compensation Committee: 100%

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

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

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

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

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

Offices and duties held during the fiscal year:

In Axway
- Director;
- Vice-Chairman of the Board of Directors.

Outside Axway
- Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group;
- Deputy CEO of Sopra GMT;
- Corporate Development Director Sopra Steria Group

Offices expired during the past five years:
None

Véronique de la Bachelerie, Director

Address:
Société Générale
RESG/SGC,
17, Cours Valmy
92800 Puteaux

Date of 1st appointment:
24/02/2015

Date of most recent renewal:
General Meeting of 5 June 2019 and Board of Directors' meeting of the same day.

Attendance rate:

Board of Directors: 82%

Audit Committee: 80%

Experience:

Veronique de la Bachelerie was appointed a director following the resignation of Françoise Mercadal Delasalles. She began her career as a financial auditor and joined the Societe Generale group in 1987 and has since held various management positions in Societe Generale group financial teams. She was also CFO (Chief Financial Officer) of the retail networks of the Societe Generale group in France. From 2013 to June 2018, she was CEO (Chief Executive Officer) of the Societe Generale Bank & Trust Luxembourg group and has held various terms of office as director within the subsidiaries of the Societe Generale group in Luxembourg, Switzerland, Monaco and Tunisia. Since June 2018, she has managed Societe Generale Consulting and Transformation, the Societe Generale group's internal consulting department. She is a graduate of the École Superieure de Commerce de Paris business school and is a French chartered accountant.

Offices and duties held during the fiscal year:

In Axway

- Director

Outside Axway

- Director or corporate officer of Société Générale group non-French subsidiaries;
- Executive Director of Société Générale Consulting and Transformation;
- President of AFCI (French Association of Internal Consultants);
- Director of AIMC (American Association of Internal Management Consultants).

Offices expired during the past five years:

Deputy Director of SGBT;

Director of the Luxembourg stock exchange.

Pierre-Yves Commanay, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)

Date of 1st appointment:
06/06/2018

Date of most recent renewal:
General Meeting of 6 June 2018

Attendance rate:

Board of Directors: 100%

Compensation Committee: 100%

Appointments, Governance and Corporate Responsibility Committee: 100%

Experience:

Pierre-Yves Commanay has been a member of the Sopra Steria Group SA Executive Committee since 2009. At the beginning of April 2019, he was charged with developing consulting activities in the United Kingdom. He has been responsible for the Continental Europe division since 2011.

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

Pierre-Yves Commanay is a graduate of the University of Lyon (DESS postgraduate diploma in Management) and the University of Savoie (Masters' degree in Information Technology).

Offices and duties held during the fiscal year:

In Axway

- Director

Outside Axway

- Director of Sopra GMT

Offices expired during the past five years:

None

Hervé Déchelette, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)
Date of 1st appointment:
28/04/2011
Date of most recent renewal:
General Meeting of 5 June 2019

Attendance rate:
Board of Directors: 100%
Audit Committee: 100%
Appointments, Governance and Corporate Responsibility Committee: 100%

Experience:
Herve Dechelette has been with Sopra group SA for most of his career, where he was first Chief Financial Officer, before being appointed Company Secretary until 2008. He notably coordinated the financial transactions relating to the external growth of the Group's companies.

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

He holds a degree from the École Superieure de Commerce de Paris business school and is a French chartered accountant.

Offices and duties held during the fiscal year:

In Axway	Outside Axway
• Director	• None

Offices expired during the past five years:
None

Nicole-Claude Duplessix, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of her duties in Axway Software)
Date of 1st appointment:
06/06/2017
Date of most recent renewal:
General Meeting of 25 May 2021

Attendance rate:
Board of Directors: 91%
Compensation Committee: 80%

Experience:
Nicole-Claude Duplessix's varied professional background provides a wealth of experience in IT. Nicole-Claude Duplessix started her career with the leading HR software publisher in France, ADP GSI, before joining the Sopra Steria group. Her early work there was in HR consulting for Sopra Steria group customers. She then supported the commitment made by Sopra Steria and its subsidiaries to its key customers in a number of industries. For seven years until the end of 2019, she was delegated by Executive Management to work on security for critical projects in complex and multicultural environments, as well as the integration of new companies acquired by the Sopra Steria group.

With this wealth of experience in the Sopra Steria group, Nicole-Claude Duplessix strengthens the Board's expertise in investments and acquisitions, ethics and human resource management.

Offices and duties held during the fiscal year:

In Axway	Outside Axway
• Director	• None

Offices expired during the past five years:
None

Emma Fernandez, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of her duties in Axway Software)

Date of 1st appointment:
21/06/2016

Date of most recent renewal:
General Meeting of 5 June 2019

Attendance rate:

Board of Directors: 100%

Compensation Committee: 100%

Experience:

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

Emma Fernandez has an engineering degree in telecoms from the Polytechnic University of Madrid and obtained an MBA from IE.

Offices and duties held during the fiscal year:

In Axway

- Director

Outside Axway

- Director of Metrovacesa SA;
- Director of Effect Consultoria y soluciones digitales SL;
- Director of Open Bank SA;
- Director of Gigas Hosting SA.

Offices expired during the past five years:

Director of ASTI Mobile Robotics Group SL (16/10/2017 to 02/08/2021);

Director of Grupo Ezentis SA (28/06/2016 to 26/06/2020);

Director of Sopra group SA (19/01/2017 to 12/06/2018);

Director of Kleinrock Advisors SL (until 2018)

Michael Gollner, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)

Date of 1st appointment:
24/05/2012

Date of most recent renewal:
General Meeting of 25 May 2021

Attendance rate:

Board of Directors: 100%

Audit Committee: 100%

Experience:

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

Michael Gollner founded Madison Sports Group in 2013 and was the Executive Chairman. He was also the founding shareholder of Levelset in 2012 and a director. Mr. Gollner sold his investments in these two companies in 2021.

Michael Gollner brings to the Board his anglo-saxon financial insight and significant investment in the operating activities of the companies he manages or assists.

Offices and duties held during the fiscal year:

In Axway

- Director

Outside Axway

- Director of Sopra Steria Group SA;
- Executive Chairman of Madison Sports Group Limited

Offices expired during the past five years:

Director of Levelset, Inc. (November 2021)

Helen Louise Heslop, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of her duties in Axway Software)

Date of 1st appointment:
21/06/2016

Date of most recent renewal:
General Meeting of 5 June 2019

Attendance rate:
Board of Directors: 100%
Audit Committee: 100%

Experience:

Helen Louise Heslop has significant experience in the Finance industry, specifically in international Banking and Insurance.

In particular, she has been Chief Financial Officer of several GE Capital subsidiaries and regions in France, Thailand and Sweden and led the Aviva group European transformation project.

She is currently a director of several companies in the banking and insurance sector in the United Kingdom.

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

Offices and duties held during the fiscal year:

In Axway
- Director

Outside Axway
- Director of Hiscox Insurance Company Limited;
- Director of Aegon UK;
- Director of Silicon Valley Bank.

Offices expired during the past five years:
Promontoria MMB

Pascal Imbert, Director

Address:
Wavestone Tour Franklin 100-101, Terrasse Boieldieu 92085 Paris La Défense Cedex France

Date of 1st appointment:
28/04/2011

Date of most recent renewal:
General Meeting of 5 June 2019.

Attendance rate:
Board of Directors: 100%
Compensation Committee: 100%
Appointments, Governance and Corporate Responsibility Committee: 100%

Experience:

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

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

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

Offices and duties held during the fiscal year:

In Axway
- Director

Outside Axway
- Chairman of the Wavestone Management Board.

Offices expired during the past five years:
None

Yann Metz-Pasquier, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)

Date of 1st appointment:
06/06/2018

Date of most recent renewal:
General Meeting of 6 June 2018.

Attendance rate:
Board of Directors: 100%

Audit Committee: 100%

Experience:
Yann Metz-Pasquier is co-founder of Upfluence, the Cloud solutions publisher specialising in influence marketing, created in 2013 in San Francisco, California. He was Chief Financial Officer from 2013 to 2016 and is still a director of the company. Prior to that, he was a mergers & acquisitions analyst with Moss Adams LLP in San Francisco, California.

Yann Metz-Pasquier is a Management graduate of the Catholic University of Lyon (ESDES) and a qualified CFA (chartered Financial Analyst). He is an MBA graduate from Harvard Business School (May 2018).

Offices and duties held during the fiscal year:
In Axway
- Director

Outside Axway
- Director of Sopra GMT;
- Director of Upfluence Inc.

Offices expired during the past five years:
Observer until 6 June 2018

Marie Hélène Rigal-Drogerys, Director

Address:
École normale supérieure de Lyon
15, parvis René Descartes BP 7000
69342 Lyon Cedex 07

Date of 1st appointment:
06/06/2018

Date of most recent renewal:
General Meeting of 6 June 2018

Attendance rate:
Board of Directors: 100%

Audit Committee: 100%

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

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

Marie-Hélène Rigal-Drogerys then focused her career on consulting, as consultant partner at Ask-Partners and then Advisor to the Chairman of École Normale Supérieure Lyon. Since 2009, she has accompanied, both internally and externally, companies and organisations in their transition to new models within transformation ecosystems.

She also uses her expertise in her duties as Director of Sopra Steria Group and Chairwoman of its Audit Committee and as an Expert member of the Advisory Board of IMT Mines Albi-Carmaux engineering school. She recently joined the Board of Directors of Chapter Zero France, the corporate directors' climate forum.

Offices and duties held during the fiscal year:
In Axway
- Director

Outside Axway
- Director of Sopra Steria Group SA;
- Advisor to the Chairman – École Normale Supérieure Lyon site policy;
- Expert member of the Advisory Board of IMT Mines Albi-Carmaux engineering school;
- Director of Chapterzero France.

Offices expired during the past five years:
Consultant Partner at ASK Partners.

Hervé Saint-Sauveur, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)

Date of 1st appointment:
28/04/2011

Date of most recent renewal:
General Meeting of 5 June 2019.

Attendance rate:
Board of Directors: 100%
Audit Committee: 100%

Experience:
Herve Saint-Sauveur was a member of Sopra group SA's Board of Directors from June 2003 to June 2018 where he acted as Chairman of the Audit Committee. Herve Saint-Sauveur joined Societe Generale in 1973: first within the Economic Research Department (1973), then as Director of Financial Control (1980-1984), Managing Director of Europe Computer Systems (1985-1990), Operations Manager, Capital Markets Department (1990-1994), Group CFO and Strategy Manager and Member of the Executive Committee (1995-2002) and Adviser to the Chairman (2003-2006).

He is a graduate of both the École Polytechnique and the École Nationale de la Statistique et de l'Administration Economique engineering schools.

Offices and duties held during the fiscal year:

In Axway
- Director

Outside Axway
- None

Offices expired during the past five years:
Director of Sopra Steria Group SA.

Yves de Talhouët, Director

Address:
Axway Software
Tour W, 102, Terrasse Boieldieu 92085 Paris La Défense Cedex France (only in the context of his duties in Axway Software)

Date of 1st appointment:
31/06/2012

Date of most recent renewal:
General Meeting of 5 June 2019.

Attendance rate:
Board of Directors: 100%
Compensation Committee: 100%
Appointments, Governance and Corporate Responsibility Committee: 100%

Experience:
Yves de Talhouet has been the Chairman of Faiencerie de Gien since 2014. He was previously Chief Executive Officer of EMEA HP from May 2011 and Chairman and CEO of HP France from 2006. Prior to that, from 1997 to 2004, he was Vice-Chairman South Europe, Middle East and Africa at Schlumberger SEMA, before two years spent at Oracle France from 2004 to 2006 as Chairman and CEO. He was also Chairman of Devotech, a company that he created.

Yves de Talhouet is a graduate of the École Polytechnique and École Nationale Superieure des Telecommunications engineering schools and the Paris Political Science Institute.

Offices and duties held during the fiscal year:

In Axway
- Director

Outside Axway
- Director of KWERIAN (formerly TWENGA);
- Chief Executive Officer of TABAG;
- Observer of Castillon;
- Director of Tinubu;
- Chairman of Faïenceries de Gien (2014).

Offices expired during the past five years:
CEO of EMEA HP;
Director of Devoteam.

Changes in the composition of the Board of Directors in the year ended 31 December 2021

Appointments	-
Re-appointments	Nicole-Claude Duplessix – Michael Gollner
Non-renewal	-
Resignations	-
Cooptations	-

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		Age	Nationality	Number of offices in other listed companies	Audit Committee	Appointments, Governance and Corporate Responsibility Committee	Compensation Committee	General Meeting date of expiry of term of office	Shares in the Company held personally
Pierre Pasquier		86	French	1		Member		2023	0
Kathleen Clark Bracco		54	American	1		Chairman	Member	2023	7,355
Pierre-Yves Commanay		56	French	0		Member	Member	2022	2,816
Hervé Déchelette		76	French	0	Member	Member		2023	22,734
Nicole-Claude Duplessix		62	French	0			Member	2025	1,540
Emma Fernandez		58	Spanish	1			Member	2023	0
Michael Gollner		62	American British	1	Member			2025	100
Helen Louise Heslop		52	British	1	Member			2023	0
Pascal Imbert		63	French	1		Member	Chairman	2023	340
Véronique de la Bachelerie		62	French	0	Member			2023	0
Yann Metz-Pasquier		33	French	0	Member			2022	11,877
Marie-Hélène Rigal-Drogerys		51	French	1				2022	0
Hervé Saint-Sauveur		77	French	0	Chairman			2023	900
Yves de Talhouët		63	French	0		Member	Member	2023	0

Chairman Member Independent Directors

4.1.1.1 Family relationships

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

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

4.1.1.2 Legal information

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

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

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

4.1.1.3 Conflicts of interest within administrative and management bodies

The Company maintains significant relationships for its business, control, strategy and development with Sopra GMT, the lead holding company. Pierre Pasquier is the Chairman and Chief Executive Officer of Sopra GMT and the Pasquier family holds a 68.27% interest in the share capital.

Sopra GMT controls the Company as a result of its direct and indirect holding of more than half of the Company's share capital (55.69%) and 65.53% of its voting rights (see Chapter 7, Section 2). Sopra GMT therefore exercises considerable influence over the Company's business, strategy and development.

Furthermore, a framework assistance agreement was entered into with Sopra GMT, under which Sopra GMT provides a considerable number of services involving the Axway Software strategy and the potential synergies with Sopra Steria Group (see Chapter 4, Section 4.2). Pursuant to the procedure applicable to regulated agreements, this agreement, and its extension, were submitted to the Board of Directors and the General Shareholders' Meeting for approval prior to being signed.

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

It should also be noted that:

- Axway's Board of Directors includes nine (9) independent directors, selected at its meeting held on 27 January 2022, in accordance with Recommendation No. 3 of the Middlenext Code of Corporate Governance;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the internal regulations of the Board of Directors and any other rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Code of Ethics for Board members). Moreover, the Board of Directors' internal regulations stipulate in Title 7 "Ethics" that: *"Any member of the Board of Directors finding himself in a situation of conflict of interest or potential conflict of interest, due notably to the offices they hold with another company, must report this situation to the Appointments, Ethics and Governance Committee as rapidly as possible, explaining the issue encountered and detailing the reasons for the existence of the actual or potential conflict of interest. […]. The Chairman of the Board, having regard to the opinion of the Appointments, Ethics and Governance Committee, asks the relevant member of the Board of Directors not to take part in the deliberations and/or not to attend the Board of Directors' meeting*";
- the members of the Board of Directors undertake to report, prior to each Board meeting and depending on the agenda, any potential conflicts of interest and to not take part in deliberations or votes on any subjects where they have a conflict of interest.

	Employment contract		Supplementary pension plan		Indemnities or benefits due or likely to become due on the termination of service or a change of duties		Indemnities relating to a non-compete clause	
Executive officers	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Pasquier Chairman Start of term of office: Board of Directors' meeting of 5 June 2019 End of term of office: General Meeting convened to approve the financial statements for the year ending 31 December 2022		X		X		X		X
Patrick Donovan Chief Executive Officer Start of term of office: 6 April 2018		X		X	X			X

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

Pursuant to Article 223-26 of the AMF General Regulations, the following transactions involving Axway shares fell within the scope of Article L. 621-18-2 of the French Monetary and Financial Code during the fiscal year ended 31 December 2021:

Category(1)	Name	Position	Transaction type(2)	Transaction date	Number of securities	Unit price	Transaction amount
Board of Directors	Michael Gollner	Director	D	18/08/2021	6,739	€28.50	€192,061.50
Board of Directors	Michael Gollner	Director	D	13/08/2021	161	€28.68	€4,617.48
Board of Directors	Yann Metz-Pasquier	Director	D	11/05/2021	7,000	€29.50	€206,500

(1) *Category a. Members of the Board of Directors, Chief Executive Officer, Sole Executive Officer, Managing Director.*

(2) *Transaction type:*

A. Acquisition;
D. Disposal;
S. Subscription;
E. Exchange.

(3) *Transfer of ownership: disposal for nil consideration.*

4.1.2 Procedures of the Board of Directors

The Board of Directors' organisation and 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;
- Articles 14 to 21 of the Articles of Association governing the organisation and procedures of the Board of Directors. 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;
- the internal regulations covering the following topics: reminder of legal and statutory powers, meetings, information received by the Board of Directors, training of members, committees, conflicts of interest, compensation awarded to its members for their duties, confidentiality and Economic and Social Committee representatives.

The Articles of Association and the internal regulations are available on the Company's website at the following link: https://investors.axway.com/en/bylaws-regulations-agreements.

4.1.2.1. 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 Title 3 of the Company's internal regulations, the role of the Chairman of the Board of Directors includes:

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

His duties comprise governance of corporate strategy, potential acquisitions, investor relations and certain subjects classified as strategic. These strategic subjects share the need to prepare Axway's future for the long-term.

To accomplish all these tasks, the Chairman is supported by Group resources, as well as a permanent team of five people, including four very experienced individuals, employed in the holding company, Sopra GMT. These resources enable the Board to oversee management and ensure the smooth running of the Company. This team was formed during the spin-off/stock market listing of the Company, by transferring to the holding company, managers who had spent most of their working life in the Group and had in-depth knowledge of all its inner workings. This team assists both Axway Software and Sopra Steria Group and, in addition to separately supporting each of the two companies, oversees the exploitation of synergies and above all the sharing of best practices. The terms of reference for this team and the principle of rebilling the Company for costs incurred are covered by a framework support agreement approved by the General Shareholders' Meeting under the regulated agreements process and reviewed annually by the Board of Directors.

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

It is recalled that the Board of Directors, at its meeting of 24 October 2013, decided, based on the recommendations of the Appointments, Governance and Corporate Responsibility Committee, to appoint a Vice-Chairman to take over the Chairman's duties in the event of the latter's incapacity and secure the succession. Accordingly, it was decided to amend the internal regulations of the Board of Directors. At their meeting of 27 January 2022, the directors decided to (i) maintain the office of Vice-Chairman of the Board of Directors, and (ii) renew Kathleen Clark Bracco in this capacity.

The role of the Vice-Chairman is defined in the internal regulations. It is to ensure the continuity of the Company's operations in the event the Chairman is temporarily or permanently unable to exercise his duties within the Board of Directors.

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. He can be dismissed at any time by the Company's Board of Directors.

The Vice-Chairman assists the Chairman in preparing and holding Board of Directors' meetings and, in particular, preparing the agenda and documentation submitted to the directors. This list is not exhaustive and may be modified at the Chairman's discretion.

The Vice-Chairman may represent the Company at conferences organised by third parties (including, but not limited to, potential investors) and/or seminars to which the Company is invited as well as any other events involving the Company.

In such circumstances, the Vice-Chairman does not have any of the powers conferred by law on the Chairman and may not engage the Company with third parties in any way whatsoever unless he has received a delegation of authority in accordance with applicable laws and regulations.

The Vice-Chairman may attend Company Committee meetings if his presence is required at such meetings.

The Vice-Chairman only chairs Board of Directors' meetings in the absence of the Chairman. In this case, he shall have the powers conferred on the Chairman of the Board of Directors by law, the Articles of Association and prevailing regulations.

Should the Chairman be temporarily unable to exercise his duties within the Board of Directors, the Vice-Chairman will replace him during this temporary absence.

4.1.2.3. Meetings of the Board of Directors

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

In accordance with its internal regulations, the Board of Directors is required to meet at least four times each year.

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

The Board of Directors met six times in 2021. The attendance rate was 98.8%.

The Board of Directors was regularly informed of and based its decisions on the work of the Audit Committee, the Appointments, Governance and Corporate Responsibility Committee, and the Compensation Committee.

b. Issues discussed

The main issues discussed in 2021 included the following:

- strategy and the corporate project;
- the 2021 budget and major guidelines;
- approval of the financial statements for the year ended 31 December 2020;
- approval of the interim financial statements for the first half of 2021;
- approval of forward-looking financial and management information documents;
- quarterly results and related financial reports;
- workplace and wage equality;
- social and environmental responsibility objectives;
- the composition of the Board and its Committees;
- the procedures of the Board of Directors: amendment of the internal regulations and the self-assessment questionnaire;
- more in-depth implementation of the ethics and anti-corruption internal systems;
- qualification of directors as independent;
- company officer compensation;
- grant of free shares to Company employees;
- monitoring of legal developments: Taxonomy, 2021 Middlenext Code.

C. Access to information by members of the Board of Directors

The internal regulations state that:

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

d. Training

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

There were no requests for training from the directors in the year ended 31 December 2021.

In addition, following the review of the Middlenext Governance Code and particularly the new recommendation no. 5, directors were made aware of the need to prepare a three-year training plan. This plan will be implemented in the coming years.

4.1.2.4 Assessment of the Board of Directors

The Board of Directors decided to introduce an annual self-assessment of its working procedures in accordance with the recommendations of the Middlenext Code. This self-assessment aims, in particular, to check that the Board has all the information needed to make informed decisions and to consider any requests for changes to the Board's working procedures. The Board of Directors' self-assessment is always conducted at the end of the fiscal year in question so as to ensure that all areas for improvement have been identified.

In 2021, the self-assessment questionnaire was revised to incorporate the changes in content discussed by the Board of Directors and thereby integrate fundamental subjects and particularly social and environmental responsibility, parity and strategy.

After approval of this new questionnaire by the Board of Directors and analysis of the individual replies, a summary was examined and debated by the Appointments, Ethics and Governance Committee on 8 December 2021.

Finally, the results of the self-assessment of the Board of Directors' procedures in fiscal year 2021 were presented to and discussed during the Board of Directors' meeting of 27 January 2022.

The 100% participation rate and the average mark obtained for each question leads to the conclusion that the Board is highly satisfied with both its procedures and the work of its Committees. Nonetheless, a few areas for improvement were suggested, such as deepening the strategy by product line or more detailed reports on the work of the Audit Committee on risk factors during Board of Directors' meetings.

4.1.3 Committees of the Board of Directors

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

4.1.3.1 Audit Committee

The Audit Committee was created by a decision of the Board of Directors on 9 May 2011. The internal regulations of the Board of Directors define the Committee's operating procedures and powers and a committee charter sets out in greater detail the roles and duties delegated to it. The Audit Committee's current composition was confirmed by the Board of Directors' meeting of 27 January 2022. Its members are:

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

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

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

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

- review the financial statements, including the Green Taxonomy;
- monitor the system for the preparation and processing of the accounting, financial and non-financial information and review the financial statements;
- supervise the effectiveness of internal control and risk management procedures;
- monitor internal audit and its procedures;
- monitor the statutory audit of the Group's financial statements by the Statutory Auditors;
- ensure compliance with the independence requirement for Statutory Auditors.
- supervise and monitor the anti-corruption procedure.

In addition, the Audit Committee:

- issues, where appropriate, a recommendation on the Statutory Auditors proposed for appointment by the General Meeting; it also issues a recommendation to the Board when renewal of the Statutory Auditor(s)' term of office is proposed under the conditions defined by regulations;
- monitors the Statutory Auditor's performance of its engagement and takes into account the findings and conclusions of the *Haut Conseil du commissariat aux comptes* following the conduct of reviews;
- reports regularly to the Board on the performance of its assignments, the results of the statutory audit of the financial statements, how this audit contributed to the integrity of the financial information and the role it played in the process. It immediately notifies the Board of any problems encountered.

The Committee met five times in 2021 in the presence of the Statutory Auditors. The attendance rate was 97%.

The main items of business at these meetings were:

- to review the consolidated and parent company financial statements for the year ended 31 December 2020;
- to review the financial statements for the first half of 2021;
- impairment tests;
- to monitor internal audit procedures:
  - to review the 2021 internal audit plan,
  - to monitor the application of internal audit recommendations,
  - to review the reports on internal audit assignments for the first and second halves of 2021;

- to monitor Statutory Auditors procedures:
  - to review the conclusions of Statutory Auditor procedures,
  - to review the Statutory Auditors' report to the Audit Committee,
  - to review the preparation of key audit matters,
  - to pre-approve non-audit services,
  - to validate the engagement budget and review the audit plan;
- to review the general risk map;
- to review the draft Universal Registration Document and notably the Risk factors Section and the report on corporate governance;
- to review insurance policies taken out or being taken out;
- to monitor the implementation project for the new financial information system;
- to review the Company's IT security policy;
- to self-assess the Audit Committee.

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

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

4.1.3.2 Appointments, Governance and Corporate Responsibility Committee

The Appointments, Governance and Corporate Responsibility Committee (previously the Appointments, Ethics and Governance Committee) was created by a decision of the Board of Directors on 22 May 2012. The internal regulations of the Board of Directors define the Committee's operating procedures and powers. The Appointments, Ethics and Governance Committee's current composition was confirmed by the Board of Directors' meeting of 27 January 2022. Its members are:

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

The Appointments, Governance and Corporate Responsibility Committee is comprised of the Chairman of the Board of Directors and three to six Board members who are appointed by the Board of Directors. The Committee may be convened when requested by its Chairman or by two of its members. It meets prior to the approval of the agenda of the Annual General Meeting, to review draft resolutions that will be submitted to it concerning the positions of members of the Board of Directors.

It met five times in 2021. The attendance rate was 100%.

In 2021, following the review by Middlenext of its corporate governance code, the Company decided to comply with the new recommendation no. 8. In this respect, the Appointments, Ethics and Governance Committee was designated as the reference committee for social and environmental responsibility issues given the assignments already assigned to it. It was also decided to rename the Committee the Appointments, Governance and Corporate Responsibility Committee.

In 2021, its main duties were:

- to revise the self-assessment questionnaire and conduct the assessment of the Board of Directors;
- to verify the application of rules of ethics and good governance in the Company and its subsidiaries;
- to assess the status of the independent members of the Board of Directors pursuant to the Board's decisions on this subject, particularly through the conflict of interest annual review procedure;
- to inform and propose changes that it deems useful or necessary to support the operations or composition of the Board of Directors and its Committees;
- to assess corporate responsibility commitments, notably through an annual review of the Non-Financial Performance Statement;
- to prepare the agenda of the General Meeting of 24 May 2021;
- to take into account any legal and regulatory changes during the fiscal year;
- to review documents prepared pursuant to regulations and the Articles of Association;
- to prepare the deliberations of the Board of Directors on professional and employee equality;
- to assess the proper performance of the Company's internal whistle-blowing procedure;
- to ensure the application of the internal verification procedure for current and regulated agreements.

4.1.3.3 Compensation Committee

The Compensation Committee was created by a decision of the Board of Directors on 22 May 2012. The internal regulations of the Board of Directors define the Committee's operating procedures and powers. The Compensation Committee's current composition was confirmed by the Board of Directors' meeting of 27 January 2022. Its members are:

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

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

The Compensation Committee met five times during the course of the year ended 31 December 2021. The attendance rate was 97%.

In 2021, its main duties were:

- to prepare the company officer compensation policy;
- to propose the fixed and variable compensation including non-financial criteria and benefits granted to company officers;
- to verify the application of rules defined for calculating their variable compensation;
- to verify the quality of the information provided to shareholders on compensation, benefits and options granted to company officers;
- to prepare the free share grant policy and verify the implementation of related plans;
- to prepare decisions concerning employee savings.

4.1.4 Executive officers

4.1.4.1 Office

First name, last name and business address	Office	Date of first appointment and date of expiry of term of office	Offices and duties held in the Group during the past five years	Offices and duties held outside the Group during the past five years
Pierre Pasquier **Business address:** Sopra Steria Group SA PAE Les Glaisins Annecy-le-Vieux 74940 Annecy France	Chairman of the Board of Directors	**1st appointment**: 22 December 2001	**Offices and duties currently held:** (Chapter 4, Section 1.2)	**Offices and duties currently held:** (Chapter 4, Section 1.2)
		Expiry of term of office: General Meeting convened to approve the financial statements for the year ending 31 December 2022	**Expired offices and duties:** (Chapter 4, Section 1.2)	**Expired offices and duties:** (Chapter 4, Section 1.2)
Patrick Donovan **Business address:** Axway 16220 N Scottsdale Rd. Suite 500, Scottsdale AZ 85254. USA	Chief Executive Officer	**1st appointment:** 6 April 2018	**Offices and duties currently held:** Chief Executive Officer of Axway Software; Director of Group subsidiaries; CEO of Group subsidiaries.	**Offices and duties currently held:** - **Expired offices and duties:** -

4.1.4.2 Role of the Executive Officers

Given the challenges associated with the constantly changing markets in which Axway operates and its need to be adaptable, the separation of offices appeared to be the most appropriate organisation. The governance has entrusted the Chairman with steering and strategy and the Chief Executive Officer with operations, while at the same time setting up close cooperation and permanent dialogue between the management bodies.

The Board of Directors, at its meeting of 24 October 2013, decided, based on the recommendations of the Appointments, Governance and Corporate Responsibility Committee, to appoint a Vice-Chairman to take over the Chairman's duties in the event of the latter's incapacity and secure the succession. This succession plan is reviewed by the Board at least once every two years and, in this respect, it was reviewed during the Board of Directors' meeting of 27 January 2022.

The Chairman of the Board of Directors devoted a considerable amount of time to his duties throughout the year. His activities involved managing the work of the Board and performing additional tasks required by the Axway's business.

The Chairman's duties, which have in common the preparation of Axway's long-term success, comprise governance of corporate strategy, potential acquisitions, investor relations and certain subjects classified as strategic.

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

The separation of the duties of Chairman and Chief Executive Officer is based on the definition of the roles formalised in the Board of Directors' internal regulations, respect of the rights of the Chairman and Chief Executive Officer and a long-term relationship of trust between the holders of these offices. Under these conditions, the current method of governance adds flexibility to the Company's management, safeguards decision-making and ensures that the necessary tasks will be quickly carried out to manage Axway Software's strategic challenges.

4.1.4.3. Powers of the Chief Executive Officer

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 applicable laws, the Articles of Articles of Association and the deliberations of the Board of Directors with regard to his appointment and the internal regulations.

He represents the Company in its dealings with third parties.

The Chief Executive Officer chairs the Group's Executive Committee (ExCom).

The Chief Executive Officer, assisted, where necessary, by one or more Deputy Chief Executive Officers, has authority over the Group as a whole and directs its operating activities.

He assists in preparing the strategy as part of the approach steered by the Chairman of the Board of the Board of Directors. He implements this strategy once it has been approved by the Board of Directors.

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 decisions defined hereinafter must receive the prior authorisation of the Board of Directors, or of the Board Chairman when delegated to the Chairman by the Board, under conditions that it shall define. In that case, the Chairman must report back to the Board on the authorisations that he gives with such delegations. The decisions are previously prepared and discussed by the Chief Executive Officer with the Board 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:
  1. adaptation of the business model,
  2. any decision to acquire or dispose of companies or business activities - or with the approval of the Chairman who has been delegated powers by the Board for transactions of less than €5 million,
  3. any investment or divestment decision - or with the approval of the Chairman who has been delegated powers by the Board for transactions of less than €10 million,
  4. the conclusion of strategic alliances;
- organisational matters:
  1. the appointment or dismissal of a member of the management team (members of the Executive Committee) with the approval of the Chairman who has been delegated powers by the Board,
  2. any significant modification of the internal organisation or operations, with powers delegated to the Chairman by the Board of Directors;
- financial matters:
  1. financial transactions that have or could have a future material impact on the parent company financial statements or the consolidated financial statements,
  2. any procedural commitment, treaty, settlement or compromise, in the case of litigation, for an amount exceeding €1 million.

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4.2 Regulated agreements and assessment of everyday agreements

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

The sole agreement approved in previous years with continuing effect during the year ended 31 December 2021 is described below:

Agreement between Axway Software and Sopra GMT

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

The Board of Directors' meeting of 27 January 2022 unanimously approved (with abstention of relevant directors) (i) the continuation of the authorisation previously granted and (ii) the payment of €1,017,741.32 to Sopra GMT for services rendered in the year ended 31 December 2021.

4.2.2 Assessment procedure for everyday agreements and implementation during the year ended 31 December 2021

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

This procedure satisfies the provisions of Article L. 22-10-12 of the Pacte Law and was brought into effect by the Board of Directors' decision of 22 October 2019.

Under this procedure, the Axway Legal Department:

- regularly updates the list of related parties to take account of all changes in duties and/or offices and any statements or preliminary reports made by related parties to the Board of Directors or the Legal Department;
- reviews all draft everyday agreements likely to be entered into with identified related parties following a preliminary report to the Board of Directors and/or the Legal Department. In this respect, the Legal Department is authorised to review agreements at its own initiative if it

considers necessary. This controls seeks to assess whether the draft agreement satisfies the criteria for everyday agreements;

- performs an *ex post* review, every six months, of all agreements entered into with related parties in respect of the current year, with the assistance of the Finance Department.

Pursuant to Article L. 22-10-12 of the French Commercial Code, individuals directly or indirectly concerned by an agreement do not participate in its assessment.

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

This procedure may be updated, subject to the approval of the Board of Directors, to take account of any legislative or regulatory amendments or changes in best practice. Following an update of the list of related parties, everyday agreements were verified in respect of 2021. The Legal Department delivered its report which did not highlight any reclassifications of everyday agreements as regulated agreements as they satisfied all the criteria enabling them to be classified as everyday agreements concluded at arm's length.

On 27 January 2022, the Board of Directors took note of this report and the proper implementation of the everyday agreement verification procedure in respect of 2021.

4.2.3 Statutory Auditors' special report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

General Meeting approving the financial statements for the year ended 31 December 2021

To the General Meeting of Axway Software

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

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the General Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents

Agreements submitted to the approval of the General Meeting

Agreements authorised and concluded during the year

We hereby inform you that we have not been advised of any agreement authorised and concluded during the year to be submitted to the approval of the General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

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

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, previously approved by General Meetings of prior years, had continuing effect during the year.

Assistance agreement signed with Sopra GMT

The agreement between Sopra GMT, on the one hand, and your Company and Sopra Steria Group, on the other hand, defines the role of lead holding company assumed by Sopra GMT with respect to your Company and Sopra Steria Group. Under this tripartite agreement, Sopra GMT is responsible for coordination and assistance for both of these companies, while striving to develop, as much as possible, the various synergies between them.

These services are reinvoiced by Sopra GMT to the two companies on the basis of actual time and money spent to successfully supply the services, plus 7%. The two-year agreement signed on 1 July 2011 was renewed in July 2013 for an indefinite period, and is subject to 12-months termination notice.

Sopra GMT invoiced €1,017,741.32, excluding taxes, in respect of this agreement for fiscal year 2021.

On 28 January 2021, your Board of Directors reviewed this agreement and decided to maintain it for the fiscal year ended 31 December 2021.

Persons concerned	
Pierre Pasquier	Chairman of the Board of Directors of Axway Software Chairman and Chief Executive Officer of Sopra GMT
Kathleen Clark Bracco	Director and Vice-Chairwoman of the Board of Directors of Axway Software Permanent representative of Sopra GMT on the Board of Directors of Sopra Steria Group Deputy CEO of Sopra GMT
Pierre-Yves Commanay	Director of Axway Software Director of Sopra GMT
Yann Metz-Pasquier	Director of Axway Software Director of Sopra GMT

Courbevoie and Paris, 10 March 2022

The Statutory Auditors

Mazars	Aca Nexia
Jérôme Neyret	Sandrine Gimat

4.3 Code of Corporate Governance

The Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and midcaps updated in September 2021 (available on the Middlenext website: www.middlenext.com), due to its compatibility with the size of the Company and its capital structure.

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

A summary table of directors qualified as independent under the criteria used by the Middlenext Code is presented in Chapter 4, Section 4.1.

The Company applies the majority of recommendations included in the Middlenext Code and intends to adapt its internal process on a gradual basis with each passing fiscal year. However, for the fiscal year ended 31 December 2021, the application status of the Code's recommendations is as follows:

Recommendation no.		Purpose of the recommendation	Applied
1	STRENGTHEND	Board member ethical requirements	Yes
2	STRENGTHEND	Conflicts of interest (2)	Yes
3		Composition of the Board - Independent directors	Yes
4		Board member information	Yes
5	NEW	Board member training	Partially
6		Organisation of Board and Committee meetings	Yes
7	STRENGTHEND	Creation of Committees	Yes
8	NEW	Introduction of a CSR special committee	Yes
9		Introduction of Board's internal regulations	Yes
10		Selection of directors	Yes
11		Term of office of Members of the Board	Yes
12		Directors' compensation	Yes
13		Introduction of an assessment of the Board's work	Yes
14	STRENGTHEND	Relations with shareholders	Yes
15	NEW	Axway diversity and equity policy	Yes
16	STRENGTHEND	Definition and transparency of the compensation of executive officers	Yes
17		Preparation of succession plans for senior executives	Yes
18		Combination of employment contract and directorship	Yes
19		Severance pay	Yes
20		Supplementary pension plans	Yes
21		Stock options and free share grants	Yes
22	STRENGTHEND	Watch-points	Yes

NEW *New recommendation in the revised Middlenext Code issued in September 2021.*

STRENGTHENE *Existing recommendation strengthened. The strengthened recommendation is also the result of the revised Middlenext Code issued in September 2021.*

Application of recommendations

Recommendations no. 1 and 9

Axway's internal regulations were signed by all the directors and published on the Company's investor website this year (https://investors.axway.com/en/bylaws-regulations-agreements). These two recommendations therefore went from "partially" to fully applied.

Recommendation no. 5

Following the update of the Code in 2021, directors were made aware of the need to prepare a three-year training plan. This plan will be implemented in the coming months in accordance with the new recommendation no. 5.

Recommendations no. 7 and 8

The main issues considered by the Appointments, Ethics and Governance Committee make it the reference Committee for the Company's social and environmental responsibility,

The Board therefore decided to rename this committee the Appointments, Governance and Corporate Responsibility Committee and to retain Kathleen Clark-Bracco as the Committee's Chairwoman. While she is not an independent director, the Board considered that her role as Vice-Chairman of the Board made her the best person to carry these issues at the highest level.

Recommendation no. 15

Through its rules of good governance and corporate responsibility commitments, Axway's seeks to maintain diversity in its internal teams and its business relations, despite an increased lack of male/female parity in the software industry impacting recruitment of female talent.

Furthermore, under its Social/Employer Commitment and to ensure the continuation of its diversity and equity policy, Axway implemented specific monitoring indicators(1) for the following areas:

- **male/female parity:** percentage of women in the workforce, percentage of women on the Board of Directors, percentage of women on the Executive Committee, percentage of women in middle management, percentage of women recruited;
- **integration of people with disabilities;**
- **age category;** percentage of employees from young employees on internships or work study contracts to senior employees;
- **integration of new profiles** with qualifications in sectors adjacent to IT to favour innovation.

Diversity programmes are steered by Axway's operating and CSR system and monitored and sponsored by the Chief Executive Officer, with the involvement of the Human Resources Director, who is a member of the Executive Committee. They are reviewed by the Board of Directors, through the Appointments, Governance and Corporate Responsibility Committee (previously the Appointments, Ethics and Governance Committee).

4.4 Compensation and benefits

4.4.1 Compensation components paid or awarded to executive officers in respect of the year ended 31 December 2021

The following developments, which form an integral part of the Board of Directors' report on corporate governance, are presented in accordance with Article L. 22-10-9 of the French Commercial Code.

Pursuant to the provisions of Article L. 22-10-34 II and III of the French Commercial Code, shareholders will be asked to approve the compensation of company officers presented below and the compensation components paid or awarded to executive officers.

This Section presents, for each company officer, the compensation components paid or awarded in respect of the previous fiscal year, in accordance with the compensation policy approved by the Company's Combined General Meeting of 25 May 2021.

4.4.1.1 Compensation components paid or awarded to directors in respect of their duties for the year ended 31 December 2021

The Company's Combined General Meeting of 25 May 2021, in the 6th resolution, decided to grant directors compensation referred to in Article L. 22-10-14 of the French Commercial Code of €330,000 for the year ended 31 December 2021.

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

(1) *See Chapter 3, Corporate responsibility - NFPS.*

Summary of compensation referred to in Article L 22-10-14 of the French Commercial Code and other compensation received by company officers for their duties within Axway

Company officer	Amounts due in fiscal year 2021*	Amounts due in fiscal year 2020*	Amounts due in fiscal year 2019*
Pierre Pasquier			
Compensation(1)	19,028	18,996	20,663
Other compensation			-
Hervé Saint-Sauveur			
Compensation(1)	33,725	33,460	32,927
Other compensation			-
Hervé Déchelette			
Compensation(1)	28,733	28,654	34,386
Other compensation			-
Pascal Imbert			
Compensation(1)	28,733	28,702	30,565
Other compensation			-
Kathleen Clark Bracco			
Compensation(1)	28,595	28,702	28,154
Other compensation			-
Pierre-Yves Commanay			
Compensation(1)	23,880	21,908	22,594
Other compensation			-
Nicole-Claude Duplessix			
Compensation(1)	18,196	18,996	13,735
Other compensation			-
Véronique de la Bachelerie			
Compensation(1)	19,692	23,801	23,790
Other compensation			-
Michael Gollner			
Compensation(1)	24,019	23,801	17,748
Other compensation			-
Yves de Talhouët			
Compensation(1)	23,880	23,849	19,675
Other compensation			-
Yann Metz-Pasquier			
Compensation(1)	24,019	23,801	25,074
Other compensation			-
Emma Fernandez			
Compensation(1)	19,166	18,996	23,077
Other compensation			-
Helen Louise Heslop			
Compensation(1)	24,019	22,192	22,506
Other compensation			-
Marie-Hélène Rigal-Drogerys			
Compensation(1)	14,313	14,143	15,106
Other compensation			-
Total	330,000	330,000	330,000

* *The amounts stated in this table are gross amounts in euros.*
(1) *Compensation referred to in Article L.22-10-4 of the French Commercial Code.*

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

With the exception of Pierre Pasquier, Chairman of the Board of Directors, whose compensation components for his duties as Chairman of the Board of Directors are presented below, the directors do not receive any compensation from the Company for their duties, other than the compensation referred to in Article L. 22-10-14 of the French Commercial Code.

