



This document is a non-official translation into English of the French Registration Document dated 31 December 2015 that was filed with the French *Autorité des Marchés Financiers* (AMF) on April 26, 2016, under the number D16-0411, in compliance with Article 212-13 IV of the AMF General Regulations, and is provided solely for the convenience of English speaking users.

This document may only be used in connection with a financial operation if it is accompanied by an Operation Note approved by the AMF.

This registration document of 31 December 2015 was prepared by the issuer under the responsibility of its signatories.

Pursuant to article 28 of European Commission (EC) rule no. 809/2004 governing prospectus documents, this registration document incorporates references to the following information:

1. The consolidated financial statements for the year ended 31 December 2014 are provided on pages 96 to 134 of the registration document filed with the AMF on 30 April 2015 under the number D.15-0461, with the corresponding statutory auditors' reports respectively on pages 132 and 159 of the registration document.
2. The consolidated financial statements for the year ended 31 December 2013 are provided on pages 79 to 135 of the registration document filed with the AMF on 30 April 2014 under the number D.14-0451, with the corresponding statutory auditors' reports respectively on pages 109 and 134 of the registration document.

Copies of the registration document are available free of charge at ITESOFT SA company headquarters, Parc d'Andron – Le Sequoia – 30470 Aimargues, France, on ITESOFT's web site (www.itesoft.com), and on the AMF web site (www.amf-france.org).

SA with 368,029.68 euros share capital ■ RCS Nîmes B 330 265 323

NAF code: 5829C ■ Intracommunity VAT: FR 54 330 265 323

ISIN FR0004026151

INTRODUCTION

The ITESOFT Registration Document contains forward-looking statements about ITESOFT's targets, outlook, and development directions. This information must not be interpreted as a warranty that the provided facts and data will indeed occur or that the objectives will be reached.

Forward-looking statements and targets described in this Registration Document may be affected by risks, either known or unknown, uncertainties and other factors that may cause ITESOFT's future results, performance, and achievements to be significantly different from the stated or implied targets. These factors may include changes in the economic or commercial environment, as well as the risk factors set out in Chapter 4 of this Registration Document.

In the Registration Document, the company named ITESOFT is referred to as "ITESOFT" or "ITESOFT SA" or "the Company." The "Group" or "ITESOFT Group" means ITESOFT and its directly- and indirectly-held subsidiaries, as described in Chapter 7 of this Registration Document.

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1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

ITESOFT CEO, Mr. Didier Charpentier, is responsible for the information contained in this document, with the exception of the information contained in the report required under Article L.225-37 of the French *Code de Commerce* (Commercial Code) for which Mr. Didier CHARPENTIER, Chairman of the Board of Directors, is responsible.

1.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby certify that the information contained in this Registration Document accurately reflects, to the best of my knowledge, and having taken all reasonable care to ensure that such is the case, the facts and contains no omission that would be likely to affect its meaning.

I certify, to the best of my knowledge, that the accounts were prepared in accordance with the relevant accounting standards and give a true representation of the assets, financial situation and results of the Company (pages 133 to 137) and all consolidated companies (pages 96 to 130), and that the management report (see Correlation table), provides a true reflection of the evolution of the business, results, and financial situation of the Company and all consolidated companies as well as a description of the main risks and uncertainties with which they are faced.

I have obtained a letter from the statutory auditors confirming that they have completed their work and indicating that they have verified the financial situation and financial statements provided in this Registration Document and that they have reviewed the document as a whole.

This letter does not contain any observations on their part.

The reports by the statutory auditors concerning the financial statements for the financial year ended 31 December 2014 provided on pages 132 to 159 of the Registration Document filed on 30 April 2015 with the AMF under no. D.15-0461, do not contain any observations.

The reports by the statutory auditors concerning the financial statements for the financial year ended 31 December 2013 provided on pages 109 to 134 of the Registration Document filed on 30 April 2014 with the AMF under no. D.14-0451, do not contain any observations.

1.3 PERSON RESPONSIBLE FOR INFORMATION

Attestation by the Chairman of the Board of Directors for the information contained in the report required by Article L.225-237 of the French Commercial Code, regarding the preparation conditions and organization of work by the Board, as well as internal control procedures implemented by the Company.

I hereby certify that the information contained in the report required by Article L. 225-237 of the French Commercial Code accurately reflects, to the best of my knowledge, and having taken all reasonable care to ensure that such is the case, the facts and contains no omission that would be likely to affect its meaning.

The information contained in the report required by Article L. 225-237 of the French Commercial Code is covered in the report by statutory auditors prepared in accordance with the last provision of Article L. 225-235 of the French Commercial Code, provided on page 55, 61-62. No observations were added by the Statutory Auditors.

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a horizontal line and a small dot.

2 STATUTORY FINANCIAL STATEMENT AUDITORS

2.1 PRINCIPAL STATUTORY AUDITORS

Ernst & Young Audit

1025, rue Henri Bequerel - CS 39520 - 34961 Montpellier Cedex 2 - France

Represented by Mrs. Frédérique Doineau

First appointed: Combined Shareholders' Meeting on 3 November 2000

Mandate expiration date: Ordinary Shareholders' Meeting approving the financial statements for the year ending 31 December 2017.

SOFIRA Audit

Parc Georges Besse II – 260, chemin Tour de l'Evêque - 30000 Nîmes - France

Represented by Mr. Marcos Marquez.

First appointed: CB Audit, since become Sofira Audit, was the alternate auditor until 15/09/2005, when it became statutory following the resignation of Mr. Alain REYFTMAN, who retired.

Mandate expiration date: Ordinary Shareholders' Meeting approving the financial statements for the year ending 31 December 2019.

2.2 ALTERNATE STATUTORY AUDITORS

Auditex

1-2 Place des Saisons - 92037 Paris la Défense Cedex

First appointed: Combined Shareholders' Meeting on 17 June 2009

Mandate expiration date: Ordinary Shareholders' Meeting approving the financial statements for the year ending 31 December 2017.

SA Sofira

100, avenue Alfred Sauvy – 34473 Pérols, France

First appointed: Shareholders' Meeting on 2 June 2006

Mandate expiration date: Ordinary Shareholders' Meeting approving the financial statements for the year ending 31 December 2019.

2.3 CHANGES IN STATUTORY AUDITORS

There are no particular changes to mention.

2.4 FEES CHARGED TO THE GROUP BY STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK

See Note 28 in the Financial Statements Appendix, Chapter 20.1.5.29.

3 SELECTED FINANCIAL INFORMATION

The table below presents the Group's main accounting and operational information for the past three years. This data is extracted from ITESOFT's financial statements (prepared in compliance with International Financial Reporting Standards - IFRS) for financial years ended 31 December 2015, 2014, and 2013.

This table must be read along with financial statements and their respective Notes for those periods. Table of key figures (in thousands of Euros) as of 31 December 2015, 31 December 2014, and 31 December 2013 (restated based on Yooz business activity sold on 31 December 2014):

	2015	2015 restated	2014	2013 restated
Sales	23,087	25,339	21,461	20,404
Current operating income	1,980	1,977	2,281	2,385
Operating income	650	647	2,281	2,060
Income before corp. tax	1,303	1,313	3,223	1,062
Income from discontinued activities	0	0	609	-743
Net income	1,072	1,083	2,357	457
Equity	368	368	342	342
Shareholder's equity	8,765	8,776	8,431	6,198
Net fixed assets	12,166	12,166	2,772	2,618
Debt	8,624	8,624	966	2,781
Cash (Available - Overdrafts)	4,141	4,141	6,164	6,612
Total balance sheet	31,910	31,910	18,656	19,555

The "2015 Restated" information corresponds to the information that would result from taking W4 figures into account as of January 2015.

Given the sale of the company's Yooz business in December 2014, the IFRS 5 standard was applied, and expenses and income related to the sold activity were presented as Net results from discontinued activities. The same applies to income from the sale (€2 million).

4 RISK FACTORS

The Group reviewed the risks that could potentially have significant negative impact on its business activity, financial situation, or results (or its capacity to reach its targets), and considers that there are no major risks other than those presented below.

Nonetheless, the Company cannot exclude the possibility that other risks may emerge in the future that could have significant negative impact on the company, its business activity, financial situation, results, or development.

4.1 HUMAN RESOURCE RISKS

The Company's value, its ability to innovate, its growth, and its results are essentially based on the intellectual capacity of its employees in general, and specifically on key employees.

4.1.1 ABILITY TO HIRE AND RETAIN EMPLOYEES

Recruitment is a key aspect of the Company's growth. However, in the new technology sector, there is generally a lack of supply with respect to demand for human resources. The Company is nonetheless aware of this risk, and has implemented a human resources policy that seeks to retain employees and make it easier to recruit.

ITESOFT has thus developed a strong corporate culture with a loyalty program that includes:

- A dynamic human resources management policy.
- A motivating compensation policy.
- Workspace that provides a pleasant work environment.
- An ongoing training policy.

These benefits enable the Company to continue with the recruitment required to carry out the development plan while helping to limit employee turnover.

In addition, ITESOFT has involved personnel with its capital thanks to tools made possible by the Company's presence on the stock exchange: stock options, bonus shares, and a common fund specifically dedicated to an employee savings plan ("*Plan d'Epargne Entreprise*").

The work-week in France is based on a total of 39 hours. The Company pays weekly hours worked from 35 to 39 hours as overtime, with the corresponding increased wage.

4.1.2 RISKS RELATED TO CONTROLLING GROWTH

The Company's ability to manage its growth effectively require it to implement, improve, and use all of its resources effectively. All significant growth in business activity runs the risk of subjecting the Company, its directors, and its teams to a high level of pressure. In particular, the Company must continue to develop its infrastructure, its financial and operational procedures, replace up ou upgrade its information systems, recruit massively, train, motivate, manage, and retain key staff. Any inability on the part of the management team to manage growth effectively would have a significant negative impact on the Company's sales, results, and financial situation.

4.1.3 RISKS RELATED TO KEY PEOPLE

ITESOFT's success depends heavily on a handful of key men and women. The departure or extended unavailability of one of these people could be damaging to the Company, even though the Executive Committee (see § 16.6) knows how to react in such a case.

The Company has implemented stock option and stock purchasing plans, as well as bonus shares, in order to engage its main employees and directors to the fullest.

4.2 TECHNOLOGY RISKS

4.2.1 INTRODUCTION

ITESOFT specializes in innovative technologies that are often ahead of the competition. The Company's directors are not aware of other emerging technologies that are likely to disrupt this situation.

It is nonetheless important to note that new application development models are emerging, following the increasingly widespread distribution of Cloud-based applications, thus offering customers easy access to advanced technologies over a regular Internet connection.

We do not believe that this new type of technical architecture is likely to develop quickly enough to give rise to solutions that could compete with ITESOFT products, but we cannot ignore the risk of that happening.

Risk forecasts are mainly based on existing products integrating well-mastered technology. See Chapter 6 – Activity overview.

4.2.2 EXPANDING THE OFFERING

In 2013/2014, ITESOFT launched new software modules that expanded the functional scope of its product offering considerably, notably in the areas of process modeling (BPM), management, and supervision.

New for ITESOFT, this sector is different from the traditional OCR sector, from both technological and functional perspectives.

During the past year, the offering met with solid success by ITESOFT clients and prospects. Implementation and client feedback required ITESOFT's R&D teams to expand their skills to include new areas, for which the impact in terms of feature development and interaction with the company's "historical" modules are not entirely known.

Please note that, in 2015, ITESOFT acquired the company W4, which developed and owns the intellectual property for these new software modules. This ensures resource allocation and development prioritization in compliance both with ITESOFT strategy and client expectations.

In addition, development for these new modules leverages new technology layers (non-relational databases, analytical display tools, responsive-design user interfaces, and more) which require some learning time for ITESOFT technical team, with a risk of delaying the market release of these new features.

4.2.3 INCREASING IMPORTANCE OF THE CLOUD

At this time, most ITESOFT sales revenue is generated by its "on premises" offering, which generates income from licenses, support, maintenance, and professional services.

ITESOFT's current clients are mainly large organizations committed to controlling their information system infrastructure, which leads the company to believe that demand for ITESOFT to port its offering to the Cloud, accompanied by a subscription-based sales model, will not occur for several more years.

There is nonetheless a risk that the demand for this type of solution will change quite quickly, notably with the considerable decrease in shared infrastructure costs and the fierce competition among major companies in the sector, such as Amazon and Microsoft: this could create strong short- and medium-term pressure on the company's profitability. ITESOFT is monitoring this evolution among its client base closely, and remains confident with respect to this aspect.

4.3 LEGAL RISKS

4.3.1 INTELLECTUAL PROPERTY

According to Book VII of the French Intellectual Property Code, registration of a brand with INPI (*Institut National de Propriété Industrielle*) confers a property right to the company registering the brand; abuse of this right, whether by reproduction or by imitation, including any subsequent registration, constitutes an infringement, which can lead to both civil and penal sanctions. In compliance with the principle of specificity, a brand is protected for products and services identical or similar to those designated in the registration, insofar as there is a risk of confusion in people's minds. The brand establishes the company's identity and protects it against usurpers by giving the Company exclusivity of use and effective means to defend it.

