

2015 half-year results and Q3 2015 sales revenue

- Nomination of a Senior Vice President
 - Sales vitality on the rise, and improved profitability expected for H2 2015
- Confirmation of dividend payments

ITESOFT (ISIN Code: FR0004026151, Mnemo code: ITE), a European software vendor specializing in solutions for automating and processing information flows, today announces the publication of its financial statements for the first half of 2015, approved by the Board of Directors on September 30, 2015 and following limited review by the company's auditors.

| <i>in M€</i> | H1 2015 | H1 2014 <i>restated⁽¹⁾</i> |
|---|---------|--|
| Sales revenue | 9.9 | 10.7 |
| Operating income | 0 | 1.2 |
| Operating income | (0.3) | 1.2 |
| Net results before results from activities discontinued or being discontinued | 0.3 | 0.9 |
| Results net of taxes, from activities discontinued or being discontinued | 0 | (0.3) |
| Net results , Group share | 0.3 | 0.6 |

(1) The scope of restatement presents figures as if the sale of ITESOFT's Yooz business had taken place as of January 1, 2014.

Analysis of first-half 2015 results

For the first half of 2015, ITESOFT sales reached €9.9 million, compared to €10.7 million in the first half of 2014. Whereas sales momentum held strong over the period, certain decisions delayed by major prospects resulted in a decline in overall business activity.

This decrease in sales is reflected mechanically in the company's earnings.

Operating income was balanced, also integrating the following considerations for the period:

- A 329 K€ decrease in personnel expenses.

- A 377 K€ increase in external expenses, mainly for marketing and sales expenses to support the roll-out of the new SCPA offering.
- A 380 K€ increase in provisions due to strict application of procedures related to late payments by some clients.

Operating income reached -309 K€, including -225 K€ in goodwill depreciation for UK activity, and consideration for expenses related to the acquisition of W4. It is noted that these items are non-cash and non-recurring.

Group net profit reached 299 K€, integrating 702 K€ in financial income based on a combination of:

- Re-evaluating W4 shares at their fair value, in compliance with the IAS 39 standard, to take into account the W4 acquisition cost of 453 K€.
- Exchange rate variations of 250 K€.

As of June 30, 2015, the Group's financial structure remains strong, with balance sheet equity of €8.5 million, long-term financial debt of €0.9 million (comprised only of reimbursable advances), and a net cash position of €7.5 million. Following the acquisition of W4, ITESOFT's cash position remained high at €6 million as of September 30, 2015.

Sales revenue in Q3 2015 up by +24.4 %, carried by strong growth at W4

| <i>in M€</i> | Q3 2015 | Q3 2014 <i>restated⁽¹⁾</i> |
|-------------------------|---------|--|
| 3 rd quarter | 6.3 | 5.0 |

(1) The scope of restatement presents figures as if the sale of ITESOFT's Yooz business had taken place as of January 1, 2014.

Following the acquisition of W4, the W4 company accounts were consolidated with ITESOFT accounts as of July 1, 2015.

In Q3 of 2015, ITESOFT consolidated revenue rose by +24.4% to reach €6.3 million. Business activity remained stable, at constant scope.

Over the first 9 months of the year, ITESOFT recorded sales revenue of €16.2 million, up +2.5% from €15.8 million (down -5% at constant scope).

W4 contributed €1.2 million to consolidated sales revenue for the period. W4 activity grew by +8% in Q3 2015 (including +10% for license sales)

Nomination of Senior Vice President

ITESOFT announces the nomination of Laurent Matringe as Senior Vice President. Laurent Matringe, who had previously served an independent administrator for ITESOFT from 2005 to 2013, will report to Didier Charpentier, CEO, to assist him with company development.

Laurent Matringe has over 20 years of experience in hi-tech markets and software development, working at hi-tech companies such as OpenText, Sybase, and ComputerVision. Notably, from 2002 to 2010, he was CEO France for the international company BEA Systems, with 4,500 employees and sales revenue of 1.7 billion dollars. He holds an Engineering degree from INSA Lyon and an MBA from EM Lyon.

Sales vitality on the rise progressively, and improved profitability expected for the second half of 2015

During the first half of the year, many discussions were initiated with large organizations that are attracted by ITESOFT's new SCPA offering (Secure Capture and Process Automation). These discussions continue to demonstrate that ITESOFT solutions are strategic for companies at this time, as these solutions make it possible to optimize client and supplier relations securely. Sectors in which companies have significant direct contact with their clients represent a particularly appropriate target for ITESOFT solution deployment. This includes banks, insurance and mutual insurance companies, financial services, telecom operators, public organizations, and more.

While business activity for the first half of the year may be lower than that forecast by the Group, these advanced discussions enable ITESOFT to remain confident in its ability to sign significant orders over the coming months with major decision-makers.

ITESOFT plans to reestablish organic growth starting in Q4 2015. In parallel, W4 growth remains strong.

In addition, the company forecasts a current operating margin of about 8% for the second half of the year. Nonetheless, this improvement will not compensate entirely for the lateness observed in the first half, or reach the initial objective of 10 to 12% growth forecast for the year as a whole, excluding W4.

Confirmation of dividend payments

Given the company's positive outlook, and within the framework of implementing a regular dividend distribution policy, ITESOFT's Board of Directors has decided to submit to its shareholders, during a General shareholder meeting to be held in December 2015, a proposal to pay a dividend of 0.40€ per share, to be paid before the end of the year.

The dividend policy calls for the distributed amount to be adjusted annually based on company results and outlook.

About ITESOFT - www.itesoft.com

New developments in personal practices brought by new technologies have also meant major challenges for organizations, particularly in optimizing the client experience, which is key in preserving margins.

ITESOFT solutions help improve process management efficiency and flexibility for organizations, notably for their client-related processes. In addition to increasing productivity through capture and automation, we seek to help our clients design and manage business processes that will strengthen their competitiveness now and in the future by using our software solutions and the customer assistance services offered by ITESOFT and its partners.

ITESOFT's vision is to be a top European reference in secure solutions for omnichannel capture and flexible automation of client and supplier processes.

This hinges on cross-business solutions, innovative R&D that integrates the best technologies, leading technological partners and client business experts.

Thanks to unique know-how established through its research laboratories and programs, ITESOFT enjoys international recognition for the performance, robustness, and innovative nature of its solutions. The company is the leader on the French market.

ITESOFT's reference software suite is Secure Capture & Process Automation - SCPA. This suite is primarily targeted towards client (SCPA for Customers) and supplier (SCPA for Suppliers) management. It incorporates essential components for modelling, managing, steering, and monitoring key processes, from omnichannel capture to automatic application generation.

Adapted to digitize and automate critical processes, ITESOFT solutions process more than one billion documents every year for more than 350 clients of all sizes, in all activity sectors, across 29 countries.

Founded in 1984 and listed on Euronext Paris since February 2001, ITESOFT has offices in Germany, the United Kingdom, and France. The company leverages partnerships in other western European markets (Belgium, Luxembourg, Switzerland), and in Northern Africa, Australia, and Brazil. In 2014, ITESOFT generated consolidated revenue of €21.5 million and had a staff of 176 people.

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Bloomberg: ITES FP

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