4.4.1.2 Compensation components paid or awarded to the Chairman of the Board of Directors in respect of his duties for the year ended 31 December 2021

The fixed, variable and exceptional components of total compensation and benefits in kind paid or granted in the past year to Pierre Pasquier, Chairman of the Board of Directors, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting of 25 May 2021 are as follows:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to vote	Presentation
Fixed compensation	**€138,000 (Gross amount paid)**	Fixed compensation was determined based on the work and challenges addressed by the Chairman of the Board of Directors, in the context of his duties in Axway Software.
Variable compensation	**-**	Not applicable
Compensation referred to in Article L. 22-10-14 of the French Commercial Code	**€19,028**	Compensation referred to in Article L. 22-10-14 of the French Commercial Code is calculated in accordance with the compensation policy applicable to directors.
Benefits in kind	**-**	Not applicable

4.4.1.3 Compensation components paid or awarded to the Chief Executive Officer in respect of his duties for the year ended 31 December 2021

The fixed, variable and exceptional components of total compensation and benefits in kind paid during the past year or awarded in respect of this same year to Patrick Donovan, Chief Executive Officer, for his term of office, determined in accordance with the compensation principles and criteria approved by the General Meeting of 25 May 2021 are as follows:

Compensation paid or granted during the year then ended	Amounts or accounting valuation submitted to vote	Presentation
Fixed compensation	**€465,022 (Gross amount paid)**	
Annual variable compensation	**€113,465 (Gross amount to be paid after approval by General Meeting) (including, where necessary, the deferred portion of this compensation)**	Variable compensation is based on qualitative criteria: • 40% based on organic growth. This percentage may be increased to 80% in the event of notable outperformance; • 40% based on Axway profit on operating activities. This percentage may be increased to 80% in the event of notable outperformance. and qualitative criteria: • 10% based on the employee engagement indicator; and • 10% based on the NPS customer satisfaction indicator. The application of these criteria would lead to the payment of variable compensation of €255,762, representing 55% of variable compensation objectives attained, with the quantitative criteria attained 51.3% and the qualitative criteria attained 70% . However, at the request of the Chief Executive, with regard to the disappointing organic growth and in line with the variable compensation awarded to members of the Executive Committee, the Board of Directors decided to reduce the variable compensation awarded to the Chief Executive Officer in respect of 2021 to €113,465, i.e. 24.4% of variable compensation objectives attained.
Free share grant	**Shares = €804,000 (Accounting valuation)**	30,000 performance share rights (representing potentially 0.14% of the Company's share capital), subject to the effective presence of the Chief Executive Officer and certain criteria based on the combination of organic revenue growth and operating profitability and growth in Amplify API revenue. This grant was performed pursuant to the 33rd resolution adopted by the Combined General Meeting of 5 June 2019.
Severance pay and indemnities for a change in duties	**No indemnities are payable in respect of the fiscal year**	
Benefits in kind	**-**	Not applicable

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

In accordance with position-recommendation 2014-14 amended on 25 July 2019 and the recommendations of the new Middlenext Code of Corporate Governance, the table below shows the compensation received by the Chairman of the Board of Directors, Pierre Pasquier, and the Axway Group Chief Executive Officer for the past three fiscal years:

Summary of compensation, stock options and shares awarded to each executive officer in Axway

(gross amounts in euros)	2021	2020	2019
Pierre Pasquier			
Compensation payable in respect of the fiscal year	157,028	156,996	158,663
Valuation of multi-year variable compensation awarded during the fiscal year			-
Valuation of options awarded during the fiscal year			-
Valuation of free shares granted			-
Patrick Donovan			
Compensation payable in respect of the fiscal year	578,487	989,056	611,089
Valuation of multi-year variable compensation awarded during the fiscal year	-	-	-
Valuation of options awarded during the fiscal year	-	-	-
Valuation of free shares granted during the fiscal year	804,000	1,950,000	1,310,000
Free shares granted under the Free Share Grant Plan (number of shares)	30,000	100,000	100,000

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

	2021		2020	
(gross amounts in euros)	Amount due	Amount paid	Amount due	Amount paid
Pierre Pasquier				
Fixed compensation[(1)]	138,000	138,000	138,000	138,000
Variable compensation	-	-	-	-
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation referred to in Article L. 22-10-14 of the French Commercial Code[(1)]	19,028	18,996	18,996	20,663
Value of benefits in kind				
Total	**157,028**	**156,996**	**156,996**	**158,663**
Patrick Donovan				
Fixed compensation[(2)]	465,022	465,022	481,527	481,529
Variable compensation[(2)(3)]	113,465	490,133	507,529	235,911
Multi-year variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation referred to in Article L. 22-10-14 of the French Commercial Code	-	-	-	-
Value of benefits in kind	-	-	-	-
Total	**578,487**	**955,155**	**989,056**	**717,440**

(1) Fixed compensation and compensation referred to in Article L. 22-10-14 of the French Commercial Code are paid by Axway Software.
(2) Fixed and variable compensation and benefits in kind are paid by Axway Inc., in US dollars. The exchange rate used for this table at 31 December 2021 was €1 = $1.18274 and the rate applied at 31 December 2020 was €1 = $1.1422.
(3) Variable compensation is 80% dependent on quantitative criteria and 20% dependent on qualitative criteria. The criteria applied to determine the amount of variable compensation based on qualitative criteria are organic growth and Group operating profit. The attainment levels for each of these quantitative and qualitative criteria have been precisely determined, however they cannot be disclosed due to confidentiality reasons.

Pierre Pasquier, Chairman and Chief Executive Officer of Sopra GMT, Axway Software's holding company, received from this company fixed compensation of €130,000 in respect of his duties, in addition to compensation referred to in Article L. 22-10-14 of the French Commercial Code in respect of his office of €14,400 for 2021. This compensation is not reinvoiced to the Company. Furthermore, as stated in the Sopra Steria Group Universal Registration Document, he also received fixed compensation of €500,000 as Chairman of the Board of Directors of this company and compensation referred to in Article L. 22-10-14 of the French Commercial Code in respect of his office of €27,192 for 2021.

Share subscription options awarded to company officers since their appointment

The company officers did not receive stock options when the different plans were set up.

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

During the fiscal year ended 31 December 2021, no stock options were granted to executive officers.

Stock options exercised during the fiscal year by each executive officer

No stock options granted to executive officers were exercised during the fiscal year ended 31 December 2021. Prior to his appointment, the Company's current Chief Executive Officer, Patrick Donovan, was the Group's Chief Financial Officer and, as such, was granted subscription options as part of the stock option plans allocated to key executives.

Past free share grants

	2021 Plan	2020 Plan	2019 Plan		
	LTI FOCUS	LTI BEYOND	LTI AOA	LTI EXECUTIVE COMMITTEE	LTI WORLDWIDE FREE SHARES
Date of General Meeting	05/06/2019	05/06/2019	05/06/2019	06/06/2018	06/06/2018
Date of Board of Directors' meeting	27/07/2021	27/07/2020	24/07/2019	16/01/2019	20/02/2019
Total number of free shares granted, of which to:	240,000	295,000	325,000	75,000	363,800
• **Patrick Donovan, Chief Executive Officer**	**30,000**	**100,000**	**100,000**	**N/A**	**200**
Share vesting date	31 March 2024	31 March 2023	15 March 2022	16 January 2022	28 February 2022
Lock-in period end date	30% of shares to be held until cessation of duties	30% of shares to be held until cessation of duties	30% of shares to be held until cessation of duties	-	
Number of shares vested at […] (most recent date)	N/A	N/A	N/A	-	N/A
Cumulative number of shares cancelled or lapsed	N/A	N/A	N/A	-	N/A
Number of free shares remaining at the reporting date	30,000	100,000	100,000	-	200

4.4.2 Compensation policy

The following developments, which form an integral part of the Board of Directors' report on corporate governance, are presented in accordance with Articles L. 22-10-8 and R. 225-29-1 of the French Commercial Code.

Pursuant to Article L. 22-10-8, shareholders will be asked to approve the compensation policy for company officers described below.

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

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

4.4.2.1 Components of the compensation policy applicable to all company officers

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

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

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

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

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

4.4.2.2 Compensation policy for the Board of Directors

Pursuant to recommendation R.12 of the Middlenext Code and Article 10 of the Board of Directors' internal regulations, the allocation of compensation referred to in Article L. 22-10-14 of the French Commercial Code is approved by the Board of Directors, on the proposal of the Compensation Committee, and takes into account:

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

Allocation of compensation for fiscal year 2022 is as follows:

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

Pursuant to the provisions of Article L. 22-10-14 of the French Commercial Code, the total compensation payable to directors is set by Ordinary General Meeting, on the proposal of the Board of Directors.

The Board of Directors proposed a compensation amount pursuant to Article L. 22-10-14 of the French Commercial Code of €330,000 for the year ended 31 December 2022, unchanged on the previous year.

4.4.2.3 Compensation policy for executive officers

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

- the principles detailed in the Middlenext Code, that is completeness, balance between compensation components, benchmarks, consistency, clear rules, restraint and transparency;
- the experience and expertise of the executive officer;
- the duties and responsibilities associated with the position;
- the compensation of other Company senior executives;
- market practice;
- Company interest;
- strategy and long-term success of the Group.

The annual review policy affords a greater understanding of the challenges faced by an industry sector that is undergoing constant change and is characterised by its extremely high level of seasonality.

There is no specific supplementary retirement scheme for senior executives outside the common law system.

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

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

The Board of Directors' meeting of 27 January 2022 decided not to propose a change to the compensation policy of the Chairman of the Board of Directors.

Fiscal year 2022 and beyond

Compensation components	
Annual fixed compensation	Determined by the Board of Directors at the recommendation of the Compensation Committee
Annual variable compensation	Not applicable
Deferred variable compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferral period, ability to request repayment of variable compensation	Not applicable
Exceptional compensation	Applicable, at the decision of the Board of Directors, subject to very specific circumstances (separation-IPO of a subsidiary, merger, etc.). Payment conditional on approval by Ordinary General Meeting and, in all events, capped at 100% of annual fixed compensation
Other benefits in kind	Not applicable
Stock options, performance shares or any other long-term compensation	Not applicable
Compensation referred to in Article L. 22-10-14 of the French Commercial Code	Application of the directors' compensation policy
Severance pay/indemnities for a change in duties	Not applicable
Non-compete indemnities	Not applicable
Supplementary pension plan	Not applicable

Given the above and based on the criteria detailed previously for defining executive officer compensation, the Board of Directors proposes the retention of Pierre Pasquier's compensation for fiscal year 2022 at the level set since fiscal year 2018, that is fixed gross compensation of €138,000.

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

b. Compensation policy for the Chief Executive Officer

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

Fiscal year 2022 and beyond

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

• Annual variable compensation	Amount: 100% of 2022 fixed compensation if objectives are attained and up to 170% of fixed compensation in the event of notable outperformance, conditional on the attainment of:
	• quantitative criteria:
	  • 70% based on the combination of organic growth and operating profitability. This percentage may be increased to 140% in the event of notable outperformance;
	• non-financial performance criteria:
	  • 5% based on the employee engagement indicator;
	  • 5% based on the NPS customer satisfaction indicator;
	  • 5% based on the drafting of a plan to achieve carbon neutrality ;
	
	• a strategic qualitative criteria:
	15% based on refocusing the product portfolio on profitable and/or growing business offerings.
	
	Precise 2022 objectives were set by the Board of Directors for these criteria but attainment levels are not published for confidentiality reasons. The attainment of the quantitative and qualitative criteria is examined by the Board of Directors' meeting adopting the financial statements for the previous fiscal year, at the recommendation of the Compensation Committee.

Deferred variable compensation	Not applicable
Multi-year variable compensation	Not applicable
Deferral period, ability to request repayment of variable compensation	Not applicable
Exceptional compensation	Applicable, at the decision of the Board of Directors, in the event of very specific circumstances (separation-IPO of a subsidiary, merger, etc.) Payment conditional on approval by Ordinary General Meeting and, in all events, capped at 100% of annual fixed compensation.

Compensation components	Comment
Stock options, performance shares or any other long-term compensation	Eligible for long-term incentive plans implemented for Axway management. These plans include a condition of presence throughout the duration of the plan and demanding performance conditions. Vesting period of two years or more. Obligation to hold 30% of shares vested under the plan throughout the term of office. No guaranteed minimum.
Compensation referred to in Article L. 22-10-14 of the French Commercial Code	Not applicable (unless appointed to the Company's Board of Directors. Offices exercised in Axway's subsidiaries do not give rise to compensation).
Other benefits in kind	Not applicable
Severance pay/indemnities for a change in duties	The maximum amount of these indemnities is one year's fixed and variable salary. The payment of this severance pay is 50% dependent on Axway organic growth and 50% dependent on Axway Group operating profit. These severance payments are only due in the event of the Chief Executive Officer's forced departure from the Company. No severance payments shall be due if (i) the Chief Executive Officer leaves his position at his own initiative, or (ii) in the event of gross negligence or serious misconduct, or (iii) in the event of a wrongful act which is unrelated to his position, or (iv) in the event of the Chief Executive Officer's departure for the Sopra Steria Group.
Non-compete indemnities	Not applicable
Supplementary pension plan	Not applicable

Fixed compensation

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

The Board of Directors therefore proposed gross fixed annual compensation of US$550,000 for the fiscal year ending 31 December 2022, unchanged on fiscal year 2021.

Variable compensation

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

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

Gross variable compensation for the fiscal year ending 31 December 2022, if objectives are attained, would be US$550,000, unchanged on fiscal year 2021.

The split between quantitative and qualitative criteria (90% and 10% in 2020 and then 80% and 20% in 2021) was changed to 70% and 30%, respectively, in 2022. This seeks to give greater weight to qualitative criteria tied to the long-term performance of the Company, including two criteria tied to the employee section and the environmental section of the CSR policy.

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

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

It was proposed that the Chief Executive Officer benefit from the incentive schemes set up by Axway, regardless of the incentive vehicle used. Hence, the schemes may be performance share plans, free share plans or any other vehicle designed to build management loyalty in the medium and long term. This compensation is in the Company's interest and contributes to its commercial strategy and the long-term success.

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

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

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

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

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

4.4.3 Equity ratio

	2021	2020	2019	2018	2017
Chairman of the Board of Directors					
Compensation of the Chairman of the Board of Directors *(in euros)*	138,000	138,000	138,000	138,000	138,000
Ratio with average compensation (World)	1.6	1.7	1.7	1.7	1.8
Ratio with median compensation (World)	2.0	2.1	2.1	2.2	2.2
French minimum wage *(annual – in euros)*	7.2				
Chief Executive Officer					
Compensation of the Chief Executive Officer *(in euros)*	930,044	963,054	675,320	640,162	1,109,997
Ratio with average compensation (World)	11.0	11.6	8.3	7.9	14
Ratio with median compensation (World)	13.6	14.4	10.4	10	18
French minimum wage *(annual – in euros)*	48.8				
Employees					
Average compensation (excluding company officers - World) *(in euros)*	84,491	82,700	81,223	80,276	78,742
Median compensation (excluding company officers - World) *(in euros)*	68,286	66,441	64,648	63,803	61,413
French minimum wage *(annual – in euros)*	19,074				
Performance criteria *(in millions of euros)*					
(Revenue)	286	297	300	283.8	299.8
(Operating profit/(loss))	32.9	30.8	14.3	18.2	27.7

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

- for employees, all employees present in the workforce at 31 December of the relevant year and holding a permanent employment contract were included in the calculations. Compensation amounts were restated on a full-time equivalent basis. As Axway has a strong international culture with employees present in 18 countries, the decision was made to retain the scope of the Company and its subsidiaries when examining this ratio;
- for the Chairman of the Board of Directors, account was taken of fixed compensation amounts;
- for the Chief Executive Officer, fixed and theoretical variable compensation amounts at 31 December of the relevant year, published annually in the relevant Registration Documents or Universal Registration Documents were included in the calculations. Compensation amounts were restated on a full-time equivalent basis. The position of Chief Executive Officer was held by two different individuals during the five-year calculation period, both of whom were based and paid in the United States. This is also the case for the current Chief Executive Officer. All the Chief Executive Officers were paid in US dollars. Compensation amounts are presented in the table in euros. Euro/dollar exchange rates at 31 December of each year (as presented in the relevant reference documents or Universal Registration Documents) were applied in preparing the table:
  - at 31 December 2017, €1 = $1.12703,
  - at 31 December 2018, €1 = $1.18095,
  - at 31 December 2019, €1 = $1.11947,
  - at 31 December 2020. €1 = $1.1422,
  - at 31 December 2021 €1 = $1.18274.

4.4.4 Description of free share grants

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

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

The Combined General Meeting of 6 June 2018, in its 17th resolution, and after having reviewed the Board of Directors' report and the Statutory Auditors' special report, and pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code:

1. authorised the Board of Directors to grant free performance shares, on one or more occasions, at its choice, either existing shares of the Company or shares to be issued, to qualifying employees or company officers (within the meaning of Article L. 225-197-1 of the French Commercial Code) of the Company 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, or to certain categories of such employees or officers;

2. resolved that the total number of shares awarded, whether they consisted of existing shares or shares to be issued, could not exceed 4% of the Company's share capital on the date of the Board of Directors' grant decision, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of free share grants.

a. Free share grant plan for Executive Committee members

The Board meeting of 16 January 2019, pursuant to the aforementioned General Meeting, set the conditions and criteria for the grant of free shares under a Plan involving 75,000 performance shares (the LTI ExCom 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 75,000 rights to performance shares in favour of employees of the Company within the meaning of Article L. 225-197-1 of the French Commercial Code subject to meeting the various conditions detailed below, it being specified that at 16 January 2019, the date of free grant of the performance shares, the value of the Company's share was €11.50 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period:
  - this LTI ExCom plan is implemented over a period of three (3) years for employees. Subject to fulfilment of the cumulative conditions detailed below, the shares will vest to each employee beneficiary at the end of this three (3) year period,
  - presence conditions:
    - each beneficiary must, throughout the vesting period, be an employee within the meaning of Article L. 225-197-1 of the French Commercial Code or retired from the Company or the companies or economic interest groups affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code,
    - the shares vested will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created.

b. Free share grant plan for Worldwide employees

The Board meeting of 20 February 2019, in application of the aforementioned resolution, set the conditions and criteria for the grant of free shares under a second Plan involving 363,800 performance shares (the LTI Worldwide 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 363,800 performance shares in favour of employees and the Chief Executive Officer of the Company subject to meeting the various conditions detailed below, it being specified that at 20 February 2019, the date of free grant of the performance shares, the value of the Company's share was €12.67 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period:
  - the LTI Worldwide Plan has a vesting period of three (3) years for employees and the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, the shares will vest to each beneficiary at the end of this three (3) year period,
  - presence condition:
    - each beneficiary must, throughout the vesting period and at 31 December 2021, be an employee or executive officer within the meaning of Article L. 225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code,
    - the shares vested will be existing shares held by the Company and/or shares that have been newly created,
    - this free grant of performance shares is open to all employees, including the Chief Executive Officer. Accordingly, an incentive bonus was paid to employees in order to comply with the laws and regulations in force and, in particular, Article L. 22-10-60 of the French Commercial Code.

c. LTI AOA free share grant plan

The Board meeting of 5 June 2019, pursuant to the authorisation granted by the Combined General Meeting of 5 June 2019 in its thirty-third resolution, set the conditions and criteria for the grant of free shares under a third Plan involving 325,000 performance shares (the LTI AOA 2019 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 325,000 rights to performance shares in favour of employees and the Chief Executive Officer of the Company within the meaning of Article L. 225-197-1-II of the French Commercial Code subject to meeting the various conditions detailed below, it being specified that at 24 July 2019, the date of free grant of the performance shares, the value of the Company's share was €13.10 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period:

- the LTI AOA free share plan has a vesting period of three (3) years for employees and the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, the shares will vest to each beneficiary at the end of this three (3) year period,
  - presence condition:
    - each beneficiary must, throughout the vesting period, be an employee or company officer within the meaning of Article L. 225-197-1 of the French Commercial Code or retired from the Company or the companies or economic interest groups affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code,
  - performance condition:
    - the performance condition as defined in the plan will determine the number of performance shares that vest to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for the AOA Plan, it is based on organic growth in the amount of Company signatures and profit on operating activities;
  - guaranteed minimum (non-applicable to the Chief Executive Officer):
    - each plan beneficiary will obtain annually, regardless of the final results of the performance conditions for the year in question, at least 50% of performance shares. If, at the end of the year in question, over 50% of the performance conditions are fulfilled, the plan beneficiary will be granted the higher number of performance shares. Performance shares will only vest if the following two conditions are met (i) the vesting period has expired and (ii) the presence condition is satisfied;
- the shares vested will be existing shares held by the Company at the end of the rights vesting period and/or shares that have been newly created,
- this free grant of performance shares is open to all employees, including the Chief Executive Officer. Accordingly, an incentive bonus was paid to employees in order to comply with the laws and regulations in force and, in particular, Article L. 22-10-60 of the French Commercial Code.

II. Free shares granted during the fiscal year ended 31 December 2020

The Combined General Meeting of 5 June 2019 in its thirty-third extraordinary resolution:

- authorised the Board of Directors to perform free grants, on one or more occasions, at its choice, of either existing shares of the Company or shares to be issued, to qualifying employees or company officers (within the meaning of Article L. 225-197-1 II, paragraph 1 of the French Commercial Code) of the Company 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, or to certain categories of such employees or officers;
- decided that this authorisation cannot confer entitlement to a number of shares representing more than 4% of the Company’s share capital (assessed at the date of the Board of Directors grant decision), it being specified that, where applicable, this number shall be increased by the additional amount of shares to be issued to preserve, in accordance with the law or any other applicable contractual agreement, the rights of holders of securities granting access to the Company’s share capital.

LTI Beyond free share grant plan

The Board meeting of 27 July 2020, in application of the aforementioned resolution, set the conditions and criteria for the grant of free shares under a Plan involving 295,000 performance shares (the LTI Beyond 2020 Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 295,000 rights to performance shares in favour of employees and the Chief Executive Officer of the Company subject to meeting the various conditions detailed below, it being specified that at 27 July 2020, the date of free grant of the performance shares, the value of the Company’s share was €19.50 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period:
  - the vesting period of the LTI Beyond free share plan is implemented over a period of three (3) years for employees and the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, the shares will vest to each beneficiary at the end of this three (3) year period,
  - presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee or executive officer within the meaning of Article L. 225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code;
  - performance condition:
    - the performance condition as defined in the plan will determine the number of performance shares that vest to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for the Beyond Plan, it is based on the organic growth in the amount of Company signatures and profit on operating activities;
  - guaranteed minimum (non-applicable to the Chief Executive Officer):
    - each plan beneficiary will obtain annually, regardless of the final results of the performance conditions for the year in question, at least 50% of performance shares. If, at the end of the year in question, over 50% of the performance conditions are fulfilled, the plan beneficiary will be granted the higher number of performance shares. Performance shares are only deemed to have vested if the following two conditions are met (i) the vesting period has expired and (ii) the presence condition is satisfied,

– the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
– this free grant of performance shares is open to all employees, including the Chief Executive Officer. Accordingly, an incentive bonus was paid to employees in order to comply with the laws and regulations in force and, in particular, Article L. 225-197-6 of the French Commercial Code.

III. Free shares granted during the fiscal year ended 31 December 2021

LTI Focus free share grant plan

The Board meeting of 27 July 2021, in application of the aforementioned resolution, set the conditions and criteria for the grant of free shares under a Plan involving 240,000 performance shares (the LTI Focus Plan). The main characteristics of this plan are as follows:

- a free grant of a total of 240,000 rights to performance shares in favour of employees and the Chief Executive Officer of the Company subject to meeting the various conditions detailed below, it being specified that at 27 July 2021, the date of free grant of the performance shares, the value of the Company's share was €26.80 per share. This grant will only be finalised if all of the conditions have been fulfilled at the end of the vesting period:
  - the LTI Focus free share plan has a vesting period of three (3) years for employees and the Chief Executive Officer. Subject to fulfilment of the cumulative conditions detailed below, the shares will vest to each beneficiary at the end of this three (3) year period,
  – presence condition:
    - each beneficiary must, throughout the vesting period for these rights to the free grant of performance shares, be an employee or executive officer within the meaning of Article L. 225-197-1-II of the French Commercial Code or retired from the Company or the companies or economic interest groups affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code;
  – performance condition:
    - the performance condition as defined in the plan will determine the number of performance shares that vest to the beneficiary based on the performance criteria assessed over three consecutive fiscal years,
    - for the Focus plan, it is based on organic growth in revenue, the profit margin and growth in the Company's "Amplify API" revenue;
  – guaranteed minimum (non-applicable to the Chief Executive Officer):
    - each plan beneficiary will obtain annually, regardless of the final results of the performance conditions for the year in question, at least 50% of performance shares. If, at the end of the year in question, over 50% of the performance conditions are fulfilled, the plan beneficiary will be granted the higher number of performance shares. Performance shares are only deemed to have vested if the following two conditions are met (i) the vesting period has expired and (ii) the presence condition is satisfied,
- the shares delivered will be existing shares held by the Company at the end of the vesting period and/or shares that have been newly created at the latest at the end of the vesting period,
- this free share grant is open to all employees, including the Chief Executive Officer. Accordingly, an incentive bonus was paid to employees in order to comply with the laws and regulations in force and, in particular, Article L. 2210-60 of the French Commercial Code.

During the fiscal year ended 31 December 2021, the Company and its affiliates did not set up any new share subscription option plans. In addition, Plan no. 1 of 18 November 2011 and its amendment of 28 March 2013 expired at the end of the fiscal year.

In addition to free share grants, the following tables indicate options exercised during the year by executive officers and the top 10 employees that are not company officers.

Stock options exercised during the fiscal year by each executive officer

Name of executive officer	Plan no. and date	Number of options exercised during the fiscal year	Exercise price
Patrick Donovan	n/a	n/a	n/a
Total	n/a	n/a	n/a

Stock options granted to the top 10 employees (non-company officers) and options exercised by them	Total number of options granted/shares subscribed or purchased	Weighted average price *(in euros)*	Plan no. 1	Plan no. 2
Options granted during the fiscal year by the issuer and any company within the option grant scope to the 10 employees of the issuer, and of any company within this scope, who received the highest number of options granted (aggregate information)	n/a	n/a	-	-
Options held on the issuer and the companies referred to above, exercised during the fiscal year by the 10 employees of the issuer and these companies, who purchased or subscribed the highest number of options. (aggregate information)	55,250	28.40	44,000	11,250

5

Consolidated financial statements

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5.1 Consolidated income statement

(in thousands of euros)	Notes	2021	2020	2019
Revenue	**4.1**	**285,548**	**297,234**	**299,962**
Employee costs	5.1	-180,629	-189,891	-187,934
External expenses	4.2	-60,144	-63,260	-74,409
Taxes and duties		-3,291	-2,626	-1,645
Depreciation and amortisation, provisions and impairment	4.3	-10,748	-12,660	-12,997
Other current operating income and expenses		2,173	2,051	2,947
Profit on operating activities		**32,908**	**30,847**	**25,924**
as % of revenue		***11.5%***	***10.4%***	***8.6%***
Share-based payment expense	5.4	-4,352	-5,067	-2,740
Amortisation of allocated intangible assets	4.4	-8,626	-8,162	-8,605
Profit from recurring operations		**19,930**	**17,618**	**14,579**
as % of revenue		***7.0%***	***5.9%***	***4.9%***
Other operating income and expenses	4.5	-2,652	24	-288
Operating profit		**17,278**	**17,642**	**14,291**
as % of revenue		***6.1%***	***5.9%***	***4.8%***
Cost of net financial debt	11.1	-1,302	-1,413	-1,551
Other financial income and expense	11.2	541	-2,657	-564
Income tax expense	6.1	-6,913	-5,095	-6,770
Profit for the year from continuing operations		**9,604**	**8,478**	**5,406**
Profit for the year		**9,604**	**8,478**	**5,406**
as % of revenue		***3.4%***	***2.9%***	***1.8%***
of which share attributable to non-controlling interests		2	-2	1
of which share attributable to owners of the Company		9,602	8,476	5,405

Net income per share – attributable to owners of the Company

(in euros)	Notes	2021	2020	2019
Basic earnings per share	13.7	0.45	0.40	0.25
Fully diluted earnings per share	13.7	0.43	0.38	0.24

5.2 Statement of comprehensive income

(in thousands of euros)	Notes	2021	2020	2019
Consolidated profit for the year		**9,604**	**8,478**	**5,405**
Other comprehensive income:				
Actuarial gains and losses on pension plans	5.3	797	-600	-899
Tax impact		-216	170	285
Sub-total items that will not be reclassified subsequently to profit or loss		**581**	**-430**	**-614**
Share attributable to non-controlling interests		0	0	1
Exchange differences on translating foreign operations	13.6	18,646	-20,471	2,792
Sub-total items that may not be reclassified subsequently to profit or loss		**18,646**	**-20,471**	**2,793**
Total other comprehensive income net of tax		**19,227**	**-20,901**	**2,179**
Total comprehensive income		**28,831**	**-12,423**	**7,584**
of which share attributable to non-controlling interests		2	2	1
of which share attributable to owners of the Company		**28,830**	**-12,425**	**7,583**

5.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	31/12/2021	31/12/2020	31/12/2019
Goodwill	8.1	348,326	330,306	349,976
Intangible assets	8.3	15,073	23,356	33,912
Property, plant and equipment	8.4	14,272	15,421	12,505
Lease right-of-use assets	9.1	23,545	28,935	23,474
Financial assets	7.1	8,817	8,622	5,089
Deferred tax assets	6.4	14,616	16,289	17,724
Non-current assets		**424,650**	**422,929**	**442,679**
Trade receivables	7.2	105,102	88,085	71,893
Other current receivables	7.3	27,806	32,167	33,179
Cash and cash equivalents	11.3	25,355	16,165	21,087
Current assets		**158,263**	**136,417**	**126,158**
Total assets		**582,913**	**559,346**	**568,838**

Equity and liabilities

(in thousands of euros)	Notes	31/12/2021	31/12/2020	31/12/2019
Share capital		43,267	42,702	42,451
Capital reserves		113,380	111,541	110,976
Consolidated and other reserves		205,965	192,744	203,764
Profit for the year		9,602	8,476	5,405
Equity – share attributable to owners of the Company		**372,215**	**355,463**	**362,596**
Non-controlling interests		**5**	**4**	**2**
Total equity	**13**	**372,220**	**355,466**	**362,598**
Financial debt – long-term portion	11.4	60,097	37,270	39,201
Lease liabilities – long-term portion	9.2	27,198	32,162	22,903
Deferred tax liabilities	6.4	3,870	2,298	488
Other non-current liabilities including long-term provisions	7.4	9,772	10,761	13,090
Non-current liabilities		**100,937**	**82,490**	**75,683**
Financial debt – short-term portion	11.4	1,718	2,942	3,452
Lease liabilities – short-term portion	9.2	6,167	5,625	6,809
Trade accounts payables	7.5	10,899	13,778	16,617
Deferred income	7.6	55,826	54,692	60,567
Other current liabilities	7.7	35,145	44,353	43,112
Current liabilities		**109,755**	**121,390**	**130,557**
Total liabilities		**210,693**	**203,880**	**206,240**
Total equity and liabilities		**582,913**	**559,346**	**568,838**

5.4 Consolidated statement of changes in equity

(in thousands of euros)	Share Capital	Capital reserves	Treasury shares	Reserves and consolidated profit	Other comprehensive income	Attributable to: owners of the Company	Attributable to: non-controlling interests	Total
Equity at 31/12/2019	**42,451**	**110,976**	**-827**	**184,046**	**25,950**	**362,597**	**2**	**362,598**
Capital transactions	251	564	-	-167	-	649	-	649
Share-based payments	-	-	-	4,405	-	4,405	-	4,405
Transactions in treasury shares	-	-	113	125	-	238	-	238
Ordinary dividends	-	-	-	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other movements	-	-	-	-16	16	-0	-0	-0
Transactions with shareholders	**251**	**564**	**113**	**4,347**	**16**	**5,292**	**-0**	**5,292**
Profit for the year	-	-	-	8,476	-	8,476	2	8,478
Other comprehensive income	-	-	-	-	-20,901	-20,901	0	-20,901
Total comprehensive income for the year	**-**	**-**	**-**	**8,476**	**-20,901**	**-12,425**	**2**	**-12,423**
Equity at 31/12/2020	**42,702**	**111,540**	**-714**	**196,869**	**5,065**	**355,463**	**4**	**355,466**
Capital transactions	565	1,840	-	-284	-	2,121	-	2,121
Share-based payments	-	-	-	3,635	-	3,635	-	3,635
Transactions in treasury shares	-	-	-9,108	-110	-	-9,217	-	-9,217
Ordinary dividends	-	-	-	-8,623	-	-8,623	-	-8,623
Changes in scope of consolidation	-	-	-	-	-	-	-	-
Other movements	-	-	-	16	-9	7	-0	7
Transactions with shareholders	**565**	**1,840**	**-9,108**	**-5,365**	**-9**	**-12,077**	**-0**	**-12,077**
Profit for the year	-	-	-	9,602	-	9,602	2	9,604
Other comprehensive income	-	-	-	-	19,227	19,227	0	19,227
Total comprehensive income for the year	**-**	**-**	**-**	**9,602**	**19,227**	**28,830**	**2**	**28,831**
Equity at 31/12/2021	**43,267**	**113,380**	**-9,822**	**201,106**	**24,283**	**372,215**	**5**	**372,220**

5.5 Consolidated statement of cash flows

(in thousands of euros)	Notes	2021	2020	2019
Consolidated net income (including share attributable to non-controlling interests)		**9,604**	**8,478**	**5,406**
Net charges to depreciation, amortisation and provisions		20,181	19,940	20,484
Share-based payment expense	5.4	3,731	4,405	2,689
Gains and losses on disposal		216	15	82
Cash from operations after cost of net financial debt and tax		**33,731**	**32,838**	**28,661**
Cost of net financial debt	11.1	1,302	1,413	1,551
Tax expenses (including deferred tax)	6.1	6,913	5,095	6,770
Cash from operations before cost of net financial debt and tax (A)		**41,946**	**39,346**	**36,982**
Tax paid (B)		-2,780	-3,516	-4,127
Changes to operating working capital requirements (including liabilities related to employee benefits) (C)	12.2	-26,224	-23,706	-19,250
Net cash from operating activities (D) = (A + B + C)		**12,941**	**12,124**	**13,605**
Purchases of intangible assets and PP&E	8.3	-2,825	-7,746	-4,550
Proceeds from disposals of intangible assets and PP&E		4	-	-2
Impact of changes in the scope of consolidation	8.1	-	-400	-723
Change in loans and advances grand		-81	-26	-130
Other cash flows from investing activities		69	61	246
Net cash from (used in) investing activities (E)		**-2,833**	**-8,111**	**-5,159**
Proceeds from the exercise of stock options		2,026	649	-
Purchases and proceeds from disposal of treasury shares	13.2	-9,500	-201	-1,164
Dividends paid to shareholders of the parent company	13.5	-8,623	-	-8,472
Proceeds from borrowings	11.4	60,000	-	15,000
Repayment of borrowings	11.4	-38,457	-2,360	-18,639
Change in lease liabilities	4.2	-6,680	-4,444	-7,652
Net interest paid (including finance leases)		-590	-657	-766
Other cash flow relating to financing activities		98	-851	-1,550
Net cash from (used in) financing activities (F)		**-1,726**	**-7,864**	**-23,243**
Effect of foreign exchange rate changes (G)		664	-1,059	87
Net change in cash and cash equivalents (D + E + F + G)		**9,047**	**-4,911**	**-14,710**
Opening cash position		16,151	21,062	35,772
Closing cash position	11.3	25,197	16,151	21,062

5.6 Notes to the consolidated financial statements

Contents

This is the eleventh publication for the Axway Group since its IPO on the NYSE Euronext in Paris on 14 June 2011.

The Board of Directors' meeting of 22 February 2022 approved the consolidated financial statements of the Group for fiscal year 2021.

The Notes to the financial statements form an integral part of the consolidated financial statements.

Note 1 Accounting principles

The consolidated financial statements were prepared in accordance with prevailing accounting policies and principles at 31 December 2021 as presented below.

Our accounting principles are written in burgundy against a beige background to identify them clearly, as follows:

"Accounting policies, judgements and estimates".

The impact of the COVID-19 crisis on the consolidated financial statements for the year are described In Note 1.3.

The following table summarises the accounting policies, judgements and estimates disclosed in the Notes to the consolidated financial statements:

Notes	Accounting policies, judgements and estimates		
(1.0)	Accounting policies	(8.1)	Goodwill
(1.3)	Impact of the COVID-19 crisis on the consolidated financial statements	(8.1)	Business combinations
(1.4)	Impacts of environmental risks on the consolidated financial statements	(8.2)	Impairment tests
(1.5)	Significant estimates and accounting judgements	(8.3)	Other intangible assets
(1.6)	Format and translation of financial statements	(8.4)	Property, plant and equipment
(2.1)	Consolidation methods	(9.0)	Leases
(3.0)	Segment reporting	(10.0)	Provisions
(4.1)	Revenue recognition	(11.2)	Other financial income and expense
(5.3)	Employee benefits	(11.3)	Cash and cash equivalents
(5.4)	Share-based payments	(11.4)	Financial debt
(6.0)	Income tax expense	(11.6)	Financial instruments recorded in the balance sheet
(7.1)	Non-current financial and other assets	(13.2)	Treasury shares
(7.2)	Trade receivables	(13.9)	Earnings per share
(7.6)	Deferred income		

The accounting methods have been applied consistently for all fiscal years presented.

1.1 Basis of preparation

The consolidated financial statements for the fiscal year ended 31 December 2021 were prepared in accordance with IFRS standards as adopted by the European Union. These standards are available on the European Commission website:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

The financial statements were prepared mainly on a historical cost basis, except for employee benefits, share-based payments, financial debt and derivatives, which are measured at fair value.

1.2 Application of new standards and interpretations

1.2.1 New mandatory standards and interpretations

The new standards, amendments to existing standards and interpretations adopted by the European Union and of mandatory application in fiscal years beginning on or after 1 January 2021 are as follows:

- amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16, *Interest rate benchmark reform*, phase 2. The Group has not identified any material impact from this amendment;
- IFRIC Interpretation relating to IAS 38, *Intangible assets*, on configuration or customisation costs when implementing SaaS software. The impact of this definitive decision is not material in the Group's consolidated financial statements for the year ended 31 December 2021;

- IFRIC Interpretation relating to IAS 19, *Employee benefits*, on attributing benefits to periods of service under retirement benefit plans. This IFRS IC decision has no impact on the measurement and recognition of retirement benefit commitments in the consolidated financial statements of the Group. The collective agreement applicable to Axway does not indicate a ceiling for retirement benefits;
- amendments to IFRS 16, COVID-19 related rent concessions beyond 30 June 2021, extended to 30 June 2022. This amendment offers an option to account for COVID-19-related rent concessions as if they were not lease modifications and recognise the impact immediately in profit or loss for the period. In 2021, the Group did not identify any situations that could give rise to the application of this amendment.

1.2.2 Standards and interpretations published by the IASB and adopted by the EU but not applied in advance

The Group has elected not to apply in advance the texts published by the IASB and endorsed by the European Union, with an application date after 1 January 2021. The main standards, amendments and interpretations concerned are:

- amendments to IAS 37, *Provisions, contingent liabilities and contingent assets*, of mandatory application from 1 January 2022, regarding onerous contacts and the costs of fulfilling a contract. At this stage, the Group does not expect these amendments to have a material impact;
- amendments to IFRS 3, *Business combinations*, of mandatory application from 1 January 2022, regarding the conceptual framework. At this stage, the Group does not expect these amendments to have a material impact;
- IFRS improvements (2018-2020 cycle) of mandatory application from 1 January 2022, making limited amendments to four IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41). At this stage, the Group does not expect these amendments to have a material impact;
- amendments to IAS 16, *Property, plant and equipment – Proceeds before intended use*, of mandatory application from 1 January 2022. At this stage, the Group does not expect this amendments to have a material impact.

1.2.3 Standards and interpretations published by the IASB, not adopted by the EU and not applied in advance

The Group has elected not to apply in advance the texts published by the IASB and not yet endorsed by the European Union, with an application date after 1 January 2021. The main standards, amendments and interpretations concerned are:

- amendments to IAS 1, *Presentation of the financial statements*, of scheduled application from 1 January 2023, regarding the classification of liabilities as current or non-current. The Group is conducting an analysis and at this stage it is not possible to estimate whether these amendments will have a material impact on the presentation of the financial statements;
- amendments to IAS 1, *Presentation of the financial statements*, of scheduled application from 1 January 2023, regarding disclosure of accounting policies. The Group is conducting an analysis and at this stage it is not possible to estimate whether these amendments will have a material impact for financial statement users;
- amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors*, of scheduled application from 1 January 2023, regarding the definition of accounting estimates. The Group is conducting an analysis and at this stage it is not possible to estimate whether these amendments will have a material impact for financial statement users.

1.3 Impact of the COVID-19 crisis on the consolidated financial statements

Following on from 2020, the COVID-19 pandemic had a significant impact throughout the year on our activities and organisation to support our customers under the best possible conditions. It impacted the Group's consolidated financial statements and the judgements and estimates used to assess certain assets and liabilities or certain income and expense items and liquidity risk.

Judgements and estimates: based on existing knowledge and best information available

Due to the ongoing unforeseeable global impacts of COVID-19, Management judgements and estimates are subject to increased uncertainty. Actual amounts may differ from Group judgements and estimates. Changes may have a more or less material impact on the consolidated financial statements. All available information on expected economic trends and country-specific government mitigation measures was taken into account when updating Management judgements and estimates. The financial statements were prepared using estimates and assumptions based on current knowledge and the best available information.

Presentation of the financial statement: widespread impacts on the income statement

In terms of financial statement presentation, the Group's performance was widely impacted across all income statement line items. Neither the French Financial Markets Authority (AMF) nor the French Accounting Standards Authority (ANC) recommend using non-current income headings, considered inappropriate, to systematically account for the impacts of the COVID-19 crisis; they favour a specific explanation for each line item in the Notes to the financial statements and propose that only usual income and expense items be recorded under non-current income headings.

Accounting policies, judgements and estimates: revenue recognition policy unchanged

The Group has not changed its revenue recognition policy. The COVID-19 pandemic had no impact on the estimates and judgements relating to our revenue recognition method in 2021. Our revenue recognition policy can be consulted in Note 4.1.1.

Material impact on our level of activity: revenue decline in the fourth quarter and continued savings in marketing events and travel expenses

In 2021, Axway generated revenue of €285.5 million, down 2.7% organically and 3.9% in total. After growing 2.0% in the first nine months of the year, Axway's activity contracted 13.5% in the fourth quarter of 2021. Several contracts saw their schedule pushed back or their budget reallocated during the period. A number of major existing or prospective customers faced significant recruitment difficulties in their IT and administrative teams and did not launch the expected projects. This staff shortage could continue throughout 2022.

Profit on operating activities was €32.9 million, representing 11.5% of revenue, compared to 10.4% in 2020. This €2.1 million increase reflects the resilience of the Group's business model and its ability to adapt its organisation to an unprecedented context, including in a period of contraction.

State aid and support measures

In 2021, the Group benefited from support measures in the Asia/Pacific region of less than €0.1 million, compared to €0.6 million in 2020.

Excess logistics and safety costs: immaterial costs

In line with 2020, the Group did not incur any major excess costs in 2021 to ensure the safety of its employees and to enable them to continue working from home. These unique and unusual excess costs were immaterial and recorded as operating expenses under *Profit on operating activities*.

Deferred taxes: deferred tax assets on tax loss carryforwards maintained

The Group conducted an analysis and concluded that the COVID-19 health crisis had no impact on deferred taxes at 31 December 2021 (see Note 6).