The ITESOFT brand belongs to the Company and was registered for France in 1993 (renewed in 2003 and 2013), and for Europe, the United States, and Canada in 2000. The logo was also registered.

Names of products, technologies, and other identifiers (ITESOFT.FreeMind, Free Class, FreePixelize, Fullcapture, etc.) have been registered nationally or internationally in the name of the Company or its subsidiaries.

ITESOFT leverages intellectual property rights, which are a foundation for its technological expertise and commercial identity. It is therefore very important for the Company to ensure that it has effective legal protection.

The source code for the software products designed and developed by ITESOFT are registered with the French Agency for Program Protection (*Agence pour la Protection des Programmes* - APP). ITESOFT's technologies for recognizing handwritten characters are protected by patents in France and internationally.

ITESOFT holds the following patents the time of this writing:

- Filed in 1995, patent for "Process and system for recognizing handwritten characters," protecting technology that uses black and white documents instead of traditional documents with character boxes in non-actinic color ink, without degrading reading performance.
- Filed in 1996, patent for "System for recognizing handwritten characters," protecting technology that reduces the space used by boxes and labels on dense forms, without degrading reading performance, by allowing the writer to overlap information onto the label.
- Filed in 1999, patent for "Adaptable technology for analyzing documents automatically," protecting adaptable technology that locates variable data on documents and identifies document families, enabling documents' logical structure to be taken into account.
- Filed in 2001, patent for "Process and system for reading documents."
- Filed in 2005, patent for "Mechanism and process for user interaction."
- Filed in 2015, patent for "Mechanism and process to record a document presenting marking, and stamp to implement said marking."

These patents have been filed and issued, or are pending in France and/or abroad.

Lastly, the Company own Internet domain names, including ITESOFT.COM, ITESOFT.FR, ITESOFT.DE, ITESOFT.CO.UK, ITESOFT-UK.COM, ITESOFT.BIZ, ITESOFT.EU, and ITESOFT.FR (to avoid any possible confusion).

4.3.2 POTENTIAL DEPENDENCIES

Partnerships

In pursuing its activities, ITESOFT establishes many types of partnerships, including technological partnerships. The termination of certain partnerships could have a negative impact on the company's growth and profitability perspectives.

Assets required for operation

At this time, ITESOFT possesses all the assets required for its operation. None of these assets are pledged or subject to any type of security right whatsoever.

4.3.3 INSURANCE

ITESOFT has taken out a variety of insurance policies, mainly to cover the following risks:

- Professional civil liability (with coverage up to €4 million per incident, depending on the nature of the incident)
- Civil liability for Company Officers
- Missions (personnel travel)
- Merchandise shipping
- Vehicle fleet
- Industrial risks, fire, and other related risks (in particular, business interruption insurance covering the equivalent of a complete halt of business activity in France for a period of approximately four months)

The Company is advised by specialist brokers to ensure that its insurance coverage is properly adapted to its activity.

There were no significant incidents in 2015. The total amount of premiums paid was 82 K€ (compared to 59 K€ in 2014).

4.4 COMPETITIVE RISKS

4.4.1 NEW MARKET ENTRANTS

The main barrier to market entry is the level of investment (notably time and money) in R&D, Marketing, and Sales that a new player would face before attempting to penetrate the Company's market without experience. Given the investment required, and the already very competitive nature of the market, ITESOFT does not consider that the risk of a completely new entrant is very high.

On the other hand, it is clear the market is undergoing a phase of massive consolidation, which is giving rise to players with considerable striking power. For example, two of the largest merger transactions in our market during the past year were the successive acquisitions of ReadSoft and Kofax by the software subsidiary (Perceptive Software) of Lexmark.

This company possesses a product offering that is complex enough to confuse clients (acquisition and integration of previously-competing companies, abrupt decisions regarding various technologies in

various markets). This may represent an opportunity for ITESOFT as well as a risk, as the company, in the end, also benefits from considerable potential in terms of innovation and financial resources.

ITESOFT intends to protect itself against these threats through specialization and by differentiating its product offering with respect to these competitors, as well as by ITESOFT's strong proximity to clients in the French market, supported by the company's ability to assist clients directly with its service offerings.

4.4.2 EXPANDING THE FEATURE SET OF OCR COMPANIES

ITESOFT uses several different OCR (Optical Character Recognition) engines in its solutions, with the most dominant developers in this market segment being ABBYY and OpenText. OCR functionality is only a minor part of the ITESOFT solution, but ITESOFT has observed that OCR providers are trying to expand their feature sets and offer complete business solutions, which, by their very nature, become competitors to ITESOFT's offerings. This could conceivably also represent a conflict of interest.

The loose relationship implemented by ITESOFT makes it easy to change OCR technologies and therefore to minimize this risk. In addition, OCR companies are generally technological, and mastering clients' professional activities, notably in the area of invoice processing, requires lengthy field experience, which can only be acquired through projects carried out with clients.

4.4.3 COMPETITION FROM FREWARE

ITESOFT considers that the emergence of Freeware software, generally speaking, represents an indirect risk of downward pressure on license prices. The company Ephesoft, in the USA, offers solutions that compete with those of ITESOFT, based on a freeware version (Community version) which leads quickly to the paid version (Enterprise version). ITESOFT has never encountered Ephesoft in competition on any projects, but in the event that Ephesoft software, or another, should succeed in penetrating ITESOFT's traditional markets, they would be likely to affect ratios in the current business model based on license sales enhanced by maintenance and service revenue. Freeware, with a free "Community Edition" and a paid "Enterprise" edition may be the most cost-effective means for a first approach, thus attracting clients, and pushing ITESOFT to develop new "freemium" type license models, which would impact margin and distribution in client financial flows over time.

The Company is tracking this situation to anticipate and adapt to such changes.

4.4.4 NEW PRACTICES

Increasingly rapid changes in personal and professional practices (such as the skyrocketing use of mobile digital terminals and connected objects, in particular), could represent a risk for ITESOFT: technologies for capturing digital documents (e-mail, SMS/text message...), and associated metadata, are not the same as those used for paper documents, and new competitors may emerge rapidly by specializing in these media forms.

In addition, the European Commission has been encouraging member states to promote the use of unsigned electronic invoices for the past several years, and is currently working on implementing a European electronic invoice standard that includes metadata. It is clear that when this practice becomes widespread (which we estimate will happen within a few years at most), automatic reading technologies will no longer be as useful, as the data contained in these documents will be accessible directly.

The French government has set up the Chorus portal, requiring payments to government suppliers (large companies) to be handled with electronic invoices starting January 1, 2017. This provides significant support for this new "captured at the source" approach, in which the OCR aspect is reduced in the short term, and eliminated over time. Electronic invoicing will be adopted broadly between 2017 and 2020 for all government suppliers, territorial authorities, and public establishments.

ITESOFT invests heavily in R&D to ward off this type of risk, and participates in AFNOR work-groups in order to stay up-to-date on these changes in practices.

4.5 FUTURE ACQUISITIONS AND INTEGRATION OF ACQUISITIONS

The Company does not exclude the possibility of acquiring new companies or pursuing equity participation in the future. Such acquisitions could lead to a dilution of the Company's current shareholders, the use of financial debt, potential losses, or even the establishment of provisions related to the need to declare depreciation of the value of various assets resulting from this increase. They could also have a negative impact on profitability for the Company and its shareholders.

Furthermore, there are a number of risks associated with any acquisition, notably challenges related to integrating an acquired company's activities, technologies, products, and teams.

ITESOFT acquired its technology partner W4 in July 2015. The respective sizes of the two companies, and the relations already established among employees in both entities, lead us to believe that integration will be smooth and will generate value in the short term. ITESOFT upper management and the former upper management of W4 are paying close attention to ensure that integration takes place under the best possible conditions for employees.

4.6 CLIENT RISKS

The ITESOFT Group's main clients are large private companies and governmental administrative organizations. The client portfolio is comprised of over 500 active references. In the 2015 fiscal year, approximately 30% of revenue was generated by the ten largest clients (the largest of which represents about 5% of total revenue). The average payment term is 100 days. This relatively long term is offset by the high quality of the contracts.

Also, client contracts are subject an extremely rigorous internal validation process before signature.

4.7 IT RISKS

The efficiency and availability of information systems and networks are essential for most of the company's internal processes and activities (such as software development, implementing customer projects, maintenance, management of marketing databases, accounting, and more).

The Company's activities could be affected if damage were to occur in hardware or information software systems following either a physical disaster (such as a fire) or a virus attack.

To prevent these risks, the Company has set up firewall and anti-virus mechanisms, as well as backup procedures and systems.

ITESOFT invests heavily in its computing systems and infrastructure, (see § 20.1.5.11, note 10 in Consolidated Accounts), continually improving their efficiency and productivity. This effort will be continued moving forward.

4.8 SUPPLIER RISKS

As a software developer, ITESOFT attaches importance to preserving and protecting its expertise, and the Company rarely outsources development.

For sales involving hardware (which only concern standard equipment, generally scanners, in cases where the client is not already equipped), ITESOFT only serves as an intermediary between clients and distributors, major market brands such as Fujitsu and Kodak.

ITESOFT considers that it is important to avoid creating absolute dependencies with respect to any acquired or sold equipment, or any technology integrated into its products. For example, with respect to scanners, the ITESOFT solution is compatible with all scanners that offer standard drivers supplied by manufacturers in compliance with the TWAIN or ISIS standard.

Every product or technology from outside sources can therefore be replaced without notably modifying the technical features of ITESOFT's solution.

4.9 MARKET RISKS

See financial statements in § 20.1.5.25, Note 24, which provide details on risks related to exchange rates, credit rates, shares, cash, and coverage.

4.10 RISKS AND CONSEQUENCES OF COMPANY ACTIVITY ON THE ENVIRONMENT

See Chapter 17 for Corporate Social Responsibility (CSR) data.

Concerning the resale of computer equipment (mainly scanners), which represents an increasingly marginal part of the company's sales revenue, ITESOFT is only involved as a reseller or intermediary. Recycling computer equipment at the end of its useful life is not ITESOFT's responsibility.

4.11 PROCEDURES IMPLEMENTED TO TRACK RISKS

See § 16.5 for information regarding procedures implemented to track and measure these various risks.

The Company reviewed its risks, and to the best of its knowledge, does not consider that there are any significant risks other than those presented here.

4.12 RISKS RESULTING FROM THE COMPANY EXERCISING ITS ACTIVITY

The ITESOFT Group implements firm social policy with respect to national regulations governing its subsidiaries. In particular, the Company does not allow illicit work and is committed to respecting all of its obligations as defined by labor legislation.

ITESOFT is committed to respecting the United Nations Convention with respect to child labor, and International Labour Organization conventions, notably by not resorting to child or forced labor. The Company pays particular attention to ensure that its Asian sub-contractors also respect these obligations.

4.13 EXTRAORDINARY EVENTS AND DISPUTES

The Group runs the risk of being involved in a variety of legal proceedings during the normal course of its activities. In particular, the Group cannot guarantee that some of its clients will not face quality issues with ITESOFT products. The Company's tortious or contractual liability may be engaged in case

products sold by the Company malfunction. Damage and interest could be claimed as part of such proceedings.

At this time there are no extraordinary events or disputes that have had in the recent past, or could have, any significant impact on Company activity, results, financial situation, or holdings of ITESOFT and its subsidiaries.

5 INFORMATION ABOUT THE COMPANY

5.1 COMPANY HISTORY AND REVOLUTION

5.1.1 COMPANY NAME AND COMMERCIAL NAME (ARTICLE 3 IN BY-LAWS)

The Company's name, and commercial name, is: ITESOFT.

5.1.2 PLACE AND NUMBER OF BUSINESS REGISTRATION

The Company is registered with the Registry of Trade and Companies in Nîmes, France, under the number 330 265 323.

5.1.3 DATE FOUNDED AND TERM OF THE COMPANY

The Company was initially founded on 22 June 1984, as a limited liability company. On 31 May 1991, it was transformed into a public limited liability company with Board of Directors, governed by the French Commercial Code.

The term of the Company is 99 years, starting from the date of its registration with the Registry of Trade and Companies on 23 July 1984, except in the event of early dissolution or extension.

5.1.4 HEAD OFFICE AND LEGAL FORM

Address of head office: Parc d'Andron, le Séquoia - 30470 Aimargues - France

Tel.: +33 (0)4.66.35.77.00

Fax: +33 (0)4.66.35.77.01

E-mail: finance@itesoft.com

ITESOFT is a French *Société Anonyme* (public limited liability company) with a Board of Directors, governed by the French Commercial Code.