Intangible asset impairment tests: tests did not lead to the recognition of an impairment loss

The crisis also impacted the estimates used by the Group to assess certain assets and liabilities or certain income and expense items. This is especially relevant and decisive for the assumptions and estimates used to assess the recoverable amount of intangible assets, and particularly goodwill and intangible assets allocated to customer bases and technologies. Annual impairment testing performed for information purposes did not identify any indication of impairment. The approach used and the test results are described in Note 8.2. This test did not give rise to the recognition of impairment at 31 December 2021.

Note that the Group recognised total impairments on intangible assets of €2.3 million (see Notes 4.4 and 8.3). These impairments were unrelated to COVID-19.

Recoverability of trade receivables: no specific risk observed in 2021

The COVID-19 crisis had no material impact on customer collections in 2020 or 2021. Customer contract monitoring did not reveal any requests to suspend or discontinue services or to renegotiate prices. At this stage, the Group has not identified any credit risk (see Note 7.2).

Non-distribution of dividends

The Axway Software General Shareholders' Meeting, which met on 3 June 2020 to approve the 2019 financial statements, decided not to distribute dividends for 2019 (see Note 13.6). This exceptional measures concerned fiscal year 2019 only.

Dividends were paid in 2021 in respect of fiscal year 2020 and dividends will be proposed for payment in 2022 in respect of fiscal year 2021.

Group net debt and cash and cash equivalents

At 31 December 2021, Axway had a solid financial position, with cash of €25.4 million and bank debt of €61.7 million. Bank debt covenants were met. The Group has an unused credit facility of €65 million and unused bank overdrafts of €20 million (see Note 11.7).

The Group does not anticipate any medium or long-term cash or financing problems. In 2021, the Group repaid its borrowings in line with the initial payment schedules.

Government measures adopted to facilitate cash flow

In 2021, the Group did not benefit from any measures to facilitate cash flow.

1.4 Impacts of environmental risks on the consolidated financial statements

The Group considers that, at this stage, climate change does not have any impact on its financial statements, in particular given the nature of its activities. In addition, the Group's transition to "net zero emissions" in 2028 had no material impact in the accounts in 2021.

1.5 Significant estimates and accounting judgements

Accounting policies, judgements and estimates

The preparation of financial statements implies the use of estimates and assumptions in measuring certain consolidated balance sheet assets and liabilities and certain income statement items.

Management is also required to exercise judgement in the application of the Group's accounting policies.

Such estimates and judgements, which are continually updated, are based both on historical information and on reasonable expectations of future events based on the circumstances. However, given the uncertainty implicit in assumptions as to future events, the related accounting estimates may differ from the actual results.

1.5.1 Significant assumptions and accounting estimates

Accounting policies, judgements and estimates

The main assumptions and accounting estimates liable to leave scope for material adjustments to the carrying amount of assets and liabilities in subsequent periods are as follows:

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

1.5.2 Significant judgements in the application of accounting policies

Accounting policies, judgements and estimates

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

1.6 Format and translation of financial statements

1.6.1 Format of the financial statements

Accounting policies, judgements and estimates

The consolidated financial statements of Axway Software are presented in accordance with recommendation no. 2020-01 of 6 March 2020 issued by the *Autorité des normes comptables* (French Accounting Standards Authority) on the format of consolidated financial statements prepared in accordance with international accounting standards.

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

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

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

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

1.6.2. Foreign currency translation

a. Functional and presentation currencies

Accounting policies, judgements and estimates

Items presented in the financial statements of each entity included in the scope of consolidation are measured using the currency of the primary economic environment in which each entity operates, *i.e.* its "functional currency".

The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Axway Software.

b. Translation of the financial statements of foreign subsidiaries

Accounting policies, judgements and estimates

Group subsidiaries' functional currencies are their local currencies in which most of their transactions are denominated. The accounts of all entities included in the scope of consolidation whose functional currency differs from the Group's presentation currency are translated into euros as follows:

- assets and liabilities are translated at year-end exchange rates;
- income, expenses and cash flows are translated at average rates for the period;
- all resulting foreign exchange gains and losses are recorded as a separate component of equity under Other comprehensive income and are stored in Translation reserves in shareholders' equity (see Note 13.7).

Foreign exchange gains and losses arising on the translation of net investments in foreign operations are recorded as a separate component of equity under Translation reserves in accordance with IAS 21. Foreign exchange gains and losses on inter-company loans are considered 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 gain or loss is transferred to the income statement as part of the gain or loss arising on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the operation and, as such, are translated at the closing rates applying at the reporting date.

Hyperinflation

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

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

	Average rate for the period			Period-end rate		
€1/currency	2021	2020	2019	2021	2020	2019
Pound sterling	0,8596	0,8897	0,8778	0,8403	0,8990	0,8508
Swedish krona	10,1465	10,4848	10,5891	10,2503	10,0341	10,4471
Romanian leu	4,9215	4,8383	4,7453	4,9490	4,8683	4,7831
Bulgarian lev	1,9558	1,9558	1,9558	1,9558	1,9558	1,9558
US dollar	1,1827	1,1422	1,1195	1,1326	1,2271	1,1234
Australian dollar	1,5749	1,6549	1,6109	1,5615	1,5896	1,5995
Hong Kong dollar	9,1932	8,8587	8,7715	8,8333	9,5138	8,7474
Singapore dollar	1,5891	1,5742	1,5273	1,5279	1,6218	1,5111
Yuan (China)	7,6282	7,8747	7,7355	7,1947	8,0225	7,8204
Real (Brazil)	6,3779	5,8943	4,4134	6,3101	6,3735	4,5157
Swiss franc	1,0811	5,8943	4,4134	1,0331	6,3735	4,5157

c. Translation of foreign currency transactions

Accounting policies, judgements and estimates

- Transactions denominated in foreign currencies are translated to entities' functional currencies at rates applying on the transaction date. Foreign exchange gains and losses arise either on settlement or on the translation of foreign currency denominated monetary assets and liabilities at closing rates. They are recognised in profit or loss, with the exception of amounts recognised directly in shareholders' equity with respect to cash flow hedging or hedging of the net investment in a foreign operation.

Note 2 Methods and scope of consolidation

2.1 Consolidation methods

Accounting policies, judgements and estimates

Axway Software is the consolidating company.

The companies over which Axway Software has full control are fully consolidated. The Group controls an issuer when it is exposed to or is entitled to variable returns due to its ties with the issuer and has the ability to affect the amount of these returns due to its authority over the entity. The Group therefore controls an issuer if, and only if, the following conditions are satisfied:

- the Group has authority over the issuer; and
- the Group is exposed to or is entitled to variable returns due to its ties with the issuer; and
- the Group has the ability to exercise its authority over the issuer 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.

Inter-company transactions, as well as unrealised balances and profits on transactions between Group companies are eliminated on consolidation.

The financial statements of all consolidated companies are prepared to 31 December. These accounts have, where applicable, been restated to ensure the consistency of accounting and valuation rules applied by the Group.

The scope of consolidation is presented in Note 17.

2.2 Principal acquisitions

Newly-consolidated entities

In the first half of 2021, the Group created a subsidiary in Switzerland, Axway Switzerland Sarl, to distribute Axway technologies and services in Switzerland. It commenced activity in the second half of 2021.

No entities were consolidated for the first time in 2020.

2.3 Other changes in scope

Deconsolidated entities

No entities were deconsolidated in 2021.

Streamdata.io Inc. in the United States was liquidated in fiscal year 2020.

2.4 Comparability of the financial statements

No *pro forma* information is required in 2021.

Note 3 Segment reporting

Accounting policies, judgements and estimates

Pursuant to IFRS 8, segment reporting is based on internal management information used by Axway's Management. The Group is classified as a single sector group as it is not possible to determine profit on operating activities by activity sector based on either a regional or business analysis. The chief operating decision maker regularly reviews:

- revenue by business line: License, Subscription, Maintenance and Services; and
- geographical revenue for three regions (Europe, the Americas and Asia-Pacific); and
- consolidated Profit on operating activities.

3.1 Revenue by business line

(in millions of euros)	2021		2020		2019	
License	18,568	6.5%	25,780	8.7%	52,840	17.6%
Subscription	114,205	40.0%	97,287	32.7%	59,597	19.9%
Maintenance	118,955	41.7%	138,194	46.5%	146,692	48.9%
Services	33,820	11.8%	35,972	12.1%	40,832	13.6%
Total revenue	**285,548**	**100.0%**	**297,234**	**100.0%**	**299,962**	**100.0%**

In 2021, Customer Managed Subscription contracts generated upfront revenue of €51.5 million recognised on the signature of these contracts, up 17.4% on 2020 (€44.0 million).

The Group's main customers do not account for more than 10% of revenue individually. Axway's dependency on its main customers is low.

3.2 Revenue by region

(in thousands of euros)	2021		2020		2019	
France	81,429	28.5%	93,472	31.4%	86,401	28.8%
Rest of Europe	67,419	23.6%	62,348	21.0%	67,263	22.4%
USA	114,675	40.2%	121,532	40.9%	125,492	41.8%
Rest of Americas	4,699	1.6%	3,746	1.3%	4,290	1.4%
Asia Pacific	17,325	6.1%	16,135	5.4%	16,516	5.5%
Total revenue	**285,548**	**100.0%**	**297,234**	**100.0%**	**299,962**	**100.0%**

Change in presentation: from fiscal year 2021, the Group communicates revenue allocated to France, where its registered office is located, and to the United States, a material country, with revenue of over 10% of Group revenue.

Presentation of the geographic breakdown; not restated, format used in the 2020 Universal Registration Document.

(in thousands of euros)	2021		2020		2019	
Europe	148,848	52.1%	155,820	52.4%	153,664	51.2%
Americas	119,374	41.8%	125,278	42.1%	129,782	43.3%
Asia Pacific	17,325	6.1%	16,135	5.4%	16,516	5.5%
Total revenue	**285,548**	**100.0%**	**297,234**	**100.0%**	**299,962**	**100.0%**

3.3 Non-current assets by region

(in thousands of euros)	2021		2020		2019	
France	93,709	22.9%	98,484	24.2%	102,747	24.2%
International	316,395	77.1%	308,156	75.8%	322,209	75.8%
Total non-current assets*	**410,105**	**100.0%**	**406,640**	**100.0%**	**424,956**	**100.0%**

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

Note 4 Operating profit

In 2021, Axway generated revenue of €285.5 million, down 2.7% organically and 3.9% in total. After growing 2.0% in the first nine months of the year, Axway's activity contracted 13.5% in the fourth quarter of 2021. Several contracts saw their schedule pushed back or their budget reallocated during the period. A number of major existing or prospective customers faced significant recruitment difficulties in their IT and administrative teams and did not launch the expected projects. This staff shortage could continue throughout 2022. The Group published a press release on 19 January 2022 entitled *"Axway Software: Adjustment to 2021 annual forecast"* to inform the market of this fall in revenue .

Profit on operating activities was €32.9 million, representing 11.5% of revenue, compared to 10.4% in 2020. This €2.1 million increase reflects the resilience of the Group's business model and its ability to adapt its organisation to an unprecedented context, including in a period of contraction. In line with 2020, the Group noted a steady acceleration in Subscription contracts, generating in a 17.4% surge in the Subscription activity. Recurring revenue therefore represents 81.7% of total revenue, compared to 79.2% in 2020 and 68.8% in 2019, before the health crisis. The increase in *Profit on operating activities* is also due to cost control and the Group's ability to realise savings in a difficult context.

In summary, the following points are of note in 2021:

- robust performance in the context of an unprecedented health crisis;
- steady growth in Subscription revenue, strategic progress and new customer acquisition in 2021;
- growth in the share of recurring revenue to 81.7% in 2021;
- increase in *Profit on operating activities* to €32.9 million, representing 11.5% of revenue, compared to 10.4% in 2020;
- in line with 2020 and due to COVID-19 lockdowns in France and worldwide, the Group kept costs relating to marketing events and travel expenses at a very low level;
- Research and Development expenses fell -€5.1 million to €55.3 million, representing 19.4% of revenue. General and administrative expenses were stable at €25 million, or 8.8% of revenue.

4.1 Revenue

4.1.1 Revenue recognition

Accounting policies, judgements and estimates

Revenue is recognised in accordance with IFRS 15, *Revenue from Contracts with Customers*.

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

- the right of use under license of software packages;
- Software as a Service Subscription services;
- maintenance;
- ancillary services: installation, settings, adaptation, training.

a. In general, separate contracts are concluded with customers for licenses and maintenance on the one hand, and ancillary services on the other hand

In this situation, the various elements comprising contracts are accounted for as follows:

I. License revenue

License revenue is recognised immediately on delivery, as license sale agreements constitute, in substance, a sale of rights. Delivery is considered to have taken place when all contractual obligations have been fulfilled, They are fulfilled when any remaining services to be provided are insignificant and are not liable to challenge the customer's acceptance of goods supplied or services.

II. Maintenance revenue

Maintenance revenue is recognised *prorata temporis*, and is generally billed in advance.

III. Services revenue

Services revenue is generally recognised on a time-spent basis and is recognised when the services are performed, *i.e.* usually when invoiced. Services are sometimes provided under fixed-price contracts, in which case they are recognised using the percentage-of-completion method described in paragraph f. below.

b. Services provided under a Software as a Service contract

The supplier transfers control of the service progressively to the customer and hence, recognises revenue progressively: "the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs".

In addition, a new Customer Managed offering has been developed since 2019 in response to growing customer demand. Revenue from services provided under a Customer Managed Software as a Service contract is recognised in accordance with the specific procedure detailed below:

The Customer Managed offering is a Hybrid Integration Platform offer sold to customers as a range of services including:

- on-premise components, hosted by the customer;
- Software as a Service components, hosted by Axway.

Three separate performance obligations have therefore been identified: License, Maintenance and Subscription. Pursuant to IFRS 15, revenue is recognised using three different methods.

I. On-premise services

On-premise services are recognised on delivery, that is on the transfer of control of the on-premise license. These components are hosted by the customer, in the same way as traditional licenses. Revenue is therefore recognised using the same model as for traditional on-premise licenses, that is:

- a license component (performance obligation recognised in full on the transfer of control and the provision of the keys); and
- a maintenance component (performance obligation recognised over the contract term).

II. Software as a Service Subscription services

Software as a Service related services such as updates, maintenance and hosting by Axway are recognised on a straight-line basis over the contract term (single performance obligation).

The contract transaction price is allocated to each performance obligation based on list prices. If the contract transaction price includes a discount on the list price, this discount is applied proportionally to the revenue allocated to each performance obligation comprising the contract.

c. Contracts comprising distinct performance obligations (license, maintenance, ancillary services, etc.) may sometimes be negotiated on a fixed-price basis

In this situation, the contract transaction price is allocated to each performance obligation as follows: revenue attributable to the license is equal to the difference between the total contract amount and the fair value of its other components, *i.e.* maintenance and ancillary services.

The fair value of the other components is determined based on list prices applied in the case of a separate sale or alternatively, based on selling prices determined based on Management's best estimates. The residual amount attributed to the license is recognised at the time of delivery.

d. In fairly rare instances, ancillary services may be considered essential to the operation of a software package or the delivery of the Software as a Service solution

This may arise on the sale of software packages for very complex projects, where completion may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. It is accounted for using the percentage of completion method described in paragraph e. below.

Where preliminary work is performed that is considered essential to the implementation of the Software as a Service solution, the contract is considered as a whole and revenue is recognised progressively over the contract term as described in paragraph b. above.

e. Technical assistance, consulting, training and projects provided on an ongoing contract basis

These services are recognised as they are performed, *i.e.* in general at the time of invoicing.

Operations are reviewed at each reporting date:

- services rendered but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised in revenue and are recorded in the balance sheet under Trade receivables in Accrued income;
- services billed but not yet fully rendered are deducted from invoiced revenue and recorded in the balance sheet in Deferred income.

f. Services covered by fixed-price contracts

Under such contracts the Group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognised based on a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

g. Contract balances in the Statement of financial position

Services rendered but not yet, or only partially, invoiced are recorded in the balance sheet under Trade receivables in Accrued income. Services billed but not yet fully rendered (Customer contract liabilities) are recorded in the balance sheet in Deferred income for the portion less than one year and in Other non-current liabilities for the portion more than one year. Customer contract assets and liabilities are presented net for each individual contract.

h. Assets recognised in respect of costs of obtaining or fulfilling contracts with customers

Costs of obtaining contracts: sales commission on Subscription revenue

The costs of obtaining a contract are capitalised if two conditions are met: the costs would not have been incurred if the contract had not been obtained and they can be recovered. Sales commission can therefore be capitalised if it is specifically and uniquely tied to obtaining the contract and it is not granted on a discretionary basis.

The costs of obtaining a contract are capitalised and deferred in Prepaid expenses (Other current receivables) and released to profit and loss to match revenue recognition. They never result in the recognition of revenue.

Costs of fulfilling a contract: Subscription contract preparation phase

The costs of fulfilling or implementing a contract are costs directly related to the contract. They are necessary to satisfying performance obligations in the future and are expected to be recovered. They do not meet the criteria defined in the general principles to constitute a separate performance obligation.

Subscription contracts require preparation phases (functional integration, implementation of the technical environment) in order to access a target operating phase. These phases do not represent separate performance obligations but are costs of implementing the contract. They are capitalised and recognised in Prepaid expenses (Other current receivables).

The costs of fulfilling or implementing a contract are capitalised and deferred in Prepaid expenses (Other current receivables) and released to profit and loss to match revenue recognition. They never result in the recognition of revenue.

4.1.2 Revenue by business line

The breakdown by business line is presented in Note 3.1, Revenue by business line.

4.1.3 Revenue by geographical area

The breakdown by region is presented in Note 3.2, Revenue by region.

4.2 Purchases and external expenses

4.2.1 Purchases

(in thousands of euros)	2021	2020	2019
Purchases of subcontracting services	25,839	20,508	23,301
Purchases not for inventory of equipment and supplies	485	1,005	-68
Purchases and change in stock of merchandise	274	8,454	5,753
Total purchases	**26,597**	**29,968**	**28,986**

The -€3.4 million decrease in purchases is mainly due to reduced subcontracting in France and the United States. Hosting costs (including Amazon Web Services) increased €0.3 million in 2021 in line with our business model.

An amount of €8 million was reclassified from *Purchases and change in stock of merchandise* to *Purchases of subcontracting services*.

4.2.2 External expenses

(in thousands of euros)	2021		2020		2019	
Rent and rental charges	8,472	25.3%	10,346	31.1%	10,309	22.7%
Lease expenses – IFRS 16 adjustment	-5,486	-16.4%	-7,131	-21.4%	-7,238	-15.9%
Maintenance and repairs	9,410	28.0%	8,244	24.8%	6,988	15.4%
External structure personnel	95	0.3%	64	0.2%	295	0.6%
Remuneration of intermediaries and fees	6,123	18.3%	6,318	19.0%	5,728	12.6%
Advertising and public relations	4,939	14.7%	4,135	12.4%	4,054	8.9%
Travel and entertainment	1,769	5.3%	1,913	5.7%	9,179	20.2%
Telecommunications	1,651	4.9%	2,607	7.8%	2,531	5.6%
Sundry	6,576	19.6%	6,796	20.4%	13,577	29.9%
Total external expenses	**33,547**	**100.0%**	**33,292**	**100.0%**	**45,422**	**100.0%**

External expenses are stable in 2021 on 2020. In line with 2020, lockdowns in France and worldwide limited expenditure on marketing events and business travel. Significant savings were therefore realised in marketing costs -€5 million and travel expenses -€7 million in 2021 and 2020 compared to before the health crisis.

4.3 Depreciation and amortisation, provisions and impairment

(in thousands of euros)	2021	2020	2019
Amortisation of intangible assets	588	780	1,071
Depreciation of property, plant and equipment	4,254	4,234	4,176
Depreciation of Right-of-use – IFRS 16	5,562	6,576	6,349
Depreciation and amortisation	**10,404**	**11,590**	**11,596**
Impairment of current assets net of unused reversals	282	935	1,032
Provisions for contingencies and losses net of unused reversals	62	135	369
Provisions and impairment	**344**	**1,070**	**1,401**
Total depreciation and amortisation, provisions and impairment	**10,748**	**12,660**	**12,997**

The application of IFRS 16 led to a charge to depreciation of right-of-use assets of €5.6 million in 2021. This charge is less than the €6.6 million recognised in 2020, mainly due to the restructuring of the Santa Clara offices in the United States.

4.4 Amortisation of allocated intangible assets

This item corresponds to the amortisation expense for intangible assets obtained as a result of company acquisitions of €8.6 million in 2021, comprising €4.2 million in respect of customer bases and €4.4 million in respect of Technologies (see Note 8.3).

The Group decided to stop marketing Appcelerator Titanium and recognised an impairment of €0.4 million. The Group also noted a loss of legacy customers in the Syncplicity activity, resulting in the recognition of an impairment of €1.9 million on the Syncplicity customer base.

4.5 Other operating income and expenses

In fiscal year 2021, the Group launched a restructuring plan in the United States, unrelated to the COVID-19 pandemic, for a total of €1.6 million. This plan involved:

- the departure of 17 employees, representing total compensation of €0.7 million;
- the closure of the Santa Clara offices in California for a total cost of €0.9 million, including impairment of the net carrying amount of the lease contract right-of-use of €0.7 million.

In addition, the Group recorded the cost of configuring the Workday Cloud ERP system in *Other operating expenses*. These costs of configuring the solution to meet Axway's specific requirements are solely configuring and customisation services and are non-recurring and material. They total €1.0 million at 31 December 2021.

The IFRS IC decision on "Configuration or Customisation Costs in a Cloud Computing Arrangement" was applied at the end of December 2021 based on the best interpretation of the text. Accordingly, these costs of €1.0 million were expensed during the year.

The Group did not record any material non-recurring operating income or expenses in 2020.

Note 5 Employees and commitments towards employees

5.1 Employee costs

(in thousands of euros)	2021	2020	2019
Salaries	150,690	160,098	160,661
Social security contributions	35,080	36,653	35,089
Research tax credits	-6,295	-8,056	-8,539
Employee profit sharing	844	1,012	656
Net expense for post-employment and similar benefit obligations	311	184	67
Total	**180,629**	**189,891**	**187,934**

Employee costs represent 63.3% of 2021 revenue, down slightly on 2020 (63.9%). They fell -4.9% in absolute terms. This decrease in employee costs is mainly due to changes in variable compensation in line with the decline in revenue.

5.2 Workforce

Number of employees at 31 December	2021	2020	2019
France	466	483	466
International	1,246	1,405	1,419
Total	**1,712**	**1,888**	**1,885**

Average number of employees	2021	2020	2019
France	474	483	472
International	1,325	1,407	1,418
Total	**1,799**	**1,890**	**1,890**

5.3 Retirement benefits and similar commitments

Accounting policies, judgements and estimates

a. Short-term employee benefits and defined-contribution post-employment benefits

The Group recognises the amount of short-term employee benefits, as well as the contributions due in respect of mandatory state-sponsored pension plans, under *Employee costs*. As the Group has no commitments beyond these contributions, no provision was recognised for these plans.

b. Defined-benefit post-employment plans and other long-term employee benefits

These plans relate mainly to France, for the payment of retirement termination payments in accordance with collective bargaining agreements. The collective agreement applicable to Axway Software SA does not indicate a ceiling for retirement benefits.

The Group, which provides for the cost of the future benefits based on the conditions below, bears the defined-benefit plans directly.

The Group uses the projected unit credit method to determine the value of its defined-benefit obligation. Under this method each period of service gives rise to an additional unit of benefit rights and each unit is valued separately to obtain the final commitment.

The above calculations incorporate various actuarial assumptions relating to matters such as the estimated periods of future service of employees, future salary levels, life expectancy and employee turnover.

The resulting benefit obligation is then discounted using an appropriate interest rate for first-rate corporate bonds denominated in the payment currency and with a maturity approximating the estimated average maturity of the benefit obligation.

A change in these estimates and hypotheses may lead to a significant change in the amount of the commitment.

The amount of the provision recognised for retirement benefits and similar commitments corresponds to the present value of the defined-benefit obligation. Actuarial gains and losses result from changes in the value of the discounted defined-benefit obligation and include on the one hand, the effects of differences between previous actuarial assumptions and actual data, and on the other hand, the effect of changes in actuarial assumptions.

Actuarial gains and losses are recognised in full in shareholders' equity for all of the Group's defined-benefit plans, pursuant to IAS 19 revised.

There are no pension commitments, medical coverage, or long service awards. No new benefits or changes in regime resulting from legal, collective-bargaining or contractual provisions occurred during the fiscal year.

Retirement provisions primarily concern the defined-benefit plan in France which is not financed by plan assets.

In France, the defined-benefit plan relates to the payment of retirement termination benefits. The Group provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement on retirement plans, as amended in 2004 pursuant to the retirement reform measures introduced by the Law of 21 August 2003. The provision for retirement benefits is assessed on an actuarial basis.

Retirement benefits and similar commitments break down as follows:

(in thousands of euros)	01/01/2021	Change in scope of consolidation	Charge for the year	Reversals for the year (provisions used)	Reversals for the year (unused provisions)	Other movements	Actuarial gains (losses)	31/12/2021
France	7,190	-	558	-189	-	-	-787	6,771
Germany	38	-	57	-46	-	-10	-	39
Bulgaria	119	-	22	-	-	-	-9	132
Total retirement benefit and similar commitments	**7,347**	**-**	**637**	**-236**	**-**	**-10**	**-796**	**6,941**
Impact (net of expenses incurred)								
Profit from recurring operations			547		-			
Net financial income			90		-			
Total			**637**		**-**			

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:

	31/12/2021	31/12/2020	31/12/2019
Benchmark for discounting	Source: Bloomberg	Source: Bloomberg	Source: Bloomberg
Discount rate for commitments	1.10%	0.44%	1.09%
Future salary growth rate	2.50%	2.50%	2.50%
Age at retirement	65 years	65 years	65 years
Mortality table	INSEE 2016-2018	INSEE 2016-2018	INSEE 2014-2016

Assumptions referring to mortality rates are based on published statistical data. The INSEE 2016-2018 mortality table was used at 31 December 2021, and did not amend the commitment in 2021.

Turnover tables are established for each relevant company by five-year age brackets and are updated at each year-end to reflect data on employee departures for the past five years. The method used was modified in 2018 and only includes resignations in average departure rates for the past five years.

The updating of five-year workforce turnover rates and assumptions relating to departure procedures decreased the commitment by -€294 thousand.

Retirement benefit commitments are discounted using a discount rate corresponding to the interest rate for first-rate corporate bonds (carrying a rating of AA) denominated in the payment currency and with a maturity approximating the estimated average maturity of the benefit obligation.

Since 31 December 2009 and for the Eurozone, the Group has used the rates published by Bloomberg as the benchmark for discounting its retirement termination benefits. A discount rate of 1.10% was used for 2021.

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

(in thousands of euros)	Present value of unfunded obligations	Net commitments recognised in the balance sheet	Taken to the consolidated statement of income
At 31 December 2019	**6,394**	**6,394**	**164**
Change in scope of consolidation	-	-	-
Past service cost	456	456	456
Net interest expense	72	72	72
Benefits paid to employees	-314	-314	-314
Other movements	-	-	-
Actuarial gains (losses)	582	582	-
At 31 December 2020	**7,190**	**7,190**	**214**
Change in scope of consolidation	-	-	-
Past service cost	525	525	525
Net interest expense	33	33	33
Benefits paid to employees	-189	-189	-189
Other movements	-	-	-
Actuarial gains (losses)	-787	-787	-
At 31 December 2021	**6,771**	**6,771**	**368**

e. Analysis of actuarial gains (losses) recognised for Axway Software

Actuarial gains (losses) result solely from changes in the present value of the obligation, in the absence of plan assets.

These gains (losses) include the effects of changes in actuarial assumptions and the difference between actuarial assumptions applied and actual experience (experience adjustments detailed below).

The €787 thousand actuarial gain recognised for Axway Software in 2021 was mainly the result of:

- actuarial gains (losses) arising from experience adjustments (-€61 thousand);
- actuarial gains (losses) arising from a change in the turnover table (-€294 thousand decrease in the commitment);
- actuarial gains (losses) arising from a change in the mortality table (no impact on the commitment);
- actuarial gains (losses) arising from a change in the discount rate (-€522 thousand decrease in the commitment).

Experience adjustments on Axway Software plan liabilities are presented in the table below:

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Current value of defined benefit obligations	6,771	7,190	6,394
Experience adjustments on plan liabilities	-61	-100	290
Experience adjustments on plan liabilities (as% of commitments)	-0.91%	-1.38%	4.53%

The following table presents a breakdown by maturity of Axway Software's retirement benefits commitment in France, discounted at 1.10%:

(in thousands of euros)	31/12/2021
Present value of theoretical benefits to be paid by the employer:	
• less than 1 year	297
• from 1 to 2 years	145
• from 2 to 3 years	138
• from 3 to 4 years	325
• from 4 to 5 years	338
• from 5 to 10 years	2,560
• from 10 to 20 years	1,999
• more than 20 years	968
Total commitment	**6,771**

f. Sensitivity testing of the discount rates for Axway Software retirement benefits

A+/-0.65 point change in the discount rate would impact Axway Software retirement benefit liabilities in the amount of -€461 thousand/+€514 thousand, respectively.

5.4 Share-based payments

Accounting policies, judgements and estimates

The Group applies IFRS 2 for share subscription options and free share grants to employees.

a. Share subscription options

The option exercise price under the 2011 plan was determined based on the average closing price over the 20 trading days prior to the date on which the decision was made to allocate options. This value is consistent over the plan's duration.

The value attributed to the options is analysed as a cost of services rendered by employees in return for the options and is recognised on a straight-line basis over the vesting period.

This charge is recognised in the income statement under *Share-based payment expense*, through a credit to Consolidated and other reserves in shareholders' equity. There is thus no net impact on consolidated shareholders' equity.

The calculation includes the total number of options held at each reporting date by eligible employees.

Under the regulations governing the various stock option plans, shares resulting from the exercise of options may not be sold or converted into bearer shares during the statutory lock-up period.

b. Free shares

Free Axway Software shares are granted to certain employees subject to their presence in the Group at the vesting date and with or without Group performance conditions. The benefit granted under these free share grant plans represents additional compensation that is valued and recognised in the financial statements.

The IFRS 2 expense recognised for a free share grant plan is equal to the fair value of shares granted to employees multiplied by the probable number of shares to be delivered to the beneficiaries who will be present on the vesting date (this number of shares is revised during the vesting period depending on estimated changes in employee turnover).

The fair value of free shares is determined on the date of grant based on the market price of the share adjusted to take into account the characteristics and conditions of the share grant. This amount is not reassessed later in the event of changes in the fair value.

The expense corresponding to the benefit granted to employees in the form of free shares is recognised in net profit using the straight-line method over the vesting period under the heading *Share-based payment expense*.

An expense of €4.4 million was recorded in 2021 in respect of stock options granted to employees under stock option and free share grant plans (€5.1 million in 2020), including employer social security contributions of €0.6 million.

The new plan granted in 2021 represents an expense of €0.6 million for the period.

Current free share grant plans are presented below:

Plans	LTI Plan C – 2018	LTI Plan AOA – 2019	PAGA 2019 – Axway	Free Share Grant Executive Committee Plan	LTI Plan BEYOND – 2020	LTI Plan FOCUS – 2021
Description	Free share grants to the Axway leadership team, members of the Executive Committee and other individuals considered key for the Axway Group		200 free shares granted to 1,819 Group employees	Free shares granted to 4 members of the Group Executive Committee	Free shares granted to the Axway leadership team, members of the Executive Committee and other individuals considered key for the Axway Group	
Date granted	July-18	July-19	Jan-19	Jan-19	July-20	July-21
Number of shares that may be granted	264,500	325,000	363,800	75,000	295,000	240,000
Performance measurement duration	3 years	3 years	3 years	3 years	3 years	3 years
Performance measurement period	Jan-18 to Dec-20	Jan-19 to Dec-21	Jan-19 to Feb-22	Jan-19 to Jan-22	Jan-20 to Dec-22	Jan-21 to Dec-23
Vesting period	July-18 to March-21	July-19 to March-22	Jan-19 to Feb-22	Jan-19 to Jan-22	July-20 to March-23	July-21 to March-24
Presence-based conditions	Present in Group throughout the vesting period (applicable for all LTI plans)					
Performance-based conditions	Level of performance (organic revenue growth and Profit on operating activities)		N/A	N/A	Level of performance (organic growth in signatures and Profit on operating activities)	Level of performance (Rule of 40 – organic growth plus Profit on operating activities and *API Amplify* revenue growth)
Number of potential shares that may be granted at January 2021	-	243,222	284,400	50,000	285,000	-
Number of shares granted in 2021	-	-	-	-	-	240,000
Number of shares cancelled in 2021	-	67,191	42,200	0	70,000	51,317
Number of shares vested in 2021	154,865	-	-	-	-	-
Number of potential shares that may be granted at 31 December 2021	-	176,031	242,200	50,000	215,000	188,683
Income/(expense) recognised in the income statement for the fiscal year in thousands of euros	**-428**	**-536**	**-940**	**-182**	**-1,082**	**-564**

Patrick Donovan received 36,000, 100,000, 100,000 and 30,000 shares respectively under LTI Plan C – 2018, LTI Plan AOA, LTI Beyond and LTI Focus, as Chief Executive Officer of the Group. The corresponding expense in 2021 is detailed in Note 5.5, *Compensation of senior executives*.

5.5 Compensation of senior executives (related parties)

The items shown in the table below concern the directors and Executive Management.

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Short-term employee benefits[(1)]	1,046	1,457	1,079
Share-based compensation benefits	572	895	322
Total compensation of senior executives	**1,618**	**2,352**	**1,401**

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

2021

The Board of Directors' meeting of 22 February 2022 recommended the payment of variable compensation of €113 thousand to Patrick Donovan for fiscal year 2021. This variable compensation will be voted on by the General Meeting scheduled for 24 May 2022, based on an amount proposed by the Board of Directors, after taking account of the Compensation Committee's recommendations.

The General Meeting of 25 May 2021 set the amount of directors' fees to be shared among directors at €330 thousand.

Share-based compensation benefits concern the valuation of services rendered by Patrick Donovan and compensated through the grant of performance shares in 2021.

2020

The Board of Directors' meeting of 24 February 2021 recommended the payment of variable compensation of €508 thousand to Patrick Donovan for fiscal year 2020. This variable compensation was voted on by the General Meeting of 25 May 2021, based on the amount proposed by the Board of Directors, after taking account of the Compensation Committee's recommendations.

The General Meeting of 3 June 2020 set the amount of directors' fees to be shared among directors at €330 thousand.

In 2020, Share-based compensation benefits concern the valuation of services rendered by Patrick Donovan and compensated through the grant of performance shares in 2020.

2019

The Board of Directors' meeting of 19 February 2020 recommended the payment of variable compensation of €236 thousand to Patrick Donovan for the year ended 31 December 2019. This variable compensation was voted on by the General Meeting of 3 June 2020, based on the amount proposed by the Board of Directors, after taking account of the Compensation Committee's recommendations.

The General Meeting of 5 June 2019 set the amount of directors' fees to be shared among directors at €330 thousand.

In 2019, Share-based compensation benefits concern the valuation of services rendered by Patrick Donovan and compensated through the grant of performance shares in 2019.

Note 6 Income tax expense

Accounting policies, judgements and estimates

Current tax

The Group determines its current tax expense in accordance with prevailing tax legislation in the countries where the Group's subsidiaries conduct their activities and generate taxable revenue. The tax legislation applied is that enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is recognised on all timing differences between the carrying amount of assets and liabilities in the consolidated balance sheet and their tax base.

Deferred tax assets are only recognised if their realisation by the Company is probable through the existence of expected taxable profits in future periods within a reasonable time period.

They are reviewed at each reporting date.

Tax assets and liabilities are valued using tax rates enacted or substantially enacted and applicable in the fiscal periods during which the assets will be realised or the liabilities settled. Their impact is recognised in deferred tax in the income statement unless it relates to items recognised directly in *Other comprehensive income*, in which case it is also recognised in gains and losses recognised directly in equity.

Deferred tax assets and liabilities are offset, irrespective of their maturity, when:

- the Group is legally entitled to offset current tax assets and liabilities;
- and the deferred tax assets and liabilities concern the same tax entity.

6.1 Analysis of income tax expense

(in thousands of euros)	2021	2020	2019
Current tax	-2,951	-2,859	-4,370
Deferred tax	-3,962	-2,235	-2,400
Total income tax expense	**-6,913**	**-5,095**	**-6,770**

In 2021, the current tax expense concerns profitable entities and primarily Axway Gmbh in Germany for €1.6 million. The entity in France was not profitable in 2021 and the current tax expense represents the CVAE corporate value-added contribution of €0.4 million. In the United States, the current tax expense comprises State taxes of €0.3 million.

The deferred tax expense primarily comprises two components: deferred tax liabilities recognised on temporary differences pursuant to IFRS 15 of -€3.4 million and Axway Software tax losses carried forward capitalised in France for €1.8 million and Axway Inc. tax losses carried forward derecognised in the United States for -€1.1 million.

6.2 Reconciliation of the theoretical and effective tax charge

Accounting policies, judgements and estimates

The Group operates in several countries with different tax legislation and tax rates. The weighted average local tax rate of Group companies can, therefore, vary year-on-year based on the relative amount of taxable results. These impacts are reflected in the "Tax rate differences" line.

The Group has decided to recognise the CVAE corporate value-added contribution component of the CET regional economic contribution in the income tax expense, in order to ensure consistency with the treatment of similar taxes in other countries. This approach is also consistent with the position adopted by Syntec Informatique and published on 10 February 2010.

(in thousands of euros)	2021	2020	2019
Net income	9,604	8,478	5,406
Income tax expense	-6,913	-5,095	-6,770
Profit (loss) before tax	16,517	13,572	12,176
Theoretical tax rate	**27.37%**	**28.92%**	**32.02%**
Theoretical tax expense	**-4,521**	**-3,925**	**-3,899**
Reconciliation			
Permanent differences	1,300	-939	-1,652
Impact of non-capitalised losses for the year	-2,642	-4,008	-3,439
Use of non-capitalised tax loss carry forwards	2,352	2,037	1,474
Impact of research tax credits	1,723	2,330	2,734
CVAE reclassification (net of tax)	-352	-617	-778
Capitalisation of prior year tax loss carry forwards	-3,594	1,574	826
Tax rate differences – France/Other countries	-1,858	-487	-1,920
Other	679	-1,059	-116
Actual tax charge	**-6,913**	**-5,095**	**-6,770**
Effective tax rate	**41.85%**	**37.54%**	**55.60%**

The reconciliation of the theoretical and effective tax expense is based on the tax rate payable in France at Group parent company level. This rate comprises the corporate tax rate of 26.50%, plus the social contribution on profits of 3.3% representing an overall rate of 27.37%.

In 2021, the effective tax rate is 41.85%, up on 2020 (37.54%).

Overall, in 2021, in jurisdictions with high effective tax rates, tax profits were mainly generated in Germany. In France, Axway Software recognised a tax loss for the period, in respect of which a deferred tax asset was partially recognised at 31 December 2021. In jurisdictions with low tax rates, the US subsidiary generated considerable taxable profits, while Ireland generated tax losses.

In addition, the parent company, Axway Software SA, rebilled Group subsidiaries in respect of share-based payments granted directly by it to subsidiary employees. These programmes represent significant deductible expenses in 2021 and future years. Taxable profits of the year and future profits, which underpin the recognition of tax losses carried forward, have therefore been significantly reduced in France and the United States.

Adjusted for the impact of share-based payments, the effective income tax rate would have been in line with the theoretical income tax rate.

6.3 Tax impact of gains and losses recognised directly in other comprehensive income

	2021			2020			2019		
(in thousands of euros)	Gross	Tax impact	Net	Gross	Tax impact	Net	Gross	Tax impact	Net
Foreign exchange differences on net investments in subsidiaries	4,027	-	4,027	-5,687	-	-5,687	1,781	-	1,781
Calculated by difference	14,620	-	14,620	-14,784	-	-14,784	1,011	-	1,011
Foreign exchange gains and losses	18,646	-	18,646	-20,471	-	-20,471	2,792	-	2,792
Actuarial gains and losses on pension plans	797	-216	581	-600	170	-430	-899	285	-614
Total	**19,444**	**-216**	**19,227**	**-21,071**	**170**	**-20,901**	**1,893**	**285**	**2,178**

6.4 Deferred tax assets and liabilities

6.4.1 Breakdown by maturity

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Deferred tax assets (DTA)			
• less than one year	1,077	-596	2,210
• more than one year	13,540	16,885	15,514
Total DTA	**14,616**	**16,289**	**17,724**
Deferred tax liabilities (DTL)			
• less than one year	-1,121	-645	-490
• more than one year	-2,748	-1,652	0
Total DTL	**-3,870**	**-2,298**	**-489**
Net deferred tax	**10,747**	**13,991**	**17,235**

Short-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards in 2022 by Axway Software in France and Axway Inc. in the United States.

Long-term deferred tax assets mainly relate to the intended use of tax loss carry-forwards from 2023 to 2026 by Axway Software and Axway Inc.

When estimating Axway Software's deferred tax, account was taken of the tax-rate reduction to 25% in accordance with the French 2018 Finance Act.

The other tax rates applied are prevailing tax rates at 31 December 2021 and particularly the 21% tax rate for Axway Inc.

6.4.2 Change in net deferred tax

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
At 1 January	**13,991**	**17,235**	**18,812**
Changes in scope of consolidation	-	-	-186
Tax – income statement impact	-3,962	-2,235	-2,400
Tax – shareholders' equity impact	-215	168	534
Foreign exchange gains and losses	934	-1,176	249
Other	-	-2	227
At 31 December	**10,747**	**13,991**	**17,235**

The income tax impact in the income statement of €4.0 million is presented in Note 6.1.

Income tax charged directly to equity reflects the tax impact of actuarial gains and losses on retirement commitments for €0.2 million.

Foreign exchange gains of €0.9 million are mainly due to fluctuations in the US dollar against the euro.

6.4.3 Breakdown of net deferred tax by type

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Differences related to consolidation adjustments			
Actuarial gains and losses	-224	-21	-172
Amortisation of revalued software packages	610	1,123	996
Fair value of amortisable allocated intangible assets	-4,047	-4,232	-2,634
Discounting of employee profit-sharing	2	12	31
Tax-driven provisions	-	-30	-51
Capitalised tax losses	11,973	10,411	5,384
Customer contract assets (IFRS 15)	-13,563	-10,134	-2,720
Assets and liabilities on lease commitments (IFRS 16)	260	273	278
Provisions for contingencies (Group)	-1,369	-1,109	-1,339
Other	45	-175	-340
Temporary differences from tax returns			
Provision for retirement benefits	1,986	1,893	1,842
Provision for "Organic" tax	23	24	26
Capitalised tax losses	13,267	14,432	14,128
Provisions for contingencies (Group)	1,369	1,109	1,339
Other	414	415	466
Total	**10,747**	**13,991**	**17,235**

Tax losses capitalised on consolidation

Tax losses of €12.0 million capitalised on consolidation are attributable €11.2 million to Axway Software. Axway Software capitalised tax losses totalled €9.8 million at 31 December 2020.