5.1.5 CORPORATE PURPOSE (ARTICLE 2 OF COMPANY BY-LAWS)

ITESOFT's corporate purpose in France and abroad is as follows:

- To design, develop, use, and commercialize technologies and solutions that offer the highest possible levels of productivity and reliability for capturing and processing information workflows.
- All activities, service offerings and transactions, notably in the field of informatics, electronics, and telecommunications, directly or indirectly related to the above topic or advanced techniques and technologies.
- All other related or complementary activities likely to favor development of the Company, all of which directly or indirectly for the Company's own benefit or for the benefit of a third party, alone or with third parties, by all means, including the creation of new companies, capital investments, partnerships, mergers, alliances, joint ventures, or obtaining the use of any property or rights under lease of lease management, or other.

And generally, all financial, commercial, industrial, property, real estate or financial transactions that could be linked, directly or indirectly, to any of the items specified above, or any other similar item, or which could foster development of the Company's assets.

5.1.6 DEVELOPMENT MILESTONES IN THE ISSUER'S ACTIVITY

The ITESOFT was founded in 1984 by its current Chairman of the Board.

In 1989, the Company began to focus its research activities on developing technologies to recognize type-written characters (OCR) and hand-written characters (ICR), using emerging neuron network technologies.

In 1990, ITESOFT installed its first software, FormScan, for automatically reading forms. ITESOFT sold its products and related services to big users of paper documents, in particular social entities, administrative organizations, catalog-order companies, banks, and insurance companies.

In 1998, Philippe Lijour joined the Company as Chief Operating Officer. By then ITESOFT had become the French leader in the automated document processing market, with more than 170 sites up and running. ITESOFT expanded its offering with its XDataFlow application, an integrated solution to capture information flows.

On 8 February 2001, ITESOFT was listed on the Euronext Paris Nouveau Marché, followed by an acceleration in international development with the acquisition of the British company HRH Business Technology (renamed ITESOFT UK Ltd) in August. ITESOFT then launched ITESOFT.Invoice, the first French software application to process supplier invoices automatically.

In 2002, ITESOFT expanded into the German market, acquiring FormsConsult Software GmbH (renamed ITESOFT Deutschland GmbH). Later in the year, ITESOFT launched ITESOFT.FreeMind, a software solution that replaced the previous X.DataFlow offering entirely.

In 2004, the CNAM (French National Health Insurance Fund) chose ITESOFT as its sole supplier to implement automatic document processing at 132 sites. Launched in September, the Balance for My SAP Business Suite™ module expanded the product offering for automated supplier invoice (accounts payable) processing software in SAP environments.

In early 2005, the Group reorganized its upper management structure, separating the functions of Chairman of the Board and CEO. This change enabled Didier Charpentier, who continued his role as Chairman, to focus on ITESOFT's medium- and long-term development objectives, particularly in terms of technologies, external growth, and international development. Chief Operating Officer since 1998, Philippe Lijour became Chief Executive Officer. As CEO, he is responsible for all ITESOFT Group operations.

ITESOFT launched ITESOFT.Freemind for Business, a professional solution for processing client correspondence, then ITESOFT.Share, a complete content and workflow management solution.

In 2006, the ITESOFT 2008 Development Plan was implemented in order to regain strong and profitable growth. The Company hired 20 new employees, increased R&D spending, and launched two new software solutions: ITESOFT.FreeMind for Orders and ITESOFT.FreeMind Enterprise. The Group began to perceive the benefits its major investment in R&D and corporate structure over the previous three years.

In 2010, ITESOFT launched its new SaaS offer under the name of "Yooz." Designed for small- and medium-sized enterprises and certified public accountants, Yooz offers a solution for managing supplier invoices electronically. The Yooz offering is sold on a subscription-based business model.

ITESOFT receives financial support from OSEO as part of the DOD (Documents on Demand) project.

In the difficult business context of 2011, ITESOFT saw its revenue increase by 7.5% to reach 21,727 K€, while investing a further 800 K€ in its future.

In 2012, ITESOFT maintained its sales revenue and improved profitability, which enabled the Company to continue its investment and support the growth of its SaaS business: Yooz

In 2013, ITESOFT launched new ITESOFT.Streamline BPM products and relocated its Paris offices from Nanterre to Rueil-Malmaison.

ITESOFT signed its first ITESOFT.Streamline contracts in 2014. In December, to create an environment that is conducive to future development of ITESOFT and Yooz business, the Yooz activity was transferred to a new company, Yooz S.A.S., a subsidiary of CDML (holding company for the ITESOFT group), whose shareholder is Didier Charpentier, founder and President of ITESOFT.

In July 2015, ITESOFT acquired the W4 company, a major player in the business process automation market. This acquisition thus reinforces ITESOFT's own solutions. Didier Charpentier has resumed his role as CEO of ITESOFT, the position he held until 2005, now replacing Philippe Lijour.

5.2 INVESTMENTS

5.2.1 MAIN INVESTMENTS

Due to the nature of its activity, the majority of ITESOFT's investment is for research and development, as well as to develop its information tools.

Investments

Investments are comprised of investment in computer hardware and software, furniture, and equipment necessary for effective operation.

Not including the W4 acquisition, investment in 2015 reached €0.8 million (compared to €1.3 million in 2014 and €0.6 million in 2013), entirely self-funded.

This investment mainly concerns updating computer equipment and office furnishings to keep pace with the Group's HR policy.

R&D expenses are detailed in Chapter 11.

Acquisitions of financial assets

In 2015, the Company increased its ownership in W4 to 100%, up from 5.6%, its level since 2005. This acquisition took place for an amount of €10 million, 80% of which was funded through cash holdings, and 20% of which was covered by the issuance of new shares.

5.2.2 MAIN INVESTMENTS IN PROGRESS

None

5.2.3 MAIN FUTURE INVESTMENTS (ALREADY DECIDED)

There are no significant items to mention.

6 BUSINESS OVERVIEW

6.1 MAIN ACTIVITIES

6.1.1 PRODUCTS, SOLUTIONS, AND CLIENTS

6.1.1.1 INTRODUCTION

ITESOFT is a software company whose initial products were designed to capture paper documents electronically. Over the course of its evolution, the Company has enriched its product offering considerably in three complementary directions, with the goal of climbing the client value chain and enabling clients to implement practices generally associated with the "digital transformation" in various areas within their companies.

Direction 1: diversifying capture modes, now reaching omnichannel capture, handling paper, e-mail, file folders, and individual files, and events transparently.

Direction 2: integrating EDM (Electronic Document Management) and BPM (Business Process Management) tools to process electronic documents efficiently. As such, the 2015 acquisition of W4 represents a major investment for the longevity of this offer.

Direction 3: which leverages the two previous points: taking the "business" aspects into account for processes related to digitalized documents, notably for:

- processing invoices and offering integration with the leading ERP systems on the market: SAP, Oracle, Infor.
- Business processes, notably those concerning client relations (which involve numerous electronic documents).

These principles have governed the evolution of ITESOFT products for many years. More recently, two additional solution components have been integrated to reinforce the offering:

- Fraud detection, primarily concerning documents, as related to capturing documents that are already in electronic format.
- Collaboration-oriented work in the field of invoice processing, with a "supplier portal" that will further increase productivity for departments with heavy workloads.

6.1.1.2 SCPA: SECURE CAPTURE AND PROCESS AUTOMATION

In 2015, ITESOFT decided to group its products together as a "suite" with a single acronym in order to present a clear picture of the available solutions, and the benefits they provide. The suite is called SCPA, which stands for:

- **Secure Capture:** modules that capture all types of data and documents, on all types of media, including the integrated detection of document and identity fraud.
- **Process Automation:** tools to create models, implement, supervise, and steer various types of business processes in various areas, and produce business applications based on the modeled processes.

Areas currently being addressed include:

- Client experience management: SCPA for Customers
- Supplier relations management: SCPA for Suppliers

6.1.1.3 SCPA for Customers

SCPA for Customers solution is a perfect illustration of the Company's strategy to climb the value chain and offer solutions that increasingly match business-specific and ITESOFT client needs, while integrating new usage models and meeting client expectations.

Large companies today are subject to strong pressure on many fronts:

- **Competitors emerging from new horizons**, with considerable financial power and very strong disruptive capacity (Google, Apple, Uber, AirBnB), driving a merciless battle to control client relations. There's a good reason why the term "Uberization" has become one of the most-used neologisms in the business strategy world in 2015.
- **The need to integrate new technologies** that are now accessible very easily (Cloud, Big Data, Internet of Things, Connected objects, mobile devices, artificial intelligence). Technologies that are able to generate differentiation and add value, which, 10 years ago, were very expensive and required equipment investment and considerable skills to operate, are today practically available for self-service, for anyone, regardless of their financial foundation. Algorithms that enable a Google application to beat the world champion of the game Go, are nearly readily available, while the cost of infrastructure continues its free-fall in a merciless war being waged among the main players in the Cloud sector, such as Amazon and Microsoft.
- **The increasing importance of "data"**: all applications generate data in some form or another, and pooling data sources (even if this is potentially problematic in ethical or legal terms) represents a colossal source of value, assuming that the right algorithms are available to make use of the data.
- **Increased risk of fraud and cybercrime** Data with high financial value, accessible from anywhere: this is something that definitely has the potential to attract criminal organizations. The targets are easier than physical targets, and the risks of encountering problems with the law are minimal, perhaps even non-existent. The phenomenon is unfortunately not expected to slow over the coming years.
- **And, of course, end-clients who are increasingly demanding**, and who must be "captured" with a seamless, omnichannel client experience. Even if the situation generates considerable pressure on existing high-tech infrastructure, which was designed in "silos", and with which clients must communicate indirectly. And by making smart decisions with respect to the dangers of fraud presented above.

An optimal client experience requires multiple "Systems of Engagement" (Web sites, secure or non-secure e-mail, smartphones, etc.) that must be coordinated flexibly with respect to corporate business objectives, with the greatest level of security, in the most ergonomic and appealing manner possible for end-clients.

The SCPA for Customers suite provides an integrated, elegant, and effective solution for this complex issue. The suite is based on four main components:

- ITESOFT.FreeMind Omnichannel capture
- ITESOFT.Streamline Application production tools (modeling and implementation)
- ITESOFT.Share: Data storage
- ITESOFT.SecuritySaaS: Fraud detection

6.1.1.3.1 ITESOFT.FreeMind for Enterprise



ITESOFT.FreeMind concentrates all of ITESOFT's experience in terms of document capture, recognition, and processing. ITESOFT.FreeMind handles all document workflows, in all formats (paper, bar-code, fax, mail, handwritten), sorts and classifies, and extracts relevant data, while minimizing the need for manual data entry, a sign of the solution's productivity and effectiveness. The FreeMind engine is configured and optimized to capture heterogeneous and unstructured document workflows, typical in client exchanges in B2C scenarios.

6.1.1.3.2 ITESOFT.Streamline



The cornerstone of agility and digitalized process management, ITESOFT.Streamline is built on the foundation of W4 BPMN+, and includes all specific features of the ITESOFT SCPA suite (integration of omnichannel capture in processes, supervision with ITESOFT.ProductionManager, access to ITESOFT.Share...).

W4 BPMN+ leverages W4's extensive experience in Business Process Management (BPM) acquired over the past 20 years. This is a complete suite that includes all the tools required to handle business processes, regardless of their context. The solution's core is the articulation between a modeler and an execution engine, both of which respect the BPMN2 standard (for which W4 is a recognized contributor). The underlying approach for implementing business processes effectively is as follows:

- Business "pre-modeling," easily performed by non-specialists, available free of charge on the "W4 Store."
- Detailed modeling (processes and data) with the W4 BPMN+ Modeler. This dual approach to modeling ensures complete understanding of business needs by the IT department, and vice versa, and thus greatly limits the typical risks of modeling processes which, once modeled, do not truly correspond to business expectations. The application screens are also modeled automatically and may be adjusted subsequently.

Application deployment is rapid by using the W4 BPMN+ Engine. Meticulous respect is maintained for the BPMN2 standard, guaranteeing application integrity and performance. In addition, it is possible to run a process through the engine, even if that process was modeled with another modeler respecting the standard, and vice versa.

6.1.1.3.3 ITESOFT.ProductionManager



After models for processes are created and implemented, it is necessary to be able to steer and manage them. ITESOFT.ProductionManager offers an integrated environment for supervising and steering, hot and cold, all of the processes described in ITESOFT.FreeMind ITESOFT.Streamline and ITESOFT.Share, as well as other non-ITESOFT proprietary applications.

ITESOFT.ProductionManager is offered with an optional module, ITESOFT.Assign, which is a rule engine that automates task priorities and automatically reassigns workloads.

6.1.1.3.4 ITESOFT.Share



ITESOFT.Share is the foundation for storing and accessing documents that are scanned and analyzed by ITESOFT.FreeMind, handling storage and data access on servers via the Web and using mobile devices. ITESOFT.Share is the company's EDM (electronic document management) system, efficient and easy to deploy for any volume of data.

6.1.1.3.5 ITESOFT.FraudDetectionSaaS



An innovation in the SCPA suite, this SaaS-mode module enables a given business process (with respect to capture or processing) to reach out to query specialized services for identity or fraud detection, or modify the process based on a received response. The goal is to be able to identify suspicious documents in order to allow human operators to make informed decisions, only on an as-needed basis. Many other services are currently being developed and will be released during 2016.

6.1.1.4 SCPA for Suppliers

This vertical version of the SCPA solution is dedicated to automating and handling supplier relations electronically. It offers a consistent user experience across all modules thanks to a single portal, and a Web and mobile device interface. This solution includes the following main features:

- Advanced automation with a high rate of invoices integrated automatically with accounting tools (order matching) with recognition and reading success rates regularly above 50%.
- A complete supervision solution for the Purchase-to-Pay process from end-to-end, from invoice reception to payment.
- Multi-ERP integration (making it ideal for shared service centers), with dedicated modules certified for SAP and Oracle EBS.
- Processes all documents from all countries, adapts to all national regulations, and offers a multi-lingual interface.
- Tax processing on captured invoices (electronic invoices, PDF files, EDI) and paper invoices.
- Integrated features to produce a reliable audit trail for unsigned electronic invoices.

The suite is comprised of the following modules:

6.1.1.4.1 ITESOFT.SupplierPortal



The ITESOFT.SupplierPortal module is designed to be the single point-of-entry for all of a given company's suppliers, enabling them to submit invoices, see payment status, contact decision-makers, and even negotiate invoice discounts.

6.1.1.4.2 ITESOFT.FreeMind for Invoices



ITESOFT.FreeMind for Invoices is dedicated to processing supplier invoices. The module's automatic reading technologies are specifically adapted for invoices, particularly with respect to reading numbers and currency.

6.1.1.4.3 ITESOFT.Ispid



ITESOFT.Ispid is a module dedicated to processing payment methods automatically.

6.1.1.4.4 ITESOFT.Balance



ITESOFT.Balance handles matching and accounting integration with ERP tools: SAP/Oracle certified, or the "Any ERP" generic module.

6.1.1.4.5 ITESOFT.Dashboard



Supervision of the entire process from invoice reception to payment, including reports and scoring.

6.1.2 SOLUTIONS FOR IMPROVING CORPORATE EFFICIENCY AND PRODUCTIVITY

These powerful tools offer many benefits:

- Identifying and reading documents automatically reduces the costs associated with repetitive tasks and increases reliability, notably with respect to manually entering massive amounts of data from paper documents, such as forms, bank checks, order forms, supplier invoices, and more.
- Managing documents and workflows electronically lessens the burden of administrative handling, saves times, and streamlines processes.
- Integration with the rest of the information system makes it possible to reapply human resources for more productive tasks, and above all, to improve relations with the company's clients and suppliers, and to "un-isolate" information system silos.
- Natural integration within more global systems, that is, with the rest of the company's computer infrastructure: proprietary business applications, ERP systems, Supply Chain Management, CRM, etc.), which expands their efficiency.

6.1.3 THE BUSINESS ACTIVITY'S POSITION IN THE VALUE CHAIN

ITESOFT is positioned on the market for capture and automation solutions that cover the entire process, from capture and processing to integration within information systems and document archives. Its differentiating factor is rooted both in:

- Its expertise for processing both structured and unstructured documents, handling electronic documents as well as paper, which offers a single point-of-entry for all documents in all corporate processes that can benefit from automation and which require total traceability.

- The power of the integrated BPM solution that handles even the most complex business processes in an agile and efficient manner.

Upstream of the solution's modules, scanning software is used with scanners and multifunction devices generally purchased from a handful of major world leaders, such as Kodak, Fujitsu, and others. Electronic data is collected through interfaces with the applications being used, including e-mail, electronic forms, fax, EDI, etc.

Throughout the processing cycle, interfaces with a company's information system (ERP systems such as SAP®, Oracle, Infor, and more) enable exchanging data, verifying the consistency of captured information, and triggering processing actions. Documents and data are then routed to the appropriate recipient(s) via workflow applications, and stored in electronic document management systems (EDS) as well as in the organization's management applications;

6.1.4 RELATED ITESOFT SERVICES

Services

Services are provided to accompany license sales, and are invoiced on a man-day basis. The number of days is based on needs related to client project complexity.

Services cover many different areas, such as writing requirements documents, configuring products, specific development related to integration, system installation, user and operational manager training, launch assistance, performance auditing, and more. Days spent on both project management and quality assurance may also be counted.

Maintenance

ITESOFT offers annual maintenance contracts to its clients. These contracts give clients access to the support hotline, remote maintenance, and bug fixes, as well as optional services, including new major version installations, on-site interventions, preventive maintenance, and more.

At this time, nearly all of ITESOFT's clients have signed contract agreements and renew them regularly (with a renewal rate of approximately 93%), thus contributing to the generation of recurring revenue.

Sales of dedicated hardware

In order to be able to offer turn-key solutions, ITESOFT can include partnerships with manufacturers of hardware such as scanners, as part of its offering as needed.

6.1.5 REVENUE BREAKDOWN

ITESOFT is, above all, a software company. However, specialized services may be required to implement its solutions optimally, as with any corporate software.

In order to offer the best possible operational solutions, and to work effectively alongside its clients to ensure their projects' success, ITESOFT has an elaborate client service organization comprised of over 70 people, offering numerous services:

- Prior audit and analysis of the current situation, in order to be able to make implementation recommendations that will produce maximum ROI, notably focusing on invoice capture and client service issues).
- Analysis of existing business workflows and recommendations for optimization.
- Elaboration of business workflow specifications in accordance with the BPMN2 standard.
- Specific audits with respect to establishing a "reliable audit trail" for clients who wish to benefit from an "all-digital" system.
- Project management, from writing technical specifications to project acceptance.
- Fine-tuning the application after production launch: load analysis and performance optimization.

- User training.
- On-demand services for occasional analysis.
- Personnel assignment.
- Telephone support.
- Certification of peripheral hardware.

Consultants are geographically located throughout France and the United Kingdom, and may intervene easily either in France or other countries around the world where ITESOFT technologies are deployed. The support department operates 24/7 in order to handle requests from all international clients.

6.1.6 BREAKDOWN OF REVENUE BY TYPE OF SERVICE

	2015 (M€)		2014 (M€)	
Licenses	3.9	17%	5.5	26%
Services	8.8	38%	6.7	31%
Maintenance	10.3	45%	9.2	43%
Hardware sales	0.0	0%	0.1	1%
Total	23.1	100%	21.5	100%

At constant scope, sales revenue reached €21 million, representing a decline of -2.3% for the period. By taking into account all W4 business activity for the W4 fiscal year, 2015 sales revenue reached €25.4 million.

6.1.7 ACTIVITY SEASONALITY

Quarterly revenue for 2015 and 2014 were as follows (in millions of euros):

	2015	% of annual revenue	2014	% of annual revenue
Q1 revenue	4.7	20.35%	4.5	20.86%
Q2 revenue	5.3	22.94%	6.3	29.16%
Q3 revenue	6.3	27.27%	5.0	23.50%
Q4 revenue	6.8	29.44%	5.7	26.47%
Annual revenue	23.1	100%	21.5	100%

The Group has observed that, traditionally, a larger portion of its annual business is generated in the last quarter of the year, which is considered normal in the software sector.

6.1.8 BREAKDOWN OF REVENUE BY GEOGRAPHICAL REGION

See financial statements (information by geographical region) in § 20.1.5.28.

6.1.9 REFERENCES

ITESOFT has many references and prestigious clients in France and abroad. The ITESOFT Group's client portfolio contains over 650 references across various business sectors, such as:

Administrations and public service:

Agence de Mutualisation des Universités et Etablissements (AMUE) – (FR) - Conseil Général de la Gironde (FR) - INSERM (FR) - EDF (FR) - État de Vaud (CH) - London Borough of Redbridge Council (UK) - Ministère de l'Economie et des Finances (FR) - Préfecture de Police (FR) - SIG Genève (CH).

Agri-food

- Cadbury (FR) - Groupe Soufflet (FR) - Labeyrie (FR) - Lactalis (FR) - Pepsico (UK) - Pernod Ricard Holing (FR) - Roquette (FR).

Banks, insurance, retirement and pension funds:

April Assurances (FR) - Figeas (CH) - AXA (FR) – Barclays Bank (FR) - Banque Populaire de l'Ouest (FR) – BRED (FR) - Crédit Mutuel Arkea (FR) – Generali (SW) - GMF (FR) - GMF Vie (FR) - Groupe Malakoff-Médéric (FR) - MFPS Mutualité de la Fonction Publique Services (FR) - MGP Mutuelle Générale de la Police (FR) - MACIF (FR) - Swiss Life (FR) - BNP Paribas (FR) - Crédit Agricole (FR) - ING Direct (FR) - La Banque Postale (FR) - Société Générale (FR).

Building, construction, and materials:

Bateg (FR) - Crest Nicholson (UK) - Groupe NGE (FR) – Groupe Fayat (FR) - Portakabin (UK) - Raboni (FR) - VINCI Construction Grands Projets (FR).

Culture and media:

Centre France Communication (FR) - AMP (BE) - Mondadori France (FR) – Naville (CH) - Trader Media Group LTD (UK).

Distribution:

Alinéa (FR) - Boulanger (FR) – Colruyt (BE) - Gifi (FR) - Harvey Nichols (UK) - KIABI (FR) Lyreco (18 countries) – Groupe SAMSE (FR) – Sunstore (CH) - Système U (FR) – Visilab (CH) - Yves Rocher (FR).

Energy and raw materials:

Air Liquide (FR) – GAZPROM (UK) - GDF SUEZ (COFELY, INEO) (FR) - VEOLIA (OTV) (FR).

Industry:

Calderys (10 countries/pays) - Faurecia (FR) - Mitsubishi Electric Europe bv (UK Branch) – Polyone (FR, BE, LU, DE, ES, IT, US,) - VALEO (FR, DE, ES, PO).

Laboratories, pharmaceutical and hospital products:

AAH Pharmaceuticals (UK) - Bristol-Myers Squibb (9 countries) - Laboratoire Boiron (FR) - Mölnlycke Health Care (BE).

Logistics and shipping:

Air France (FR) - Bourbon (FR) – Chronopost International (FR) – CFL Chemin de Fer Luxembourgeois (LU) - CMA CGM (FR) - Geodis BM (FR) - SAGA (Groupe Bolloré, FR) - SDV Logistique Internationale (FR).

Management organizations:

CGOS (FR) – FAFSEA (FR) – FNTP (FR) – Union des Caisses de Congés Payés de France (UCF) (FR).

Social security:

CAF (75 sites, FR) –CNAV (FR) - CPAM (132 sites, FR) - CRAM (FR) - MSA (FR).

Services:

Alten (FR) - Brink's (FR) - Bull (DE, FR, UK) - Capgemini (22 countries) - Carglass (Groupe Belron, FR) - Cegos (FR) – Laser UK (UK) - Mark it (UK) – Mott MacDonald (UK) - Randstad (FR) - SAS Institute (FR) - Sodexo (FR, UK) - Sogeti (FR).

Telecommunications:

Belgacom (BE) – ORANGE (CI) - SFD (FR) – SFR-NUMERICABLE (FR) - Siemens Enterprise Communications (UK).

Tourism and leisure:

Belambra (FR) – Club Med (FR, IT, CH,...) - Pierre et Vacances (FR) – Odalys Vacances (FR) – Vacances Bleues (FR).

6.2 MAIN MARKETS

ITESOFT markets are undergoing rapid change. The market was originally considered as "document capture." By including document process management, then business process management, we now speak of "ECM" (Enterprise Content Management) and "SPA" (Smart Process Applications), or BPM (Business Process Management), which actually includes sub-markets, notably customer-centric BPM, for which Forrester predicts strong growth in the coming years.

Key points to remember about the market's evolution:

Value growth for the capture market is estimated at an average of 7.6% (source: Harvey Spencer & Associates) for the next three years.

Value growth for the BPM market is estimated at an average of 6.9% (source: Gartner Group) until 2019.

The reasons for market growth are:

- The need to manage the customer experience in an optimal and well-structured manner, using omnichannel capture technologies and process modeling.
- Acceleration of the transition to the digital economy is pushing both large and small companies, public-sector and private, to pursue total automation of their key processes and adopt a pragmatic approach consisting of automating all incoming workflows, including both electronic formats and paper in an omnichannel approach.
- Mobility and hyper-connectivity simultaneously facilitate and accentuate the need to move towards automated processes.
- The "consumerization" of information technologies eliminates barriers that formerly existed with respect to the adoption of technologies a few years ago.

- Ongoing progress in character recognition technologies (OCR, ICR), whose levels of reliability and price-performance ratios are motivating more and more major users to acquire automated reading systems to replace traditional manual data entry.
- Progress in adaptive document recognition technologies (IDR), which opens opportunities for new fields of applications (such as automated classification), for documents with decreasing levels of structure (invoices, free-form correspondence, etc.).
- Increasing integration with operational software applications for which there is significant demand (such as customer relations management systems, known as CRMs), call centers and integrated management applications (ERP).