Tax losses capitalised in the Company accounts

Tax losses capitalised in the parent company financial statements are attributable to Axway Inc. in the United States for €13.3 million, a decrease on 31 December 2020. Axway Ireland tax losses are no longer capitalised at the end of 2021 and Axway Inc. capitalised tax losses are down €1.1 million.

Forecasts of future taxable profits, justifying the capitalisation or not of tax losses, were determined on the basis of substantiating evidence, with detailed estimates in a five-year business plan.

Three business plans were prepared for Axway Software SA, Axway Inc. and Axway Ireland:

Axway Software SA: tax losses recognised in France are capitalised in the amount of €43.2 million out of a total of €65.5 million, including €10.3 million following the approval obtained for Streamdata losses. These tax losses carried forward were capitalised based on expected taxable profits over the coming five years and represent a deferred tax asset of €11.2 million, up €1.4 million on 31 December 2020.

Axway Software SA reported a tax loss of €11.5 million for 2021, mainly due to diverging revenue recognition methods between the IFRS accounts and the local accounts for the Customer Managed activity. These differences represented €30.0 million in 2021. This revenue will primarily be recognised in the local accounts in 2022, 2023 and 2024.

The Group took account of local tax legislation when determining the rate of consumption of tax losses, particularly in France. The capitalisation of a deferred tax asset is limited to 50% of the taxable temporary difference above €1 million.

Axway Inc.: tax losses recognised in the United States are capitalised in the amount of €63.2 million out of a total of €127.1 million, including research and development tax credits. Tax losses carried forward were capitalised based on expected taxable profits over the coming five years and represent a deferred tax asset of €13.3 million.

Axway Inc. reported a taxable profit of USD 12.3 million for 2021.

From 2022, the Group understands that the tax option provided in Section 59(e) of the US Internal Revenue Code for the capitalisation for tax purposes of research and development expenses will become mandatory. At the end of 2021, the Group has not modelled the application of Section 59(e) of the US Internal Revenue Code in its forecasts, adopting a prudent approach, as ongoing discussions at US Internal Revenue Service level could call into question the mandatory nature of this clause. This tax obligation would enable Axway Inc. to generate additional taxable profits, supporting the deferred tax assets recognised on tax losses carried forward at the end of 2021. Finally, the Group does not expect any changes in the tax rates included in its assumptions at the end of 2021 in the United States.

Axway Ireland: tax losses carried forward are not capitalised at 31 December 2021 due to the level of taxable profits expected over the coming five years.

6.4.4 Deferred tax assets not recognised by the Group

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Tax losses carried forward	31,791	24,610	22,840
Temporary differences	-	-	-
Total	**31,791**	**24,610**	**22,840**

6.5 Maturity of tax losses carried forward

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Y+1	18,592	9,935	3,889
Y+2	9,077	15,917	3,513
Y+3	401	8,560	9,749
Y+4	3,440	1,732	8,949
Y+5 and subsequent years	95,576	101,199	118,020
Tax losses carried forward with a maturity date	127,086	137,343	144,120
Tax losses which may be carried forward indefinitely	126,153	90,542	52,874
Total	**253,239**	**227,886**	**196,995**
Deferred tax basis – portion used	110,253	108,475	89,180
Deferred tax basis – unused portion	142,986	119,410	107,815
Deferred tax – capitalised	25,241	24,842	19,512
Deferred tax – not capitalised	29,393	24,610	22,840

At 31 December 2021, deferred tax assets not recognised on tax losses carried forward amounted to €29.4 million and concerned the following entities: Axway Software in France (€5.7 million), Axway Inc. in the United States (€11.0 million), Axway Ireland (€3.6 million), Axway Srl in Italy (€3.3 million), Axway Brazil (€2.3 million), Axway Romania (€1.9 million), Axway Pte Ltd in Singapore (€0.7 million), Axway Hong Kong (€0.6 million) and Axway UK (€0.3 million).

Axway Software

At 31 December 2021, capitalised tax losses totalled €11.2 million, while tax losses available for carry forward not capitalised totalled €22.3 million (tax base).

In 2021, Axway Software SA obtained the approval of the French Public Finance Directorate General for the transfer of Streamdata tax losses carried forward of €10.3 million. These tax losses carried forward were not recognised by Axway Software SA at 31 December 2021.

At 31 December 2020, capitalised tax losses totalled €9.8 million, while tax losses available for carry forward not capitalised totalled €7.1 million (tax base).

Axway Inc.

At 31 December 2021, capitalised tax losses totalled US$15.0 million, while tax losses available for carry forward not capitalised totalled US$59.4 million (tax base).

At 31 December 2020, capitalised tax losses totalled US$17.6 million, while tax losses available for carry forward not capitalised totalled US$72.3 million (tax base).

Axway Inc. tax losses carried forward essentially resulted from the acquisition of Cyclone in 2006, Tumbleweed Communications Corp. in 2008, Systar Inc. in 2014 and Appcelerator Inc. in 2016. These losses are subject to an overall time limit (20 years) as well as an annual limit on their use (US$8.1 million) imposed by US tax regulations following a change in shareholding structure.

Axway Inc. in the United States receives research tax credits. These tax credits may be used to pay corporate income tax due in the 20 years following the year in respect of which the tax credits were recognised. Any excess not offset is not reimbursed.

Axway Inc. research tax credits were received each year between 2001 and 2021. At 31 December 2021, we estimate the total amount of research tax credits available for offset against taxable profits at US$52.6 million (tax base). These tax credits are recorded in deferred tax assets not capitalised as their probable date of utilisation is too far away. Based on substantiating evidence and detailed business plan estimates, the US$11.0 million in tax credits could be used between 2025 and 2041.

Note 7 Components of working capital requirements and other financial assets and liabilities

7.1 Non-current financial and other assets

Accounting policies, judgements and estimates

The Group classifies its financial assets into the following categories:

- assets measured at fair value through other comprehensive income (OCI);
- assets measured at fair value through profit and loss;
- assets measured at amortised cost.

Classification depends on the purposes for which financial assets are acquired. Based on the management model, management decides on the appropriate classification at the time of initial recognition and reassesses this classification at each interim or annual reporting date.

The financial assets recognised by the Group are as follows:

a. Assets measured at fair value through other comprehensive Income

This category comprises equity investments which the Group has elected to irrevocable classify in this category.

Changes in the fair value of these assets are recognised directly in equity and cannot be reclassified subsequently to the income statement. These assets are not impaired.

The Group currently holds no assets classified in this category.

b. Assets measured at fair value through profit and loss

This category consists of non-derivative financial assets that the Group has elected not to measure at fair value through other comprehensive income. It comprises financial assets held for trading (assets acquired primarily with a view to resale in the near term) and mainly investment securities and other cash equivalents. Changes in the fair value of assets of this category are recognised in the income statement in *Other financial income and expense*.

c. Assets measured at amortised cost (loans and receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise the financial assets arising when the Group remits funds, or provides goods and services, to an individual or entity. Loans and receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest method.

The Group has identified within this category:

- long-term loans and receivables classified in non-current financial assets; and
- short-term commercial receivables and other similar amounts. Current trade receivables remain measured at the nominal value invoiced which generally equates to the fair value of the consideration to be received. Current trade receivables are described in Note 7.2.

d. Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets. The Group assess the credit risk associated with loans and receivables on issue. They may subsequently be impaired if the Group expects their expected recoverable amount to be less than their net carrying amount. Impairment of commercial receivables is recognised in the income statement and reversed in the event of a favourable change in the recoverable amount in *Profit on operating activities*. Impairment of loans and deposits is recorded in *Other financial income and expense*. The procedure for the impairment of commercial receivables is presented in Note 7.2.

The Group's non-current financial and other assets mainly consist of loans and receivables.

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Loans and receivables	2,710	2,297	2,970
Non-current prepaid expenses	6,108	6,326	2,119
Total non-current financial and other assets	**8,817**	**8,622**	**5,089**

Non-current prepaid expenses consist of costs of obtaining contracts as presented in Note 4.1. They total €6.1 million at 31 December 2021 compared to €6.3 million at 31 December 2020.

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Other non-current receivables	819	502	12
Deposits and other non-current financial assets	1,890	1,794	2,958
Total loans, deposits and other non-current financial assets – net value	**2,710**	**2,297**	**2,970**

Deposits and other non-current financial assets consist mainly of guarantees given for leased premises. These non-interest bearing deposits are maintained at their nominal value, given that the effect of discounting is not significant.

Other non-current receivables concern the market-making agreement with Kepler.

7.2 Trade receivables and related accounts

Accounting policies, judgements and estimates

This line item comprises short-term commercial receivables and other similar amounts.

Current trade receivables are initially measured at the nominal value invoiced which generally equates to the fair value of the consideration to be received. The impact of discounting would be negligible given that the Group's average credit period is sixty days.

The credit risk analysis pursuant to IFRS 9, *Financial instruments*, does not identify any significant impact.

The nature of the Group's customers, which exhibit a low credit risk, and the policy of recording a systematic impairment for receivables beyond a certain maturity, enables the Group to take account of the credit risk on trade receivables. Trade receivables are impaired as follows: 50% for invoices past due more than six months and 100% for invoices past due more than 12 months.

To avoid the overstatement of asset and liability accounts, deferred income concerning periods after 1 January following the reporting date (1 January 2022 for this period) and the corresponding trade receivables not settled at the reporting date (31 December 2021) were offset in the balance sheet.

Services rendered but not yet, or only partially, invoiced are recorded in the balance sheet under *Trade receivables* in Accrued income (see Note 4.1).

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Trade receivables and related accounts	50,350	50,783	60,128
Provision for doubtful receivable	-1,026	-1,686	-1,413
Trade receivables-net value	**49,324**	**49,097**	**58,715**
Customer contract assets	55,778	38,988	13,177
Total	**105,102**	**88,085**	**71,893**

DSO for *Trade receivables and related accounts*: 121 days

Net trade receivables, expressed in days sales outstanding, corresponded to 121 days at 31 December 2021, up compared to the end of 2019 (95 days). This ratio is calculated by comparing *Net trade receivables* with revenue generated during the year. This increase can be analysed as follows.

DSO for *Trade receivables*, net: 57 days

DSO is 57 days, stable on fiscal year 2020 (54 days). This stability is due to the ongoing transformation of the business model, which generates more accrued income tied to Customer Managed contracts.

DSO for *Customer contract assets*: 63 days

Movements during the period in a customer contract assets reflect the emergence of invoicing rights transforming customer contract assets into trade receivables and revenue recognition leading to the emergence of new customer contract assets (Customer Managed Subscriptions).

The DSO for this line item at 31 December 2021 is 63 days, compared to 41 days at 31 December 2020. This increase is due to strong growth in Customer Managed revenue in 2021.

7.2.1 Maturity of trade receivables

			Of which: not impaired at the reporting date but past due as follows					
(in thousands of euros)	Carrying amount	Of which: not past due at the reporting date	less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 360 days	more than 360 days
Trade receivables	50,350	40,144	5,610	2,475	876	715	59	470

7.2.2 Changes in provisions for doubtful receivables

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Impairment of trade receivables at start of period	**1,686**	**1,413**	**1,399**
Charges	516	934	1,054
Reversals	-1,231	-610	-1,083
Changes in scope of consolidation	-	-	27
Translation adjustments	55	-50	16
Impairment of trade receivables at end of period	**1,026**	**1,686**	**1,413**

7.3 Other current receivables

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Employees and social security bodies	427	500	489
Tax receivables (other than income tax)	10,190	14,701	13,952
Income tax	1,633	1,479	2,153
Other receivables	2,403	2,713	3,014
Advance lease payments – IFRS 16	-20	-22	-22
Prepaid expenses	13,173	12,796	13,593
Total other current assets	**27,806**	**32,167**	**33,179**

Tax receivables total €10.5 million and mainly concern research tax credits obtained in France (€6.3 million) and Ireland (€1.2 million).

Prepaid expenses are stable and mainly due to the spreading of commission on Subscription revenue. This current prepaid commission represents capitalised costs of obtaining contracts which are presented in Note 4.1.

Tax receivables: research tax credit

CIR research tax credit receivables are sold to Credit Agricole since 2017. Research tax credit receivables pre-dating 2017 were sold to Natixis.

Financing received for research tax credit receivables sold can be summarised as follows:

(in thousands of euros)				Repaid by the tax authorities:	
Fiscal year	**Year of CIR financed**	**Amount of CIR financed**	**CIR receivable finance company**	**Year**	**Amount**
CIR research tax credit repaid by the tax authorities					
	2011	5,793	Natixis	2015	In the amount expected
2014	2012	3,578	Natixis	2016	In the amount expected
	2013	6,538	Natixis	2017	In the amount expected
2015	2014	7,573	Natixis	2018	In the amount expected
2016	2015	8,993	Natixis	2019	In the amount expected
2017	2016	9,068	Crédit Agricole	2020	In the amount expected
2018	2017	10,216	Crédit Agricole	2021	In the amount expected
CIR research tax credit not yet repaid by the tax authorities					
2019	2018	7,890	Crédit Agricole	-	-
2020	2019	8,254	Crédit Agricole	-	-
2021	2020	7,960	Crédit Agricole	-	-

At 31 December 2021, receivables sold to Credit Agricole and not yet repaid by the tax authorities total €24,104 thousand.

Analysis of the derecognition of research tax credit receivables

The main criteria for derecognition is the transfer of substantially all the risks and rewards associated with the receivable. While the credit risk and late payment risk are effectively transferred to Crédit Agricole, the tax risk is not transferred. In the event the French State challenges the amounts reported, our contract with Crédit Agricole provides for the reimbursement of the rejected research tax credits.

Our analysis demonstrated that derecognition is acceptable in that the tax risk is considered immaterial. Axway Software was the subject of two tax audits covering fiscal years 2009 to 2011 and fiscal years 2014 to 2016. These audits did not identify any adjustments to the research tax credit amounts reported. The methods for determining projects and expenditure eligible for research tax credits and their review by our teams are unchanged since these tax audits.

On this basis, we consider that the financing of transferred research tax credits can be derecognised.

7.4 Other non-current liabilities

Accounting policies, judgements and estimates

Services invoiced but not yet fully rendered (Customer contract liabilities) are recorded in the balance sheet in *Other non-current liabilities* for the portion more than one year (*Deferred income*) (see Note 4.1).

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Other non-current debts	205	743	1,300
Customer contract liabilities - non-current	1,524	1,667	4,257
Sub-total other non-current liabilities	**1,729**	**2,410**	**5,556**
Other provisions for contingencies and losses - non-current	8,043	8,351	7,534
Total other non-current liabilities including non-current provisions	**9,772**	**10,761**	**13,090**

Movements concern Maintenance revenue and reflect:

- transfer of prior-year liabilities to current deferred income; and
- the emergence of new liabilities as a result of services invoiced but not yet fulfilled.

The majority of non-current deferred income at 31 December 2020 was transferred to current deferred income in 2021.

Provisions for retirement termination benefits total €6.9 million (see Note 5.3 b) and are recorded in Other provisions for contingencies and losses. Provisions for contingencies and losses of €0.3 million (see Note 10) and provisions for other long-term employee benefits in Italy of €0.8 million are also included in Other provisions for contingencies and losses.

7.5 Trade accounts payables

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Trade payables	2,245	2,918	7,131
Accrued expenses	8,654	10,860	9,486
Total trade accounts payables	**10,899**	**13,778**	**16,617**

7.6 Current deferred income

Accounting policies, judgements and estimates

Current deferred income, representing customer contract liabilities, is presented in Note 4.1. Movements reflect:

- the recognition of prior-year deferred income in revenue;
- the transfer of prior-year non-current deferred income to current deferred income;
- the emergence of new liabilities as a result of services invoiced but not yet fulfilled.

To avoid the overstatement of asset and liability accounts, the Group offset the following items in the balance sheet:

- deferred income concerning periods after 1 January following the reporting date (1 January 2022 for this period); and
- the corresponding trade receivables not settled at the reporting date (31 December 2021).

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Customer contract liabilities	55,826	54,692	60,567
Total current customer contract liabilities	**55,826**	**54,692**	**60,567**

The majority of deferred income at 31 December 2020 was recognised in revenue in 2021.

Deferred maintenance income is stable overall (+€0.3 million). It is down at constant exchange rates due to the expected attrition on these contracts as part of the transformation of the business model.

Deferred Subscription income increased €1.9 million between 2020 and 2021. This increase is consistent with the growth in Subscription activities (“Axway Managed”).

7.7 Other current liabilities

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Amounts payable on non-current assets	125	276	1,323
Advances and payments on account received for orders	85	105	89
Employee-related liabilities	24,945	34,122	29,607
Tax-related liabilities	6,313	5,840	7,690
Income tax	1,151	1,369	1,327
Other liabilities	2,525	2,640	3,077
Total other current liabilities	**35,145**	**44,353**	**43,112**

The decrease in employee-related liabilities is partly due to the fall in provisions for bonuses and commission in respect of contracts signed at the year end.

Note 8 Property, plant and equipment, and intangible assets

8.1 Goodwill

Accounting policies, judgements and estimates

Goodwill

For each business combination, the Group may elect to recognise under balance sheet assets:

- either partial goodwill (corresponding only to its percentage ownership interest);
- or full goodwill (also including the goodwill corresponding to non-controlling interests).

This choice is made individually for each acquisition. The business combination method is presented in Note 8.1.2.

Should the calculation of goodwill result in a negative difference (in the case of an acquisition conducted under advantageous conditions), the Group recognises the resulting gain as a bargain purchase in profit or loss, after having verified that all assets and liabilities were correctly identified.

Goodwill is allocated to a single cash-generating unit for the purpose of impairment testing under the conditions detailed in Note 8.2.2. Tests are performed whenever there is an indication of impairment loss and systematically at the reporting date (31 December).

Business combinations

The Group applies IFRS 3 (revised) 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 does not constitute a business combination is recognised in accordance with the standards applicable to these assets (IAS 38, IAS 16 and IFRS 9).

Since IFRS 3, revised, entered into mandatory effect on 1 January 2010, the Group applies the following principles:

- transaction costs are immediately expensed under Other operating expenses when they are incurred;
- for each business combination, the Group determines whether to opt for recognition of “full goodwill”, *i.e.* including the share of goodwill attributable to non-controlling interests at the acquisition date (measured at fair value), or “partial goodwill”, which amounts to measuring the share of goodwill attributable to non-controlling interests in proportion to those interests’ share in the fair value of the identifiable net assets acquired;
- any potential price adjustment is estimated at its fair value on the acquisition date. This initial measurement can be adjusted subsequently through goodwill only where there is new information relating to circumstances existing at the acquisition date, and the new measurement is made during the measurement period (12 months). Any adjustment to the financial liability recognised after the measurement period in respect of earn-outs, where it does not meet these criteria, is recognised through Group comprehensive income.

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

- measuring and recognising at fair value at the acquisition date the identifiable assets acquired and liabilities assumed. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management principles and procedures;
- measuring and recognising at the acquisition date the difference referred to as “goodwill” between:
  - the sum of the purchase price for the company acquired plus the amount of any non-controlling interests in that entity, and
  - the net amount of the recognised identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group effectively obtains control of the company acquired.

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

If the initial accounting of a business combination can only be determined provisionally before the end of the reporting period in which the combination was performed, the acquirer recognises the combination using provisional values. The acquirer must then recognise adjustments to these provisional values following completion of initial accounting within 12 months of the acquisition date.

8.1.1 Changes in goodwill

The principal movements in 2020 and 2021 were as follows:

(in thousands of euros)	Gross value	Impairment	Net
31 December 2019	**358,555**	**8,580**	**349,976**
Acquisitions	-	-	-
Translation adjustments	-19,598	72	-19,670
31 December 2020	**338,958**	**8,652**	**330,306**
Acquisitions	-	-	-
Translation adjustments	17,982	-38	18,020
31 December 2021	**356,940**	**8,613**	**348,326**

8.1.2 Determining goodwill for business combinations

No acquisitions were performed in 2020 and 2021.

8.1.3 Translation adjustments

Changes in exchange rates on goodwill relate mainly to fluctuations in the euro against the following currencies:

Change euro/currency *(in thousands of euros)*	31/12/2021	31/12/2020	31/12/2019
USD	18,459	-20,421	4,559
SEK	-415	777	-354
Other currencies	-23	-26	-37
Total	**18,020**	**-19,670**	**4,167**

8.2 Impairment tests

Accounting policies, judgements and estimates

Cash-generating units

Under IAS 36, *Impairment of assets*, an impairment test must be conducted at each reporting date where there is indication of impairment of an asset. Where there is such an indication, the entity must estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, an entity must also:

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

In practice, impairment testing is most relevant to goodwill, which comprises the main portion of Axway Software's consolidated balance sheet non-current assets.

Impairment testing is performed at the level of the cash generating units (CGU's) 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 Axway Group provides IT solutions enabling the automatic management of data exchange within and outside companies.

Axway has developed partly by external growth in recent years, and its main acquisitions were 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, Appcelerator in the United States in 2016, Syncplicity in the United States in 2017 and Streamdata.io in France in 2019.

All of the products developed, whether internally through research and development or resulting from acquisitions are integrated in a common technical platform.

The Axway Group has therefore developed a catalogue of largely independent products through acquisitions and investment in research and development. Purchased products were developed and integrated with other purchased products or products developed internally.

Axway products do not target a specific market. There is no active market for each Group asset. All Group products target all markets in which Axway operates. All Group assets target all Group customers wherever they are located. Our customers are often international groups that purchase Axway products for all their subsidiaries.

In view of the global nature of products and markets, a breakdown by country of the contribution to Axway Group's results would not be meaningful. Cash inflows from business in different countries are not therefore considered to be separate from cash inflows generated by the activities of other countries. Axway as a whole is therefore considered as the smallest grouping of assets that generates broadly independent cash inflows. Since Axway operates as a global software developer on a global market, the Group is treated as a single cash-generating unit for the purposes of impairment testing.

Axway has chosen to operate as a global software developer whose main markets are the USA and Europe. We are positioned in a highly integrated business sector: the development and marketing of a suite of infrastructure software enabling data exchange within and outside companies. Our sales teams are organised by country, region, vertical, programme or expertise within or outside a country's traditional borders. Our Marketing Department is responsible for strategic management and the go-to-market for all of Axway, supporting marketing campaigns conducted at both global and local level. The product development teams and the customer support teams are located across nine countries, with each team responsible for several products. Our intellectual property, both purchased and developed, is constantly integrated into new product offerings or the unified platforms. We do not therefore monitor any separate cash-generating units, other than at consolidated level. The Group is therefore treated as a single cash-generating unit for the purposes of impairment testing.

Methods for measuring value-in-use

In accordance with IAS 36, where the carrying amount of a cash-generating unit to which goodwill has been allocated is tested for impairment and exceeds its fair value less costs to sell (or where it is not possible to determine the fair value less costs to sell), the carrying amount of the CGU is compared to its value-in-use.

The value-in-use is determined by discounting future cash flows (DCF method).

In order to reflect, over an appropriate period, the impacts of the transformation of our economic model, from a model based on the sale of licenses to a Subscription model, a five-year business plan was drafted. A declining growth rate was then applied progressively over the extrapolation period as authorised by IAS 36.33 (c). In this way, the perpetual growth rate is not immediately applicable after the five-year business plan. The perpetual growth rate is applied to the terminal value calculated based on the last year of the extrapolation period.

The discounted cash flow method is applied using forecast five-year business plans and trend assumptions for working capital and investment.

The terminal value of the CGU was calculated based on the last flows modelled, using two major financial parameters: the perpetual growth rate and the discount rate.

By discounting these cash flows we obtain the enterprise value. The equity value is then calculated by deducting debt and adding cash and cash equivalents.

Measurement of impairment losses

Impairment losses are recognised to the extent of any excess of a CGU's carrying amount over its recoverable amount. Impairment losses are first allocated against goodwill and are charged to the income statement in *Other operating income and expenses*. Impairment losses on goodwill cannot be reversed.

Axway's fair value based on its market capitalisation at 31 December 2021 is €581.9 million (€570.3 million less 2% selling costs), which exceeds the value of consolidated equity. Axway's value in use need not therefore necessarily be determined at 31 December 2021.

Pursuant to IAS 36, *Asset impairment*, Axway's value in use need not necessarily be determined at 31 December 2021. Nonetheless, given the continuation of the COVID-19 pandemic and in line with 2020 recommendations, the Group understands the need for transparency in a context of low visibility of the future development of this health crisis and its impacts on the economy.

Therefore, for information purposes, Axway's value in use was determined at 31 December 2021 in accordance with these recommendations.

The IAS 36 asset impairment test methodology described below was adapted to the level of risk. This methodology is based on the definition of a single scenario estimated by Management.

At 31 December 2020, the Axway fair value based on its market capitalisation was €576.5 million at a share price of €27 (€564.9 million less 2% selling costs). This market capitalisation therefore exceeds the value of consolidated equity. The Group considered that the impacts of the COVID-19 crisis represented an indication of loss in value and for information purposes, Axway's value in use was determined at 31 December 2020.

Test carried out

The business plans mainly comprise internal data defined by Axway management based on their knowledge of the markets where Axway operates and taking account of the economic outlook.

These assumptions are compared each year with actual performance. If actual Group performance differs significantly from performance forecast in the business plans, for better or worse, the business plan assumptions are revised for subsequent years.

Following on from the impairment test performed in 2018 covering a ten-year period (2019 to 2028), the 2021 impairment test is based on a seven-year period (2022 to 2028), comprising a five-year business plan (2022-2026) and a two-year extrapolation period (2027-2028).

In accordance with the Group methodology, detailed above, the 2021 impairment test on non-current assets grouped together in the Axway cash-generating unit, was performed in three stages:

I. for years 1 to 5: application of the discounted cash flow method using the forecast business plan for fiscal years 2022 to 2026 and trend assumptions for working capital and investment;

II. for years 6 to 7: an extrapolation period, based on a two-year projection of 2026 cash flows (2027 to 2028), using an annual growth rate declining progressively from the sixth to the seventh year;

III. from year 8 onward: cash flows are calculated by applying a perpetual growth rate of 2.30% to the last modelled flow in 2028. This rate reflects forecast long-term real economic growth, adjusted for forecast long-term inflation.

Impairment testing carried out at the end of 2019, 2020 and 2021 did not lead to the recognition of an impairment loss.

For fiscal year 2021, the value-in-use calculated according to the discounted cash flow method amounted to €771.0 million, with a discount rate of 7.75% and a perpetual growth rate of 2.30%. The discount rate is the result of the uniform average of analysts' weighted average cost of capital components and intermediary approaches. The perpetual growth rate is equal to the uniform average of analysts' rates.

		Discount rate		
Value *(in thousands of euros)*		**7.25%**	**7.75%**	**8.25%**
	1.90%	802,452	727,354	664,136
Perpetual growth rate	**2.30%**	856,303	**770,955**	700,004
	2.70%	919,624	821,463	741,041

The fair value less costs to sell of the Axway cash-generating unit was determined from its market capitalisation. The costs to sell are estimated at 2% of Axway's fair value. Thus, at the closing rate on 31 December 2021, the fair value of the Axway CGU, *i.e.* its market capitalisation, was €581.9 million, and the fair value less costs to sell was €570.3 million. The recoverable amount of Axway's CGU was therefore €771.0 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.* €372.2 million. Based on the above, the recoverable amount is higher than the carrying amount, and it was not therefore necessary to recognise any impairment of the goodwill and intangible assets allocated to the Axway cash-generating unit at 31 December 2021.

For fiscal year 2020, impairment testing led to the retention of goodwill values. The recoverable amount of Axway's CGU was €723.4 million. Market capitalisation less costs to sell was €564.9 million compared to consolidated shareholders' equity of €355.5 million.

8.3 Other intangible assets

Accounting policies, judgements and estimates

Assets purchased separately

Assets purchased separately comprise software packages recorded at purchase cost and amortised on a straight-line basis over one to ten years depending on their estimated useful lives.

Assets acquired as part of a business combination

These assets comprise software packages, customer bases, brands and distributor relations. They are recognised at fair value on the allocation of the purchase price of entities acquired in business combinations. These assets are amortised on a straight-line basis over 5 to 15 years, depending on their estimated useful lives.

Assets generated internally

In application of IAS 38, *Intangible assets*:

- all research expenses are recognised as charges in the year they are incurred;
- software package development costs are capitalised if the six following conditions are satisfied:
  - it must be technically feasible to complete development of the intangible asset so that it will be available for use or sale,
  - the Group must have the intention of completing development of the intangible asset and of using or selling it,
  - the Group must be able to use or sell the intangible asset,
  - the Group must be able to demonstrate that the intangible asset will generate probable future economic benefits,
  - the Group must provide adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
  - the Group must be able to measure reliably the expenditure attributable to the intangible asset during its development.

No development expenses for software packages are recognised under intangible assets if any one of the above conditions are not met.

In view of the specific nature of the software development business, the determining criteria is the technical feasibility of completing the product and the manner in which the asset will generate probable future economic benefits.

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

Changes in intangible assets are presented below:

(in thousands of euros)	Customer base	Technologies	Brands	Other	Total
Gross value					
31 December 2019	**42,615**	**47,402**	**258**	**19,951**	**110,225**
Translation adjustments	-2,077	-2,828	-22	-560	-5,487
Acquisitions	-	-	-	118	118
Disposals	-	-	-	-	-
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2020	**40,538**	**44,573**	**236**	**19,509**	**104,857**
Translation adjustments	1,572	2,557	20	210	4,358
Acquisitions	-	-	-	14	14
Disposals	-	-	-	-1,075	-1,075
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2021	**42,110**	**47,130**	**256**	**18,658**	**108,154**
Amortisation					
31 December 2019	**29,694**	**27,086**	**258**	**19,275**	**76,313**
Translation adjustments	-1,694	-1,792	-22	-246	-3,753
Charges	3,701	4,461	-	779	8,941

(in thousands of euros)	Customer base	Technologies	Brands	Other	Total
Reversals	-	-	-	-	-
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2020	**31,701**	**29,755**	**236**	**19,809**	**81,501**
Translation adjustments	1,408	1,804	20	200	3,432
Charges	4,232	4,394	-	608	9,234
Reversals	-	-	-	-1,086	-1,086
Other movements	-	-	-	-	-
Changes in scope of consolidation	-	-	-	-	-
31 December 2021	**37,341**	**35,954**	**256**	**19,530**	**93,081**
Net value	**-**	**-**	**-**	**-**	**-**
31 December 2020	**8,837**	**14,818**	**-**	**-300**	**23,356**
31 December 2021	**4,769**	**11,176**	**-**	**-872**	**15,073**

This line item mainly includes intangible assets (customer bases, technologies, brands) allocated during the purchase price allocation process following business combinations. Amortisation of these allocated intangible assets is recorded in *Profit from recurring operations*.

Charges of €9.2 million in 2021 comprise impairment of Appcelerator Titanium, the Group having decided to stop marketing this product and impairment of the Syncplicity activity following the loss of legacy customers (see Note 4.4).

Allocated intangible assets break down as follows:

	Residual periods of amortisation
Tumbleweed – Technologies *(purchased in September 2008)*	2 years
Vordel – Relations clients *(purchased in November 2012)*	1 year
Systar – Technologies *(purchased in April 2014)*	Between 0 and 2 years
Systar – Customer base *(purchased in April 2014)*	4 years
Appcelerator – Technologies *(purchased in January 2016)*	3 years
Syncplicity – Technologies *(purchased in March 2017)*	5 years
Syncplicity – Customer base *(purchased in March 2017)*	10 years
Streamdata – Technologies *(purchased in April 2019)*	7 years

No expenditure incurred in developing the Group's solutions and software packages was capitalised, either in 2021 or in previous years.

In 2021, research and development expenditure recognised in the income statement totalled €55.3 million, or 19.4% of revenue.

In 2020, research and development expenditure recognised in the income statement totalled €60.4 million, or 20.3% of revenue.

8.4 Property, plant and equipment

Accounting policies, judgements and estimates

Property, plant and equipment essentially comprise fixtures and fittings, office furniture and equipment and IT facilities.

Items of property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment losses. No items have been revalued.

Depreciation is calculated on a straight-line basis over the expected useful lives of each non-current asset category.

Depreciation is calculated based on the asset acquisition cost after deducting any residual value. Residual asset values and expected useful lives are reviewed at each reporting date.

IT facilities are scrapped each year after taking inventory. The amount of these assets is recorded in disposals. Exits from premises for which the lease is not renewed are also included in disposals.

	Expected useful lives of various PP&E categories
Fixtures and fittings	3 to 10 years according to the lease terms
IT facilities	3 to 5 years
Furniture and office equipment	5 to 10 years

(in thousands of euros)	Furniture, fixtures and fittings	IT facilities	Total
Gross value			
31 December 2019	**12,529**	**28,193**	**40,722**
Translation adjustments	-565	-991	-1,556
Acquisitions	5,987	1,745	7,731
Disposals	-3,516	-196	-3,712
Other movements	-536	536	-
Changes in scope of consolidation	-	-	-
31 December 2020	**13,899**	**29,286**	**43,186**
Translation adjustments	465	643	1,108
Acquisitions	281	2,425	2,706
Disposals	-297	-7,040	-7,337
Other movements	-666	666	-
Changes in scope of consolidation	-	-	-
31 December 2021	**13,682**	**25,981**	**39,663**
Depreciation			
31 December 2019	**7,452**	**20,765**	**28,217**
Translation adjustments	-159	-826	-985
Charges	1,218	3,016	4,234
Reversals	-	-	-
Other movements	-3,707	5	-3,701
Changes in scope of consolidation	-	-	-
31 December 2020	**4,804**	**22,960**	**27,765**
Translation adjustments	74	547	622
Charges	1,339	2,915	4,254
Reversals	-	-	-
Other movements	-222	-7,028	-7,249
Changes in scope of consolidation	-	-	-
31 December 2021	**5,996**	**19,395**	**25,391**
Net value			
31 December 2020	**9,095**	**6,326**	**15,421**
31 December 2021	**7,687**	**6,585**	**14,272**

In 2021, Group investments in property, plant and equipment totalled €2.7 million and mainly concerned IT facilities (central systems, workstations and networks) for €2.4 million.

Note 9 Leases

Accounting policies, judgements and estimates

Leases are recognised in the balance sheet at the lease start date, which is the date at which the lessor makes the underlying asset available to the lessee. Leases lead to the recognition of a *Lease right-of-use asset* in balance sheet assets and a *Lease liability* in balance sheet liabilities.

The lease liability is equal to the present value of future lease payments discounted over the lease term at either the implicit rate in the lease, or the incremental borrowing rate of the lessee. The contract term takes into account firm periods and any renewal or termination options that are reasonably certain to be exercised.

At the lease start date, the lease right-of-use asset is equal to the lease liability. This value is potentially corrected for any initial direct costs incurred to obtain the contract, payments in advance, advantages received from the lessor at that date and any costs that the lessee will be required to incur to dismantle and remove the underlying asset.

Future minimum lease payments include fixed lease payments, variable lease payments that depend on an index or a rate, residual value guarantees and the price of exercising a purchase option and termination or non-renewal penalties, where the Group reasonably expects to exercise or not exercise these options. Certain of these amounts may change during the course of the lease, resulting in an upward or downward revaluation of the lease liability and the right-of-use asset. The payments do not include any service components potentially included in the lease which continue to be expensed to income.

In the balance sheet, *Lease liabilities* are split between current and non-current liabilities. *Lease right-of-use assets* are depreciated on a straight-line basis over the lease term or the useful life of the underlying asset, if the lease transfers ownership of the asset to the lessee or if the lessee is reasonably certain to exercise a purchase option.

In the income statement, depreciation is included in Depreciation and amortisation, provisions and impairment under Profit on ordinary activities. The net interest on the lease liability is presented separately in Other financial income and expense.

In the statement of cash flows, depreciation is included in Depreciation and amortisation, provisions and impairment under Net cash from (used in) operating activities. The change in the lease liability (lease payments made) and the net interest on the lease liability are recorded under Net cash from (used in) financing activities.

Finally, by exception, short-term leases of a period of less than 12 months and leases of low value assets with an individual value of less than US$5,000, are expensed directly to income and not therefore restated in the balance sheet. Similarly, variable lease payments based on use of the underlying asset or revenue generated by use of the underlying asset are expensed directly to income.

9.1 Lease right-of-use asset by category

(in thousands of euros)	Leased properties	Leased vehicles	Total
Gross value			
31 December 2020	**38,252**	**1,078**	**39,330**
Changes in scope of consolidation	-	-	-
Acquisitions	191	152	343
Disposals – assets scrapped	-189	-83	-271
Translation adjustments	988	-	988
31 December 2021	**39,242**	**1,145**	**40,387**
Depreciation	**-**	**-**	**-**
31 December 2020	**-9,820**	**-575**	**-10,395**
Changes in scope of consolidation	-	-	-
Operating allowance	-6,017	-266	-6,283
Disposals – assets scrapped	-	83	83
Translation adjustments	-252	-	-252
31 December 2021	**-16,087**	**-755**	**-16,842**
Net value	**-**	**-**	**-**
31 December 2020	**28,432**	**503**	**28,935**
31 December 2021	**23,156**	**389**	**23,545**

In the context of the restructuring of the Santa Clara offices in the United States (see Note 4.5, *Other operating income and expenses*), the Group impaired the net carrying amount of the lease right-of-use asset in the amount of €0.7 million.

9.2 Debt maturity of lease liabilities

				Breakdown of non-current liabilities				
(in thousands of euros)	**Carrying amount**	**Current**	**Non-current**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**Beyond 5 years**
Lease liabilities	33,366	6,167	27,198	5,371	5,387	4,554	4,065	7,821

Note 10 Provisions

Accounting policies, judgements and estimates

A provision is recognised when an obligation exists with respect to a third party originating prior to the reporting date and when the loss or liability is probable and may be reliably estimated.

As provisions are estimated based on risks or future expenses, their amounts are uncertain and may be adjusted in future periods. Provisions are discounted if the impact of discounting is material.

In the specific case of restructurings, an obligation is recognised when the restructuring has been announced and a detailed plan prepared or implementation commenced. These costs essentially comprise severance payments, early retirement payments, the cost of notice periods not worked, the cost of training individuals prior to departure and other costs relating to site closures.

Non-current assets scrapped and impairments of inventory and other assets directly relating to restructuring measures are also recognised in restructuring costs.

10.1 Current and non-current provisions

(in thousands of euros)	**01/01/2021**	**Change in scope of consolidation**	**Charge for the year**	**Reversals for the year (provisions used)**	**Reversals for the year (unused provisions)**	**Other movements**	**31/12/2021**
Provisions for disputes	538	-	58	-50	-12	-	535
Provisions for guarantees	130	-	-	-	-	-0	130
Other provisions for contingencies	97	-	15	-	-	3	116
Sub-total provisions for contingencies	**766**	**-**	**74**	**-50**	**-12**	**3**	**781**
Tax provisions	-	-	-	-	-	-	-
Restructuring provisions	-	-	-	-	-	-	-
Other provisions for losses	111	-	2	-5	-	0	108
Sub-total provisions for losses	**111**	**-**	**2**	**-5**	**-**	**0**	**108**
Total	**876**	**-**	**75**	**-55**	**-12**	**3**	**889**
Impact (net of expenses incurred)							
Profit from recurring operations			73		-12		
Operating profit			-		-		
Net financial income			2		-		
Tax expense			-		-		
Total			**75**		**-12**		

- Provisions for disputes mainly relate to labour arbitration proceedings and employee severance payments (€535 thousand at 31 December 2021).
- Provisions for guarantees reflect an obligation to our customers in Germany to cover potential guarantee risks of €130 thousand;
- Other provisions for contingencies cover costs relating to premises in Germany and the United States for a total of €116 thousand.
- No restructuring provisions were recognised at 31 December 2021.
- Other provisions for losses comprise seniority provisions in Germany for €108 thousand.

10.2 Contingent liabilities

Accounting policies, judgements and estimates

To the extent that a loss or liability is not probable or may not be reliably estimated, a contingent liability is disclosed by the Group in commitments given.

There are no contingent liabilities at 31 December 2021.

Note 11 Financing and management of financial risks

11.1 Cost of net financial debt

(in thousands of euros)	2021	2020	2019
Income from cash management	69	61	246
Interest expense	-560	-665	-963
Cost of financial debt	**-491**	**-604**	**-717**
Net interest on lease liabilities	-811	-809	-834
Total cost of net financial debt	**-1,302**	**-1,413**	**-1,551**

In 2021, interest expenses primarily concern interest on the Revolving Credit Facility (RCF).

11.2 Other financial income and expense

Accounting policies, judgements and estimates

Foreign exchange gains and losses mainly relate to commercial transactions denominated in foreign currencies.

Foreign exchange gains and losses relating to inter-company loans are considered an integral part of the Group's net investment in the foreign subsidiaries in question. These foreign exchange gains and losses are recorded as a separate component of equity under the heading *Translation reserves* in accordance with IAS 21.

(in thousands of euros)	2021	2020	2019
Foreign exchange gains and losses	**643**	**-2,503**	**-223**
Reversal of provisions	-2	-2	82
Other financial income	43	0	1
Total foreign exchange gains/losses and other financial income	**685**	**-2,505**	**-141**
Charges to provisions	-0	-1	-5
Discounting of retirement benefit commitments	-90	-120	-235
Change in the value of derivatives	127	178	171
Other financial expenses	-181	-209	-354
Total other financial expenses	**-144**	**-152**	**-423**
Total other financial income & expense	**541**	**-2,657**	**-564**

A breakdown of the line item *Discounting of retirement benefit commitments* is presented in Note 5.3

11.3 Cash and cash equivalents

Accounting policies, judgements and estimates

Cash and cash equivalents comprise cash, bank demand deposits, other highly liquid investments with initial maturities not exceeding three months and bank overdrafts. Bank overdrafts are included in *Financial debt - short-term portion*.

In accordance with IAS 7, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

UCITS classified by the AMF (French Financial Markets Authority) as “monetary” and “short-term monetary” are presumed to satisfy the four key criteria already mentioned. Eligibility of the other cash UCITS as “cash equivalents” has not been presumed: an analysis of compliance with the four criteria cited is required.

Cash equivalents are recognised at fair value; changes in fair value are recognised in the income statement in *Other financial income and expense*.

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.

(in thousands of euros)	**31/12/2021**	**31/12/2020**	**31/12/2019**
Cash	25,355	16,165	21,087
Cash and cash equivalents	**25,355**	**16,165**	**21,087**
Bank overdrafts	-153	-14	-26
Total	**25,202**	**16,151**	**21,061**

Cash and cash equivalents (excluding bank overdrafts) of €25.4 million at 31 December 2021 are held €9.4 million by the parent company, €6.3 million by Axway Inc. in the United States and €9.7 million by the other subsidiaries.

Among the other subsidiaries, entities in Brazil and China hold cash of €1.9 million and €0.6 million respectively at 31 December 2021, compared to €0.7 million and €1.2 million at 31 December 2020. A withholding tax would be applied were the cash balances held in Brazil or China to be repatriated, either in the form of payments between Group companies or dividends.

11.4 Financial debt - Net debt

Accounting policies

Financial debt essentially comprises:

- bank borrowings:

  Bank borrowings are initially recognised at fair value net of transaction costs and subsequently recognised at amortised cost; any difference between the principal amount borrowed (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the borrowings using the effective interest rate method;
- bank overdrafts.

  The portion of financial debt due within 12 months from the reporting date is classified in current liabilities.

(in thousands of euros)	**Current**	**Non-current**	**31/12/2021**	**31/12/2020**	**31/12/2019**
Bank borrowings	1,634	60,097	61,731	40,217	42,569
Other financial debt	-70	-0	-70	-20	73
Bank overdrafts	153	-	153	14	12
Financial debt	**1,718**	**60,097**	**61,815**	**40,211**	**42,653**
Cash and cash equivalents	-25,355	-	-25,355	-16,165	-21,087
Net debt	**-23,638**	**60,097**	**36,459**	**24,046**	**21,566**

Reconciliation with the cash flow statement

Opening bank borrowings	**40,217**	**42,569**	**45,986**
Cash flow movements			
- Proceeds from borrowings	60,000	-	15,000
- Repayment of borrowings	-38,457	-2,360	-18,639
Non-Cash flow movements	-29	8	222
Closing bank borrowings	**61,731**	**40,217**	**42,569**

At 31 December 2021, bank borrowings total €61.8 million and comprise:

- a draw down on the Revolving Credit Facility (RCF) in the amount of €60.0 million;
- other bank borrowings with BPI and Banque Populaire totalling €1.8 million.

Comments on the RCF

At 31 December 2021, €65 million (52.0%) of the €125 million RCF was available.

Two further drawdowns were performed on the RCF in 2021. In September 2021, the Group performed an initial drawdown of €10 million. This was followed by a second drawdown of €50 million in November 2021, after repayment of the €36 million drawdown performed in November 2017.

No additional amounts were drawn on the RCF in 2020. In the third quarter of 2019, €15 million was drawn on this facility and then repaid in full in November 2019.

Comments on other bank borrowings

BPI bank borrowings were repaid in line with the BPI quarterly payment schedule in the amount of €1.5 million. Banque Populaire bank borrowings were repaid in the amount of €1.0 million following the deferral of two scheduled repayments at the bank's initiative in 2020.

The €5 million loan from BPI France, contracted in April 2016, is being repaid in line with its seven-year repayment schedule. It is not subject to any financial covenants.

The €5 million loan from Banque Populaire, contracted in April 2016, was repaid in full in line with its five-year repayment schedule except for the deferral detailed above. It is not subject to any financial covenants.

At 31 December 2021, Axway also sold €8.0 million of its "CIR" research tax credits to Credit Agricole. This assignment of receivables was deconsolidated (see Note 7.3).

11.5 Bank covenants

Revolving Credit Facility (RCF)

Axway Software has a multi-currency Revolving Credit Facility (RCF) contracted with six banks

This 5-year €125 million financing seeks to increase Axway's financial flexibility while guaranteeing its capacity to finance an external growth strategy. This RCF agreement was initially signed in July 2014. It was followed on 30 January 2019 by an "Amendments and maturity extension" agreement reducing the margin scale and relaxing the financial covenants, after approval by the Board of Directors on 25 October 2018.

The initial maturity of July 2021 was directly set at January 2024 and then further extended to January 2026. In addition, the Group was granted increased flexibility by its banks for acquisitions of less than €50 million, with no prior documentation now required.

The Revolving Credit Facility (RCF) retains a central role in the Axway Group's strategy for financing future acquisitions. It is an extremely flexible financing tool, enabling dynamic cash management.

During the drawdown period, interest is payable at Euribor plus a spread adjusted every six months to reflect the change in the Net debt/EBITDA ratio. Net debt for the purpose of this ratio does not include employee profit-sharing liabilities or debt resulting from the application of the new IFRS 16 standard applicable in 2019.

These lines are subject to a use and non-use fee.

Note that from application of the new loan agreement, in the event of an acquisition with an enterprise value in excess of 2.5x Group EBITDA, Axway can elect, one time throughout the loan term, to apply the ratio "Net debt/EBITDA" strictly below 3.5 at the date of the first post-acquisition test, below 3.5 at the date of the second post-acquisition test and below 3.25 at the date of the third post-acquisition test.

Bank covenants and financial ratios at 31 December 2021

(in thousands of euros)		2021	2020	2019	
Net debt		36,459	24,046	21,966	
EBITDA		35,829	36,584	31,462	R1 < 3
Ratio R1	**Net debt / EBITDA**	**1.02**	**0.66**	**0.70**	
EBITDA		35,829	36,584	31,462	
Financial expenses		491	604	717	R2 > 5
Ratio R2	**EBITDA / Financial expenses**	**72.98**	**60.61**	**43.88**	
Net debt		36,459	24,046	21,966	
Shareholders' equity		378,856	359,941	363,465	R3 < 1
Ratio R3	**Net debt / shareholders' equity**	**0.10**	**0.07**	**0.06**	

Three financial ratios must be met under covenants:

- "net debt/EBITDA" ratio must be below 3.0 throughout the term of the loan;
- "EBITDA/financial expenses" ratio must be above 5.0 throughout the term of the loan;
- "net debt/shareholders' equity" ratio must be below 1.0 throughout the term of the loan.

At 31 December 2021, the three financial ratios are met under the covenants.

11.6 Financial instruments recorded in the balance sheet

Accounting policies

Derivatives are initially recognised at fair value on the date of signing the contract. They are later revalued at their fair value. The accounting treatment of the associated profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the hedged item.

The Group designates a number of derivatives such as:

- hedges of the fair value of assets or liabilities recognised in the balance sheet or of firm forward commitments (fair value hedge); or
- hedges of a specific risk associated with an asset or liability recognised or a future, highly probable transaction (cash flow hedge); or
- hedges of a net investment in a foreign operation (net investment hedge).

The fair value of a hedging derivative instrument is classified as:

- a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; and
- 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 shareholders' equity.

Derivatives held for trading purposes are classified as current assets or liabilities if settled within a year of the reporting date, otherwise they are classified under non-current assets or liabilities. Derivatives held for trading purposes are classified as current assets or liabilities if settled within a year of the reporting date, otherwise they are classified under non-current assets or liabilities. The Group also classifies derivatives as speculative instruments when they cannot qualify as designated and effective hedging instruments within the meaning of IFRS 9. The changes in their fair value are recorded in the income statement in *Other financial income and expense*.

a. At 31 December 2021

(in thousands of euros)	31/12/2021 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	IFRS 16 lease liabilities	Derivatives at fair value through profit and loss	Derivatives at fair value through shareholders' equity
Financial assets	8,817	8,817	-	-	8,817	-	-	-	-
Trade receivables	105,102	105,102	-	-	105,102	-	-	-	-
Other current receivables	14,633	14,633	-	-	14,633	-	-	-	-
Cash and cash equivalents	25,355	25,355	25,355	-	-	-	-	-	-
Financial assets	**153,908**	**153,908**	**25,355**	**-**	**128,552**	**-**	**-**	**-**	**-**
Financial debt – long-term portion	60,097	60,097	-	-	-	60,097	-	-	-
Lease liabilities - long-term portion	27,198	27,198	-	-	-	-	27,198	-	-
Other non-current liabilities	9,772	9,772	-	-	9,772	-	-	-	-
Financial debt – short-term portion	1,718	1,718	-	-	-	1,718	-	-	-
Lease liabilities - short-term portion	6,167	6,167	-	-	-	-	6,167	-	-
Trade accounts payables	10,899	10,899	-	-	10,899	-	-	-	-
Other current liabilities	35,145	35,145	-	-	35,133	-	-	-	-
Financial liabilities	**150,997**	**150,997**	**-**	**-**	**55,804**	**61,815**	**33,366**	**-**	**-**

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

b. At 31 December 2020

(in thousands of euros)	31/12/2020 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	IFRS 16 lease liabilities	Derivatives at fair value through profit and loss	Derivatives at fair value through shareholders' equity
Financial assets	8,622	8,622	-	-	8,622	-	-	-	-
Trade receivables	88,085	88,085	-	-	88,085	-	-	-	-
Other current receivables	19,371	19,371	-	-	19,371	-	-	-	-
Cash and cash equivalents	16,165	16,165	16,165	-	-	-	-	-	-
Financial assets	**132,243**	**132,243**	**16,165**	**-**	**116,078**	**-**	**-**	**-**	**-**
Financial debt – long-term portion	37,270	37,270	-	-	-	37,270	-	-	-
Other non-current liabilities	10,761	10,761	-	-	10,761	-	-	-	-
Financial debt – short-term portion	2,942	2,942	-	-	-	2,942	-	-	-
Lease liabilities - short-term portion	5,625	5,625	-	-	-	-	5,625	-	-
Trade accounts payables	13,778	13,778	-	-	13,778	-	-	-	-
Other current liabilities	44,353	44,353	-	-	44,353	-	-	-	-
Financial liabilities	**146,890**	**146,890**	**-**	**-**	**68,892**	**40,211**	**37,786**	**-**	**-**

11.7 Management of financial risks

11.7.1 Credit risk

Credit risks are detailed in Note 7.2, Trade receivables and related accounts, in the paragraphs "Maturity of trade receivables" and "Changes in provision for doubtful receivables".

11.7.2 Liquidity risk

According to the definition given by the French Financial Markets Authority (AMF), liquidity risk arises when assets have a longer term than liabilities. This can result in an inability to repay short-term debt if the Company is unable to sell the asset in question or obtain bank credit lines.

The following table shows the non-discounted contractual cash flows of consolidated net debt at 31 December 2021:

(in thousands of euros)	Carrying amount	Total contractual flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Bank borrowings	61,731	64,392	1,660	1,397	643	641	60,051	-
Other financial debt	-70	-70	-70	-	-	-	-	-
Bank overdrafts	153	153	153	-	-	-	-	-
Financial debt	**61,815**	**64,476**	**1,743**	**1,397**	**643**	**641**	**60,051**	**-**
Cash and cash equivalents	-25,355	-25,355	-25,355	-	-	-	-	-
Consolidated net debt	**36,459**	**39,120**	**-23,612**	**1,397**	**643**	**641**	**60,051**	**-**

11.7.3 Market risks

a. Interest rate risk

The Group Finance Department, in liaison with partner banking institutions, manages interest rate risk.

Hedging of borrowings

No hedges were entered into in 2019, 2020 or 2021.

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 2021:

At 31/12/2021	Interest rate	31/12/2021	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Cash and cash equivalents	Fixed rate	25,355	25,355	-	-	-	-	-
	Floating rate	-	-	-	-	-	-	-
Financial assets	**Fixed rate**	**25,355**	**25,355**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bank borrowings	Fixed rate	-1,500	-1,008	-492	-	-	-	-
	Floating rate	-60,231	-626	-872	-625	-617	-57,491	-
Other financial debt	Fixed rate	-	-	-	-	-	-	-
	Floating rate	70	70	-	-	-	-	-
Bank overdrafts	Fixed rate	-	-	-	-	-	-	-
	Floating rate	-153	-153	-	-	-	-	-
Financial debt	**Fixed rate**	**-1,500**	**-1,008**	**-492**	**0**	**0**	**-**	**-**
	Floating rate	**-60,315**	**-710**	**-872**	**-625**	**-617**	**-57,491**	**-**
Net position before hedging	**Fixed rate**	**23,855**	**24,348**	**-492**	**0**	**0**	**-**	**-**
	Floating rate	**-60,315**	**-710**	**-872**	**-625**	**-617**	**-57,491**	**-**
Net exposure after hedging	**Fixed rate**	**23,855**	**24,348**	**-492**	**0**	**0**	**-**	**-**
	Floating rate with cap and floor	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Floating rate	**-60,315**	**-710**	**-872**	**-625**	**-617**	**-57,491**	**-**

b. Foreign exchange risk

Foreign exchange risk arises mainly from the currency translation of financial statements of companies based in the USA, Brazil, the UK and Sweden. No specific hedges have been arranged for this type of risk.

The exposure to risk arising from trade transactions is limited, as entities mainly carry out business in their own country and currency.

Furthermore, as part of its inter-company transactions, the Group is exposed to the risk of currency fluctuations in respect of:

- the invoicing of services provided by a centre located in Romania. The impact of these currency fluctuations on profit or loss is in principle negligible in view of the regularity of settlements;
- the invoicing of license fees by the Group to subsidiaries operating in a functional currency other than the euro;
- borrowings and loans in foreign currencies related to inter-company financing. The impact of these currency fluctuations is taken to shareholders' equity. These financial flows are not systematically hedged.

At 31 December 2021, the net carrying amount of assets and liabilities recognised by Group entities in a currency other than their functional currency was as follows:

Inter-company commercial transactions

(in thousands of euros)	AUD	BRL	EUR	GBP	SGD	USD	CHF	Other	Total
Assets	3,536	-	5,419	2,642	4,361	25,780	-	2,710	44,449
Liabilities	209	227	3,331	575	117	20,176	240	407	25,281
Net position before hedging	**3,326**	**-227**	**2,089**	**2,067**	**4,244**	**5,604**	**-240**	**2,304**	**19,167**
Net position after hedging	**3,326**	**-227**	**2,089**	**2,067**	**4,244**	**5,604**	**-240**	**2,304**	**19,167**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	CHF	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**166**	**-11**	**104**	**103**	**212**	**280**	**-12**	**115**	**958**
Impact on shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Current accounts

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	CHF	Other	Total
Assets	-	-	360	-	-	61,926	-	-	62,286
Liabilities	2,216	-	1,243	1,560	2,512	10,229	-	2,785	20,544
Net position before hedging	**-2,216**	**-**	**-883**	**-1,560**	**-2,512**	**51,697**	**-**	**-2,785**	**41,742**
Net position after hedging	**-2,216**	**-**	**-883**	**-1,560**	**-2,512**	**51,697**	**-**	**-2,785**	**41,742**

Sensitivity analysis

(in thousands of euros)	AUD	BRL	EURO	GBP	SGD	USD	CHF	Other	Total
Currency change assumption (appreciation)	5%	5%	5%	5%	5%	5%	5%	5%	-
Net impact on profit	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impact on shareholders' equity	**-111**	**-**	**-44**	**-78**	**-126**	**2,585**	**-**	**-139**	**2,087**

c. Equity risk

The Group does not hold any shares for investment purposes or stakes in listed companies.

At 31 December 2021, Axway Software held 11,918 treasury shares, acquired under the terms of the share buyback programmes authorised by the General Meeting at an average price of €27.02, for a total of €322 thousand.

At 31 December 2021, Axway Software also held 344,268 treasury shares, acquired under the terms of the share buyback programmes authorised by the General Meeting to remunerate a free share grant plan, at an average price of €27.59, for a total of €9,490 thousand.

All transactions in treasury shares are recognised directly in shareholders' equity. The impact at 31 December 2021 was -€9,812 thousand (see Statement of changes in consolidated shareholders' equity).

Given the small number of treasury shares held (1.64% of the share capital), the Group is not exposed to any material equity risk. In addition, as the value of treasury shares is deducted from equity, movements in the share price do not impact the consolidated income statement.

Note 12 Cash flows

12.1 Change in net debt

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Net debt at 1 January (A)	**24,046**	**21,566**	**10,227**
Cash from operations after cost of net financial debt and tax	**33,731**	**32,838**	**28,661**
Costs of net financial debt	1,302	1,413	1,551
Income tax (including deferred tax)	6,913	5,095	6,770
Cash from operations before cost of net financial debt and tax	**41,946**	**39,346**	**36,982**
Income taxes paid	-2,780	-3,516	-4,127
Changes in working capital requirements	-26,224	-23,706	-19,250
Net cash from operating activities	**12,941**	**12,124**	**13,605**
Change related to investing activity	-2,821	-7,746	-4,552
Lease payments	-6,680	-4,444	-7,652
Net interest paid	-590	-657	-766
Available net cash flow	**2,850**	**-723**	**635**
Impact of changes in the scope of consolidation	-	-400	-723
Financial investments	-81	-26	-130
Dividends	-8,623	-	-8,472
Share capital increase for cash	2,026	649	-
Other changes	-9,248	-921	-2,736
Total net change during the year (B)	**-13,077**	**-1,421**	**-11,426**
Impact of changes in exchange rates	664	-1,059	87
NET debt at 31 December (A-B)	**36,459**	**24,046**	**21,566**

12.2 Reconciliation of WCR with the cash flow statement

The change in WCR represented a cash outflow of -€26.2 million in 2021 compared to -€23.7 million in 2020. This €2.5 million deterioration was due to the change in business model which explains two main WCR effects:

- the increase in accrued income, primarily relating to the Customer Managed Subscription offer, of €15.7 million in 2021;
- the decrease in deferred income due to Maintenance contract attrition, of €7.2 million in 2021.

In addition to the impact of the change in business model, we note:

- the good level of collections, with the trade receivables account improving WCRs by €7.6 million;
- the -€11.0 million decrease in current liabilities, mainly due to the decrease in the provision for variable compensation.

To complete this analysis:

- an analysis of DSO is presented in Note 7.2, Trade receivables;
- an analysis of the derecognition of research tax credit receivables is presented in 7.3, Other current receivables.

(in thousands of euros)	31/12/2021	31/12/2020	Net change	of which: Items not included in WCR	of which: WCR items	Change in WCR items without cash impact		Impact on Cash flow statement
						Foreign exchange	*Other*	
Non-current assets	**6,108**	**6,326**	**-218**	**-**	**-218**	**156**	**-**	**374**
Trade receivables and related accounts	105,102	88,085	17,017	-	17,017	2,690	6,268	-8,059
• Trade receivables	49,324	49,097	227	-	227	1,602	6,268	7,643
• Accrued income	55,778	38,988	16,790	-	16,790	1,088	-	-15,702
Other current receivables	27,806	32,167	-4,361	154	-4,515	347	-	4,862
Current assets	**132,908**	**120,252**	**12,656**	**154**	**12,502**	**3,037**	**6,268**	**-3,197**
Total assets	**139,016**	**126,577**	**12,438**	**154**	**12,284**	**3,194**	**6,268**	**-2,823**
Non-current liabilities	**-2,489**	**-3,076**	**587**	**-**	**587**	**-128**	**-8**	**-723**
Trade payables	-10,899	-13,778	2,879	-	2,879	-1,543	-	-4,422
Advances and payments on account received for orders	-85	-105	20	-	20	-	-	-20
Deferred income on client projects	-55,826	-54,692	-1,134	-	-1,134	-3,028	-5,367	-7,261
Other current liabilities	-33,362	-42,340	8,978	151	8,827	-680	-903	-10,976
Current liabilities	**-100,172**	**-110,915**	**10,743**	**151**	**10,592**	**-5,250**	**-6,270**	**-22,679**
Total liabilities	**-102,661**	**-113,991**	**11,330**	**151**	**11,179**	**-5,378**	**-6,278**	**-23,402**
Total WCR	**36,355**	**12,586**	**23,768**	**305**	**23,463**	**-2,184**	**-10**	**-26,224**

12.3 Other cash flows

Net cash from operating activities amounted to €12.9 million in 2021, with cash from operations before cost of net financial debt and tax of €41.9 million. The application of IFRS 16 had a favourable impact of €6.7 million on this line item.

Net cash used in investing activities of -€2.8 million mainly comprises acquisitions of property, plant and equipment in France and the United States to renew IT equipment. In 2020, investment flows were more significant as they concerned the fitting out of the new Phoenix offices in the United States.

Net cash from (used in) financing activities totalled -€1.7 million. Three main flows explain this change:

- dividend payments for -€8.6 million;
- the share buyback programme for -€9.5 million;
- the change in bank borrowings for €21.5 million.

In addition, the change in IFRS 16 lease liabilities represented a flow of €6.7 million.

Note 13 Equity and earnings per share

Changes in consolidated shareholders' equity are presented in Chapter 5.4, Statement of changes in consolidated shareholders' equity.

13.1 Changes in the share capital

At 31 December 2020, the share capital stood at €42,702,132, and comprised 21,351,066 fully paid-up shares with a par value of €2.00 each.

140,650 share subscription options were exercised and the Group issued 141,881 new shares in 2021.

At 31 December 2021, the share capital therefore stood at €43,267,194, comprising 21,633,597 fully-paid up shares with a par value of €2.00 each.

The share subscription option plans and the free share grant plans are described in Notes 13.2 and 13.3.

13.2 Transactions in treasury shares

Accounting policies

All Axway shares held by the parent company or one of its subsidiaries are deducted from shareholders' equity at their acquisition cost.

At 31 December 2021, treasury shares with a value of €9,822 thousand are deducted from consolidated equity, They consist of 356,186 shares including 11,918 shares held under the market-making agreement and 344,268 Axway shares purchased on the market for delivery as share-based payments (see Note 5.4). All these treasury shares will be granted to beneficiaries in 2022.

13.3 Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Changes in the period, number of options:			Position at 31/12/2021	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	granted	cancelled	exercised	Number of options	Exercise price
Plan No. 3–2011 stock option plan, maximum issue of 1,033,111 shares *											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2021	63,675	€14.90	-	-7,325	-56,350	-	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2021	66,375	€14.90	-	-7,325	-59,050	-	€14.90
28/03/2013	131,250	€15.90	28/09/2015	18/11/2021	12,201	€15.90	-	-	-12,201	-	€15.90
28/03/2013	131,250	€15.90	28/03/2018	18/11/2021	13,049	€15.90	-	-	-13,049	-	€15.90
Total plans	**1,394,850**				**155,300**		**-**	**-14,650**	**-140,650**	**-**	

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

- 140,650 share subscription options were exercised during fiscal year 2021;
- 14,650 share subscription options were cancelled in 2021 following the departure of the holders;
- the Board of Directors' meeting of 5 June 2019 validated a resolution on the stock option plan implemented on 30 August 2011. At the request of Axway management, the Board of Directors extended the maximum deadline for the exercise of this plan by two years, taking it to 18 November 2021;
- the option exercise period for the 2011 and 2013 grant plans expired on 18 November 2021. At 31 December 2021, there remained no options outstanding under these plans;
- the fair values of the share subscription options awarded under Plans no. 1 and 2 were determined using the binomial model recommended by IFRS 2;
- the fair value of the share subscription options awarded under Plan no. 3 was determined using the same binomial model, based on the following assumptions: average expected life of 4.5 and 6 years; expected volatility of 29.44%; dividend yield of 1.39%; and risk-free interest rate of 2.48%. Expected volatility was determined on the basis of the volatility expected for stocks in comparable sectors;
- the average closing share price in 2021 was €27.84;
- an amount of €0 thousand was recognised in respect of 2021, in accordance with the method disclosed in Note 5.4, *Share-based payments*. No current expense relating to the valuation of services provided by beneficiaries in exchange for not granting stock options was recognised in the income statement. No non-recurring expenses were recognised in relation to the cost of services rendered by employees benefiting from share subscription options whose right to exercise their options was maintained despite their departure from the Group in 2021.

13.4 Free share plans

An expense of €4.0 million was recorded in 2021 in respect of stock options granted to employees under free share grant plans (see Note 5.4), including employer social security contributions of €0.4 million.

The expense excluding employer social security contributions was taken to Group equity in the amount of €3.6 million.

13.5 Capital reserves

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Share issue, merger and contribution premiums	113,380	111,541	110,976
Legal reserve	4,245	4,245	4,245
Total	**117,625**	**115,786**	**115,222**

The increase in 2021 reflects the issue premium on the share capital increase resulting from the exercise of 140,650 share subscription options for €1,840 thousand.

A charge to the legal reserve was not necessary in 2021.

13.6 Dividends

The General Meeting of Axway Software held on 25 May 2021 to approve the 2020 financial statements approved a dividend of €0.40 per share, representing a total distribution of €8.6 million.

This dividend was paid on 18 June 2021.

The distribution of a dividend of €0.40 per share will be proposed to the 2022 General Meeting held to approve the 2021 financial statements, representing a total dividend distribution of €8.7 million based on the number of shares outstanding at 31 December 2021.

13.7 Translation reserves

In accordance with the principles disclosed in Note 1.5.2., translation reserves comprise translation gains and losses between the functional currencies of the Group entities and the presentation currency and the impact of net investment hedges of foreign operations. Movements are recognised in *Other comprehensive income*. These translation reserves are also impacted by divestments of foreign operations.

At 31 December 2021, translation reserves broken down by currency as follows:

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
USD	26,470	6,877	29,638
SEK	-3,017	-2,546	-3,414
RON	-498	-429	-367
Other currencies	757	1,164	-320
Total	**23,712**	**5,066**	**25,537**

13.8 Capital management objectives, policy and procedures

The Company's capital consists solely of the items disclosed in the balance sheet. There are no financial liabilities considered as components of capital and, conversely, there are no shareholders' equity components not considered to be part of the Company's capital.

The Company does not operate under any external capital constraints, other than the net financial debt to equity ratio, which, under the covenants stipulated in the syndication contract, must remain below 1 throughout the loan period (see Note 11.5).

The Group entered into a market-making agreement to ensure the liquidity of transactions and regular trading of its shares, in order to avoid share price fluctuations that are not justified by market trends. The liquidity account enabling the intermediary to carry out transactions under the contract stands at €1.1 million.

Treasury shares are detailed in Note 13.2.

13.9 Earnings per share

Accounting policies

Earnings per share as stated in the income statement are calculated on the basis of Net income - attributable to owners of the Company, as follows:

a. Basic earnings per share

Basic earnings per share are based on the weighted-average number of shares outstanding during the fiscal year, calculated according to the dates when the funds arising from share issues for cash were received and, for shares issued for contributions-in-kind *via* equity, the date on which the corresponding new Group companies were consolidated for the first time;

b. Diluted earnings per share

Diluted earnings per share are calculated by adjusting Net income - attributable to owners of the Company and the weighted-average number of shares outstanding for the diluting effect of exercising share subscription option plans in force at the end of the fiscal year. The share buyback at market price method has been applied, based on the average share price throughout the year.

(in euros)	2021	2020	2019
Net income - attributable to owners of the Company	9,602,221	8,477,560	5,405,8481
Weighted average number of ordinary shares outstanding	21,525,209	21,293,843	21,225,381
Basic earnings per share	**0.45**	**0.40**	**0.25**

(in euros)	2021	2020	2019
Net income - attributable to owners of the Company	9,602,221	8,477,560	5,405,848
Weighted average number of ordinary shares outstanding	21,525,209	21,293,843	21,225,381
Weighted average number of securities taken into account in respect of dilutive items	895,010	1,064,832	955,440
Weighted average number of shares taken into account to calculate diluted net earnings per share	22,420,219	22,358,675	22,180,821
Fully diluted earnings per share	**0.43**	**0.38**	**0.24**

The only dilutive instruments are the share subscription options and the free share grant plans presented in Note 5.4.

Only potentially dilutive ordinary shares, excluding those with an accretive effect, were considered in the calculation of diluted earnings per share.

The Group considered potential ordinary shares resulting from share subscription options to be accretive, where the option exercise price adjusted for the fair value of services still to be rendered by option holders is greater than the average share price (€27.84) during the period.

Note 14 Related-party transactions

14.1 Transactions with Sopra Steria Group, Sopra Steria Group affiliate companies and Sopra GMT

The tables below detail the transactions between the Axway Group and Sopra Steria Group SA, the companies of the Sopra Steria Group, and the GMT holding company.

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Transactions with Sopra-Steria group			
Sale of goods and services	2,927	3,244	1,484
Purchase of goods and services	-207	-128	-376
Operating receivables	1,145	961	835
Operating payables	-5	-	-150
Transactions with Sopra Steria Group affiliates			
Sale of goods and services	2,895	4,320	3,779
Purchase of goods and services	-7,295	-7,616	-6,287
Operating receivables	1,241	2,333	742
Operating payables	-1,077	-1,514	-925
Transactions with Sopra GMT			
Purchase of goods and services	-1,018	-435	-678
Operating payables	-291	-24	-109

Purchase of goods and services from Sopra Steria Group concerns the use of premises, the use of IT resources, internal subcontracting and non-recurring expenses related to the spin-off of Axway Software from Sopra group.

14.2 Subsidiaries and equity investments

Transactions and balances between Axway Software and its subsidiaries were fully eliminated on consolidation, since all of the subsidiaries are fully consolidated.

14.3 Relationships with other related parties

There are no relationships with other related parties to be taken into consideration.

Note 15 Off-balance sheet commitments

15.1 Contractual obligations given

The Group leases some of its IT facilities, office fixtures and fittings and premises under operating lease contracts. The rental charges for the above totalled €8.5 million in 2021, €10.3 million in 2020 and €10.3 million in 2019.

At 31 December 2021, future minimum annual payments under non-cancellable leases not included in the valuation of IFRS 16 lease liabilities were as follows:

(in thousands of euros)	Operating leases
2022	2,402
2023	1,834
2024	1,816
2025	1,686
2026	1,966
2027 and beyond	163
Total minimum future lease payments	**9,867**

15.2 Commitments given related to recurring operations

	Commitment per period					
(in thousands of euros)	Less than one year	From 1 to 5 years	More than 5 years	31/12/2021	31/12/2020	31/12/2019
Bank guarantees/deposits on leased premises	-	328	-	328	328	328
Other guarantees	-	-	-	-	-	-
Collateral, guarantees, mortgages and sureties	-	177	-	177	177	177
Severance pay for termination of CEO’s duties	-	-	667	667	616	673
Total	**-**	**612**	**667**	**1,279**	**1,224**	**1,285**

The Board of Directors’ meeting of 20 February 2019 validated severance pay for termination of Patrick Donovan’s duties, equal to one year’s fixed and variable compensation totalling US$756 thousand (€667 thousand euro-equivalent at the exchange rate at 31 December 2021).

15.3 Commitments received – Covenants and Bank overdrafts

(in thousands of euros)	31/12/2021	31/12/2020	31/12/2019
Unused multi-currency revolving credit facility	65,000	89,000	89,000
Unused overdraft line	20,000	20,000	20,000
Total commitments recognised	**85,000**	**109,000**	**109,000**

Axway Software has a €125 million multi-currency revolving credit facility. €65 million of this facility was available at 31 December 2021 (see Note 11.4).

Commitments received include an unused overdraft line of €20 million held by Axway Software.

Three financial ratios must be met under the covenants associated with the revolving credit facility. These ratios are detailed in Note 11.5 on bank covenants.

At 31 December 2021, the Group complied with all the covenants and commitments included in this contract including the following points:

- the impacts of IFRS 16 are excluded from these ratios;
- the net debt figure used in these calculations does not include employee profit-sharing liabilities;
- consolidated EBITDA, as detailed below.

(in thousands of euros)	
Profit on operating activities *(Source URD - 5.1 Consolidated income statement)*	32,908
Depreciation and amortisation, provisions and impairment *(Source URD - 5.1 Consolidated income statement)*	10,748
Net expense for post-employement and similar benefit obligations *(Source URD - 5.1 Consolidated income statement)*	311
Other operating income and expenses *(Source URD - 5.1 Consolidated income statement)*	-2,652
Lease payments (IFRS 16 impact) *(Source URD - Note 4.2.2 External expenses)*	-5,486
Consolidated EBITDA	**35,829**

15.4 Pledges, guarantees and surety

No pledge, guarantee or surety had been granted by Axway at 31 December 2021.

Note 16 Events after the reporting period

Between 1 January 2022 and the date of the Board of Directors' meeting, there were no significant events likely to impact the financial statements.

Note 17 List of consolidated companies at 31 December 2021

Company	Country	% control	% held	Consolidation method
Axway Software	France	-	-	Parent company
Axway Distribution France SAS	France	100%	100%	FC
Axway SAS	France	100%	100%	FC
Axway UK Ltd	United Kingdom	100%	99.998%	FC
Axway Ireland	Ireland	100%	100%	FC
Axway Nordic AB	Sweden	100%	100%	FC
Axway GmbH	Germany	100%	100%	FC
Axway BV	Netherlands	100%	100%	FC
Axway Belgium	Belgium	100%	99.9%	FC
Axway Srl	Italy	100%	100%	FC
Axway Software Iberia	Spain	100%	100%	FC
Axway Software do Brasil LTDA	Brazil	100%	99.99%	FC
Axway Romania Srl	Romania	100%	100%	FC
Axway Bulgaria EOOD	Bulgaria	100%	100%	FC
Axway Inc.	United States	100%	100%	FC
Axway Pte Ltd	Singapore	100%	100%	FC
Axway Software China	China	100%	100%	FC
Axway Ltd	Hong Kong	100%	100%	FC
Axway Pty Ltd	Australia	100%	100%	FC
Axway Switzerland	Switzerland	100%	100%	FC

FC: Full Consolidation

Note 18 Audit fees

	Fees for Statutory Auditors and members of their networks											
	Mazars						Auditeurs & Conseils Associés					
	Amount (excl. VAT)			%			Amount (excl. VAT)			%		
(in thousands euros)	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Statutory audit, certification and review of the individual company and consolidated financial statements												
• Issuer	147	124	127	33%	31%	33%	132	112	107	70%	65%	62%
• Fully consolidated subsidiaries	250	263	252	56%	66%	65%	46	50	55	24%	29%	32%
Sub-total	**396**	**387**	**379**	**88%**	**97%**	**97%**	**178**	**162**	**162**	**95%**	**94%**	**94%**
Non-audit services												
• Issuer*	44	10	10	10%	3%	3%	10	10	10	5%	6%	6%
• Fully consolidated subsidiaries	9	-	-	2%	0%	0%	-	-	-	0%	0%	0%
Sub-total	**52**	**10**	**10**	**12%**	**3%**	**3%**	**10**	**10**	**10**	**5%**	**6%**	**6%**
Total	**448**	**397**	**389**	**100%**	**100%**	**100%**	**188**	**172**	**172**	**100%**	**100%**	**100%**

* *Including: the report on regulated agreements, the review of the Management report, the audit completion letter, the certificate on financial ratios, the Workday 2021 project and the review of implementation of EU Green Taxonomy regulations.*

5.7 Statutory Auditors' report on the consolidated financial statements

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2021

To the General Meeting of Axway Software

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Axway Software for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations of the Group for the year then ended and of its financial position and of its assets and liabilities as at 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements Section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de deontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of our assessments - Key audit matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition for licenses and Customer Managed Subscription contracts

(Note 4.1.1 to the consolidated financial statements)

Risk identified

The Group's activity comprises several business lines including license sales and sales of Customer Managed Subscription contracts. At 31 December 2021, the Group's licensing revenue amounted to €18.6 million, representing 6.5% of consolidated revenue. Customer Managed Subscription revenue amounted to €114.2 million, representing 40.0% of consolidated revenue.

As a rule, licensing revenue is recognised immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, *i.e.* when any remaining services to be provided are non-material and not liable to call into question the customer's acceptance of goods supplied.

Sometimes, contracts comprising multiple components (license, maintenance, ancillary services, etc.) may be negotiated on a fixed-price basis. In this situation, the amount of revenue attributable to the license is equal to the difference between the total contract amount and the fair value of the other performance obligations.

Customer Managed Subscription contracts are a hybrid offer comprising three separate performance obligations: license, maintenance and Subscription. The contract price must be allocated to each performance obligation and revenue is recognised in accordance with the method applicable to each obligation.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to the different performance obligations.

Revenue recognition for these business lines is considered a key audit matter in view of their material significance in the Group's financial statements, and, in particular, their impact on operating profit.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the Group in order to verify the measurement, comprehensiveness and proper separation of fiscal years for licensing revenue and Customer Managed Subscription, as well as substantive audit procedures.

Our work included the following, in particular:

- reviewing the design of internal control and testing the effectiveness of key controls in the revenue recognition procedure;
- conducting substantive tests, by sampling or other selection methods, on the revenue from licensing contracts and Customer Management Subscription contracts signed during the fiscal year in order to verify the reality and measurement of revenue, and the correct separation of fiscal years.

In particular, we reconciled the recognised amount with the contract data, and verified the application of the procedure for apportioning the price of multiple-component contracts among the different performance obligations.

We examined the proof of delivery and the terms and procedures for payment.

We also assessed the appropriateness of the disclosures in Note 4.1.1 to the consolidated financial statements.

Measurement and impairment of goodwill

(Notes 8.1 and 8.2 to the consolidated financial statements)

Risk identified

For the purposes of its development, the Group has conducted targeted external growth operations entailing recognition of several goodwill items.

These goodwill items, corresponding to the difference between the price paid and the fair value of the assets acquired and liabilities assumed, are described in Note 8.1 to the consolidated financial statements. This goodwill is allocated to the sole cash generating unit (CGU) identified in the Axway Group, namely the Group itself.

Management ensures at each year-end, and whenever indication of an impairment loss is identified, that the net carrying amount of such goodwill, recognised in the balance sheet at €330.3 million at 31 December 2020, and at €348.3 million at 31 December 2021, is not greater than its recoverable amount.

A cash generating unit's recoverable amount is the higher of its fair value (generally market value) less costs to sell, and its value-in-use. The value-in-use is determined by discounting future cash flows. The impairment test procedure applied and details of the assumptions adopted are presented in Note 8.2. At 31 December 2021, the impairment test performed did not identify any impairment loss on the goodwill recognised.

The determination of the recoverable amount of goodwill, which is particularly material with regard to the balance sheet total, relies very largely on management judgement; this concerns in particular the definition of the cash generating units, the perpetual growth rate adopted for the cash flow forecasts and the discount rate applied. We therefore considered the measurement of goodwill and the implementation of impairment tests as a key audit matter.

Our response

Our work included the following, in particular:

- examining the compliance of the methodology applied by the Group with current accounting standards and, in particular, ascertaining whether the allocation of the assets to the sole CGU identified is comprehensive;
- verifying that fair value less costs to sell is based on the closing share price;
- assessing the reasonableness of the assumptions used to determine future cash flows with regard to operating data and in light of the economic and financial context in which the Group operates;
- assessing, with the support of our valuation experts, the consistency of all components of the perpetual growth rate and discount rate;
- analysing the sensitivity of the value-in-use determined by management to changes in the main assumptions adopted.

Lastly, we verified the appropriateness of disclosures in Notes 8.1 and 8.2.

Recoverability of deferred tax assets in respect of tax loss carryforwards

(Note 6.5 to the consolidated financial statements)

Risk identified

At 31 December 2021, eligible tax losses carried forward amounted to €253.2 million. The Group recognised deferred tax assets in the balance sheet amounting to €25.2 million in respect of these tax loss carryforwards.

The Group recognises deferred tax using the balance sheet liability method based on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their tax base. Deferred tax assets relating to tax losses carried forward are recognised if the subsidiaries or the tax consolidation group are likely to have sufficient taxable profits to offset against them.

We considered the recognition and assessment of the recoverability of these deferred tax assets to be a key audit matter, in view of their material amount in the Group financial statements and as the recoverable amount is determined based in particular on future profit forecasts, founded on assumptions, estimates and management assessments.

Our response

We obtained details of the deferred tax assets and taxable profit forecasts for Axway Software, Axway Inc. and Axway Ireland. On the basis of this information, we conducted the following procedures:

- we reviewed the calculations and assessed the reasonableness of the main estimates, particularly for the forecasts of future taxable profits;
- we analysed the consistency of the forecasts with the historic performance, transfer pricing policies and the assumptions used to determine the value-in-use of the sole CGU;
- we reviewed the various taxation rates used to determine the deferred tax assets, notably in France and the United States.

Lastly, we verified the appropriateness of disclosures in Note 6.5.

Specific verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial performance statement required by Article L. 225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report. It is specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein, which should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work

Appointment of the Statutory Auditors

Both ACA Nexia and Mazars were appointed Statutory Auditors of Axway Software by the General Meeting of 18 December 2000.

At 31 December 2021, ACA Nexia and Mazars had held office as auditors for 21 continuous years, of which 11 years since the Company's securities were admitted for trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de deontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Courbevoie, 10 March 2022

The Statutory Auditors

Aca Nexia	Mazars
Sandrine Gimat	Jérôme Neyret

6

Annual financial statements

AFR

6.1 Balance Sheet

Assets

(in thousands of euros)		2021	2020	2019
Intangible assets		46,643	49,250	52,059
Property, plant and equipment		5,002	5,795	6,657
Financial investments		285,587	283,320	294,117
Non-current assets	**(note 6.3.2.1)**	**337,232**	**338,365**	**352,833**
Trade receivables		77,184	64,162	77,226
Other receivables, prepayments and accrued income		20,700	28,262	21,706
Cash and cash equivalents		18,848	3,073	3,874
Current assets	**(note 6.3.2.2)**	**116,732**	**95,497**	**102,807**
Total assets		**453,964**	**433,862**	**455,639**

Equity and liabilities

(in thousands of euros)		2021	2020	2019
Share capital		43,267	42,702	42,451
Premiums		113,380	111,541	110,976
Reserves		84,230	93,054	93,221
Retained earnings		-3,399	14,847	18
Net profit (loss) for the year		-7,843	-18,163	14,829
Tax-driven provisions		-	-	-
Equity	**(note 6.3.2.3)**	**229,636**	**243,981**	**261,495**
Provisions	**(note 6.3.2.4)**	**37,163**	**20,774**	**14,365**
Financial debt		109,203	91,899	97,651
Trade accounts payables		30,958	24,131	30,341
Tax and employee-related payables		16,373	21,640	20,550
Other liabilities, accruals and deferred income		30,631	31,437	31,237
Liabilities	**(note 6.3.2.5)**	**187,165**	**169,107**	**179,780**
Total equity and liabilities		**453,964**	**433,862**	**455,639**

6.2 Income Statement

(in thousands of euros)		2021	2020	2019
Net revenue	(note 6.3.3.1)	167,254	156,707	163,568
Other operating income		2,287	1,845	2,912
Operating income		**169,541**	**158,551**	**166,480**
Purchases consumed		76,515	69,378	62,463
Employee costs		61,764	61,703	56,343
Other operating expenses		33,812	34,707	31,775
Taxes and duties		2,888	2,478	2,395
Depreciation, amortisation, provisions and impairment		6,872	7,033	9,844
Operating expenses		**181,850**	**175,299**	**162,820**
Operating profit (loss)		**-12,309**	**-16,748**	**3,660**
Financial income and expense	(note 6.3.3.3)	4,082	-3,637	5,825
Pre-tax profit (loss) on ordinary activities		**-8,227**	**-20,385**	**9,486**
Exceptional income and expense	(note 6.3.3.4)	-4,669	-4,938	-1,502
Employee profit-sharing and incentive schemes	(note 6.3.3.5)	-755	-904	-714
Income tax expense	(note 6.3.3.6)	5,807	8,064	7,559
Net profit (loss)		**-7,843**	**-18,163**	**14,829**

6.3 Notes to the 2021 annual financial statements

6.3.1 Significant events, accounting policies and valuation rules

6.3.1.1 Significant events

Covid-19

The significant progression of the COVID-19 epidemic since March 2020 in Europe, followed by the United States and then the world, given its extent and measures adopted in the various countries to stem progress, has impacted the Axway Software 2021 financial statements.

The income statement was primarily impacted by a decrease of approximately €2.3 million in travel expenses, seminar costs and telecommunication expenses due to increased working from home.

Free share plan

Each year, Axway Software SA distributes free shares to employees subject either to a condition of presence or a condition of presence and performance conditions.

In March 2021, the LTI C plan expired and the shares were delivered. An employee expense of €281 thousand was recognised in respect of these shares.

For the plans expiring in 2022, it was decided to purchase shares on the stock market *via* CM-CIC. The cost of this transaction at 31 December 3021 is €9.5 million. As Axway Software SA cannot bear this cost alone, the subsidiaries will be rebilled based on the number of free shares granted to their employees. A provision of €21.6 million was recorded for the purchase of treasury shares for distribution under the free share plans. Accrued income of €17.7 million was recognised between Axway Software and its subsidiaries.