6.2.1 COMPETITION

ITESOFT benefits from a leadership position in the French market, with a market share of approximately 30%, and a market share in Europe estimated at 6%.

The main competitors on the European market:

The market has undergone significant concentration, as LEXMARK (the company PERCEPTIVE) acquired Kofax and Readsoft, two major players in the market, in 2014 and 2015. This company forecast €500 million in sales revenue for 2016:

EMC2 (Captiva), listed on NASDAQ, the world leading provider of storage solutions, generated sales revenue of \$25.2 billion in 2015, up 3% with respect to 2014. A line of integrated products within the Information Intelligence Group (IIG) division for document capture, Captiva generates most of its sales revenue in the United States, but is also present internationally.

Top Image Systems (TIS), an Israeli company listed on Nasdaq, generated revenue of \$33.8 million in 2015, up 5.8% with respect to 2014. TIS has subsidiaries in the United States, Germany, South America, Singapore, and Japan, as well as representative offices in Europe.

ESKER, a French company listed on the Alternext stock exchange, generated €58 Million in sales revenue in 2015, offering document scanning and distribution solutions. Operations in France, Switzerland, Luxemburg, and French-speaking Africa.

PEGA SYSTEMS, an American company present around the world, generated \$682.7 million in 2015, offering client relations management solutions.

6.2.2 DEVELOPMENT OUTLOOK

We believe that the market for basic document capture is in the process of changing and evolving towards a market with solutions integrating broad feature sets with a strong business-oriented dimension.

The offering's center of gravity is moving away from capture towards process modeling, and process implementation through agile tools, and we are convinced that the dominant trends sparked by the digital transformation of companies, and the growing importance of properly handling the client experience, represent considerable opportunities for ITESOFT.

It seems to us that development in the market for "supplier process automation" is limited by the number of players already present, as well as a certain level of simplification now emerging for processes, notably with the near-future arrival of unsigned electronic invoices including metadata, which will no longer require Automatic Document Recognition and Automatic Document Reading. On the other hand, the complexity and volume of information to process in the context of client relations is growing strongly, and the field, which is undergoing rapid change, is more open.

We also think that adding document fraud detection features as well as electronic signatures and online contracts to our SCPA offering, enables ITESOFT to offer an integrated solution that meets a real strategic need for B2B companies, and the first clients signed in 2015 for this type of solution should enable us to accelerate sales of these solutions in 2016.

We are also working to make our SCPA solution more "vertical" according to business sector (financial services, insurance, complementary insurance...), in order to provide clients with an offering in which part of the work for defining business processes will have already been done, and even having our clients work together to elaborate "best practices" that they can share.

The W4 BPM offering continues to exist on its own (independently of its use within SCPA suites), and its adoption makes it possible to develop a business process ecosystem that can be capitalized to bring greater value for ITESOFT clients.

With respect to geographical regions, ITESOFT is pursuing its commercial development internationally by combining a strategy based on two main vectors:

- Commercial development combining direct and indirect sales in France and the United Kingdom.
- Development of a strategy mainly based on indirect sales through selected, specialized partners in markets outside France and the United Kingdom (Brazil, Australia, North African countries).

6.3 MAIN ACTIVITIES AND MAIN MARKETS INFLUENCED BY EXTRAORDINARY EVENTS

None.

6.4 INDUSTRY, COMMERCIAL, OR FINANCIAL CONTRACTS, NEW MANUFACTURING PROCESSES

ITESOFT offerings are partially based on technological partnerships with other companies, notably in the following fields:

- Character recognition
- Process modeling
- Data display
- Portal development
- Software development languages
- Databases
- Document fraud detection
- Electronic signatures
- Archives with probative value

The world of technology evolves extremely quickly and operates on a very disruptive model. ITESOFT therefore has no guarantee that the technological choices it makes at a given time, with all the information available at that time, shall not pose problems subsequently, such as if a partner changes strategy or company ownership, or should one of the other classic interruptions in the hi-tech sector occur.

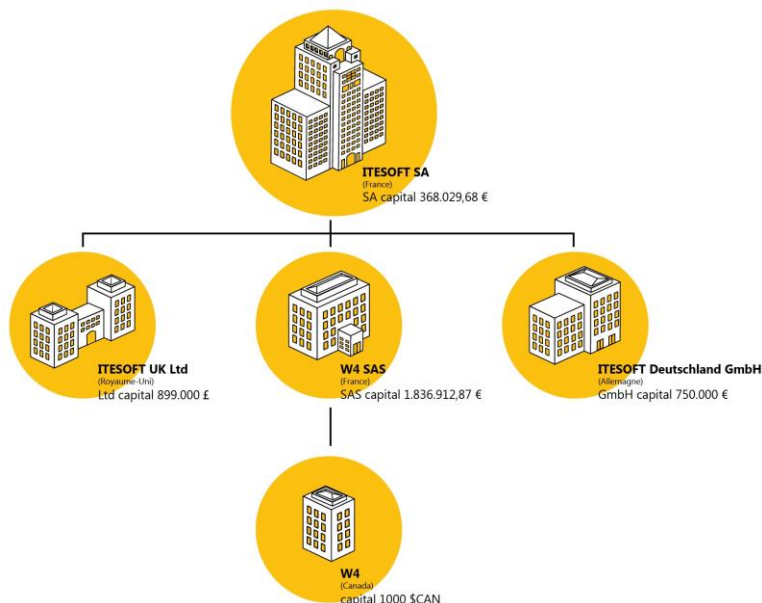
ITESOFT invests massively in research and development through partnerships with research laboratories, on projects whose results are expected to have an influence on features provided by ITESOFT's future products. Despite this investment, ITESOFT has no guarantee regarding the real outcome of these research and development programs, even if such programs have proven productive in the past.

6.5 ISSUER DECLARATION REGARDING ITS COMPETITIVE POSITION

The elements referred to by the Company are internal estimations based on oral information gathered from analysts, the Company's distributors, and its clients.

7 ORGANIZATION CHART

7.1 GROUP LEGAL AND ORGANIZATION CHART



Each of ITESOFT's companies carries out the Group's activities with respect to sales, marketing, and customer support within a defined geographical zone.

In addition to handling Group activity in France and the rest of the world, not including Germany and the United Kingdom, the parent company (ITESOFT SA) performs all of the Group's research and development.

Financial flows within the group are comprised of:

- Parent company invoicing its subsidiaries for software, maintenance, and services related to client projects.
- As necessary, invoicing for services, equipment, and external expenses incurred or purchased by one company on behalf of another.
- Account of another, in the context of optimizing group skills and resources.
- Optimization of financial and cash management through loans or current accounts between the parent company and its subsidiaries (see § 19.1), given that the Group's cash is held almost entirely by ITESOFT SA.

7.2 MAJOR SUBSIDIARIES

See financial statements in § 20.1.5.23 and § 20.1.5.28

The main subsidiaries of the Group are:

- W4: France (acquisition in 2015)
- ITESOFT UK: United Kingdom
- ITESOFT GmbH: Germany

8 PROPERTY, PLANT AND EQUIPMENT

8.1 INTANGIBLE ASSETS

As of 31 December 2015, ITESOFT's net intangible fixed assets are comprised mainly of goodwill (€10 million) and software (€0.6 million).

8.2 TANGIBLE ASSETS

Due to its type of business activity, the Company does not have any significant tangible fixed assets and does plan on acquiring any. As of 31 December 2015, the entry for tangible fixed assets is mainly comprised of office and computer equipment, that is, €0.7 million in net value, and office furnishings for €0.3 million.

The Group's property leases are only for office space.

8.3 ENVIRONMENTAL QUESTIONS THAT MAY INFLUENCE THE USE OF TANGIBLE FIXED ASSETS

See § 4.10 and Chapter 17. There are no significant items to mention.

9 ANALYSIS OF THE FINANCIAL SITUATION AND RESULTS

9.1 FINANCIAL SITUATION

9.1.1 RESTATED 2013-2014 PROGRESSION FOR YOOZ ⁽¹⁾

Amounts in thousands of euros	31-12-14		31-12-13		CHANGE
Sales revenue	21,461	100	20,404	100	1,057
Operating expenses	-19,180	-89.4%	-18,344	-89.9%	-836
Goodwill depreciation	0	0.0%	-325	-1.6%	325
Operating income	2,281	10.6%	2,060	10.1%	221
Transferred activities	609	2.8%	-743	-3.6%	1,352
Net income	2,356	11.0%	457	2.2%	1,899

- (1) Given the sale of the company's Yooz business, the IFRS 5 standard was applied, and expenses and income related to the sold activity were recognized as results from discontinued activities. The same applies to income from the sale (€2 million). For comparison purposes, the 2013 exercise was re-evaluated in the same manner, separating out Yooz business under discontinued activities.

ITESOFT's sales revenue rose to reach €21.5 million.

This increase is observed in France (+1% to reach €17.4 million), and internationally, which grew by +32% to reach €4.1 million, compared to €3.1 million in 2013.

Operating expenses are still well-controlled, but personnel expenses rise because of incentive payments, which were made for the first time. Investment effort in R&D remained high at 18% of sales revenue.

ITESOFT thus records operating results of €2.3 million and net results of €2.4 million, compared to €0.5 million in 2013, due to the sale of the historically unprofitable Yooz activity, for a price of €2 million in December 2014.

Shareholder equity is reinforced at €8.4 million, and net cash flow (including current financial assets) reaches €6.1 million.

9.1.2 2014-2015 PROGRESSION

	31-12-15		31-12-14		CHANGE
Sales revenue	23,087	100	21,461	100	1,626
Operating expenses	-21,108	-91.4%	-19,180	-89.4%	-1,928
Expenses related to W4 acquisition	-1,105				
Goodwill depreciation	-225	-1.0%	0	0.0%	-225
Operating income	650	2.8%	2,281	10.6%	-1,631
Transferred activities	0	0.0%	609	2.8%	-609
Net income	1,072	4.6%	2,356	11.0%	-1,284

ITESOFT's sales revenue rose to reach €23.1 million.

In France (84.5% of revenue), sales revenue rose by +12.6% over the course of the year. At constant scope, progression reached +2.3% overall for the year. International business activity declined by 27%. Operating expenses are still well-controlled, but personnel expenses rise because of the acquisition of W4. Investment effort in R&D remained high at 15% of sales revenue.

ITESOFT thus shows operating income of €0.7 million and net profit of 1.1 M€, compared to €2.3 million and €2.3 million respectively in 2014, due to the acquisition of W4 in July, leading to €0.2 million in expenses related to the acquisition and €0.9 million in expenses related to integration costs.

Shareholder equity remains strong at €8.7 million, with debt of €8.6 million, including €1.6 million in conditional advances from Bpifrance, and a cash position of €4.1 million.

The Group's financial situation remains healthy and strong.

9.2 MAJOR FACTORS WITH IMPACT ON OPERATING INCOME

9.2.1 MAJOR FACTORS WITH SIGNIFICANT IMPACT ON OPERATING REVENUE

The Company's cost structure is mainly comprised of fixed costs (notably payroll expenses). Sales volume is therefore a determining factor for profitability. License revenue has the greatest impact on profitability because license revenue is the sales item that generates the lowest level of variable expenses.

9.2.2 EXPLANATIONS IN THE EVENT OF SIGNIFICANT CHANGES IN SALES REVENUE

See comments in § 9.1.

9.2.3 STRATEGIES OR EXTERNAL FACTORS THAT MAY HAVE SIGNIFICANT IMPACT ON OPERATIONS

There are no particular factors to mention.

10 CASH AND SHAREHOLDERS' EQUITY

10.1 ISSUER'S CAPITAL

ITESOFT funds its activities mainly using its own capital of €8.9 million, with cash assets of approximately €4.1 million, as of 31/12/15. In 2015, for the first time, the company took advantage of low interest rate levels to take out a loan of €7 million to fund the acquisition of W4.

10.2 SOURCE AND AMOUNT OF CASH FLOW

See Consolidated cash flow table in § 20.1.3

10.3 BORROWING TERMS AND FUNDING STRUCTURE

The Company's reimbursable advances and subsidies are only related to BPI funding (formerly OSEO). Loans were taken out for a duration of 7 years, with €1 million from Bpifrance and €6 million from two partner banks.

Cash is held in euros. Cash management strategy seeks to achieve interest rate performance similar to the EONIA (Euro OverNight Index Average) rate.

10.4 RESTRICTIONS ON USES OF CAPITAL

Non-applicable.

10.5 EXPECTED SOURCES OF FUNDING

ITESOFT will continue to fund its activities using its shareholder equity and cash assets.

In 2011, ITESOFT signed a contract with OSEO to reinforce the Company's research and development efforts, with total funding of €1.3 million over five years, including a reimbursable cash advance of €0.9 million and a subsidy of €0.4 million. The entire amount of the grants or reimbursable advances had been paid as of 31/12/15.

The reimbursement schedule begins as soon as the total cumulated amount for the project in question brings in an amount of revenue greater than, or equal to, €5 million.