Axway Switzerland

A new entity, Axway Switzerland, was created in March 2021 with a share capital of CHF20 thousand (€18 thousand). Its registered office is in Geneva.

6.3.1.2 Accounting policies and valuation rules

The annual financial statements were drawn up pursuant to French legal and regulatory provisions as defined in ANC Regulation no. 2014-03 of 5 June 2014 issued by the *Autorite des Normes Comptables* (French Accounting Standards Authority), updated for additional regulations issued as of the date of preparation of the annual financial statements.

These principles were applied on a prudent basis and in accordance with the following underlying assumptions:

- going concern basis;
- consistency of accounting methods year-on-year with the exception of retirement benefit commitments;
- accruals basis;

and in accordance with general guidelines for the preparation and presentation of annual financial statements.

Research & Development

All research expenses are recognised as charges in the year they are incurred.

Project development costs may be capitalised if all of the following can be demonstrated:

- the technical feasibility of completing development of the intangible asset so that it will be available for use or sale;
- the intention of completing development of the intangible asset and of using or selling it;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

No software package development expenses have been recognised under intangible assets, as all of the above conditions have not been met.

Following the comprehensive transfer of all Systar's assets and liabilities, the research and development expenses capitalised by Systar were transferred to Axway Software and continue to be amortised in accordance with the initial amortisation schedule.

Purchased software

Purchased software mainly corresponds to the asset contribution performed by Sopra group in 2001 and to the intellectual property rights for the Cyclone and Tumbleweed software purchased from Axway Inc. in 2010 and 2011 and for the LiveDashboard software purchased from Access UK in 2012. It also includes intellectual property transferred as part of the Systar comprehensive asset transfer in 2015 and the Streamdata.io comprehensive asset transfer in 2019.

The contributed software was recognised at the net carrying amount recorded in Sopra group's financial statements at 31 December 2000. It is amortised on a straight-line basis over 3, 5 or 10 years.

The Cyclone and Tumbleweed software was recognised at purchase cost, as calculated by an independent expert in the USA. The Cyclone software is amortised over six years for accounting purposes and one year for tax purposes. The Tumbleweed software is amortised over 12 years for accounting purposes.

The LiveDashboard software which was amortised over 8 years for accounting purposes has been amortised in full.

The intellectual property contributed by Systar was amortised in full by the end of 2014 and the intellectual property contributed by Streamdata.io is amortised over 10 years for accounting purposes.

Business goodwill

The business goodwill comes from the partial contribution of assets from the EAI (Enterprise Application Integration) division as well as from the comprehensive asset transfer of Systar and Streamdata.io.

Business goodwill has unlimited useful life and is not systematically amortised. If appropriate, impairment may be recognised. Amortisation applied prior to 1 January 2001 in the financial statements of Sopra group has been retained in balance sheet assets.

The Company performs impairment testing on its business goodwill at each year-end and whenever there is indication of impairment. Impairment is recognised if the net carrying amount of the business goodwill is greater than its current value (higher of fair value and value in use).

Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the useful economic lives of each non-current asset category as follows:

Fittings and fixtures	5 to 10 years
Equipment and tooling	3 to 5 years
Furniture and office equipment	5 to 10 years

Equity investments

On initial recognition, equity investments are recognised at their acquisition or subscription price.

The carrying amount of equity investments corresponds to their value-in-use.

Impairment is recognised if the value-in-use of equity investments, which includes the net assets of subsidiaries and an analysis of the growth and profitability outlook, is lower than the carrying amount in the financial statements. The analysis of the growth outlook may involve an estimate based on discounted cash flows. In this case, cash flows are determined on the basis of available data and five-year forecasts. A perpetual growth rate of 2.3% is applied from the start of the sixth year. The cash flows resulting from these forecasts are then discounted using a rate of 7.8%.

Revenue

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

- the right of use under license of software packages;
- "Software as a service", "Axway managed" and "Customer managed" Subscription services;
- maintenance;
- ancillary services: installation, settings, adaptation, training.

a. In general, separate contracts are concluded with customers for licenses and maintenance on the one hand, and ancillary services on the other hand

In this situation, the various elements comprising contracts are accounted for as follows:

- license revenue is recognised immediately on delivery, as license sale agreements constitute, in substance, a sale of rights. Delivery is considered to have taken place when all contractual obligations have been fulfilled, *i.e.* when any remaining services to be provided are insignificant and are not liable to challenge the customer's acceptance of goods supplied or services rendered;
- maintenance revenue is recognised *prorata temporis*, and is generally billed in advance;

- services revenue is generally recognised on a time spent basis and is recognised when the services are performed. Services are sometimes provided under fixed-price contracts, in which case they are recognised using the percentage-of-completion method described in paragraph e. below.

b. Services provided under a Software as a Service contract

The supplier transfers control of the service progressively to the customer and hence, recognises revenue progressively: "the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs".

c. Contracts comprising separate services (license, maintenance, ancillary services, etc.) may sometimes be negotiated on a fixed-price basis

In this situation, the contract transaction price is allocated to each service as follows: revenue attributable to the license is equal to the difference between the total contract amount and the fair value of its other services, *i.e.* maintenance and ancillary services. The fair value of the other components is determined when possible based on list prices applied in the case of a separate sale or alternatively, based on selling prices determined by management founded on best estimates. The residual amount attributed to the license is recognised at the time of delivery.

d. In fairly rare instances, ancillary services may be considered essential to the operation of a software package or the delivery of the Software as a Service solution

This may arise on the sale of software packages for very complex projects, where completion may be subject to particular risks. The project is then examined as a whole and is the focus of specific monitoring by the Quality Department. It is accounted for using the percentage of completion method described in paragraph e. below.

Where preliminary work is performed that is considered essential to the implementation of the Software as a Service solution, the contract is considered as a whole and revenue is recognised progressively over the contract term as described in paragraph b. above.

e. Technical assistance, consulting, training and projects provided on an ongoing contract basis

These services are recognised when performed, *i.e.* in general at the time of invoicing.

Operations are reviewed at each reporting date:

- services rendered but not yet, or only partially, invoiced are measured on the basis of billable time and the contractual billing rates. They are recognised in revenue and are recorded in the balance sheet under *Trade receivables* in *Accrued income;*
- services already billed but not yet entirely performed are deducted from invoiced revenue and recorded in the balance sheet under *Other current liabilities* in *Deferred income*.

f. Services covered by fixed-price contracts

Under such contracts the Group commits itself to a price, a result and a deadline. Revenue and profit generated by a contract are recognised based on a technical assessment, in line with the Group's quality procedures, of the contract's degree of completion.

Trade receivables

Trade receivables are recognised using the methods specified above.

A separate estimate is carried out for each trade receivable at the end of the fiscal year and impairment is recognised in the event of a risk of non-recovery linked to collective proceedings. Doubtful receivables for which legal proceedings have not been instigated are covered by accrued credit Notes.

Transactions in foreign currencies

Income and expense items denominated in foreign currencies are recognised at their euro-equivalent at the transaction date.

Receivables and liabilities denominated in foreign currencies existing at the reporting date are translated at the prevailing rate at this date. Translation gains or losses are recorded in the balance sheet under Translation adjustments.

A contingency provision is recorded to cover unrealised foreign exchange losses not offset.

Foreign currency cash accounts existing at the reporting date are translated at the prevailing rate at this date. The resulting translation gains or losses are recorded in profit or loss.

Foreign exchange gains and losses are recorded in Operating profit or Net financial income depending on the nature of the transactions generating the gains or losses.

Retirement benefits

Since 2004, Axway Software has provisioned its retirement benefits in accordance with the terms of the Syntec collective bargaining agreement regarding retirement and pensions.

Axway Software's obligation to its employees is determined on an actuarial basis, using the projected unit credit method: the employer's discounted obligation is recognised in proportion to the probable length of service of the employees, taking into account actuarial assumptions such as future compensation levels, life expectancy and employee turnover. We assumed a discount rate of 1.10%, a salary increase rate of 2.50% and an average five-year turnover rate of between 0 and 20% depending on the age bracket. The turnover calculation was updated for the latest recommendations, which call for the inclusion of resignations only. The male-female mortality table used for our forecasts is the INSEE 2016-2018 table. Among these assumptions we adopted 65 as the retirement age. Changes in actuarial assumptions that affect the valuation of the obligation are recognised as actuarial gains and losses. Axway Software uses the corridor method.

Change in accounting method for retirement benefits

Following the 17 November 2021 update to the ANC recommendation no. 2013-02 of 7 November 2013 on the measurement and recognition of retirement benefits and similar commitments, the Company conducted additional work on the measurement of its retirement benefit commitments.

The ANC considers that certain post-employment benefits plans in France, including retirement termination payments, fall within the application scope of the IFRS IC decision amending the method of allocating service costs to periods of service.

This change has no effect on the method of determining retirement benefit commitments recognised by Axway Software and has no impact on the accounts.

6.3.2 Notes to the balance sheet

6.3.2.1 Non-current assets

Intangible assets

(in thousands of euros)	Share capital increase costs	Research and development expenses	Concessions, patents, similar rights	Business goodwill	Systar customer base	Total
Gross value						
At 1 January 2021	**50**	**32,055**	**57,073**	**38,830**	**5,667**	**133,676**
Acquisitions	-	-	14	-	-	14
Intangible assets under construction	-	-	-	-	-	-
Disposals	-	-	-677	-	-	-677
At 31 December 2021	**50**	**32,055**	**56,410**	**38,830**	**5,667**	**133,013**
Amortisation						
At 1 January 2021	**50**	**32,055**	**49,586**	**35**	**2,699**	**84,426**
Charge	-	-	2,047	-	540	2,587
Reversal	-	-	-643	-	-	-643
At 31 December 2021	**50**	**32,055**	**50,989**	**35**	**3,239**	**86,369**
Net value						
At 1 January 2021	**-**	**-**	**7,488**	**38,795**	**2,968**	**49,250**
At 31 December 2021	**-**	**-**	**5,420**	**38,795**	**2,428**	**46,643**

Software development costs totalled €17,679 thousand in fiscal year 2021 and were expensed in full (see Note 6.3.1.2).

Concessions, patents and similar rights consist mainly of software contributed by Sopra group in 2001 and acquired from Axway Inc. in 2010 and 2011 and Access UK in 2012, as well as assets forming part of the comprehensive transfer of all Systar's assets in 2015 and Streamdata.io's assets in 2019.

Impairment testing of business goodwill shows value-in-use, calculated according to the cash flow method, greater than the net carrying amount. A discount rate of 7.8% and a perpetual growth rate of 2.3% were applied.

Property, plant and equipment

(in thousands of euros)	Technical installations	Fittings and installations	Furniture and office equipment	Total
Gross value				
At 1 January 2021	**12,463**	**3,395**	**1,203**	**17,061**
Acquisitions	726	13	1	740
Capitalisation of Y-1 PP&E under construction	-	-	-	-
PP&E under construction	-	-	-	-
Assets scrapped	-1,770	2	-	-1,769
Disposals	-	-	-	-
At 31 December 2021	**11,419**	**3,409**	**1,204**	**16,032**
Depreciation				
At 1 January 2021	**9,423**	**1,322**	**520**	**11,265**
Charge	1,067	345	115	1,526
Reversal	-1,762	-	-	-
At 31 December 2021	**8,728**	**1,667**	**635**	**11,030**
Net value				
At 1 January 2021	**3,040**	**2,072**	**683**	**5,795**
At 31 December 2021	**2,691**	**1,742**	**569**	**5,002**

Purchases of technical installations consist solely of IT equipment.

Financial assets

(in thousands of euros)	Equity investments	Receivables from equity investments	Loans and other non-current financial assets	Total
Gross value				
At 1 January 2021	**247,022**	**55,676**	**2,132**	**304,830**
Acquisitions/Increase	18	7,818	323	8,159
Disposals/Decrease	-	-5,628	-208	-5,836
At 31 December 2021	**247,041**	**57,866**	**2,246**	**307,153**
Impairment				
At 1 January 2021	**19,950**	**1,560**	**-**	**21,510**
Charge	-	52	4	56
Reversal	-	-	-	-
At 31 December 2021	**19,950**	**1,612**	**4**	**21,566**
Net value				
At 1 January 2021	**227,072**	**54,116**	**2,132**	**283,320**
At 31 December 2021	**227,090**	**56,254**	**2,243**	**285,587**

Details concerning equity investments are provided in the "Subsidiaries and equity investments" table presented in Note 6.3.4.7.

a. Gross amounts

In 2021, movements in investments concern the creation of a new entity, Axway Switzerland, with a share capital of CHF20 thousand, or €18 thousand.

The increase in receivables from equity investments is mainly due to the increase in the receivable from our subsidiary, Axway Ireland, of +€3.1 million and the receivable from our new subsidiary, Axway Switzerland, of €363 thousand.

The increase in Loans and other non-current financial assets is due to an increase in Other long-term receivables of +€317 thousand. The balance on the market-making agreement with Kepler for market-making in Axway Software SA shares decreased -€191 thousand.

b. Impairment

Following an increase in the Axway Do Brasil current account at the end of 2021 an impairment of €52 thousand was recorded.

The €4 thousand impairment of Loans and other non-current financial assets concerns the market-making agreement with Kepler.

6.3.2.2 Current assets

Trade receivables

(in thousands of euros)	2021	2020	2019
Non-Group customers	25,490	30,324	34,042
Accrued income	46,620	27,509	33,450
Group customers	10,528	10,583	13,589
Doubtful receivables	72	61	59
Provision for doubtful receivables	-5,526	-4,315	-3,914
Total	**77,184**	**64,162**	**77,226**

Trade receivables are recognised in assets at net value. Impairments concerned Doubtful receivables and the Axway Do Brasil receivable. Accrued income increased €19.1 million due to inter-company accrued income (+€20.8 million), partially offset by a decrease in non-group accrued income (-€1.7 million).

Other receivables, prepayments and accrued income

(in thousands of euros)	2021	2020	2019
Income tax	6,295	7,960	7,459
Withholding tax	0	0	559
VAT	1,040	1,368	1,926
Other receivables	778	1,751	1,601
Prepaid expenses	5,492	5,187	4,261
Unrealised foreign exchange losses	7,096	11,996	5,899
Total	**20,700**	**28,262**	**21,706**

Research Tax Credit - transferred receivables

(in thousands of euros)	Nominal sold	Amount received	Commission	Year of sale	Date of repayment	Receivable extinguished	Stock at 31/12/2021
2018 research tax credit	7,948	7,890	58	2,019	15.05.2022	No	7,948
2019 research tax credit	8,254	8,129	125	2,020	15.05.2023	No	8,254
2020 research tax credit	7,960	7,834	126	2,021	15.05.2024	No	7,960
Total	**24,163**	**23,853**	**310**				**24,163**

Impairment of current assets

(in thousands of euros)	Amount at start of year	Charge	Reversal	Amount at end of year
Impairment of trade receivables	4,315	1,211	0	5,526
Total	**4,315**	**1,211**	**0**	**5,526**

Charges to impairment mainly concern receivables from our subsidiary Axway Software Do Brasil.

6.3.2.3 Shareholder's equity

Share capital

Axway Software's share capital was €43,267,194 at 31 December 2021 and comprised 21,633,597 shares, with a par value of €2 each.

The Company holds 11,918 treasury shares under the market-making agreement.

Statement of changes in equity

(in thousands of euros)	Share capital	Issue premiums	Legal reserve	Discretionary reserves	Net profit (loss) for the year	Tax-driven provisions	Retained earnings	Total
At 1 January 2021	**42,702**	**111,541**	**4,245**	**88,809**	**-18,163**	**-**	**14,847**	**243,981**
Appropriation of 2020 earnings	-	-	-	-8,540	18,163	-	-18,245	-8,623
Share capital increase	284	-	-	-284	-	-	-	-
Options exercised	281	1,840	-	-	-	-	-	2,121
Profit (loss) for the year	-	-	-	-	-7,843	-	-	-7,843
At 31 December 2021	**43,267**	**113,380**	**4,245**	**79,985**	**-7,843**	**-**	**-3,399**	**229,636**

The exercise of share subscription options in 2021 led to the creation of 140,650 shares and the recognition of issue premiums of €1,840 thousand.

In addition, a share capital increase led to the issue of 141,881 shares for a total value of €284 thousand on the expiry of the LTIC plan.

Share subscription option plans

	Initial position		Option exercise period		Position at 1 January		Change in the period, number of options			Position at 31/12/2021	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	granted	cancelled	exercised	Number of options	Exercise price
PLAN N° 3 - 2011 stock option plan, maximum issue of 1,033,111 shares*											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2021	63,675	€14.90	-	-7,325	-56,350	-	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2021	66,375	€14.90	-	-7,325	-59,050	-	€14.90
28/03/2013	131,250	€15.90	28/09/2015	18/11/2021	12,201	€15.90	-	-	-12,201	-	€15.90
28/03/2013	131,250	€15.90	28/03/2018	18/11/2021	13,049	€15.90	-	-	-13,049	-	€15.90
Total plans	**1,394,850**				**155,300**		**-**	**-14,650**	**-140,650**	**-**	

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

140,650 share subscription options were exercised during fiscal year 2021.

14,650 share subscription options were cancelled in 2021 following the departure of the beneficiaries or failure to exercise the options.

At 31 December 2021, there remained no options outstanding under the 2011 and 2013 grants.

The average closing share price in 2021 was €27.84.

6.3.2.4 Provisions for contingencies and losses

(in thousands of euros)	Amount at start of year	Charge	Reversal (used provisions)	Reversal (unused provisions)	Amount at end of year
Provisions for disputes	538	58	50	12	535
Provisions for foreign exchange losses	11,996	7,096	-	11,996	7,096
Provisions for retirement benefits	7,269	558	189	-	7,638
Provisions for tax	787	-	-	496	291
Provisions for stock options	183	21,622	201	-	21,603
Total	**20,774**	**29,333**	**441**	**12,504**	**37,163**

Provisions were recorded chiefly in relation to financial risks on retirement benefit commitments, foreign exchange losses, Human Resources disputes, as well as litigation related to the tax audit.

Axway Software provides for its commitments to employees in accordance with the provisions of the Syntec collective bargaining agreement on retirement plans, as amended in 2004 pursuant to the retirement reform measures introduced by the Law of 21 August 2003.

The total commitment for retirement benefits amounted to €7,638 thousand. Actuarial differences not recognised on the balance sheet at year-end 2021 totalled €867 thousand (see Note 6.3.1.2).

Assumptions relating to procedures for departures take into account changes in legislation in order to reflect the Group's best estimates at the reporting date:

- the Social Security Financing Act for 2008 introduced a contribution to be paid by the employer on benefits due to an employee whose retirement is at the request of the employer. This 50% contribution applies irrespective of the age of the employee;
- effective from 1 January 2009, an employer may no longer unilaterally require employees to retire unless they have reached the age of 70. For employees between the ages of 65 and 70, the employer is required to ask the employees if they wish to retire.

These successive changes are considered by the Group as changes in actuarial assumptions for the following reasons:

- the changes introduced by the new legal provisions do not have a direct impact on the gross amount received by employees;
- the agreements in existence at the effective date of the law were not amended: benefits awarded to employees may change at a later date once a new agreement has been concluded;
- the abolition of a departure procedure and the introduction of the contribution on the severance indemnity payable in the event of employer-imposed retirement led to a revision by the Group of its actuarial assumptions.

Other assumptions such as turnover, mortality and discount rate are updated regularly to refine the calculation of retirement commitments (see Note 6.3.1.2).

6.3.2.5 Liabilities

Financial debt

(in thousands of euros)	Amount at start of year	New borrowings	Repayments	Amount at end of year
Syndicated credit facility	36,000	60,000	36,000	60,000
Bank loans	4,206	138	2,457	1,887
Employee profit-sharing fund	986	-	488	498
Loans from equity investments	50,624	7,030	10,916	46,737
Accrued interest on financial debt	83	81	83	81
Total	**91,899**	**67,248**	**49,944**	**109,203**

Axway Software contracted a multi-currency €125 million revolving credit facility with six banks in July 2014, which it renewed in January 2019. This credit facility was secured to finance acquisitions as well as the Group's general funding needs. It is not amortised and the initial maturity of July 2021 was then set at January 2024 and extended to January 2026.

During the drawdown period, interest is payable at Euribor plus a spread adjusted every six months to reflect the change in the ratio: Net debt/EBITDA.

This facility is subject to a use and non-use fee. The three financial ratios provided in the credit facility agreement were complied with at 31 December 2021.

Two further drawdowns were performed on the RCF in 2021. In September 2021, the Group performed an initial drawdown of €10 million. This was followed by a second drawdown of €50 million in November 2021, after repayment of the €36 million drawdown performed in November 2017.

Note that during the year, a total of €1.5 million was also repaid on the 2015 and 2016 BPI loans and €1 million on the 2016 loan from Banque Populaire.

Loans contracted in 2016 have all been repaid.

Employee profit-sharing funds include the special profit-sharing reserve managed by Axway Software in current accounts that are blocked for a certain period. An agreement struck in 2011 also enables employees to opt for external management in multi-company mutual funds.

Loans from equity investments solely concern current accounts with the Group's companies.

Trade accounts payable

(in thousands of euros)	2021	2020	2019
Trade accounts payable - non-Group	1,625	2,743	4,456
Accrued expenses	22,682	18,525	22,905
Trade accounts payable - Group	6,651	2,863	2,980
Total	**30,958**	**24,131**	**30,341**

Tax and employee-related payables

(in thousands of euros)	2021	2020	2019
Employee-related payables	5,540	8,021	6,456
Social security bodies	5,431	6,942	5,977
Withholding tax	352	356	415
Income tax	0	0	0
VAT	4,952	6,222	7,676
Other taxes	98	98	26
Total	**16,373**	**21,640**	**20,550**

Other liabilities, accruals and deferred income

(in thousands of euros)	2021	2020	2019
Customer payments on account	545	258	391
Amounts payable on non-current assets	295	446	371
Group and associates	0	0	1,150
Other liabilities	685	1,200	1,411
Deferred income	28,421	28,878	27,164
Unrealised foreign exchange gains	685	655	750
Total	**30,631**	**31,437**	**31,237**

Deferred income comprises the portion of billings issued in advance on fixed-price and maintenance and Subscription contracts.

6.3.3 Notes to the income statement

6.3.3.1 Revenue

Revenue breaks down as follows by business:

(in percentage)	2021	2020	2019
Licences	5.2%	4.9%	14.7%
Support and maintenance	41.2%	58.4%	50.6%
Integration and training services	24.6%	27.1%	24.0%
Subscriptions	29.0%	9.6%	10.8%
Revenue	**100.0%**	**100.0%**	**100.0%**

2021 revenue of €167.3 million includes €99.4 million generated outside France.

6.3.3.2 Compensation granted to members of administrative and management bodies

Directors' fees totalling €330 thousand were paid to directors in March 2021.

Compensation paid in 2021 to governing and management bodies totalled €156.9 thousand.

6.3.3.3 Net financial income (expense)

(in thousands of euros)	2021	2020	2019
Dividends received from equity investments	-	1,823	2,586
Interest on bank borrowings and similar charges	-516	-516	-506
Interest on employee profit-sharing	-44	-80	-124
Discounting of retirement benefits (provision)	-33	-72	-106
Losses on receivables from equity investments	-	-822	-
Interest received and paid on Group current accounts	280	373	420
Foreign exchange gains and losses (including provisions)	4,601	-5,434	-5,335
Charges net of reversals to financial provisions, before foreign exchange impact	-56	1,238	9,049
Other financial income and expense	-151	-146	-160
Net financial income (expense)	**4,082**	**-3,637**	**5,825**

A breakdown of dividends received is presented in the table of subsidiaries and associates (see Note 6.3.4.7).

6.3.3.4 Exceptional items

In 2021, the net exceptional loss of €4,669 thousand mainly comprises:

- commercial debt waivers of €4,227 thousand;
- expenses relating to the acquisition and implementation of the Workday software of €1 million;
- provisions for contingencies and losses relating to free shares purchased and to be purchased for €21.6 million;
- the provision for accrued income concerning free shares to be granted to subsidiaries of €17.7 million;
- expense transfers concerning free shares to be granted to French employees of €3.9 million.

6.3.3.5 Employee profit-sharing

A profit-sharing agreement was signed in June 2018 in accordance with Articles L. 3311-1 *et seq.* of the French Labour Code (*Code du Travail*) for a period of three years. This agreement was renewed on 30 June 2021 and will expire at the end of 2023.

Employee profit-sharing of €790 thousand was calculated for fiscal year 2021.

6.3.3.6 Income tax expense

Tax system

Axway Software elected to apply the tax group scheme set out in Articles 223 A *et seq.* of the French General Tax Code (*Code General des Impots*) with effect from 1 January 2019. Under the tax group agreement signed between Axway Software and its fully consolidated subsidiaries, tax losses realised by the subsidiaries during the tax group period are definitively transferred to Axway Software.

The tax group comprises the parent company and its two wholly owned subsidiaries, Axway Distribution France and Axway SAS.

Research tax credits

Axway Software received research tax credits for 2021 in the amount of €6,295 thousand.

Breakdown of tax between recurring and exceptional income

(in thousands of euros)	2021	2020	2019
Tax on recurring operations	-	128	1,280
Tax on exceptional items	-	-	-257
Tax audit	488		
Additional contribution	-	-	-
Research tax credits	-6,295	-8,056	-8,539
Other tax credits	-	-	-43
Total income tax expense	**-5,807**	**-7,928**	**-7,559**

Deferred tax position

(in thousands of euros)	Base					
	Start of the fiscal year		Change		End of the fiscal year	
	Asset	Liability	Asset	Liability	Asset	Liability
I. Certain or potential timing differences						
Tax-driven provisions	--	--	--	--	--	--
Investment grants	--	--	--	--	--	--
Temporary non-deductible expenses						
• To be deducted the following year						
• Employee profit sharing	-	-	-	-	-	-
• C3S contribution	88	-	-	2	86	-
• Construction levy	180	-	7	-	187	-
• To be deducted thereafter						
• Provision for retirement commitments	7,269	-	368	-	7,638	-
• Other	-	-	-	-	-	-
Temporary non-taxable income						
• Net short-term capital gains	-	-	-	-	-	-
• Capital gains on mergers	-	-	-	-	-	-
• Deferred long-term capital gains	-	-	-	-	-	-
Expenses deducted (or income taxed) for tax purposes						
• Deferred charges	-	-	-	-	-	-
• Unrealised foreign exchange gains	655		30	-	685	
Total	**8,192**		**405**	**2**	**8,595**	
II. Items to be charged						
Tax losses carried forward	**44,400**	**-**	**-**	**21,784**	**66,184**	**-**
Long-term capital losses	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**
III. Contingent taxable items						
Capital gains on non-depreciable assets contributed on merger	**-**	**762**	**-**	**-**	**-**	**762**
Special long-term capital gains reserve	**-**	**-**	**-**	**-**	**-**	**-**
Special reserve for construction profits	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**

6.3.4 Other information

6.3.4.1 Maturities of receivables and payables at the fiscal year end

Receivables

(in thousands of euros)	Gross amount	Within one year	One to five years
Non-current assets			
Receivables from equity investments	57,866	-	57,866
Other non-current financial assets	2,246	1,141	1,105
Current assets			
Doubtful or disputed receivables	72	-	72
Other trade receivables	82,638	82,638	-
Employee-related receivables	172	172	-
Social security bodies	1	1	-
VAT	1,040	1,040	-
Tax credits	6,295	-	6,295
Other taxes	-	-	-
Other receivables	604	604	-
Prepayments and accrued income	12,588	11,811	776
Total	**163,522**	**97,407**	**66,115**

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

Payables

(in thousands of euros)	Gross amount	Within one year	One to five years
Bank debt			
• 2 years maximum at outset	81	81	-
• More than 2 years maximum at outset	61,887	61,137	750
Other financial debt	498	498	-
Group and associates	46,737	-	46,737
Trade accounts payables	30,958	30,958	-
Employee-related payables	5,540	5,540	-
Social security bodies	5,431	5,431	-
State and public bodies			
• Withholding tax	352	352	-
• VAT	4,952	4,952	-
• Other taxes	98	98	-
Amounts payable on non-current assets	295	295	-
Other liabilities	1,230	1,230	-
Accruals and deferred income	29,106	29,106	-
Total	**187,165**	**139,677**	**47,487**

6.3.4.2 Accrued income and expenses

(in thousands of euros)	
Accrued income	
Trade accounts payable - Credit notes receivable	453
Trade receivables - Sales invoice accruals	46,620
Tax and social security receivables	783
Total	**47,857**
Accrued expenses	
Accrued interest	81
Trade accounts payable - Purchase invoice accruals	22,682
Trade receivables - Credit Notes to be issued	657
Tax and employee-related payables	9,314
Other liabilities	170
Total	**32,903**

Tax and social security receivables correspond to VAT on purchase invoice accruals of €728 thousand and VAT on credit notes to be issued of €54 thousand.

Tax payables mainly correspond to VAT on sales invoice accruals of €184 thousand and amounts payable to the French State, including the CVAE corporate value-added contribution for €31 thousand and the C3S contribution for €89 thousand. Employee-related payables mainly comprise provisions for paid leave (€2.7 million) and bonuses payable (€6.3 million), amounts expensed.

6.3.4.3 Employees

The average workforce in 2021 totalled 477 employees, and the number of employees at 31 December 2021 was 466.

6.3.4.4 Statutory Audit fees

Audit fees of €304 thousand are recorded in the income statement, including €284 thousand for the statutory audit of the accounts and €20 thousand for non-audit services. Non-audit services mainly comprise the report on related-party transactions, the review of the Management report and the attestation on financial ratios.

6.3.4.5 Off-balance sheet commitments

(in thousands of euros)	
Discounted Notes not yet due	None
Bank guarantees in place of security deposits for leased premises	328
Bank guarantees for completion bonds	107
Bank guarantees guaranteeing payment of tax liabilities	177
Bank guarantees guaranteeing payment of supplier invoices	None
Unfunded retirement commitments (actuarial differences)	-867
Guarantees given to subsidiaries to guarantee tender bids	None
Guarantees given to subsidiaries to guarantee leases	None
CEO severance compensation	667
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. The date for lifting this guarantee was set at 30 June 2021, without possibility to bring this date forward. The funds are currently being returned.

In May 2013, a similar guarantee amounting to €41 thousand was arranged when setting-up the new Puteaux 3 site, to which a supplement of €62 thousand was added in 2015, following the lease of a new floor. This guarantee must be lifted by the lessor or alternatively by sending the original documents to the bank. We have taken the necessary steps to obtain the return of these funds from the former lessor.

Bank completion bonds stood at €107 thousand at 31 December 2021.

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

Retirement commitments

At the end of 2021, the unfunded part of the retirement commitment stood at €867 thousand.

Severance pay

Severance pay for the Chief Executive Officer was set at US$756 thousand (or €667 thousand at the dollar exchange rate on 31 December 2021).

6.3.4.6 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.

6.3.4.7 List of subsidiaries and equity investments

Company *(in euros)*	Share capital	Equity other than share capital	Share capital held *(in %)*	Carrying amount of securities held		Outstanding loans and advances granted by the Company	Last fiscal year revenue, excl. VAT	Last fiscal year profit (loss)	Dividends received by the Company during the fiscal year
				Gross	Net				
Axway Software (France)									
Axway UK Ltd (United Kingdom)	119,008	(182,589)	99.998%	148,270	148,270	-	13,992,313	126,310	-
Axway GmbH (Germany)	425,000	25,216,347	100%	23,038,194	23,038,194	-	28,295,083	4,215,198	-
Axway Srl (Italy)	98,040	(39,815)	100%	98,127	98,127	-	3,892,507	21,887	
Axway Software Iberia (Spain)	1,000,000	(84,706)	100%	1,000,000	1,000,000	-	3,969,760	84,643	-
Axway Nordic (Sweden)	9,756	956,540	100%	20,706,080	848,061	-	4,138,279	(123,463)	-
Axway Inc. (United States)	3	102,335,411	100%	154,946,354	154,946,354	52,411,916	168,723,680	3,138,388	-
Axway BV (Holland)	18,200	(1,500)	100%	200,000	200,000	-	5,340,382	(2,005)	-
Axway Belgium (Belgium)	1,000,000	(386,353)	99.9%	999,000	999,000	-	8,546,636	367,641	-
Axway Romania Srl (Romania)	10,606	2,501,087	100%	1,972,250	1,972,250	375,412	14,862,521	952,929	-
Axway Software (France)	45,000	(20,315)	100%	45,000	-	1	-	(1,153)	-
Axway Pte Ltd (Singapore)	130,899	26,144	100%	1	1	-	8,859,914	680,213	-

Company *(in euros)*	Share capital	Equity other than share capital	Share capital held *(in %)*	Carrying amount of securities held		Outstanding loans and advances granted by the Company	Last fiscal year revenue, excl. VAT	Last fiscal year profit (loss)	Dividends received by the Company during the fiscal year
				Gross	Net				
Axway Ltd (Hong Kong)	11,321	459,059	100%	1	1	-	2,031,324	54,012	-
Axway Pty (Australia)	64,041	43,526	100%	1	1	-	7,954,740	447,402	-
Axway Software China (China)	1,578,751	(1,344,420)	100%	1	1	-	1,341,938	(220,954)	-
Axway Bulgaria EOOD (Bulgaria)	2,556	913,210	100%	979,844	979,844	-	14,417,694	1,290,630	-
Axway Distribution France (France)	33,000	(15,479)	100%	34,800	-	6,500	-	(1,193)	-
Axway Ltd (Ireland)	141,815	14,111,870	100%	42,841,900	42,841,900	3,104,396	20,983,013	(13,941,940)	-
Axway Software Do Brasil (Brazil)	8,801	(5,631,897)	99.991%	12,543	-	1,605,657	5,356,913	(1,477,787)	-
Axway Switzerland (Switzerland)	19,359	0	100%	18,209	18,209	362,985	523,231	929	-

6.4 Summary Axway Software SA results for the past five fiscal years

(in euros)	2021	2020	2019	2018	2017
Share capital at end of fiscal year					
Social capital	43,267,194	42,702,132	42,450,762	42,450,762	42,420,462
Number of ordinary shares outstanding	21,633,597	21,351,066	21,225,381	21,225,381	21,210,231
Number of bonds convertible into shares					
Transactions and results for the fiscal year					
Revenue excluding VAT	167,254,376	156,706,577	163,568,230	157,202,173	162,089,972
Profit (loss) before tax, employee profit-sharing and incentive schemes, depreciation, amortisation and provisions	8,853,621	-15,140,745	12,541,571	19,905,290	13,460,840
Income tax	-5,806,999	-8,063,764	-7,559,470	-6,559,179	-11,050,179
Employee profit-sharing, incentive schemes, depreciation, amortisation and provisions	754,623	903,829	714,193	555,044	130,049
Profit (loss) after tax and employee profit-sharing, depreciation, amortisation and provisions	-7,843,108	-18,162,775	14,828,878	22,812,473	16,983,375
Distributed earnings	8,653,439	8,540,426	0	8,490,152	4,242,046
Earnings per share					
Profit (loss) after tax and employee profit-sharing, but before depreciation, amortisation and provisions	0.64	-0.37	0.91	1.22	1.15
Profit (loss) after tax and employee profit-sharing, depreciation, amortisation and provisions	-0.36	-0.85	0.70	1.07	0.80
Dividend per share	0.40	0.40	0.00	0.40	0.20
Employee data					
Average number of employees during the fiscal year	477	483	489	477	577
Total payroll for the fiscal year	43,808,036	41,973,124	38,739,302	39,316,093	43,762,519
Total benefits paid for the fiscal year (social security, employee welfare, etc.)	17,927,150	19,729,625	17,603,997	17,086,210	19,094,590

6.5 Statutory Auditors’ report on the annual financial statements

This is a translation into English of the Statutory Auditors’ report on the annual financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors’ report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2021

To the General Meeting of Axway Software,

1. Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying annual financial statements of Axway Software for the year ended 31 December 2021.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

2. Basis for opinion

2.1. Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

2.2. Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

3. Emphasis of matter

We draw your attention to the following matter described in Note 1.2 “Accounting principles and valuation rules” to the annual financial statements on the update to ANC recommendation no. 2013-02 on the measurement and recognition of retirement benefits and similar commitments and its impact on the annual financial statements. Our opinion in not modified in respect of this matter.

4. Justification of our assessments - Key audit matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the annual financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

4.1.Measurement of business goodwill

(Notes 1.2 and 2.1 to the annual financial statements).

Risk identified

At 31 December 2021, net business goodwill of €38.8 million was recognised in the balance sheet.

The assets involved are not systematically amortised but are tested for impairment at each year-end and whenever there is an indication of an impairment loss, as stated in Note 1.2 to the annual financial statements.

Impairment is recognised if the net carrying amount of the business goodwill is greater than its present value, which corresponds to the higher of the market value and value-in-use.

We considered measurement of business goodwill to be a key audit matter, in view of its material significance in the annual financial statements, and because of the need for management to exercise judgement in appraising the present value.

Our response

Our audit of the annual financial statements included the following procedures, in particular:

- examining the rules and procedures for conducting impairment testing;
- assessing the reasonableness of the main management estimates, and particularly the cash flow forecasts, the perpetual growth rate and the discount rate adopted;
- analysing the forecasts for consistency with historic performance.

4.2.Revenue recognition

(Notes 1.2 and 3.1 to the annual financial statements).

Risk identified

The Company's activity comprises several business lines including the sale of licenses, maintenance and support services, integration and training services and finally subscriptions.

As disclosed in Note 1.2 "Revenue recognition" to the annual financial statements, the revenue recognition method depends on the nature of the services rendered and particularly:

- License revenue is recognised immediately upon delivery, which is considered completed when all contractual obligations have been fulfilled, i.e. when any remaining services to be provided are non-material and not liable to call into question the customer's acceptance of goods supplied.
- Software as a service subscription revenue is recognised progressively as Axway transfers control of the service.
- Maintenance revenue is recognised on a time-apportioned basis.
- Services revenue is generally recognised on a time spent basis and is recognised when the services are performed. Services are sometimes provided under fixed-price contracts, in which case they are recognised using the percentage-of-completion method.
- Where contracts comprise multiple components (license, maintenance, related services, etc.), revenue is generally recognised by applying the above methods after allocating the different revenue amounts to each activity. The amount of revenue attributable to the license is equal to the difference between the total contract amount and the actual value of its other component services: maintenance, related services.

In this context, the audit risks concern in particular the correct separation of fiscal years and the rules and procedures for apportioning revenue to contracts with multiple components.

We considered revenue recognition to be a key audit matter given Management judgements and estimates underlying revenue and the diversity of Axway activities as a software publisher.

Our response

Our audit approach is based on the assessment of the internal control procedures put in place by the Company in order to verify the measurement, occurrence and proper separation of fiscal years for revenue and on substantive audit procedures.

Our work included the following, in particular:

- Assessing internal control procedures, identifying the main manual or automatic controls relevant to our audit and testing their design and operating efficiency;
- Conducting analytical audit procedures by type of service rendered, particularly by analysing revenue trends;
- For a sample of contracts selected using a multi-criteria approach:
  - Assessing the revenue recognition method for each activity identified;
  - Verifying application of the procedure for allocating the price of multi-component contracts to the different components of these contracts;
  - Reconciling accounting data with the operational monitoring of the businesses and contractual data;
  - Examining proof of contract invoicing and settlement;
  - Examining proof of delivery and completion.
- Assessing the appropriateness of the disclosures in the notes to the annual financial statements.

4.3. Measurement of equity investments

(Notes 1.2 and 2.1 to the annual financial statements).

Risk identified

Equity investments recognised in assets total €227.1 million at 31 December 2021, and represent the largest balance sheet item. These investments are recognised at acquisition or subscription cost at the date of initial recognition and are impaired based on their value-in-use.

As stated in Note 1.2 to the annual financial statements, the value-in-use is estimated by management on the basis of the net assets of subsidiaries, together with an analysis of forecast changes and profitability of equity investments based on discounted future cash flows.

Estimating the value-in-use of these investments calls for the exercise of judgement by management in choosing the items to consider for the investments concerned; depending on the case, such items may be historic data or forecast data. Consequently, a change in the assumptions retained may affect the value-in-use of the equity investments. We therefore considered measurement of equity investments to be a key audit matter.

Our response

To assess the reasonableness of the estimates of value-in-use of equity investments, based on the information communicated to us, our work consisted chiefly in verifying whether the estimated values determined by management were based on an appropriate justification of the valuation method and quantitative data used, as well as, depending on the investment concerned:

For measurements based on historic data:

- verifying that the shareholders' equity used was consistent with the financial statements of entities for which audit or analytical procedures were performed, and that any adjustments made to such shareholders' equity were based on firm documentary evidence;
- verifying the foreign exchange rates for any currencies used.

For measurements based on forecast data:

- obtaining operating forecasts for the entities concerned and assessing their consistency with historic data;
- verifying the consistency of the assumptions made with the economic environment at the reporting date and at the date when the financial statements were drawn up;
- assessing the reasonableness of any other assumptions made by management in determining the value-in-use of the equity investments, such as the perpetual growth rate or the discount rate.

5. Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

5.1.Information given in the management report and in the other documents provided to shareholders on the financial position and the financial statements

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

We attest to the fair presentation and consistency with the financial statements of the payment period disclosures required by Article D. 441-6 of the French Commercial Code (*code de commerce*).

5.2.Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L. 225-37-4, L.22-10-9 and L. 22-10-10 of the French Commercial Code (*code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*code de commerce*) relating to compensation and benefits paid or granted to company officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from entities it controls or included in the consolidation scope. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the items that your Company considered likely to have an impact in the event of a tender or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*code de commerce*), we have verified their compliance with the underlying documents which have been communicated to us. Based on our work, we have no comment to make on this information.

5.3.Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

6.Other Legal and Regulatory Verifications or Information

6.1.Format of presentation of the annual financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the annual financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the annual financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

6.2.Appointment of the Statutory Auditors

Both ACA Nexia and Mazars were appointed Statutory Auditors of Axway Software by the General Meeting of 18 December 2000.

At 31 December 2021, ACA Nexia and Mazars had held office as auditors for 21 continuous years, of which 11 years since the Company's securities were admitted for trading on a regulated market.

7.Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

8.Statutory Auditors' Responsibilities for the Audit of the Financial Statements

8.1.Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the annual financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

8.2.Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the annual financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Courbevoie, 10 March 2022

The Statutory Auditors

Aca Nexia	Mazars
Sandrine Gimat	Jérôme Neyret

7

Axway Software share capital and shares

AFR

Axway share ownership supports the Company's performance and sustainability strategic project.

Share capital held by leading shareholders favours stable but flexible governance decisions, while the increase in employee share ownership encourages employee engagement.

The market-making agreement entrusted to an investment service provider since Axway's IPO, seeks to increase the fluidity of transactions in the Company's shares in the secondary market.

7.1 General Meetings

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) and inclusion in equity saving plans (PEA and PEA-PME).

On 31 December 2021, Axway Software's share capital consisted of 21,633,597 shares with a par value of two (2) euros each, fully paid up, amounting to €43,267,194. The total number of exercisable voting rights attached to the share capital at 31 December 2021, taking account of the existence of double voting rights and the absence of voting rights on treasury shares, was 36,079,526.

Changes in share capital during the fiscal year ended 31 December 2021 are detailed in Section 3 ("Changes in share capital") of this Chapter 7.

On 31 December 2021, if all free shares had been issued and all share subscription options, exercisable or not, exercised, this would have resulted in the issuance of 1,045,533 new shares, representing 4.83% of the Company's share capital.

To the best of the Company's knowledge, no Axway Software shares held in registered form and representing a significant proportion of the Company's capital have been pledged as collateral.

Shares owned by the Company in its subsidiaries are unencumbered by sureties.

7.2 Current share ownership

	At 31/12/2021				
Shareholders	**Number of shares owned**	**% of capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of exercisable voting rights**
Sopra Steria Group SA	6,913,060	31.96%	13,826,120	13,825,674	38.32%
Sopra GMT(1)	4,503,321	20.82%	9,006,642	9,005,449	24.96%
Pasquier family group(1)	22,970	0.11%	42,350	43,295	0.12%
Odin family group(1)	293,309	1.36%	479,162	479,857	1.33%
Management(2)	315,167	1.46%	523,309	523,153	1.45%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,047,827	55.69%	23,877,583	23,877,430	66.18%
Public(3)	9,229,824	42.66%	12,202,183	12,202,183	33.82%
o/w Caravelle	*2,572,458*	*11.89%*	*5,144,916*	*5,144,940*	*14.26%*
Treasury shares	356,186	1.65%	356,186		0%
Total	**21,633,597**	**100%**	**36,435,712**	**36,079,526**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Managers who have signed the shareholders' agreement with Sopra GMT and the Pasquier and Odin family groups.
(3) Calculated by deduction.

At 31 December 2021, Axway held 11,918 treasury shares under a market-making agreement. Furthermore, when implementing the share buyback programme between 1 October and 31 December 2021, Axway purchased 344,268 shares during the period. These shares were allocated to cover undertakings subscribed by the Company in connection with employee performance share plans. In total, at 31 December 2021, Axway held 356,186 treasury shares.

To the best of the Company's knowledge, only Caravelle and Lazard Freres Gestion held more than 5% of the Company's share capital at 31 December 2021, with 2,572,458 and 1,222,900 shares, representing 11.89% and 5.65% of share capital, respectively.

There were no material changes in the Company's share capital structure in 2021.

	At 31/12/2020				
Shareholders	**Number of shares held**	**% of share capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of exercisable voting rights**
Sopra Steria Group SA	6,913,060	32.38%	13,826,120	13,826,120	38.25%
Sopra GMT(1)	4,503,321	21.09%	9,006,642	9,006,642	24.92%
Pasquier Family group(1)	29,970	0.14%	49,502	49,502	0.14%
Odin Family group(1)	297,309	1.39%	527,904	527,904	1.46%
Management(2)	340,952	1.60%	566,474	566,474	1.57%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,084,612	56.60%	23,976,642	23,976,642	66.34%
Public(3)	9,229,476	43.23%	12,166,819	12,166,819	33.66%
o/w Caravelle	*2,572,458*	*12.05%*	*5,144,916*	*5,144,916*	*14.23%*
Treasury shares	36,978	0.17%	36,978	0	0%
Total	**21,351,066**	**100%**	**36,180,439**	**36,143,461**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Managers who have signed the shareholders' agreement with Sopra GMT and the Pasquier and Odin family groups.
(3) Calculated by deduction.

	At 31/12/2019				
Shareholders	**Number of shares held**	**% of capital**	**Number of theoretical voting rights**	**Number of exercisable voting rights**	**% of exercisable voting rights**
Sopra Steria Group SA	6,913,060	32.57%	12,526,120	12,526,120	36.08%
Sopra GMT(1)	4,503,321	21.22%	9,006,642	9,006,642	25.94%
Pasquier Family group(1)	27,094	0.13%	46,626	46,626	0.13%
Odin Family group(1)	295,227	1.39%	525,822	525,822	1.51%
Sopra Développement(2)	1	0%	2	2	0%
Management(2)	340,384	1.60%	563,918	563,918	1.62%
Shareholder agreement between the Founders, the Managers and Sopra Steria Group SA	12,079,087	56.91%	22,669,130	22,669,130	65.30%
Public(3)	9,099,629	42.87%	12,045,336	12,045,336	34.70%
o/w Caravelle	*2,572,458*	*12.12%*	*5,144,916*	*5,144,916*	*14.82%*
Treasury shares	46,665	0.22%	46,665	0	0%
Total	**21,225,381**	**100%**	**34,761,131**	**34,714,466**	**100%**

(1) Sopra GMT, the Pasquier family group and the Odin family group are referred to collectively as the "Founders".
(2) Managers who have signed the shareholders' agreement with Sopra GMT and the Pasquier and Odin family groups.
(3) Calculated by deduction.

The share capital of Sopra GMT, the holding company of Axway and Sopra Steria, is held as follows:

Sopra GMT's share ownership structure	31/12/2021		31/12/2020	
Shareholders	**Shares**	**% of capital**	**Shares**	**% of capital**
Pasquier Family group	318,050	68.27%	318,050	68.27%
Odin Family group	132,050	28.34%	132,050	28.34%
Sopra Steria Group active and retired managers	12,604	2.71%	15,774	3.39%
Treasury shares	3,170	0.68%		
Total	**465,874**	**100.00%**	**465,874**	**100.00%**

7.2.1 Recent transactions – Share ownership thresholds

The Company's shareholders are subject to prevailing laws and regulations on reporting the crossing of ownership thresholds and their future intentions. In addition, the Company has 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 or voting rights shall inform the Company in the same manner and based on the same calculation methods as those set forth by law for declarations that legal thresholds have been crossed" (Article 28 of the Articles of Association).

In a letter received on 6 September 2021, FIL Limited (Fidelity International) declared it had decreased its interest below a threshold and held 2.92% of Axway's share capital, *i.e.* 629,243 shares and 1.73% of the Company's voting rights.

7.2.2 Approximate number of shareholders

At 31 December 2021, Axway Software had 931 registered shareholders who owned 15,005,174 shares and held 29,807,289 voting rights, *i.e.* 69.36% of the shares making up the share capital, and 81.80% of total theoretical voting rights.

On the basis of the most recent data available to the Company, there are around 3,200 shareholders.

7.2.3 Employee share ownership

At 31 December 2021, pursuant to the provisions of Article L. 225-102 of the French Commercial Code, Company shares held by its employees or by employees of its affiliates, within the meaning of Article L. 225-180 of the French Commercial Code, were as follows:

- 2,970 shares under a company savings plan; and
- 204,155 shares directly held in registered form following the set-up of free share plans in accordance with the provisions of Article L. 22-10-59 of the French Commercial Code;

representing a total of 207,125 shares or 0.96% of the Company's share capital at 31 December 2021.

However, no shares are held by employees and/or former employees of the Company or its affiliates within the meaning of Article L. 225-180 of the French Commercial Code through mutual funds.

Furthermore, to increase employee engagement in the long-term corporate project, Axway has granted free shares on several occasions to all employees:

- following Axway's IPO in June 2011, the Board of Directors' meeting of 14 February 2012 approved the grant of 45 shares to each employee. The shares became available following vesting periods of two to four years according to the country;
- on 22 February 2019, 200 free shares were granted to all employees at that date, subject to the condition that they remain employed by Axway for a period of three years.

7.2.4 Shareholders' agreements notified to the stock market authorities

A shareholders' agreement to act in concert with respect to Sopra Steria Group was entered into for a period of two years on 7 December 2009 between Sopra GMT, the Pasquier and Odin family groups and a group of managers. This agreement is renewed tacitly every two years. The clauses of the agreement were extended to encompass Axway Software's shares pursuant to the amendment of 27 April 2011.

Sopra GMT, leading shareholder and holding company of Sopra Steria Group, as well as Sopra Steria Group also act in concert with respect to Axway Software.

With respect to the Company, this involves:

- an undertaking by the parties to act in concert so as to implement joint policies and, in general, approve any major decisions;
- an undertaking by the parties to act in concert in connection with the appointment and reappointment of members of the Company's management bodies, by which the senior managers agree to facilitate the appointment of any individuals proposed by the Pasquier and Odin family groups and Sopra GMT;
- an undertaking by the parties to act in concert in connection with any proposed acquisition or disposal of more than 0.20% of the share capital or voting rights of the Company;
- an undertaking by the parties to act in concert to adopt a common strategy in the event of a public offer for the Company's shares;
- a pre-emption right for the Odin and Pasquier family groups and Sopra GMT in the event of a sale of the Company's shares by (i) a manager (first rank pre-emption right for Sopra GMT, second rank pre-emption right for the Pasquier family group, third rank pre-emption right for the Odin family group, fourth rank pre-emption right for Sopra Developpement) and (ii) Sopra Developpement (first rank pre-emption right for Sopra GMT, second rank pre-emption right for the Pasquier family group, third rank pre-emption right for the Odin family group). The pre-emption exercise price will be equal to (x) the agreed price between the transferor and the transferee in the event of an off-market sale, (y) the average for the last ten trading days prior to notification of the sale in the event of a market sale and (z), in other cases, the value adopted for the shares in connection with the transaction.

It should also be noted that Amendment no. 2 to the aforementioned shareholders' agreement of 7 December 2009 was signed on 14 December 2012. Amendment no. 2 had no impact on the Company insofar as Sopra Executives Investments does not hold any shares in the Company.

7.2.5 Control of the Company

Sopra GMT, the holding company of Axway Software and Sopra Steria Group, exercises control over the Company due to its direct and indirect holding (as part of the shareholders' agreement) of over half of the share capital (55.69%) and 66.18% of exercisable voting rights. In its role as holding company, Sopra GMT exercises considerable influence over the Company's business, strategy and development. However, the Company does not believe that there is a risk that the control will be exercised in an abusive manner since:

- the Company decided to adopt the recommendations of the Middlenext Code of Corporate Governance for small and mid caps updated in September 2021, because of its compatibility with the size of the Company and its capital structure;
- the duties of the Chairman and Chief Executive Officer have been separated since the Company's IPO. This separation of offices was renewed on the appointment of the current Chief Executive Officer;
- on the recommendation of the Company's Appointments, Governance and Corporate Responsibility Committee and in compliance with the applicable Middlenext Code of Corporate Governance, the Company's Board of Directors qualified nine directors as independent (*i.e.* more than 50% of Board members), namely Emma Fernandez, Helen Louise Heslop, Veronique de la Bachelerie, Marie-Helene Rigal-Drogerys, Pascal Imbert, Herve Saint-Sauveur, Michael Gollner, Yves de Talhouet and Herve Dechelette, at the Board meeting of 27 January 2022;
- the directors are bound by the obligation to protect the interests of the Company and comply with the rules set out in the Securities Trading Code of Conduct, the internal regulations of the Board of Directors and the Ethics charter, as well as the rules contributing to good governance as defined in the Middlenext Code of Corporate Governance (Board member ethics);
- the Company's Board of Directors set up an Audit Committee responsible for reviewing the financial statements, including the Green Taxonomy, monitoring the efficiency of the internal control and risk management systems, monitoring the statutory audit of the financial statements and verifying compliance with the requirement for the Statutory Auditors to be independent (see Chapter 4). The creation of an Audit Committee comprised 86% of independent directors prevents any abusive control over the Company by the shareholders acting in concert;
- in accordance with the recommendations of the Middlenext Code of Corporate Governance, the Company's Board of Directors introduced a procedure allowing for the disclosure and management of conflicts of interest;
- the Company's Board of Directors set up an Appointments, Ethics and Governance Committee, renamed the Appointments, Governance and Corporate Responsibility Committee in 2021, whose tasks include examining the independence of directors and situations of conflicts of interest.

The General Shareholders' Meeting of 4 June 2014 introduced double voting rights for the Company, in accordance with legislative changes. The implementation of double voting rights enables the Company to strengthen the stability of its share ownership and thus focus on mid- and long-term projects.

7.3 Changes in the share capital

Date	Transaction type	Share capital after the transaction *(in euros)*	Par value	Number of shares		Contributions	
				Created	Total	Par value	Premiums or reserves
2008		75,620,000	€38		1,990,000	-	-
2009		75,620,000	€38		1,990,000	-	-
2010		75,620,000	€38		1,990,000	-	-
2011	Division of the par value by 8	75,620,000	€4.75		15,920,000	-	-
2011	Capital increase by capitalisation of reserves	76,572,437	€4.75	200,513	16,120,513	-	-
2011	Capital decrease by a reduction in the par value	32,241,026	€2		16,120,513	44,331	44,331
2011	Capital increase by exercise of options	40,301,282	€2	4,030,128	20,150,641	-	-
2012	Capital increase by exercise of options	40,642,076	€2	170,397	20,321,038	-	-
14/02/2013	Capital increase by issue of free shares	40,642,166	€2	45	20,321,083	-	-
18/06/2013	Capital increase by exercise of options	40,709,974	€2	33,904	20,354,987	-	-
19/09/2013	Capital increase by exercise of options	40,760,834	€2	25,430	20,380,417	-	-
20/09/2013	Capital increase by exercise of options	40,780,834	€2	10,000	20,390,417	-	-
25/09/2013	Capital increase by exercise of options	40,899,496	€2	59,331	20,449,748	-	-
26/09/2013	Capital increase by exercise of options	40,913,400	€2	6,952	20,456,700	-	-
29/09/2013	Capital increase by exercise of options	40,930,354	€2	8,477	20,465,177	-	-
01/2014	Capital increase by exercise of options	40,981,208	€2	25,427	20,490,604	-	-
02/2014	Capital increase by exercise of options	41,032,068	€2	25,430	20,516,034	-	-
02/2014	Capital increase by issue of free shares	41,082,378	€2	25,155	20,541,189	-	-
04/2014	Capital increase by exercise of options	41,099,332	€2	8,477	2,054,966	-	-
06/2014	Capital increase by exercise of options	41,111,632	€2	6,150	20,555,816	-	-
08/2014	Capital increase by exercise of options	41,114,632	€2	1,500	20,557,316	-	-
09/2014	Capital increase by exercise of options	41,124,432	€2	4,900	20,562,216	-	-
10/2014	Capital increase by exercise of options	41,132,182	€2	3,875	20,566,091	-	-
12/2014	Capital increase by exercise of options	41,136,276	€2	8,567	20,568,138	-	-
01/2015	Capital increase by exercise of options	41,154,182	€2	8,953	20,577,091	-	-
04/2015	Capital increase by exercise of options	41,161,682	€2	3,750	20,580,841	-	-
05/2015	Capital increase by exercise of options	41,170,182	€2	4,250	20,585,091	-	-
06/2015	Capital increase by exercise of options	41,171,082	€2	450	20,585,541	-	-
07/2015	Capital increase by exercise of options	41,171,932	€2	425	20,585,966	-	-
08/2015	Capital increase by exercise of options	41,399,932	€2	114,000	20,699,966	-	-
09/2015	Capital increase by exercise of options	41,435,072	€2	17,570	20,717,536	-	-
10/2015	Capital increase by exercise of options	41,456,832	€2	10,880	20,728,416	-	-
11/2015	Capital increase by exercise of options	41,539,032	€2	41,100	20,767,516	-	-
12/2015	Capital increase by exercise of options	41,547,832	€2	4,400	20,773,916	-	-
01/2016	Capital increase by exercise of options	41,550,782	€2	1,475	20,775,391	-	-
02/2016	Capital increase by issue of free shares	41,596,862	€2	23,040	20,798,431	-	-
02/2016	Capital increase by exercise of options	41,597,862	€2	500	20,798,931	-	-
04/2016	Capital increase by exercise of options	41,602,362	€2	1,500	20,801,181	-	-
05/2016	Capital increase by exercise of options	41,604,362	€2	1,000	20,802,181	-	-
06/2016	Capital increase by exercise of options	41,609,362	€2	2,500	20,804,681	-	-
07/2016	Capital increase by exercise of options	41,625,012	€2	7,825	20,812,506	-	-
08/2016	Capital increase by exercise of options	41,639,612	€2	7,300	20,819,806	-	-
09/2016	Capital increase by exercise of options	41,642,612	€2	1,500	20,821,306	-	-
10/2016	Capital increase by exercise of options	41,647,612	€2	2,500	20,823,806	-	-
11/2016	Capital increase by exercise of options	41,697,812	€2	25,100	20,848,906	-	-

Date	Transaction type	Share capital after the transaction *(in euros)*	Par value	Number of shares: Created	Number of shares: Total	Contributions: Par value	Contributions: Premiums or reserves
12/2016	Capital increase by exercise of options	42,042,078	€2	172,133	21,021,039	-	-
01/2017	Capital increase by exercise of options	42,143,712	€2	50,817	21,071,856	-	-
02/2017	Capital increase by exercise of options	42,164,408	€2	10,348	21,082,204	-	-
03/2017	Capital increase by exercise of options	42,271,252	€2	53,422	21,135,626	-	-
04/2017	Capital increase by exercise of options	42,303,522	€2	16,135	21,151,761	-	-
05/2017	Capital increase by exercise of options	42,327,522	€2	12,000	21,163,761	-	-
06/2017	Capital increase by exercise of options	42,375,412	€2	23,945	21,187,706	-	-
07/2017	Capital increase by exercise of options	42,382,412	€2	3,500	21,191,206	-	-
08/2017	Capital increase by exercise of options	42,384,412	€2	1,000	21,192,206	-	-
09/2017	Capital increase by exercise of options	42,405,212	€2	10,400	21,202,606	-	-
10/2017	Capital increase by exercise of options	42,407,212	€2	1,000	21,203,606	-	-
12/2017	Capital increase by exercise of options	42,420,462	€2	6,625	21,210,231	-	-
01/2018	Capital increase by exercise of options	42,428,562	€2	4,050	21,214,281	-	-
02/2018	Capital increase by exercise of options	42,432,562	€2	2,000	21,216,281	-	-
03/2018	Capital increase by exercise of options	42,438,762	€2	3,100	21,219,381	-	-
05/2018	Capital increase by exercise of options	42,443,762	€2	2,500	21,221,881	-	-
06/2018	Capital increase by exercise of options	42,447,762	€2	2,000	21,223,881	-	-
07/2018	Capital increase by exercise of options	42,448,762	€2	500	21,224,381	-	-
09/2018	Capital increase by exercise of options	42,450,762	€2	1,000	21,225,381	-	-
03/2020	Capital increase by issue of free shares	42,614,594	€2	81,916	21,307,297	-	-
05/2020	Capital increase by issue of free shares	42,617,532	€2	1,469	21,308,766	-	-
08/2020	Capital increase by exercise of options	42,622,532	€2	2,500	21,311,266	-	-
09/2020	Capital increase by exercise of options	42,632,532	€2	5,000	21,316,266	-	-
11/2020	Capital increase by exercise of options	42,690,182	€2	28,825	21,345,091	-	-
12/2020	Capital increase by exercise of options	42,702,132	€2	5,975	21,351,066	-	-
01/2021	Capital increase by exercise of options	42,710,432	€2	4,150	21,355,216	-	-
02/2021	Capital increase by exercise of options	42,715,432	€2	2500	21,357,716	-	-
03/2021	Capital increase by exercise of options	43,023,590	€2	12,198	21,511,795	-	-
04/2021	Capital increase by exercise of options	43,087,170	€2	31790	21,543,585	-	-
05/2021	Capital increase by exercise of options	43,118,020	€2	15425	21,559,010	-	-
06/2021	Capital increase by exercise of options	43,138,520	€2	10250	21,569,260	-	-
07/2021	Capital increase by exercise of options	43,145,120	€2	3500	21,572,560	-	-
08/2021	Capital increase by exercise of options	43,152,320	€2	3400	21,576,160	-	-
09/2021	Capital increase by exercise of options	43,166,120	€2	6900	21,583,060	-	-
10/2021	Capital increase by exercise of options	43,204,820	€2	19350	21,602,410	-	-
11/2021	Capital increase by exercise of options	43,267,194	€2	31187	21,633,597	-	-
12/2021	Capital increase by exercise of options	43,267,194	€2	0	21,633,597	-	-

7.4 Shares held by the Company or on its behalf – share buyback programme and market-making agreement

7.4.1 Transactions carried out in 2021 under the share buyback programme

In fiscal year 2021, Axway Software acquired, under the authorisations granted to the Board of Directors by the General Meeting of 25 May 2021, 344,268 of its own shares (excluding shares acquired under the market-making agreement, which is described below). These shares were acquired at an average price of €27.57 per share, *i.e.* a total cost of €9,490,198. The trading costs incurred by Axway amounted to 0.1% of the total gross cost plus the tax on financial transactions.

These 344,268 shares were allocated to cover undertakings given by Axway Software in connection with the set-up of employee performance share plans.

7.4.2 Transactions carried out in 2021 under the market-making agreement

From 14 June 2011 and for 12-month periods subject to tacit renewal, the Company has entrusted Kepler Cheuvreux with the implementation of a market-making agreement in accordance with the various resolutions approved by the General Meetings. Under this agreement, Kepler Cheuvreux trades on the stock market on behalf of Axway Software in order to ensure trading liquidity and stock price stability and avoid price fluctuations not justified by underlying market trends.

At 31 December 2021, Axway Software held 11,918 shares under its market-making agreement. In 2021, the Company did not enter into any derivative transactions covering its shares and did not buy or sell any shares by exercising or on expiry of derivatives.

Initially, the Company set aside €1 million for the implementation of its market-making agreement.

This agreement was amended following the entry into effect of European Regulation (EU) 596/2014 of the European Parliament and of the Council of 14 April 2014 on market abuse, the Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) 596/2014, Articles L. 225-209 *et seq.* of the French Commercial Code and AMF decision 2018-01 of 2 July 2018 establishing market-making agreements on shares as an accepted market practice.

7.4.3 Description of the share buyback programme proposed to the General Meeting of 24 May 2022

Pursuant to Articles 241-2 *et seq.* of the AMF General Regulations and L. 451-3 of the French Monetary and Financial Code, and in accordance with European regulations as well as AMF decision 2018-01 of 2 July 2018, this description covers the objectives and terms and conditions of the Axway Software share buyback programme that will be submitted to the authorisation of the General Meeting of 24 May 2022.

No more than €101,677,906, excluding acquisition costs, may be allocated to this share buyback programme for a maximum of 2,163,360 shares. It was also decided that the Company may not directly or indirectly hold over 10% of its share capital.

The authorisation to set up the share buyback programme will be granted to the Board of Directors for a period of 18 months from the date of the Combined General Meeting of 24 May 2022 (see Chapter 8, Section 2, "Explanatory statement and proposed resolutions") to fulfil 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 affiliated to it as per the terms and conditions of Article L. 225-180 of the French Commercial Code;

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

(c) grant free shares under the scheme provided for under Articles L. 225-197-1 *et seq.* of the French Commercial Code to employees and qualifying company officers, or to certain categories thereof, of the Company and/or of companies and economic interest groups affiliated to it under the terms of Article L. 225-197-2 of the French Commercial Code and, more generally, to grant ordinary Company shares to those employees and company officers;

(d) retain ordinary shares in the Company that are bought back for subsequent exchange or use as consideration in acquisitions, in line with market practices permitted by the *Autorité des Marches Financiers*;

(e) deliver shares upon exercise of rights attached to securities granting entitlement by means of conversion, exercise, redemption, exchange, presentation of a warrant or by any other means, immediately or in the future, to Company shares as well as carrying out any transactions required to cover the Company's obligations with respect to these securities, in compliance with stock market regulations and as and when decided by the Board of Directors or any person acting on the instructions of the Board of Directors;

(f) enable market making in ordinary shares *via* an investment services provider under a market-making agreement that complies with the AMAFI Code of Ethics, in line with market practices permitted by the *Autorité des Marches Financiers*, it being noted that the number of ordinary shares bought back in this respect shall, for the purposes of calculating the 10% limit, equal the number of ordinary shares bought back, less the number of ordinary shares sold during the period of this authorisation;

(g) cancel all or some of the ordinary shares bought back, so long as the Board of Directors has a valid authorisation from the Extraordinary General Meeting allowing it to reduce the share capital by cancelling ordinary shares bought back under an ordinary share buyback programme.

Points a, b and c benefit from a conclusive presumption of legality pursuant to European Regulation (EU) 596/2014 of the European Parliament and of the Council of 14 April 2014 on market abuse and the Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) 596/2014. Point (f) benefits from a conclusive presumption of compliance based on AMF decision 2018-01 of 2 July 2018.

However, the Company may not use this resolution and continue with its buyback programme in compliance with legal and regulatory provisions (and, in particular, the provisions of Articles 231-1 *et seq.* of the AMF General Regulations) during a public tender offer or public exchange offer made by the Company.

7.5 Delegations granted by General Meetings to increase the share capital

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The table below summarises the currently valid delegations at 31 December 2021 granted by the General Shareholders' Meeting in accordance with Article L. 225-37-4 paragraph 3 of the French Commercial Code.

I. Delegations of authority granted by the Combined General Meeting of 5 June 2019

Authorisation for the Board of Directors to grant free shares, existing or to be issued, to eligible employees or company officers (33rd resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	38 months
Expiry date	5 August 2022
Total amount for which the delegation of authority is granted	4% of the Company's share capital on the date of the grant decision by the Board of Directors
Use made of this delegation of authority during the fiscal year	3.98% of the Company's share capital on the date of the grant decision by the Board of Directors
Remaining balance	0% of the Company's share capital on the date of the grant decision by the Board of Directors

Authorisation granted to the Board of Directors to grant share subscription or purchase options to employees or company officers (35th resolution)

Date of General Meeting granting the delegation of authority	5 June 2019
Duration of delegation of authority	38 months
Expiry date	5 August 2022
Total amount for which the delegation of authority is granted	1% of the number of shares comprising the Company's share capital on the date of the grant decision by the Board of Directors
Use made of this delegation of authority during the fiscal year	-
Remaining balance	1% of the number of shares comprising the Company's share capital on the date of the grant decision by the Board of Directors

II. Delegations of authority granted by the Combined General Meeting of 3 June 2020

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through a public offering, excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code (12th resolution)

Date of General Meeting granting the delegation of authority	3 June 2020
Duration of delegation of authority	26 months
Expiry date	3 August 2022
Total amount for which the delegation of authority is granted *(in euros)*	20,000,000(1) 200,000,000(2) (debt securities)
Use made of this delegation of authority during the fiscal year	-
Remaining balance	20,000,000 200,000,000

(1) This amount is deducted from the par value limit for share capital increases provided in the 32nd resolution adopted by the Combined General Meeting of 5 June 2019.
(2) This amount is deducted from the nominal amount for increases provided in the 13th resolution adopted by the Combined General Meeting of 3 June 2020.

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, with cancellation of preferential subscription rights, through an offering referred to in Section I of Article L. 411-2 of the French Monetary and Financial Code (13th resolution)

Date of General Meeting granting the delegation of authority	3 June 2020
Duration of delegation of authority	26 months
Expiry date	3 August 2022
Total amount for which the delegation of authority is granted *(in euros)*	10,000,000(1) 100,000,000(2) (debt securities)
Use made of this delegation of authority during the fiscal year	-
Remaining balance	10,000,000 100,000,000

(1) This amount is deducted from the par value limit for share capital increases provided in the 32nd resolution adopted by the Combined General Meeting of 5 June 2019.
(2) This amount is deducted from the nominal value limit for debt securities set in the 12th resolution adopted by the Combined General Meeting of 3 June 2020.

III. Delegations of authority granted by the Combined General Meeting of 25 May 2021

Delegation of authority granted to the Board of Directors to increase the share capital by capitalising reserves, profits, share premiums or other items (15th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted *(in euros)*	20,000,000(1)
Use made of this delegation of authority during the fiscal year	-
Remaining balance *(in euros)*	20,000,000

(1) This threshold is independent and separate from the share capital increase thresholds potentially arising from the issue of ordinary shares or securities granting access to the share capital authorised by the other resolutions and capped by the 19th resolution adopted by the Combined General Meeting of 25 May 2021.

Delegation of authority granted to the Board of Directors to increase the share capital by issuing ordinary shares and/or securities granting access to ordinary shares with retention of preferential subscription rights and/or of securities granting a right to allocation of debt securities (16th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted *(in euros)*	20,000,000(1) 200,000,000(1) (debt securities)
Use made of this delegation of authority during the fiscal year	-
Remaining balance *(in euros)*	20,000,000 200,000,000

(1) This amount is deducted from the par value limit for share capital increases provided in the 19th resolution adopted by the Combined General Meeting of 25 May 2021.

Authorisation granted to the Board of Directors to increase the amount of the initial issue, in the event of an issuance of ordinary shares or securities granting access to ordinary shares, with retention or cancellation of preferential subscription rights, decided pursuant to the 16th resolution adopted by the General Meeting of 25 May 2021 and the 12th and 13th resolutions adopted by the General Meeting of 3 June 2022 (17th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted	Ceilings provided by the 12th, 13th and 16th resolutions
Use made of this delegation of authority during the fiscal year	-
Remaining balance *(in euros)*	20,000,000 200,000,000

Delegation of authority granted to the Board of Directors to issue ordinary shares and/or securities granting access to ordinary shares in consideration for contributions in kind granted to the Company and consisting of equity securities or securities granting access to share capital, outside of a public exchange offer (18th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted	10% of share capital(1)
Use made of this delegation of authority during the fiscal year	-
Remaining balance	10% of share capital(1)

(1) This amount is deducted from the threshold set in the 19th resolution adopted by the Combined General Meeting of 25 May 2021.

Overall limit on issue authorisations, with retention or cancellation of preferential subscription rights (19th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted *(in euros)*	20,000,000(1)
Use made of this delegation of authority during the fiscal year	-
Remaining balance *(in euros)*	20,000,000

(1) Total maximum par value amount of share capital increases that may be decided pursuant to the 16th and 18th resolutions adopted by the Combined General Meeting of 25 May 2021 and the 12th and 13th resolutions adopted by the Combined General Meeting of 3 June 2020.

Delegation granted to the Board of Directors to increase the share capital by issuing ordinary shares reserved for Axway Group employees who are members of a company savings plan (20th resolution)

Date of General Meeting granting the delegation of authority	25 May 2021
Duration of delegation of authority	26 months
Expiry date	25 July 2023
Total amount for which the delegation of authority is granted	3% of the share capital at the date of the General Meeting (1)
Use made of this delegation of authority during the fiscal year	-
Remaining balance	3% of the share capital at the date of the General Meeting (1)

(1) This threshold is independent and separate from the share capital increase thresholds potentially arising from the issue of ordinary shares or securities granting access to ordinary shares authorised by the other resolutions of the Combined General Meeting of 25 May 2021.

7.6 Share subscription options

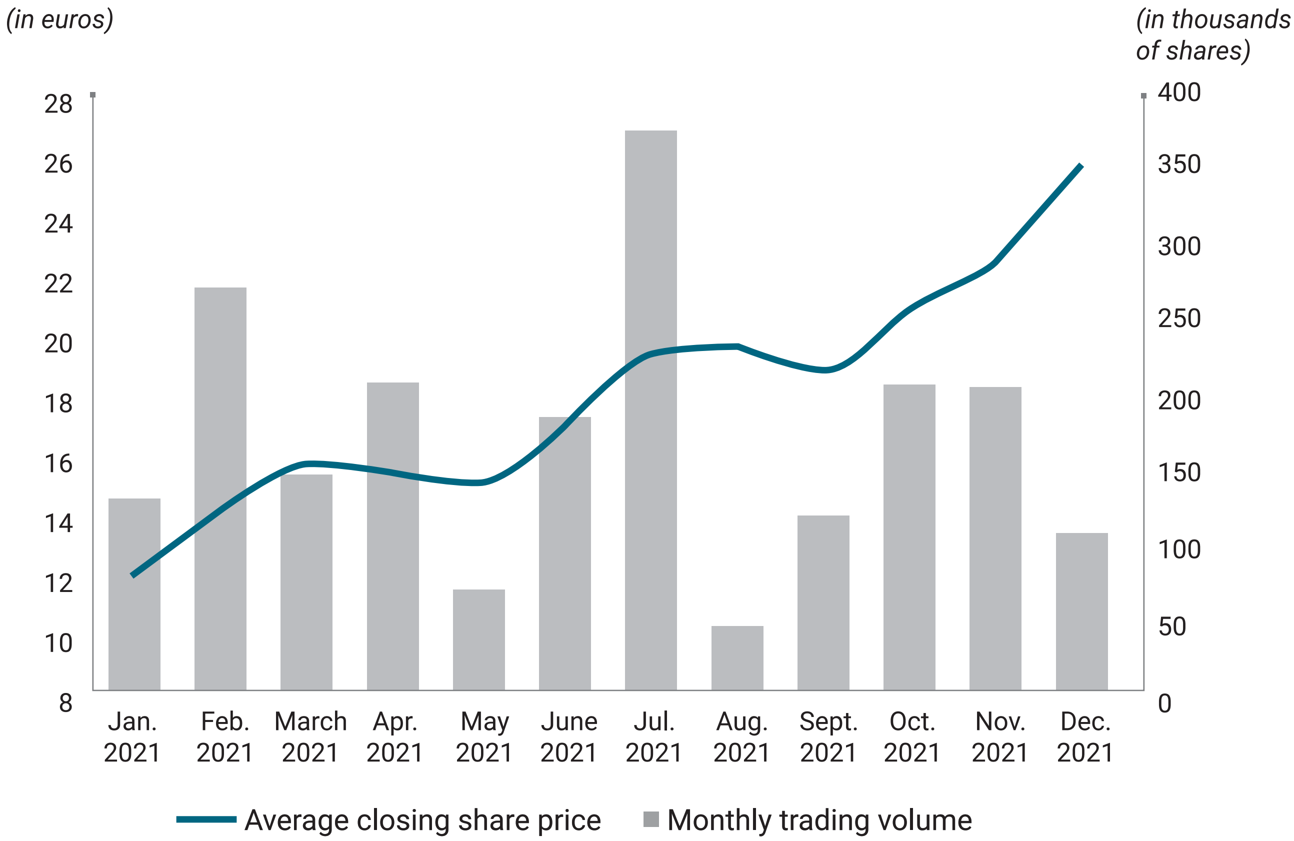
The table below summarises the status at 31 December 2021 of share subscription option plans granted by Axway to its employees:

	Initial position		Option exercise period		Position at 1 January		Change in the period, number of options			Position at 31/12/2021	
Grant date	Number of options	Exercise price	Start date	Expiry date	Number of options	Exercise price	granted	cancelled	exercised	Number of options	Exercise price
PLAN N° 3 - 2011 stock option plan, maximum issue of 1,033,111 shares*											
18/11/2011	516,175	€14.90	18/05/2014	18/11/2021	63,675	€14.90	-	-7,325	-56,350	-	€14.90
18/11/2011	516,175	€14.90	18/11/2016	18/11/2021	66,375	€14.90	-	-7,325	-59,050	-	€14.90
28/03/2013	131,250	€15.90	28/09/2015	18/11/2021	12,201	€15.90	-	-	-12,201	-	€15.90
28/03/2013	131,250	€15.90	28/03/2018	18/11/2021	13,049	€15.90	-	-	-13,049	-	€15.90
Total plans	**1,394,850**				**155,300**		**-**	**-14,650**	**-140,650**	**-**	

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

7.7 Share price and trading volumes

AXW.PA share monthly average price and volumes



Share price trends

Month	High	Date of high	Low	Date of low	Closing price	Average price (opening)	Average price (closing)	Monthly volume	Trading volume *(in euros)*	Number of trading sessions
January 2021	27.70	4 January 2021	23.20	15 January 2021	24.10	25.19	25.10	113,469	2,830,044	20
February 2021	29.50	25 February 2021	23.70	1 February 2021	28.50	25.94	26.19	147,637	3,962,397	20
March 2021	28.80	1 March 2021	25.60	5 March 2021	26.90	27.20	27.19	161,427	4,357,680	23
April 2021	30.90	22 April 2021	26.40	1 April 2021	30.10	29.58	29.80	203,772	5,937,127	20
May 2021	30.80	31 May 2021	29.20	26 May 2021	30.80	29.79	29.91	79,685	2,379,062	21
June 2021	31.20	2 June 2021	25.80	21 June 2021	28.30	29.16	29.10	177,442	5,125,864	22
July 2021	28.50	30 July 2021	27.20	21 July 2021	28.40	27.85	27.88	68,359	1,907,712	22
August 2021	30.00	26 August 2021	28.40	6 August 2021	28.70	28.81	28.83	34,253	982,992	22
September 2021	29.00	2 September 2021	26.60	10 September 2021	27.30	27.59	27.59	58,831	1,608,821	22
October 2021	27.90	14 October 2021	24.20	27 October 2021	27.20	27.06	27.21	160,018	4,252,261	21
November 2021	29.30	12 November 2021	26.80	1 November 2021	28.00	28.48	28.49	210,678	6,016,381	22
December 2021	28.30	1 December 2021	25.60	23 December 2021	26.90	26.74	26.69	90,869	2,418,643	23

(Source: Euronext)

7.8 Dividend

The Board of Directors reviews annually, based on the prior year's results, the appropriateness of asking shareholders to approve a dividend distribution. The Company has chosen not to have a specific dividend distribution policy, in favour of an annual assessment by the Board of Directors.

The Axway Board of Directors' meeting on 24 February 2022, decided to propose to the next General Shareholders' Meeting the payment of a divided of €0.40 per share.

7.9 Rights, privileges and restrictions attached to each category of shares outstanding

7.9.1 Rights and obligations attaching to shares (Article 12 of the Articles of Association)

1. "Each share gives the right to a portion of the earnings, corporate assets and liquidation surplus in proportion to the percentage of the share capital it represents. It moreover carries voting and representation rights at General Meetings, as well as the right to be kept informed about the Company's performance and to receive certain corporate documentation when and in the manner provided for by law and in the Articles of Association.
2. Shareholders are only liable for corporate liabilities up to the amount of their contributions.

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

   Ownership of a share implies acceptance of the Company's Articles of Association and the decisions of General Meetings.
3. Whenever a certain number of shares is required to exercise any particular right, owners not holding that number shall be personally responsible for grouping together, or potentially buying or selling the required number of shares."

Moreover, it is specified that since the General Meeting of 4 June 2014 a double voting right is attached to shares held by shareholders that meet the conditions specified in paragraph 4 of Article 31 of the Articles of Association, available on the Axway website at the following link:

https://investors.axway.com/en/bylaws-regulations-agreements

7.9.2 Indivisibility of shares – Bare ownership – Beneficial ownership (Article 13 of the Articles of Association)

1. "Shares are indivisible with respect to the Company. Joint owners of undivided shares are represented at General Meetings by one of them or by a sole agent. In the event of a dispute, the agent is appointed by the courts at the request of the joint owner who acts first.
2. Voting rights are held by beneficial owners in Ordinary General Meetings and by bare owners in Extraordinary General Meetings. Nevertheless, shareholders may agree to share voting rights at General Meetings in any way they see fit. The Company is notified of the agreement by registered letter and shall be required to apply this agreement for any meeting held any time from one month following the sending of this letter.

   Nevertheless, the bare owner is entitled to participate in all General Meetings. His voting rights can never be completely eliminated. The beneficial owner cannot be denied the right to vote on decisions involving the appropriation of earnings. Voting rights of pledged securities are exercised by the owner."

7.10 Information on takeover bids pursuant to Article L. 22-10-11 of the French Commercial Code

1. The Company's share capital structure is set out in Chapter 7, Section 2 of the Universal Registration Document.
2. There are no restrictions in the Articles of Association on the transfer of shares, which are freely transferable, except where provided otherwise under applicable laws or regulations (Article 11 of the Articles of Association).

   The Company and the markets have been informed of the shareholders' agreement between shareholders acting in concert with respect to the Company. Information available to the Company is detailed in Chapter 7, Section 2.4 of this Universal Registration Document, in accordance with Article L. 233-11 of the French Commercial Code.
3. Any direct or indirect equity investments in the Company's share capital of which the Company has been informed pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are set out in Chapter 7, Section 2 of the Universal Registration Document.
4. In accordance with the provisions of Article 31 of the Articles of Association, any shares held in registered form by the same shareholder for at least two (2) years have a double voting right. With this proviso, there are no special controlling rights covered by Article L. 225-100-3, paragraph 4, of the French Commercial Code. The Company's Articles of Association are available on the Axway Investors website at the following address: *https://investors.axway.com/en*
5. There is no control mechanism provided under an employee share ownership scheme.
6. Agreements between shareholders of which the Company is aware and that may result in restrictions on share transfers and the exercise of voting rights can be found in Chapter 7, Section 2.4 of the Universal Registration Document.
7. The rules applicable to the appointment and replacement of the members of the Board of Directors comply with applicable legal and regulatory requirements and are set out in Article 14 of the Articles of Association.

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

   Moreover, the Board of Directors has the delegated powers set out in Chapter 7, Section 5 of this Universal Registration Document.
9. The agreements entered into by the Company that could be amended or terminated in the event of a change in control of the Company mainly concern the syndicated credit facility renewed on 21 January 2019.
10. There are no agreements providing for the payment of compensation to members of the Board of Directors or employees upon resignation or dismissal without just cause or should their employment contracts be terminated following a public tender offer.

8

Combined General Meeting of 24 May 2022

The Chairman of the Board of Directors, committed to sustainably aligning the interests of the Company and those of shareholders, seeks to establish a frequent dialogue with shareholders in close conjunction with the Chief Executive Officer.

Accordingly, in fiscal year 2021, in addition to the General Meeting, shareholders were invited to attend a "Capital Markets Meeting" by video-conference. A recording of this meeting can be viewed on the Company's website at the following link: https://investors.axway.com/en/capital-markets-meeting

Similarly, the Board of Directors, under the impetus of its Chairman and Executive Management, analysed voting results at the Combined General Meeting of 25 May 2021. This analysis showed that minority shareholders, for the most part, followed the voting recommendations of the Board of Directors.

In addition, the procedures for shareholders to attend the General Meeting are presented in Articles 25 and 34 of the bylaws, which may be consulted on the Axway investors website at: https://investors.axway.com/en/bylaws-regulations-agreements.

8.1 Agenda

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Ordinary General Meeting

1. Approval of the annual financial statements for the year ended 31 December 2021 – Approval of non-tax deductible expenses and charges.
2. Approval of the consolidated financial statements for the year ended 31 December 2021.
3. Appropriation of earnings for the year and setting of the dividend.
4. Reappointment of Pierre-Yves Commanay as director.
5. Reappointment of Yann Metz-Pasquier as director.
6. Reappointment of Marie-Hélène Rigal-Drogerys as director.
7. Fixed annual sum to be allocated to members of the Board of Directors.
8. Approval of the compensation policy for the Chairman of the Board of Directors.
9. Approval of the compensation policy for the Chief Executive Officer.
10. Approval of the compensation policy for members of the Board of Directors.
11. Approval of the information set out in Section I of Article L. 22-10-9 of the French Commercial Code.
12. Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Pierre Pasquier, Chairman of the Board of Directors.
13. Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Patrick Donovan, Chief Executive Officer.
14. Authorisation granted to the Board of Directors, for a period of 18 months, to buy back shares in the Company under the mechanism set out in Article L. 22-10-62 of the French Commercial Code.