In 2010, W4 signed a contract with Oseo by which the company benefited from a total aid amount of €0.7 million in reimbursable cash advances. The entire amount of the reimbursable advances had been paid as of 31/12/15.

The advances are reimbursable based on a quarterly schedule extending until 30 September 2017. As of the 31 December 2015, the remaining balance was €0.4 million.

11 RESEARCH AND DEVELOPMENT, PATENTS, AND LICENSES

11.1 RESEARCH AND DEVELOPMENT PRIORITIES

A major player in the electronic capture and dematerialization field, ITESOFT has always been dedicated to developing a user-friendly line of software products that integrate easily with all types of other systems, above all including a strong technical foundation based on proprietary innovations while respecting industry standards.

ITESOFT endeavors to offer its clients a complete dematerialization framework, SCPA, leveraging the best available technology from omni-channel capture, OCR recognition, reading, classification, indexing, and DMS storage, to end-to-end process automation and steering. In order to continually offer the best possible solutions, ITESOFT acquired a company called W4 in 2015. W4 is a pioneer in the workflow field and a major French BPM company, as well as a member of OMG (Object Management Group) and creator of one of the only pure BPMN2 engines for the worldwide market. The ITESOFT offering now also integrates document fraud detection technologies.

ITESOFT is also a major player for business processes, with the two first variations of its platform, one specializing in issues related to supplier invoice dematerialization (SCPA/S), and the other focusing on client relations (SCPA/C). Both offerings include complementary tools and specific modules to address these business aspects.

The strong points of ITESOFT's development are described in this section.

11.1.1 NEARLY PERFECT CHARACTER RECOGNITION

Improving document reading quality remains a main goal for ITESOFT's R&D teams, to further increase gains in productivity and be able to process ever-more complex documents.

Segmenting handwritten characters is also another key priority for improving reading quality, particularly for documents without character boxes and poorly filled-in documents.

Lastly, ITESOFT is committed to improving its cursive word recognition technologies by making it easier to learn new vocabularies and by broadening the scope of identified words.

ITESOFT integrated and has continued to develop technology originally developed by Matra S&I for recognizing words written in cursive. This technology recognizes whole words, unlike character recognition, which identifies each character separately. With a limited vocabulary of about 30 words, it was initially used to recognize the cursive words indicating the written sum on bank checks.

Research work helped expand cursive script reading to include other vocabularies, and read unrestricted vocabulary, with multiple applications for reading and interpreting correspondence automatically.

This technology represents a considerable competitive advantage and creates new opportunities for document reading.

More common typewritten character recognition technologies (OCR), on the other hand, are purchased from other software companies.

11.1.2 "FULL-TEXT" TECHNOLOGY FOR CAPTURING INCREASINGLY COMPLEX DOCUMENTS

Like the human eye, "Full Text" uses natural graphical characteristics (such as frames, lines, etc.) and labels or headings (e.g. total amount) to locate and extract field content from documents.

Typical approaches for reading form data automatically require prior configuration that defines the data to read by using the x-y coordinates of the zones to process. New configuration is therefore required for every variation in document format.

"Full-Text" technology, on the other hand, analyzes and segments a given page according to logical rules that are independent of any precise physical position expressed by x-y coordinates.

It limits the need for definition to one single document template for each document family, which then covers all its physical variations with that one logical description.

Leveraging its extensive expertise in this field, ITESOFT has successfully developed many applications for this technology, also referred to as FreeForm. For example, "Full-Text" technology is central to the ITESOFT.FreeMind for Invoices solution, which processes incoming supplier invoice flows and recognizes invoice content for any supplier automatically.

The technology enables ITESOFT to enter new market segments progressively, while creating a new, differentiating, and sustainable technological advantage.

Recent work by ITESOFT's R&D division has increased the possibilities for using "Full-Text" technology to include unstructured handwritten documents, such as free-form printed letters and even handwritten letters. It is now possible to locate specific information (such as a reference number, client code, etc.) or key words contained in the body of handwritten letters.

ITESOFT continues to innovate in this area to process documents automatically that are increasingly complex and less and less structured.

11.1.3 AUTOMATIC DOCUMENT CLASSIFICATION AND IDENTIFICATION

In order to be able to process all incoming documents in the automatic processing chain, ITESOFT has developed new technological approaches for automatic classification and identification, grouping documents of the same shape or type into homogeneous "families", and then identifying them (such as invoices from supplier X, invoices from supplier Y, etc.; identity cards new and old formats, etc.).

Entirely complementary to each other, several technological approaches can be combined to identify a document:

- Patented FreeClass® technology to classify and identify documents using shape recognition.
- Full-Text search technologies for key words and data formats, which offers a wide range of possibilities for applications involving both printed and handwritten documents. In addition to identifying the nature of a particular document, this technological approach can be used to determine the actual intent of correspondence.

11.1.4 PROCESS AUTOMATION AND PRODUCTION MANAGEMENT FOR DOCUMENT PROCESSING

Manual document processing operations may be quite complex, involving a large number of different people and departments within a company. It is important for an automatic document processing platform to reproduce these frequently sophisticated processes accurately, without imposing technical constraints on the organizational structure. In addition, the platform must respect strict rules concerning security, integrity, traceability, and modularity.

In order to be able to handle all of these issues by leveraging the recognized BPMN2 standard for modeling, storage, and execution, ITESOFT, which had already been a partner of W4 for two years, decided to acquire W4. This move makes ITESOFT one of the de facto leaders in the BPM field, notably thanks to the over 20 years of experience that the new entity brings to the Group.

This strategic acquisition ensures that ITESOFT clients continue to benefit from the state-of-the-art in the field, while expanding the scope of potential opportunities and the longevity of their investment. Its process automation technologies are used to manage document circulation, processing cycles, real-time production supervision, and platform access rights for high document volumes and flow rates, such as those encountered in industrial production processes.

These architectural choices and production workflow enable ITESOFT to provide an adapted solution for any type of automatic document processing project, regardless of the volume, document variability, level of decentralization, or processing operation complexity.

11.1.5 NEW USAGE MODELS

Mobile devices, such as tablets and smartphones, have now taken hold as everyday tools. They also create new uses for capture, look-up, and annotation scenarios. These new practices revive issues regarding image quality for captured documents, color management, transaction management, and more. They also make new methods available, such as voice, gesture, and video capture. In parallel, Web connectivity to a worldwide network simplifies and facilitates the exchange of data and images of different regional, cultural, and linguistic origins. This same connectivity also makes it possible to develop light applications that simplify deployment without raising security issues.

For the past several years, ITESOFT has carried out research and development in all of these areas. User interfaces, including scanner management, are now offered in Web format. Partnerships with LIRIS (INSA engineering school in Lyon) and LIPADE (University Paris Descartes) enable the Company to explore ways to manage color images and improve the quality of mobile capture. In 2013, ITESOFT's involvement with the international QUAERO project enabled the demonstration of a platform for an automatic voice message (speech-to-text) processing system, as well as photo classification (image tagging) similar to handwritten correspondence and form classification. Partnerships with LSIS (University of Marseille) and L3i (University of La Rochelle) enable ITESOFT to invest in data exchange security and automatic fraud detection.

Investment in these usage scenarios, which are clearly a revolution and not just a passing trend, ensure ITESOFT's ability to continue building an innovative software suite adapted to the natural interfaces of tomorrow.

11.2 ORGANIZATION AND RESOURCES FOR RESEARCH AND DEVELOPMENT

Driven by its desire to continually offer clients the possible technology and service, ITESOFT pursues a very active research and development program, which focuses both on maintaining its solutions and upgrading its software products with new functions and technologies.

ITESOFT product performance in terms of productivity, accuracy, and security have been demonstrated by a number of benchmark tests. These results are the outcome of R&D investment representing several hundred person-years.

In recent years, ITESOFT (excluding Yooz and W4 activity) has invested considerable sums in R&D to achieve its technological leadership: an average of €3.5 million over the past three years. ITESOFT intends to continue accompanying its customers in their ongoing efforts to optimize their efficiency and productivity.

The Research and Development Division works in close collaboration with other units within the Group, as well as several research laboratories in France and abroad, comprising one of the world's largest R&D teams in the field of document processing.

In 1998, ITESOFT signed a partnership agreement with LORIA (INRIA Nancy university research laboratory) for Full-Text technology development and applications. A second research effort focusing on cursive word recognition and its application to reading bank checks was launched in 2000. This work has now been extended to include free-form correspondence.

Ongoing technology surveillance, combined with scientific activity monitoring and participation (publications, conferences, congresses, research groups, etc.) enables ITESOFT to explore and concentrate on the most innovative solutions constantly. One of the objectives of the Research and Development team to set up high-level scientific collaborations on an international scale.

ITESOFT's Research and Development Division is divided into departments.

The Research & Technologies Department carries out fundamental and applied research on document processing technologies, including shape recognition, OCR, ICR, cursive script, Full-Text technology, and more. It also develops the new product prototypes.

Working in close collaboration with Marketing teams, the Products & Software Engineering Department ensures that existing products evolve in line with market trends and needs expressed by customers. It explores and develops new architectures to provide increasing levels of adaptability, ease-of-use, performance, and ease-of-implementation (SOA, Web server, thin client, Java, etc.).

The Solutions Department is in charge of packaging and configuring products intended for a particular market segment. Also working in close collaboration with Marketing teams, it configures and develops the interfaces and modules related to business-specific aspects of the market segment in question, or document type concerned by the solution.

In particular, the Solutions Department studies and develops interfaces to increase user-friendliness and productivity, as well as those facilitating implementation (installation, configuration) by project teams. It takes into account specific regional/country requirements and ensures international aspects of the solutions.

The Industrialization Department handles tests and quality control.

Some R&D team members are also involved with technical pre-sales assignments to produce prototypes and proofs-of-concept, optimize performance and benchmark tests, and assist sales teams.

As of 31 December 2015, the Group's R&D teams were comprised of 55 highly trained employees, distributed as follows:

Engineers with graduate or PhD degree	7
Engineers from prestigious universities and similar	22
Others	26

Information about the method used for Research & Development expense accounting: see § Intangible Assets in the Consolidated Accounts appendix, which explains the IAS 38 standard.

R&D expenses over the past three years are shown here:

in K€	2015	2014	2013
Total R&D expenses	3,416	3,662	3,603
Sales revenue	23,087	21,461	20,404
% Revenue	15%	17%	18%

12 INFORMATION ON MARKET TRENDS

12.1 TRENDS SINCE THE END OF THE PREVIOUS FISCAL YEAR

Given the seasonal nature of its business, ITESOFT no longer publishes quarterly sales revenue.

12.2 TRENDS FOR THE CURRENT FISCAL YEAR

The still difficult context experienced by ITESOFT's general market incites the company to remain prudent with respect to its annual outlook.

ITESOFT is confident in the success of its business strategy, which brings clients ever-higher levels of value through its technologies.

This strategy enables the company to consolidate its existing client base, with the differentiation of its offer generating new business.

13 PROFIT FORECASTS

13.1 2016 PROGRESSION

ITESOFT is not providing forecasts for the 2016 fiscal year.

13.2 DEVELOPMENT STRATEGY AND PLAN

ITESOFT implements an ambitious development strategy that leverages past efforts and takes advantage of new opportunities.

13.2.1 PAST ACTIONS:

- Profound transformation of the product development process, notably with respect to the implementation of an "agile" process that more clearly identifies the issues and enables greater flexibility and faster response during development phases. Implementation of this new process was further expanded since 2013.
- International strategy: ITESOFT leverages its organization based on "geographical operations" (France, Germany, UK, Rest of World) to support its client business development.
- Commercial strategy: reinforce sales and marketing teams, both for large clients and mid-sized companies.

Over the 2014/2016 period, these actions are complemented by evolution of the product offering that leverages the fundamental changes that client companies need to make in order to remain competitive.

Based on studies by forward-thinking firms such as Forrester Research, ITESOFT has observed that many transformational forces are impacting the economic environment, and that several of them are favorable for using the solutions developed by the Company. For example:

- The exploding use of mobile terminals (with twice as many as human beings expected in 2015), which are sources for producing data and which are becoming capture terminals that can be used anywhere, reinforcing the interest of a capture solution for mobile terminals and applications for which ITESOFT is positioned.
- Changes in client behavior in the BtoC environment. Now informed, mobile, volatile, and increasingly demanding, clients are always "just one click away" from switching to another supplier. A key for creating loyalty is to offer clients the ability to interact in a "multi-channel" manner, which has two very positive consequences for ITESOFT: the need for multi-channel capture along with steering and management of increasingly complex processes. Integrating new services to increase loyalty: this trend is quite clear in ITESOFT's traditional market for banking and mutual insurance companies, and offers ITESOFT a significant opportunity to increase sales revenue from existing clients.
- Recognizing electronic invoices as having legal (probative) value in exchanges between companies, without requiring processes involving complex signatures, in application of the European Commission's 2010/45/EU directive. Decrees for applying the French commercial law corresponding to this directive were approved in late 2013, and companies must comply with the tax doctrine described in the BOFIP (Official Bulletin of Public-Tax Finance) dated 18 October 2013. ITESOFT solutions enabled companies to implement a

"reliable audit trail" easily, as required by legislature, thus reducing risks related to incorrect application of tax directives.

In the 3-5 year time frame, ITESOFT will be a major company in new markets

The capture market continues to develop, mature, and consolidate. Other markets in the software field have experienced these developments in the past. It also confirms ITESOFT's vision of bringing its clients solutions that may be based on capture, but which go far beyond this simple feature to provide more value added with respect to strategic issues and not just simple increases in productivity. We can also expect companies to group together, and for international leaders with high investment capabilities to emerge. ITESOFT intends to be one of these major players.

In addition, technological progress will also enable us to provide effective solutions with fast ROI to address "business pains" clearly identified at this time.

Lastly, R&D and further product developments will enable ITESOFT to meet the growing demand for paper-free exchanges, particularly for the unstructured exchanges for which ITESOFT has high-performance classification and analysis technologies.

Confident in the Group's ability to benefit from opportunities in its marketing over the coming years, ITESOFT has set the following ambitious objectives:

- Growth dynamics carried by the increasing appeal of its new offerings.
- An increase of license sales for its new SCPA offering by 20% per year.
- Increase Group profitability, targeting normative operating margin over 15% within the next 5 years.
- Implement a policy of regular dividend distribution.

14 ADMINISTRATIVE, MANAGEMENT, AND SENIOR MANAGEMENT BODIES

14.1 MEMBERS OF ADMINISTRATIVE AND SENIOR MANAGEMENT BODIES

14.1.1 INFORMATION ABOUT MEMBERS OF ADMINISTRATIVE AND SENIOR MANAGEMENT BODIES

Board of Directors

Function	Name	Appointment date	Renewal date	Expiration of current mandate
Chairman	Didier CHARPENTIER	31-May-91	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	Simone CHARPENTIER	31-May-91	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	Alain GUILLEMIN	16-May-08	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	François LEGROS	17-Jun-09	21-Apr-15	Shareholder Meeting on financial statements for the period ending 31/12/20
Director	Patrick JONES	16-Apr-14	N/A	Shareholder Meeting on financial statements for the period ending 31/12/19

Corporate officers:

As of July 21, 2015, Philippe Lijour is no longer CEO of ITESOFT. He regained his status as a salaried employee until March 10, 2016, at which date he left the company.

Didier Charpentier: CEO since the decision was made by the Board of Directors on July 21, 2015.

Jean-Marc PEDRENO: Executive Vice President (date appointed to current function: 10/05/02; formerly Chief Operating Officer since 03/11/00).

Professional address: the members of the Board of Directors and executive offices may be contacted at the Company's headquarters.

Main activities outside ITESOFT, where significant:

Alain GUILLEMIN: Administrator of Terrena, Member of ALPM Supervisory Board, Administrator for Fermiers du Sud-Ouest, and Chairman of ABM Management.

Existence of family relations: Simone CHARPENTIER (Director) is the mother of Didier CHARPENTIER (Chairman of the Board of Directors).

Independent administrators: Alain GUILLEMIN, François LEGROS, and Patrick JONES.

The criteria for appointing independent directors is as follows: "A director is independent when he/she holds no relationship of any sort whatsoever with the Company, its Group, or its management that could compromise his/her exercise of free judgment." The Board has examined each director's situation with respect to this criterion.

No directors have been elected by employees.

There is no minimum level of shares that must be held by an administrative officer. For information on how the Board of Directors operates, see § 16.5.

14.1.2 DETAILED INFORMATION CONCERNING THE EXPERTISE AND EXPERIENCE OF THE DIRECTORS

Administrators:

Didier Charpentier - Founder & CEO (born in 1957)

Didier Charpentier holds an Engineering degree from INSA Lyon (France) and a Master of Science from Purdue University (USA). He joined the Brazilian National Space Research Institute and worked for two years on satellite image processing and compression software. In 1984, he founded ITECA, which then became ITESOFT. In 1995, he left his role as head of the Development Department, to lead Sales. ITESOFT CEO and Chairman of the Board from 1998 to 2004, he is now in charge of the Company's General Strategy. Since early 2005, as Chairman of the Board, he has focused on ITESOFT's medium- and long-term development goals, particularly in terms of technology, external growth, and international development. He took over as CEO on July 21, 2015.

Simone Charpentier - Director (born in 1933)

Simone Charpentier is one of the Company's founding shareholders. She runs a business.

Alain Guillemin - Director (born in 1954)

Alain Guillemin holds an Engineering degree from the Conservatoire des Arts et Métiers, Institut Français de Gestion and Institut Universitaire de Technologie de Lyon (France). He began his career at Thomson Electroménager (refrigeration department), where he held various positions until 1989, when he joined SELNI (electro-mechanical components) as Managing Director, then continued as President and Chief Executive Officer. In 1995, he became Managing Director of the washing machine division of Electrolux Ardam SNC. In 1997, he became President and Chief Operating Officer of SOPRAT (food products).

In 1999, he joined Royal Canin (pet food), a fast-growing French group that generates over 80% of its revenue internationally. His first position was as Managing Director (1999-2004), then he became President and Chief Executive Officer (2004-2007).

In 2008, Alain Guillemin transitioned to the Terrena Group (food-processing, turnover €3.3 billion) as General Manager.

Since September 2013, Alain Guillemin has been an Administrator for Terrena, member of the Supervisory Board for ALPM, Administrator for Fermiers du Sud-Ouest, President of ABM Management, permanent representative of Terrena to the Ygreca Supervisory Board, and administrator for Netheos.

François Legros - Director (born in 1965)

François Legros is the Managing Partner of The Bulb LLC and Zenobi LLC investment funds. He also presides over the Fondation Rochambeau in the United States. Former Chairman of Genesys Conferencing, until its merger with the American group West Corporation in 2008, François Legros joined the Genesys Group in 1988 as Financial Director. In 1991, he became Vice President in charge of development before being appointed Managing Director in 1995. He became President and CEO starting in 1997.

François Legros speaks several languages and holds a Master's degree in Management from the University of Montpellier. He resides in Washington, DC, United States of America.

Patrick JONES - Administrator

Mr. Jones, an American, holds a number of positions as administrator in several French and American companies in private and public-sector technological sectors (see § 14.1.3.1).

In 1992, he was VP of Finance at Intel, then in 1998 Senior VP and CFO at Gemplus SA.

Patrick Jones holds a degree in Economics from the University of Illinois, and an MBA from the University of Saint Louis.

Corporate officers:

Jean-Marc Pédréno – Executive Vice-President (born in 1964)

With an Engineering degree from SUPELEC Paris, Jean-Marc Pédréno joined ITESOFT in 1988 to manage technology development for handwritten character recognition and the FormScan product. In 1990, he became Technical Director of the automatic document reading division. He was in charge of the R&D teams for FormScan v2.0 and set up the Company's technical support team. Starting in 1996, his role as R&D Director brought him to lead new product and technology development, manage strategic projects, and oversee Quality Control efforts. In July 2006, he transitioned to ITESOFT UK, where he headed the Professional Services department for the British market. He returned to France in late 2009 and is in charge of the Research and Development division for Yooz. As of 1 January 2015, he is no longer paid by ITESOFT.

14.1.3 OTHER INFORMATION CONCERNING THE DIRECTORS

14.1.3.1 Other functions held

Other functions held over the past five years:

Didier CHARPENTIER: Manager of CDML.

Alain GUILLEMIN: Member of the Supervisory Board at ALPM (until 23/07/2015), Director at Fermiers du Sud Ouest (31/12/13), Administrator at Terrena (until 01/10/18) Chairman of ABM management (until 20/04/16), and permanent representative for Terrena on the Ygreca Supervisory Board (until 17/07/17).

François LEGROS: Managing Partner for Zenobi LLC and The Bulb LLC investment funds, Chairman of the Board of Directors of the Fondation Rochambeau (United States).

Patrick JONES: Actually member of the board of directors of a software company called Talend SA (until July 2019) Chairman of the Board of Directors for Lattice Semiconductor, a semiconductor company listed on NASDAQ (until 31/05/15). Chairman of the Board of Directors for InsideSecure, a leading semiconductor company for embedded security, listed on Euronext (until 31/05/18). Also an administrator for Fluidigm, a company listed in the USA, a leader in genomics research (until 30/04/07).

Philippe LIJOUR: Member of the Supervisory Board at W4 from May 24, 2012 to July 21, 2015.

Other directors: None.

14.1.3.2 OTHER DISCLOSURES

Over the past five years, at least, none of the members of ITESOFT's Board of Directors has:

- Been found guilty of fraud within at least the past five years or more.
- Been involved in an insolvency procedure, bankruptcy, receivership, or liquidation in a position as:
 - Member of an administrative, management, or supervisory body,

- General partner,
- Founder of a company within the past five years,
- Chief Executive Officer.

Over the past five years, no Director, or company with which he/she was associated, has been found guilty or undergone any official public punishment by statutory or regulatory authorities (including the designated industry entities). None of them has been prevented by a court from acting as a member of an administrative, management or supervisory body, or from participating in the management or handling of affairs of an issuer during at least the past five years.

14.2 CONFLICTS OF INTEREST

14.2.1 CONFLICTS OF INTEREST

There are no potential conflicts of interest concerning any member of the Board of Directors between their obligations to the Company and their private interests or other responsibilities.

With the exception of the service contracts listed below, which are a normal part of the Company's operation, there are no other service contracts that concern any members of the administrative or management bodies, or any of the Company's subsidiaries, that provide benefits upon the termination of such an agreement.

As described in the special report of the Company's statutory auditors, Didier Charpentier is the main partner in three SCIs (real estate companies), which lease the head office premises to the Company. He is also director of ITESOFT's majority shareholder, CDML, which invoices ITESOFT for services and which owns the sister company Yooz SAS. Invoicing details are provided in Chapter 19, Related party transactions.

14.2.2 RESTRICTIONS ON BUYING OR SELLING ITESOFT SHARES

In addition to the legal obligations regarding insider trading, the directors, senior management, and members of the Board of Directors are not allowed to buy or sell ITESOFT shares during the two weeks preceding the publication of sales revenue or profit figures. During other periods, they are required to inform senior management systematically of any purchase or sale of shares.

As required by law, the company has also created a list of insiders, as well as a list of the corporate officers and employees obliged to declare their transactions of ITESOFT shares to the AMF.

15 DIRECTORS' COMPENSATION AND BENEFITS

15.1 COMPENSATION PAID TO CORPORATE OFFICERS

	2015	2014
Philippe Lijour, Chief Executive Officer		
Compensation during the period	248,482	197,015
Value of stock options granted during the period		
Value of performance shares granted during the period	91,250	
TOTAL	339,732	197,015
Jean-Marc Pédréno, Executive Vice President		
Compensation during the period		127,313
Value of stock options granted during the period		
Value of performance shares granted during the period		
TOTAL	0	127,313
Didier Charpentier, Chairman of the Board of Directors		
Compensation during the period (via CDML)	82,848	164,821
Value of stock options granted during the period		
Value of performance shares granted during the period		
TOTAL	82,848	164,821

	2015		2014	
	Amount due	Amount paid	Amount due	Amount paid
Philippe Lijour, Chief Executive Officer				
Fixed compensation	108,183	108,183	103,745	103,745
Variable compensation	60,330	60,330	54,900	54,900
Extraordinary compensation	0	0	35,000	35,000
Attendance fees	0	0	0	0
Benefits in kind	3,370	3,370	3,370	3,370
payments	76,600	76,600		
TOTAL	248,483	248,483	197,015	197,015
Jean-Marc Pédréno, Executive Vice President				
Fixed compensation		0	81,600	81,600
Variable compensation		0	32,560	32,560
Extraordinary compensation		0	10,000	10,000
Attendance fees		0	0	0
Benefits in kind		0	3,153	3,153
Profit-sharing				
TOTAL	0	0	127,313	127,313
Didier Charpentier, Chairman of the Board of Directors				
Fixed compensation	0	0	0	0
Variable compensation	0	0	0	0
Services paid to CDML (wholly owned by Mr. Charpentier)	82,848	159,821	159,821	159,821
Attendance fees	5,000	5,000	5,000	5,000
Benefits in kind	0	0	0	0
Profit-sharing	0	0	0	0
TOTAL	87,848	164,821	164,821	164,821

Mr. Lijour left the company as of March 10, 2016.

Mr. PEDRENO no longer receives a salary from ITESOF, since January 2015, but he remains Managing Director.

Variable compensation is identical for all members of the Board of Directors, and is mainly related to quantitative factors related to sales revenue and EBIT. The details of the application of these criteria is not published for reasons of confidentiality.

Variable compensation is paid in three installments.

Extraordinary compensation is related to the signature of particularly large contracts.