Extraordinary General Meeting

15. Delegation of authority to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or securities granting access to share capital (of the Company or a Group company) and/or debt securities, with cancellation of preferential subscription rights, through an offering referred to in Section 1 of Article L. 411-2 of the French Monetary and Financial Code.
16. Delegation of authority to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or securities granting access to share capital (of the Company or a Group company) and/or debt securities, with cancellation of preferential subscription rights, through a public offering (excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code), and/or in consideration for securities as part of a public exchange offering.
17. Authorisation to increase the amount of the initial issue, in the event of an issuance of ordinary shares or securities granting access to share capital with cancellation of preferential subscription rights, decided pursuant to the 15th and 16th resolutions of this General Meeting.
18. Overall limit on authorisation ceilings set in the 15th and 16th resolutions of this General Meeting and the 16th and 18th resolutions of the General Meeting of 25 May 2021.
19. Authorisation to the Board of Directors, for a period of 38 months, to perform free grants of existing shares and/or shares to be issued to employees and/or certain company officers of the Company and affiliated companies and economic interest groups, with waiver by shareholders of their preferential subscription rights.

20. Authorisation to the Board of Directors, for a period of 38 months, to grant share subscription and/or purchase options to employees and/or certain company officers of the Company and affiliated economic interest groups, with waiver by shareholders of their preferential subscription rights.

21. Delegation of authority to the Board of Directors, for a period of 26 months, to increase the share capital through the issue of ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, for members of a company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code.

Ordinary General Meeting

22. Powers to perform legal formalities.

8.2 Explanatory statement and proposed resolutions

Dear Shareholders,

We have convened a Combined General Meeting on 24 May 2022 to present the consolidated and parent company financial statements for the fiscal year ended 31 December 2021, and to submit a certain number of resolutions for your approval, the content of which is presented below.

As part of the approval of the consolidated and parent company financial statements for the fiscal year ended 31 December 2021, we present the annual management report, included in the Universal Registration Document filed with the AMF.

This Board of Directors' report seeks to explain the contents of the resolutions submitted for your approval, and indicate the vote recommended by the Company's Board of Directors.

8.2.1 Resolutions presented for the approval of the Ordinary General Meeting

a) Approval of the accounts proposed by the Board of Directors (1st to 3rd resolutions)

Explanatory statement

In light of the Statutory Auditors' reports and the Board of Directors' management report, shareholders are asked to:

- approve the annual financial statements for the fiscal year ended 31 December 2021, showing profit of €7,843,108 and approve the transactions reflected in these financial statements or summarised in these reports (1st resolution);
- approve the consolidated financial statements for the fiscal year ended 31 December 2020, showing consolidated net profit, Group share, of €9,602,221 and the transactions reflected in these financial statements or summarised in these reports (2nd resolution); and
- approve the appropriation of earnings and the proposed dividend per share of a gross amount of €8,653,439 with an ex-dividend date of 2 June 2022 and a payment date of 8 June 2022 (3rd resolution).

It is recalled that Article 37 of the Articles of Association sets out the following rules for the appropriation and distribution of earnings:

The income statement summarises the income and expenses for the fiscal year and, after deductions for amortisation, depreciation and provisions, shows the profit for the year. Any prior losses are deducted from the profit for the year, along with at least five per cent for allocation to the legal reserve. This allocation ceases to be mandatory when the legal reserve represents one-tenth of the share capital.

Profit available for distribution comprises the profit for the year less any losses carried forward and amounts allocated to reserves, pursuant to the law and the Articles of Association, plus retained earnings. The General Meeting may deduct from this profit all amounts that it deems appropriate for allocation to all discretionary, ordinary or extraordinary reserves, or to retained earnings.

The balance, if any, is apportioned by the General Meeting between all shareholders in proportion to the number of shares held.

Furthermore, the General Meeting may resolve to distribute sums deducted from available reserves, by expressly indicating the reserves from which the deductions are to be made. However, dividends are first deducted from the profit for the year.

Except in the event of a share capital reduction, no distribution may be carried out to shareholders where shareholders' equity is, or would subsequently be, less than the minimum amount of share capital plus reserves not enabling a distribution, pursuant to the law or the Articles of Association. Revaluation surpluses may not be distributed. Some or all of them may be incorporated into the capital.

Any losses shall, following approval of the financial statements by the General Meeting, be carried forward to be set against earnings in subsequent fiscal years, until fully used up.

First resolution

Approval of the annual financial statements for the year ended 31 December 2021 – Approval of non-tax deductible expenses and charges

The General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports for the year ended 31 December 2021, approves the annual financial statements as presented at this date showing a net loss of €7,843,108.

The General Meeting specifically approves the overall amount of €36,554 for expenses and charges as set out in Section 4 Article 39 of the French General Tax Code, it being noted that no tax was borne in respect of these expenses.

Second resolution

Approval of the consolidated financial statements for the year ended 31 December 2021

The General Meeting, after reviewing the Board of Directors' and Statutory Auditors' reports on the consolidated financial statements for the year ended 31 December 2021, approves these consolidated financial statements as presented showing a net profit (Group share) of €9,602,221.

Third resolution

Appropriation of earnings for the year and setting of the dividend

The General Meeting, at the proposal of the Board of Directors, decides the appropriation of earnings for the year ended 31 December 2021.

Initial amount

- Net loss for the year -€7,843,108
- Retained earnings -€3,398,517

Appropriation

- Legal reserve €-
- Other reserves -€8,653,439
- Dividends €8,653,439
- Retained earnings €-

The General Meeting hereby takes note that the overall gross dividend paid for each share is set at €0.40.

If paid to physical persons with tax residency in France, the dividend is subject to either a single deduction from the gross dividend at a flat rate of 12.8% (Article 200 A of the French General Tax Code), or, on an express and irrevocable option by the taxpayer, an income tax charge according to the progressive income tax schedule after a 40% rebate (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social security contributions at a rate of 17.2%.

The ex-dividend date will be 2 June 2022.

The dividends will be paid on 8 June 2022.

In the event of a change in the number of shares conferring entitlement to dividends compared to the 21,633,597 shares comprising the share capital at 31 December 2021, the overall dividend amount would be adjusted accordingly and the amount allocated to retained earnings would be determined based on dividends actually paid.

Pursuant to the provisions of Article 243 *bis* of the French General Tax Code, the Meeting notes that it was reminded that dividend and revenue distributions during the past three fiscal years were as follows:

	Revenue eligible for deduction		Revenue not eligible for deduction
For the fiscal year	**Dividends**	**Other distributed revenue**	
2018	€8,490,152.40* *i.e.* €0.40 per share	-	-
2019(1)	-	-	-
2020	€8,540,426 *i.e.* €0.40 per share	-	-

* *Including the dividend amount corresponding to treasury shares not paid and allocated to retained earnings.*
(1) *A dividend was not distributed in respect of fiscal year 2019 due to the exceptional circumstances relating to the COVID-19 pandemic.*

b) Renewal of terms of office (4th and 6th resolutions)

Explanatory statement

The Board reminds shareholders that the terms of office of Marie-Hélène Rigal-Drogerys, Yann Metz-Pasquier and Pierre-Yves Commanay expire at the end of the General Meeting. The Board asks shareholders to approve their renewal based on (i) the diversity of their profiles and expertise, beneficial to the development of the Group and (ii) the work already accomplished by these three directors. These directors have demonstrated great commitment to the work of the Board of Directors as well as that of the various Committees and have skills that are useful to the operation of the Board.

Director's name	Experience in the software publishing and IT services sector	Financial expertise	International dimension	Independent	Attendance rate at Board and Committee meetings
Marie-Hélène Rigal-Drogerys 51 years		✓		✓	100%
Yann Metz-Pasquier 33 years	✓	✓	✓		100%
Pierre-Yves Commanay 56 years	✓		✓		100%

Fourth resolution

Reappointment of Pierre-Yves Commanay as director

The General Meeting decides to reappoint Pierre-Yves Commanay as director for a term of four years, expiring at the end of the General Meeting called to approve the financial statements for the year ending 31 December 2026.

Fifth resolution

Reappointment of Yann Metz-Pasquier as director

The General Meeting decides to reappoint Yann Metz-Pasquier as director for a term of four years, expiring at the end of the General Meeting called to approve the financial statements for the year ending 31 December 2026.

Sixth resolution

Reappointment of Marie-Hélène Rigal-Drogerys as director

The General Meeting decides to reappoint Marie-Hélène Rigal-Drogerys as director for a term of four years, expiring at the end of the General Meeting called to approve the financial statements for the year ending 31 December 2026.

c) Company officer compensation (7th to 13th resolutions)

Explanatory statement

The General Meeting will be asked to approve the compensation policy for all company officers (resolutions 7 to 10). Shareholders are asked to refer to Chapter 4, Section 4.4.2 of the Universal Registration Document, “Compensation policy”, in order to review this information.

The General Meeting will also be asked to approve the fixed, variable and exceptional components of total compensation, and benefits of all kind paid during the year or awarded in respect of the same fiscal year to all company officers (resolutions 11 to 13). Shareholders are asked to refer to Chapter 4, Section 4.4.1 of the Universal Registration Document in order to review this information.

Seventh resolution

Fixed annual sum to be allocated to members of the Board of Directors

The General Meeting decides to maintain the fixed annual sum to be allocated to the Board of Directors at €330,000.

This decision is applicable to the current fiscal year and will be upheld until a new decision is made.

Eighth resolution

Approval of the compensation policy for the Chairman of the Board of Directors

The General Meeting, acting pursuant to Article L. 22-10-8 of the French Commercial Code, approves the compensation policy for the Chairman of the Board of Directors presented in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.2.3 a).

Ninth resolution

Approval of the compensation policy for the Chief Executive Officer

The General Meeting, acting pursuant to Article L. 22-10-8 of the French Commercial Code, approves the compensation policy for the Chief Executive Officer presented in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.2.3 b).

Tenth resolution

Approval of the compensation policy for members of the Board of Directors

The General Meeting, acting pursuant to Article L. 22-10-8 of the French Commercial Code, approves the compensation policy for members of the Board of Directors presented in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.2.2.

Eleventh resolution

Approval of the information set out in Section I of Article L. 22-10-9 of the French Commercial Code

The General Meeting, acting pursuant to Article L. 22-10-34 I of the French Commercial Code, approves the information set out in Section I of Article L. 22-10-9 of the French Commercial Code disclosed in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.1.

Twelfth resolution

Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Pierre Pasquier, Chairman of the Board of Directors

The General Meeting, acting pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Pierre Pasquier, Chairman of the Board of Directors, presented in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.1.2.

Thirteenth resolution

Approval of the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Patrick Donovan, Chief Executive Officer

The General Meeting, acting pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the fixed, variable and exceptional components of total compensation and benefits of all kind paid during the year or awarded in respect of the same fiscal year to Patrick Donovan, Chief Executive Officer, presented in the Report on corporate governance presented in the 2021 Universal Registration Document in paragraph 4.4.1.3.

d) Share buyback programme (14th resolution)

Explanatory statement

During the last General Meeting, the Board of Directors was authorised to implement a share buyback programme for the Company's shares. As this authorisation will soon expire, shareholders are asked to renew it for a further period of 18 months (i.e. until 25 November 2023 inclusive), to enable the Board to again purchase shares in the Company, on one or more occasions and at the times it determines (except during a public tender offer period).

These buybacks may be carried out on and/or off market, on a multilateral trading system, with a systematic internaliser or over the counter, in particular by means of acquisition or disposal of share blocks, or the use of derivatives. We would recall that in any event, share purchases carried out in this manner must not result in the Company holding more than 10% of the shares making up the Company's share capital on the date such purchases are made.

Share buybacks may be performed for the following objectives, without this list being exhaustive:

- to enable secondary market making or ensure the liquidity of the Axway Software share. To this end and pursuant to the delegation granted until now to the Board, a market-making agreement was signed by the Company with Kepler Cheuvreux;
- retaining shares that are bought back for subsequent exchange or use as consideration in acquisitions;
- providing coverage, as was the case this year, of free share grant plans (or similar plans) for employees and/or company officers of the Group. A record of all statements of share buyback transactions can be consulted on our investor website at https://investors.axway.com/en/regulated-information;
- cancelling any shares purchased, pursuant to the authorisation granted to the Board by the fourteenth resolution adopted by the last General Meeting.

These buybacks may be performed for all objectives listed in the fourteenth resolution presented to this General Meeting and, more broadly, any other objective which is authorised or will be authorised by the regulations in force. The maximum share buyback price in connection with the share buyback programme would be set at €47 per share, representing a maximum total amount of €101,677,906 that the Company may devote to share purchases (excluding acquisition costs).

Fourteenth resolution

Authorisation granted to the Board of Directors, for a period of 18 months, to buy back shares in the Company under the mechanism set out in Article L. 22-10-62 of the French Commercial Code

The General Meeting, after reviewing the Board of Directors' report, authorises the latter, for a period of eighteen months, pursuant to Articles L. 22-10-62 *et seq.* and L. 225-210 *et seq.* of the French Commercial Code, to buy back the Company's shares on one or more occasions, and at the times it determines, up to a maximum number of shares representing no more than 10% of the number of shares making up the share capital at the date of this General Meeting, where applicable, adjusted to take into account potential share capital increase or decrease transactions which might take place during the term of the programme.

This authorisation supersedes the authorisation granted to the Board of Directors by the General Meeting of 25 May 2021 in its 13th ordinary resolution.

The acquisitions may be performed with a view to:

- enabling secondary market making or ensuring the liquidity of Axway Software shares through an investment services provider *via* a market-making agreement that complies with regulations, it being noted that the number of shares used to calculate the aforementioned limit is equal to the number of shares bought back, less the number of shares sold;
- retaining shares that are bought back for subsequent exchange or use as consideration in mergers, demergers, contributions or acquisitions;
- providing coverage of share purchase option plans and/or free share plans (or similar plans) for employees and/or company officers of the Group, including affiliated economic interest groups and companies as well as granting shares through a Group or company savings plan (or similar plan), Company profit-sharing and/or all forms of assigning shares to employees and/or company officers of the Group, including affiliated economic interest groups and companies;
- providing coverage of securities conferring entitlement to the grant of shares in the Company in view of regulations in force;
- cancelling any shares purchased, pursuant to the authorisation granted or to be granted by the Combined General Meeting;
- pursuing any other objective which is authorised or will be authorised by the regulations in force.

The share buybacks can take place *via* any means, including the acquisition of share blocks, and at the times the Board of Directors determines. Unless previously authorised by the General Meeting, the Board of Directors may not use these delegated powers during a public tender offer by a third party for the Company's shares, up to the end of the tender period.

The Company reserves the right to use optional mechanisms or derivatives in line with applicable regulations.

The maximum purchase price is set at €47 per share. In the event of a share capital transaction, particularly the split or reverse split of shares or the allocation of bonus shares to shareholders, the amount indicated above will be adjusted in the same proportion (multiplying coefficient equal to the ratio between the number of shares making up the share capital before the transaction and the number of shares after the transaction).

The maximum transaction amount is set at €101,677,906.

The General Meeting grants all powers to the Board of Directors to perform these transactions, to decide upon the terms and conditions, to enter into all agreements and to complete all the required formalities.

8.2.2 Resolutions presented for the approval of the Extraordinary General Meeting

a) Resolutions concerning financial delegations and authorisations (15th to 18th resolutions)

Explanatory statement

The delegations of authority granted to the Board of Directors on 3 June 2020 to increase the share capital, with or without preferential subscription rights, and to raise funds on the financial markets by issuing securities, with or without preferential subscription rights, granting access or potentially granting access to the share capital, expire on 3 August 2022. The Board of Directors therefore asks shareholders to renew these existing delegations of authority for a period of twenty-six (26) months, by approving resolutions 15 to 18 to enable it, if necessary, to launch, at the time it considers appropriate, the financial transactions best adapted to the financing requirements of the Group's development and the opportunities available on the market.

The share capital increases potentially resulting from these resolutions may be performed by issuing ordinary shares granting, where applicable, access to ordinary shares or the grant of debt securities and/or securities granting access to ordinary shares, (i) with cancellation of preferential subscription rights, through an offering referred to in Section 1 of Article L. 411-2 of the French Monetary and Financial Code (15th resolution), (ii) with cancellation of preferential subscription rights through a public offering (excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code), and/or in consideration for securities as part of a public exchange offering (16th resolution).

The issue ceilings applicable to issues performed pursuant to resolutions 15 and 16 would be as follows:

- €20 million par value for share capital increases that may result from the 15th resolution and €10 million par value for share capital increases that may result from the 16th resolution, excluding each time the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares;
- it being noted that all share capital increases likely to result from resolutions 15 and 16 of this General Meeting and resolutions 16 and 18 of the General Meeting of 25 May 2021 would be subject to an overall maximum par value ceiling of €20 million as set forth in the 18th resolution of this General Meeting.

In addition, pursuant to the terms of the 17th resolution presented for your vote, the Board of Directors could also decide, for each of the issues performed pursuant to the 15th and 16th resolutions, to increase the number of ordinary shares and/or securities granting access to ordinary shares of the Company, under the same conditions provided for in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, subject to the ceilings set by the General Meeting.

Fifteenth resolution

Delegation of authority to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or securities granting access to share capital and/or debt securities, with cancellation of preferential subscription rights, through an offering referred to in Section 1 of Article L. 411-2 of the French Monetary and Financial Code

The General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' special report and pursuant to the provisions of the French Commercial Code and specifically Articles L. 225-129-2, L 225-136, L. 22-10-52 and L. 228-92:

1) authorises the Board of Directors to issue the following, on one or more occasions, and in the proportions and at the times it determines, on the French and/or international market, through an offering set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code, either in euros or in foreign currency or any other unit of account established in reference to a collection of currencies:
   - ordinary shares,
   - and/or securities granting access to share capital and/or debt securities;
2) sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting;
3) the overall par value amount of ordinary shares that may be issued through this delegation cannot exceed €10,000,000, it being noted that it will also be limited to 20% of share capital per year.

   This amount is deducted from the maximum par value amount of ordinary shares that may be issued pursuant to the 18th resolution.

Where applicable, the par value amount of the share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of rights or securities granting access to the Company's share capital will be added to this ceiling;

The nominal amount of Company debt securities that may be issued pursuant to this delegation may not exceed €100,000,000.

This amount is deducted from the maximum nominal amount of debt securities set in the 18th resolution of this General Meeting;

4) decides to cancel the preferential subscription rights of shareholders to ordinary shares and securities granting access to share capital and/or debt securities covered by this resolution;
5) decides that the amount payable or that will be payable to the Company for each of the ordinary shares issued under this delegation of authority, after considering, if issuing independent share subscription warrants, the issue price of these warrants, will be determined in accordance with the legal and regulatory provisions in force at the time when the Board of Directors implements this delegation;
6) decides that, if subscriptions do not take-up the entire issue as indicated in 1), the Board of Directors may use the following options:
   - limit the issue to the amount of subscriptions, where applicable within the limits set forth in the regulations,
   - freely allocate all or part of the unsubscribed securities;
7) decides that the Board of Directors will have, within the limits set forth above, the powers required to determine the conditions of the issue(s), where applicable, record completion of the resulting share capital increases, amend the Articles of Association accordingly, charge, at its sole discretion, the expenses generated by the share capital increases to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital following each increase, and more generally, carry out the necessary formalities;
8) acknowledges that this delegation supersedes, from this day forth, the unused portion of any previous delegation with the same purpose, where applicable.

Sixteenth resolution

Delegation of authority to the Board of Directors, for a period of 26 months, to issue ordinary shares and/or securities granting access to share capital and/or debt securities, with cancellation of preferential subscription rights, through a public offering (excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code), and/or in consideration for securities as part of a public exchange offering

The General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' special report and pursuant to the provisions of the French Commercial Code and specifically Articles L. 225-129-2, L 225-136, L. 22-10-51, L. 22-10-52, L. 22-10-54 and L. 228-92:

1) authorises the Board of Directors to issue the following, on one or more occasions, and in the proportions and at the times it determines, on the French and/or international market, through a public offering excluding the offers set out in Section 1 of Article L. 411-2 of the French Monetary and Financial Code, either in euros or in foreign currency or any other unit of account established in reference to a collection of currencies:
   - ordinary shares,
   - and/or securities granting access to share capital and/or debt securities.

   These securities may be issued in consideration for securities that may be contributed to the Company, as part of a public exchange offer pursuant to the terms of Article L. 22-10-54 of the French Commercial Code;
2) sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting;
3) the overall par value amount of ordinary shares that may be issued pursuant to this delegation may not exceed €20,000,000.

   This amount is deducted from the maximum par value amount of ordinary shares that may be issued pursuant to the 18th resolution.

   Where applicable, the par value amount of the share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of rights or securities granting access to the Company's share capital will be added to this ceiling;

   The nominal amount of Company debt securities that may be issued pursuant to this delegation may not exceed €200,000,000.

   This amount is deducted from the maximum nominal amount of debt securities set in the 18th resolution;
4) decides to cancel the preferential subscription rights of shareholders to ordinary shares and securities granting access to share capital and/or debt securities covered by this resolution, whilst giving the Board of Directors the authority to grant shareholders a priority right, in accordance with law;
5) decides that the amount payable or that will be payable to the Company for each of the ordinary shares issued under this delegation of authority, after considering, if issuing independent share subscription warrants, the issue price of these warrants, will be determined in accordance with the legal and regulatory provisions in force at the time when the Board of Directors implements this delegation;
6) decides, if issuing securities in consideration for securities contributed as part of a public exchange offer, that the Board of Directors will have, within the terms set out in Article L. 22-10-54 of the French Commercial Code and the limits determined above, the powers required to determine the list of securities contributed for exchange, to determine the issue conditions, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, and to determine the issue terms;

7) decides that, if subscriptions do not take-up the entire issue as indicated in 1), the Board of Directors may use the following options:
   - limit the issue to the amount of subscriptions, where applicable within the limits set forth in the regulations,
   - freely allocate all or part of the unsubscribed securities;
8) decides that the Board of Directors will have, within the limits set forth above, the powers required to determine the conditions of the issue(s), where applicable, record completion of the resulting share capital increases, amend the Articles of Association accordingly, charge, at its sole discretion, the expenses generated by the share capital increases to the corresponding premium amounts and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital following each increase, and more generally, carry out the necessary formalities;
9) acknowledges that this delegation supersedes, from this day forth, the unused portion of any previous delegation with the same purpose, where applicable.

Seventeenth resolution

Authorisation to increase the amount of the initial issue, in the event of an issuance of ordinary shares or securities granting access to share capital with cancellation of preferential subscription rights, decided pursuant to the 15th and 16th resolutions of this General Meeting,

The General Meeting, after reviewing the Board of Directors' report, decides that for each issue of ordinary shares or securities pursuant to the fifteenth and sixteenth resolutions, the number of securities to be issued may be increased in accordance with the conditions set forth in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code, and up to the limit of the ceilings determined by the General Meeting.

Eighteenth resolution

Overall limit on authorisation ceilings set in the 15th and 16th resolutions of this General Meeting and the 16th and 18th resolutions of the General Meeting of 25 May 2021

The General Meeting, having reviewed the Board of Directors' and Statutory Auditors' reports, sets at:

- €20,000,000, the overall par value amount of shares that may be issued, immediately or in the future, pursuant to the 15th and 16th resolutions of this General Meeting and the 16th and 18th resolutions of the General Meeting of 25 May 2021, it being specified that, where applicable, the par value amount of the share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of rights or securities granting access to the Company's share capital will be added to this amount;
- €200,000,000 overall nominal amount of Company debt securities that may be issued pursuant to the 15th and 16th resolutions of this General Meeting and the 16th resolution of the General Meeting of 25 May 2021.

b) Resolutions concerning employee share-based incentive schemes (19th to 21st resolutions)

Explanatory statement

Shareholders are asked to grant the Board of Directors the authority, as they see fit:

- to implement, by the Company, a free share grant programme aimed at giving eligible employees or company officers a stake in the Axway Group. The potential total number of free shares granted may not exceed 4% of the Company's share capital on the date of the Board of Directors' grant decision, not taking into account the number of shares to be issued, if applicable, pursuant to the adjustments required to preserve the rights of the beneficiaries of free share grants. This delegation would be granted for a period of thirty-eight (38) months (19th resolution);
- to increase the share capital, on one or more occasions, using as an instrument either share subscription options or share right grants; this delegation would be valid for a period of thirty-eight (38) months from the date of the General Meeting (20th resolution);
- to increase the share capital, on one or more occasions, by issuing ordinary shares and/or securities of the Company, with cancellation of preferential subscription rights, reserved for members of a company savings plan (21st resolution). The maximum share capital increase amount in view of this delegation would be set at 3% of share capital, it being specified that this amount would be independent and separate from the share capital increase ceilings applicable to issues of ordinary shares or securities granting access to share capital, and that it would also be set without taking account of the par value amount of share capital increases necessary to safeguard, under the law or under any applicable contractual agreement providing for other cases of safeguard, the rights of holders of securities granting access to the Company's share capital, share subscription or purchase options or rights to the grant of free shares. This delegation would be granted for a period of twenty-six (26) months.

Nineteenth resolution

Authorisation to the Board of Directors, for a period of 38 months, to perform free grants of existing shares and/or shares to be issued to employees and/or certain company officers of the Company and affiliated companies and economic interest groups, with waiver by shareholders of their preferential subscription rights

The General Meeting, after reviewing the Board of Directors' report and the Statutory Auditors' special report, authorises the Board of Directors, on one or more occasions, pursuant to Articles L. 225-197-1, L. 225-197-2 and L. 22-10-59 of the French Commercial Code, to grant ordinary shares of the Company, existing or to be issued, to:

- employees of the Company or companies or economic interest groups directly or indirectly affiliated with the Company within the meaning of Article L. 225-197-2 of the French Commercial Code;
- and/or company officers meeting the conditions set by Article L. 225-197-1 of the French Commercial Code.

The total number of free shares granted under this authorisation may not exceed 4% of the share capital at the date of the grant decision.

Where applicable, the par value amount of the share capital increase required to safeguard the rights of beneficiaries of free share grants in the event of transactions in the Company's share capital during the vesting period will be added to this ceiling.

Shares will vest to beneficiaries at the end of a vesting period the duration of which will be set by the Board of Directors subject to a minimum of one year.

Beneficiaries will, where applicable, hold the shares during a period, set by the Board of Directors, such that the aggregate duration of the vesting period and, where applicable, the holding period is not less than two years.

As an exception, shares will vest before the end of the vesting period in the event of invalidity of the beneficiary corresponding to a category 2 or 3 classification pursuant to Article L. 341-4 of the French Social Security Code.

Full powers are conferred on the Board of Directors to:

- set the vesting conditions and, where appropriate, criteria for the shares;
- determine the identity of the beneficiaries and the number of shares granted to each beneficiary;
- where applicable:
  - duly note the existence of sufficient reserves and, at each grant, transfer to a blocked reserve account the amounts necessary to fully pay up the new shares to be granted,
  - decide, when the time comes, the share capital increase(s) by capitalisation of reserves, profits or issue premiums, relating to the issue of new free shares,
  - purchase the necessary shares under the share buyback programme and allocate them to the grant,
  - determine the impact on beneficiary rights of transactions modifying the share capital or likely to impact the value of shares granted, performed during the vesting period, and accordingly adjust or modify, where necessary, the number of shares granted to preserve the rights of beneficiaries;
  - decide whether or not to set a holding obligation at the end of the vesting period and, where applicable, determine the duration and take all useful measures to ensure compliance by the beneficiaries;
  - determine the conditions relating to the performance of the Company, Group or entities that will apply to the grant of shares to executive officers of the Company and, where applicable, those that would apply to the grant of shares to employees, as well as the criteria according to which shares will be granted, it being understood that in the event of the grant of shares without performance conditions, such shares may not be granted to the Chief Executive Officer of the Company and may not exceed 33% of grants authorised by the General Meeting;
  - and, more broadly, do everything necessary to the implementation of this authorisation within the context of prevailing legislation.

This authorisation will entail as of right waiver by shareholders of their preferential subscription rights to the new shares issued by capitalisation of reserves, profits or issue premiums.

It is granted for a period of thirty-eight (38) months from the date of this General Meeting.

It supersedes, from this day forth, the unused portion of any previous delegation with the same purpose, where applicable.

Twentieth resolution

Authorisation to the Board of Directors, for a period of 38 months, to grant share subscription and/or purchase options to employees and/or certain company officers of the Company and affiliated economic interest groups, with waiver by shareholders of their preferential subscription

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report:

1) authorises the Board of Directors, pursuant to the provisions of Articles L. 225-177 to L. 225-185, L. 22-10-56 and L. 22-10-57 of the French Commercial Code, to grant, on one or more occasions, to the beneficiaries detailed below, options granting entitlement to subscribe for new shares of the Company to be issued in the form of a share capital increase or to purchase existing shares of the Company resulting from buybacks performed under the conditions provided by law;
2) sets the period of validity of this authorisation at thirty-eight months, commencing the date of this General Meeting;

3) decides that the beneficiaries of these options may only be:
- some or all employees, or certain employee categories, of Axway Software and, where appropriate, the companies or economic interest groups affiliated to the Company pursuant to Article L. 225-180 of the French Commercial Code,
- company officers meeting the conditions set by Article L. 225-185 of the French Commercial Code;

4) the total number of options that may be granted by the Board of Directors under this authorisation may not grant entitlement to subscribe or purchase a number of shares exceeding 1% of the share capital at the grant date. Where applicable, the par value amount of the share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of beneficiaries of options in the event of transactions in the Company's share capital will be added to this ceiling;

5) decides that the share subscription and/or purchase price will be set on the option grant date, it being specified that this price may not be less than the average listed price of the Company's share on the Euronext Paris regulated market during the twenty (20) trading sessions preceding the option grant date, and may not be less than the limits set by regulation;

6) decides that no options may be granted during the lock-up period set by regulation;

7) acknowledges that this authorisation includes the express waiver by shareholders of their preferential subscription rights to the shares that will be issued as the options are exercised, in favour of beneficiaries of the share subscription options;

8) delegates full powers to the Board of Directors to set the other terms and conditions of grant of the options and their exercise and notably to:
   - determine the list or categories of beneficiaries, as provided below and set the conditions under which options will be granted, which may include the attainment of one or more quantitative performance and/or presence conditions set by the Board of Directors and clauses forbidding the immediate sale of all or some of the shares, without the period during which shares must be held exceeding three years from the option exercise date. By derogation from the above the Board of Directors, under the conditions set by law for executive officers, may impose clauses forbidding the exercise of options before the cessation of their duties or the immediate sale of shares with an obligation to hold some or all of the shares resulting from the exercise of the options in registered form until cessation of their duties,
   - decide the conditions under which the price and number of shares must be adjusted, notably in the scenarios provided in Articles R. 225-137 to R. 225-142 of the French Commercial Code,
   - set the period or periods during which the options granted may be exercised, it being specified that the option term may not exceed eight years, commencing the grant date. This period may not, however, expire less than six (6) months after the end of a period during which company officers are forbidden from exercising such options by the Board of Directors pursuant to Article L. 225-185 of the French Commercial Code and will be extended accordingly,
   - provide the ability to temporary suspend the exercise of options during a maximum period of three months in the event of financial transactions involving the exercise of share rights,
   - where appropriate, purchase the necessary shares under the share buyback programme and allocate them to the option plan,
   - complete or have another party complete all acts and formalities to finalise the share capital increase(s) that may be performed, where applicable, pursuant to the authorisation subject to this resolution; amend the Articles of Association accordingly and generally do all that is necessary,
   - at its sole decision and if it considers it necessary, charge the cost of the share capital increases against the amount of the corresponding premiums and deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital after each increase.

9) acknowledges that this delegation supersedes, from this day forth, the unused portion of any previous authorisation with the same purpose, where applicable.

Twenty-first resolution

Delegation of authority to the Board of Directors, for a period of 26 months, to increase the share capital through the issue of ordinary shares and/or securities granting access to share capital, with cancellation of preferential subscription rights, for members of a company savings plan pursuant to Articles L. 3332-18 *et seq.* of the French Labour Code

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' special report, and pursuant to the provisions of Articles 225-129-6, L. 225-138-1 and L. 228-92 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labour Code:

1) delegates its authority to the Board of Directors, at its discretion, to increase the share capital on one or several occasions, by issuing ordinary shares or securities granting access to the Company's shares to members of one or several Group or company savings plans established by the Company and/or its French or non-French affiliates within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labour Code;

2) cancels, in favour of these individuals, preferential subscription rights to shares and securities which could be issued under this delegation;

3) sets the period of validity of this delegation at twenty-six months, commencing the date of this General Meeting;

4) limits the maximum par value amount of the increases resulting from this delegation to 3% of the share capital on the date of the Board of Directors' decision to perform this increase. This amount is separate from any other ceiling on share capital increases. Where applicable, the par value amount of the share capital increase required to safeguard, in accordance with law and, where applicable, contractual provisions setting forth other safeguard measures, the rights of holders of rights or securities granting access to the Company's share capital will be added to this ceiling;
5) decides that the price of shares to be issued, pursuant to 1) of this delegation, may not be more than 30% lower, or 40% lower if the lock-up period indicated in the plan pursuant to Articles L. 3332-25 and L. 3332-26 of the French Labour Code is equal to or longer than ten years, than the average listed price of the share during the 20 trading sessions preceding the decision determining the subscription start date, nor higher than this average;
6) decides, pursuant to the provisions of Article L. 3332-21 of the French Labour Code, that the Board of Directors can provide for the free allocation, to the beneficiaries defined in the first paragraph above, of shares to be issued or already issued, or other securities granting access to the Company's share capital to be issued or already issued, for (i) the employer contribution which could be paid pursuant to the regulations of the Group or company savings plan, and/or (ii) where applicable, the discount, and could decide, if issuing new shares for the discount and/or employer contribution, to capitalise the reserves, profits or premiums required to pay up the shares;
7) acknowledges that this delegation supersedes, from this day forth, the unused portion of any previous delegation with the same purpose, where applicable.

The Board of Directors may or may not implement this delegation, take all measures and perform the required formalities.

8.2.3 Resolutions presented for the approval of the Ordinary General Meeting

Powers to perform legal formalities (22nd resolution)

Explanatory statement

Finally, shareholders are asked to confer full powers on the bearer of an original, a copy or an extract from the minutes of the General Meeting of 24 May 2022 for the purposes of carrying out all legal or administrative formalities consecutive to this General Meeting. The Board considers that the resolutions presented for your approval are consistent with the interests of the Company and contribute to the development of its business.

Twenty-second resolution

Powers to perform legal formalities

The General Meeting gives all powers to the holder of an original, copy or excerpt of these minutes to perform all legal filing and posting formalities.

The Board of Directors

Preparation and control of the Universal Registration Document and certification of the person responsible for the Universal Registration Document

AFR

Name and position of the person responsible for the Universal Registration Document

Patrick Donovan, Chief Executive Officer

Axway Software – 16220 N Scottsdale Rd. Suite 500, Scottsdale AZ 85254, USA

Persons responsible for auditing the financial statements

Principal Statutory Auditors

Auditeurs & Conseils Associés

31, rue Henri-Rochefort, 75017 Paris

Represented by Sandrine Gimat.

Office to expire at the General Meeting convened to approve the financial statements for the 2024 fiscal year.

First appointed: December 2000.

Auditeurs et Conseils Associés is a member of the Paris Regional Statutory Auditors' Association *(Compagnie régionale des Commissaires aux comptes de Paris)*.

Cabinet Mazars

61, rue Henri-Regnault, 92400 Courbevoie

Represented by Mr. Jérôme Neyret.

Office to expire at the General Meeting convened to approve the financial statements for the 2024 fiscal year.

First appointed: December 2000.

Mazars is a member of the Versailles Regional Statutory Auditors' Association *(Compagnie regionale des Commissaires aux comptes de Versailles)*.

Certification of the person responsible for the Universal Registration Document

I hereby declare, after having taken all reasonable measures for this purpose, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and it contains no omission likely to affect its meaning.

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all entities within the scope of consolidation.

I hereby declare that the management report included in this Document and detailed in the cross-reference table gives a true and fair view of the business performance, results and financial position of the Company and of all entities within the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

I have obtained a letter from the Statutory Auditors certifying that they have verified the financial and accounting information provided in this Universal Registration Document and that they have read the document as a whole.

Phoenix, 24 March 2022

Patrick Donovan

Chief Executive Officer

General remarks

This Universal Registration Document also includes:

- the annual financial report, which must be prepared and published by all listed companies within four months of the closing date of each fiscal year, pursuant to Article L. 452-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF's General Regulations; and
- the Board of Directors' annual management report, which must be presented to the General Shareholders' Meeting called to approve the financial statements for each fiscal year, pursuant to Articles L. 225-100 and L. 22-10-35 *et seq.* of the French Commercial Code.

Information incorporated by reference

Pursuant to Article 19 of Commission Regulation (EC) No. 2017/1129 of 14 June 2017, the following information is included by reference in this Universal Registration Document:

1. for fiscal year 2020:

- the Axway consolidated financial statements for fiscal year 2020 and the Statutory Auditors' report on the consolidated financial statements presented in the Registration Document filed on 18 March 2021 (on pages 139 to 197 and 198 respectively),
- the Axway Software financial statements for fiscal year 2020 and the Statutory Auditors' report on the financial statements presented in the Registration Document filed on 18 March 2021 (on pages 205 to 2022 and 2023 respectively);

2. for fiscal year 2019:

- the Axway consolidated financial statements for fiscal year 2019 and the Statutory Auditors' report on the consolidated financial statements presented in the Registration Document filed on 14 April 2020 (on pages 127 to 194 and 188 respectively),
- the Axway Software financial statements for fiscal year 2019 and the Statutory Auditors' report on the financial statements presented in the Registration Document filed on 14 April 2020 (on pages 197 to 220 and 216 respectively).

Glossary

Unless indicated otherwise, in this Universal Registration Document:

- the term “**Company**” refers to Axway Software;
- the terms “**Group**”, “**Axway**” and “**Axway Group**” refer to the Company and its subsidiaries;
- the terms “**Sopra**” or “**Sopra Steria**” refer to “Sopra Steria Group”.

Sector acronyms and terms specific to Axway

Amplify™: Amplify™ is the registered trademark for Axway’s hybrid integration offering. Amplify™ leverages the proven capabilities of Axway’s API management platform, enhanced with powerful integration tooling, support for complex organisational structures and integrations with its market leading MFT and B2B solutions.

API: Application Programming Interface: IT solution enabling applications to communicate and exchange services and data.

B2B: Business to Business Integration: automation of business and communication processes between at least two companies.

Cloud computing: process that consists in using remote IT servers or applications over internet networks.

CSP: Content Services Platform: software enabling users to create, share, collaborate and store content.

DevOps: range of practices helping software developers (Dev) and IT operations professionals (Ops) to work together by automating the software delivery process and infrastructure changes.

EDI: Electronic Data Interchange: the computer-to-computer interchange of strictly formatted messages.

EFSS: Enterprise File Synchronization & Sharing: service enabling users to save files in the Cloud and/or on-premise and access them from all their devices.

ERP: Enterprise Resource Planning: information system enabling the daily management and monitoring of all of a business’ information and operating services.

HIP - Hybrid Integration Platform: single integration platform enabling the creation of application and data networks adapted to each customer’s technology and structure.

Horizontal software: software solution able to target the needs of all types of customers, independent of their business sector.

IOT - Internet Of Things: refers to the growing number of devices connected to the Internet that enable physical assets to communicate digitally.

iPaaS: Integration platform as a Service: suite of cloud services enabling the development, execution and governance of integration flows.

Low-code: low code development allows developers to design applications rapidly with minimal manual coding. A low-code platform contains a suite of pre-built functions and tools that easily complement developers’ needs.

MFT: Managed File Transfer: software or platform that manages the secure transfer of data between devices via a network.

No-code: No code solutions are designed for non-developers who do not know or do not need to know programming languages to use and develop a software. A no code platform integrates all key functions users need to develop applications.

On-Premise: refers to the use of a company’s own server and IT environment.

PaaS: Platform as a Service: a cloud computing model where a cloud service provider proposes hardware and software tools as services over the Internet, enabling the user to develop applications.

SaaS: Software as a Service: cloud-based software distribution model.

External sources

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Alternative Performance Measures

ACV: Annual Contract Value - annual contract value of a Subscription agreement.

Employee Engagement score: employee engagement measured by an independent annual survey.

Growth at constant exchange rates: growth in revenue between the period under review and the prior period restated for exchange rate impacts.

Net signature metric: signature metric net of the Maintenance attrition by migration to new Subscription contracts.

NPS: Net Promoter Score: customer satisfaction and recommendation indicator for a product or a service.

Organic growth: growth in revenue between the period under review and the prior period, restated for consolidation scope and exchange rate impacts.

Profit on operating activities: Profit from recurring operations adjusted for the non-cash share-based payment expense, as well as the amortisation of allocated intangible assets.

Restated revenue: revenue for the prior year, adjusted for the consolidation scope and exchange rates of the current year.

Signature metric: amount of License sales plus three times the annual contract value (3 x ACV) of new Subscription contracts signed over a given period.

TCV: Total Contract Value - full contracted value of a Subscription agreement over the contract term.

Corporate responsibility

Customer Success organisation: Axway's internal structure dedicated to customer success. Axway strives continuously for customer satisfaction.

Engagement survey: independent annual survey conducted each year by Axway covering all employees.

GDPR: General Data Protection Regulation.

Greenhouse Gas (GHG): greenhouse gases are gas components that absorb infrared radiation emitted by the planet's surface and contribute to the greenhouse effect. The increase in their concentration in the planet's atmosphere is one of the factors behind global warming. GHG emissions are measured in metric tonnes of CO_2 (T eq. CO2).

LMS: Learning Management System: software that accompanies and manages a training process or learning path.

Materiality matrix: analysing materiality enables the most relevant issues for the Company and its stakeholders to be identified and ranked. Issues are presented in a graph identifying their importance for the Company and its stakeholders.

NFPS: Non-Financial Performance Statement.

Sustainable Development Goals (SDGs) are used to identify the seventeen objectives set by the United Nations Member States for 2030. Governments and civil society have defined targets in a wide range of areas around three founding principles: end poverty in all its forms everywhere, protect the plant and ensure prosperity for all. These objectives are grouped into five pillars: people, prosperity, planet, peace and partnership.

Cross-reference tables

This cross-reference table presents the Sections detailed in Annexes 1 and 2 of Commission Delegated Regulation 2019/980 of 14 March 2019 and refers to the pages of this Universal Registration Document containing the information required by each of these sections.

The Corporate Social Responsibility cross-reference table is presented at the end of Chapter 3 of this Universal Registration Document.

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n/a: not applicable

Management Report Cross-Reference Table

This Universal Registration Document includes all required disclosures in the Management Report as set out in Articles L. 225-100, L. 22-10-35 *et seq.*, L. 232-1, II and R. 225-102 *et seq.* of the French Commercial Code.

Annual Financial Report Cross-Reference Table

This Universal Registration Document includes all required disclosures in the Financial Report as set out in Article L. 451-1-2 of the French Financial and Monetary Code and Article 222-3 of the AMF General Regulations.

Corporate Governance Report Cross-Reference Table

This Universal Registration Document includes all required disclosures in the Corporate Governance Report as set out in Articles L.225-37 *et seq.* and L. 11-10-8 *et seq.* of the French Commercial Code.

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Axway turns your heritage infrastructure into brilliant digital customer experiences, extending the value of your previous investments, adding new business capabilities, and putting you on a future-proof platform to drive your growth ambitions. For over 20 years, Axway’s mission-critical solutions have been crucial to your customers’ daily lives and, together, we’ll continue to delight them for the next 20.

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