Corporate officers	employment contract		Complementary retirement plan		Compensation or benefit due or likely to be due as a result of resignation or change of duties		Compensation related to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Didier Charpentier Chairman of the Board of Directors Mandate start date Mandate end date		X		X		X		X
	31-05-91 31-12-19							
LIJOUR Philippe CEO Mandate start date Mandate end date		X		X		X		X
	10-01-05 21-07-15							
Jean-Marc PEDRENO Executive Vice President Mandate start date Mandate end date		X		X		X		X
	10-05-02 31-12-19							

15.2 PROVISIONS FOR PENSIONS AND BENEFITS

There is no severance pay or specific complementary retirement considerations for Didier CHARPENTIER, Philippe LIJOUR, or Jean-Marc PEDRENO, or any of the other people listed in § 14.1.1. However, it should be mentioned that ITESOFT SA pays complementary retirement benefits in France for Jean-Marc PEDRENO on the basis of a gross annual salary of 90 K€ for the entire duration of his work at the subsidiary ITESOFT UK Ltd, until 31 July 2009 § 16.5).

16 FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

16.1 MANDATE EXPIRATION DATE

See § 14.1.1

16.2 SERVICE CONTRACTS BETWEEN DIRECTORS AND THE COMPANY OR ITS SUBSIDIARIES

A contract for the provision of services to ITESOFT, as authorized by the Board of Directors on 27 April 2011, was signed between ITESOFT SA and CDML, the company that is ITESOFT's majority shareholder, and of which Mr. Didier CHARPENTIER is the sole partner and director. Under the terms of the contract, signed on 1 December 2011 and becoming effective on that same date, Mr. Didier CHARPENTIER is no longer paid directly by ITESOFT for his technical functions, but through CDML.

16.3 AUDIT AND COMPENSATION COMMITTEES

In 2009, the Board of Directors established an Audit Committee comprised of all the members of the Board of Directors. The composition of the Board of Directors in its role as Audit Committee is in compliance with provisions of Article L. 823-19 of the commercial code, in that:

- It only contains members of the body in charged with management or supervision working for the Company, with the exception of those holding Director positions.
- It only contains members whose significant experience as company officers for many years enables them to provide particular expertise in a financial or accounting capacity.
- At least one of its members is independent. The independence of members was determined based on criteria detailed in R7 recommendation contained in the AFEP (French Association of Private Companies) and MEDEF (– French Business Confederation) code, namely an independent member may not:
 - Be an employee or corporate officer or be closely associated with one of the Company's corporate officers or any entity controlling the Company, acting alone or in concert with others, within the meaning of the Article L.233-3 of the French Commercial Code, or a company consolidated thereby, and must not have held such a position within the five previous years.
 - Represent a shareholder, or be a member of any entity holding or not holding, directly or indirectly, more than 10% of the Company's share capital or voting rights.
 - A significant client, supplier, or banker for the Company, or any entity for which the Company represents a significant share of business activity.
 - Have close family relations with one of the Company's corporate officers.
 - Have been an auditor of the company, or, as applicable, of one of its subsidiaries.

Mr. GUILLEMIN, Mr. LEGROS, and Mr. JONES all meet these criteria for independence.

16.4 COMPLIANCE WITH THE CURRENT CORPORATE GOVERNANCE REGIME

The Company is only partially compliant at this time. Because of its size, ITESOFT is progressively applying the best practices recommended by the AFEP MEDEF code for corporate governance and for information related to corporate officer compensation.

See the report on Article L.225-37 of the French Commercial Code in § 16.5.

16.5 REPORT - ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE (FINANCIAL SECURITY LAW)

16.5.1 PRESIDENT'S REPORT ESTABLISHED ACCORDING TO LEGAL REQUIREMENTS

In reference to Article L.225-37 of the French Commercial Code, resulting from Article 117 of the Financial Security Law, the Chairman of the Board of Directors, describes, in this report, the conditions for preparation and organization of the Board's work, as well as the internal auditing procedures established by the Company. In accordance with the French law of July 2008, the report was approved by the Board on 21 April 2016.

16.5.1.1 Conditions of preparation and organization of the board's work

The Board of Director's main mission is to determine the Company's major orientations and ensure that they are implemented. In accordance with the law, the Board is involved with all major decisions regarding corporate life.

Because of its size, the company is progressively applying best practices for corporate governance as recommended by the relevant authorities. The company is only partially compliant at this time.

In 2005, the first independent director joined the Board (in accordance with the definition in the AFEP MEDEF Code: "A director is independent when he/she holds no relationship of any sort whatsoever with the Company, its Group, or its management that could compromise his/her exercise of free judgment." Laurent MATRINGE was co-opted by the Board of Directors at its meeting on 8 November 2005, to replace Florence CHARPENTIER, who resigned.

A second independent director joined the Board in December 2007: Alain GUILLEMIN was co-opted by the Board of Directors at its meeting on 16 December 2007, to replace Philippe LIJOUR, who resigned.

A third independent director joined the Board in June 2009: François LEGROS was appointed by the General Assembly on 17 June 2009.

Laurent MATRINGE resigned from his mandate as Director in June 2013.

Patrick JONES was named independent administrator on 16 April 2014.

Pursuant to law no. 2011-103 (of 27 January 2011), we point out the fact that our Board of Directors is not currently comprised 40% of women, as required by said law. At this time, our Board of Directors is comprised 20% of women.

Our company must comply with this law no later than January 1 of the sixth year following the official publication of the law.

No directors have been elected by employees.

The composition of the Board of Directors is as follows:

Function	Name	Appointment date	Renewal date	Expiration of current mandate
Chairman	Didier CHARPENTIER	31-May-91	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	Simone CHARPENTIER	31-May-91	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	Alain GUILLEMIN	16-May-08	16-Apr-14	Shareholder Meeting on financial statements for the period ending 31/12/19
Director	François LEGROS	17-Jun-09	21-Apr-15	Shareholder Meeting on financial statements for the period ending 31/12/20
Director	Patrick JONES	16-Apr-14	N/A	Shareholder Meeting on financial statements for the period ending 31/12/19

At this time, there are no specific provisions concerning the workings of the Board, in particular, there are no internal regulations. No committee has been established and no measures have been taken evaluate its performance.

The Board of Directors observes the AFEP-MEDEF 2003 Corporate Governance Code for Listed Companies, amended by the recommendations made in October 2008 regarding compensation for corporate officers. However, due to its size, the Company is only partially compliant at this time. In particular, the following points have not yet been covered:

- Distributing bonus shares or stock-options during the same calendar periods every year.
- Distributing bonus shares based on the purchase of a pre-defined quantity of shares when such bonus shares are available.
- Requiring directors to keep a significant and increasing portion of the shares they acquire by exercising stock options or receiving bonus shares,
- Publishing all items regarding director compensation immediately following the Board meeting approving said items.
- Standardizing the presentation of said compensation items.

Given the relationships between its members, the Board felt that it was not necessary to establish fixed rules for self-evaluation (5 members, 3 of whom are not members of the Chairman's family). The Board nonetheless discussed, regularly and on an informal basis, the quality of its work and how it could be improved.

In 2009, the Board established an Audit Committee, with the Board of Directors assuming the responsibilities of the Audit Committee. The Board met six times in 2015, with an average attendance of four Directors at each Board meeting.

Work by the Board in 2015 mainly focused on the following topics:

- Closing the Company's accounts
- Preparing general shareholder meetings
- Approving financial forecast documents
- Approval of regulated agreements
- Funding foreign subsidiaries
- Determining compensation for corporate officers

- Professionalizing the management team
- Studying options for external growth

The powers of the Chief Executive Officer were limited as follows: for internal purposes, not opposable by third parties, the Chief Executive Officer must obtain agreement by the Board of Directors or the countersignature of the Chairman to perform the following:

1. Any investment in another company involving majority control (majority control being the holding of a majority of capital, voting rights, control over management, or becoming the leading shareholder, even if still in a minority position).
2. Any minority investment in another company, without majority control, over €50,000.
3. Any business or technology acquisition costing over €50,000.
4. Selling any technology or brand, regardless of the form of the sale (notably the sale, exchange, capital contribution, leasing, etc., of any patent, utility certificate, brand, drawing, model, corporate name, source code, non-patented technical processes, specific technique, etc.), business, activity, or related item.
5. As a licensor, signing any franchise, exclusive distribution, or exclusive license contract.
6. Recruiting any employee whose gross annual compensation package exceeds €100,000.
7. Creating or closing any establishment or subsidiary.
8. Making any investment over €100,000.
9. Signing a contract or written instrument representing a financial commitment over €150,000. It is specifically noted that any measure taken split the total amount of the commitment into smaller portions does not relieve the Chief Executive Officer of his/her responsibility.
10. Withdrawing over €5,000 in cash from the bank.

16.5.1.2 Compensation of corporate officers

Here, in accordance with law no. 2006-1770 of 30 December 2006, the Chairman presents "the principles and rules decided, depending on the case, by the Board of Directors to determine the compensations and advantages of all types granted to corporate officers."

Gross compensation paid to ITESOFT SA corporate officers in 2015 was as follows (all compensation was paid by ITESOFT SA):

- Didier CHARPENTIER: None (fees paid to CDML are presented in Chapter 15 of this Registration Document).
- Philippe LIJOUR: €279,003, compared to €197,015 in 2014 (compensation details are provided in Chapter 15 of this Registration Document). This amount includes €91,600 in compensation related to corporate appointment.
- Jean-Marc PEDRENO: No longer paid, since January 1, 2015, compared to €127,313 in 2014 (compensation details are provided in Chapter 15 of this Registration Document).

Compensation paid to ITESOFT SA corporate officers in 2015 was as follows:

- Didier CHARPENTIER: €5,000 in attendance fees (€5,000 in 2014).
- Alain GUILLEMIN: €5,000 in attendance fees (€12,000 in 2014)
- Patrick JONES: €5,000 in attendance fees (€0 in 2014)
- François LEGROS: €5,000 in attendance fees (€20,000 in 2014)
- Simone CHARPENTIER: €0 in attendance fees (€0 in 2014)
- Laurent MATRINGE: €0 in attendance fees (€5,000 in 2014).

Senior management interests in stock option and bonus share plans.

None

There are no specific advantages in terms of deferred remunerations, retirement allowances, or retirement commitments other than those indicated in this document.

Loans and guarantees granted or set up to the benefit of members of administrative bodies:
None.

16.5.1.3 Internal control and risk management procedures implemented by the Company

16.5.1.3.1 Internal control objectives

The purpose of the internal control system is to:

- Ensure that management and operational actions, as well as staff behavior, respect the scope of corporate activities defined by the corporate bodies, legislation and applicable rules, and by the Company's values, standards, and internal by-laws.
- Verify that the accounting, financial, and management information communicated to the Company's corporate administrative bodies reflects the Company's situation sincerely. One of the purposes of the internal control system is to prevent risk and control risks resulting from the Company's activities, along with risk related to errors or fraud, particularly with respect to financial and accounting issues. Given the limitations inherent to internal control in general, the Company's system seeks to manage, rather than eliminate, the risk of failure to achieve the Company's objectives. As with any control system, it nonetheless cannot provide an absolute guarantee that such risks will be eliminated entirely.

16.5.1.3.2 Presentation of current general organization

At this time, the Directors do not feel that the Company's size justifies the need for a dedicated full-time resource to handle internal auditing.

The Administration and Finance Department is responsible for internal auditing, in cooperation with consultants for the Company and its subsidiaries. The Administration and Finance Department and outside consultant all report directly to the Chief Executive Officer.

Internal control requirements must be considered with respect to the fact that members of the Company's Board of Directors are involved with large number of transactions and thus participate directly in the Company's operational management.

In addition, they perform international evaluations of the Company's operational groups in its main activities, or they have such evaluations performed, occasionally or regularly, generally by the Administration and Finance Department.

A number of written procedures are in place, comprising a formalized part of the internal control database, in addition to the Company's e-mail system, which provides detailed tracking of most transactions.

Given the Company's size and business activity, the order validation and recording process is a key part of internal control.

Every order follows a very strict validation process, requiring signatures by four managers: sales, legal, financial, and administrative. The order is then delivered by the Professional Services Department. Any new request by the client must be validated in an Addendum, which follows the same procedure as the initial order. This procedure was automated in 2007 by implementing an electronic workflow that improving process productivity as well as traceability.

Presentation of the Accounting

information system organization

Since the second half of 2014, the accounting system is based on the SAGE X3 ERP, covering the various functions: accounting, sales management, payroll, fixed assets, cash flow and service management. The same applies for the subsidiaries. The Group has set up an automatic supplier invoice reading system and electronic validation workflow.

Organization

The Accounting Department is under the responsibility of the Administration and Finance Department. The subsidiaries' financial managers report both to their subsidiary's senior management and the Group's Administration and Finance Department.

16.5.1.3.3 Description of internal control procedures

The Board of Directors leads the Company in its strategic, financial, and organizational orientations, as well as legal compliance. The Board has assigned the Chief Executive Officer and Executive Vice President, and the Executive Committee with which they work, the task of implementing solid internal control systems.

Controlling and preventing risks related to the Company's activities depends mainly on:

The independence and separation of functions between people in charge of engaging operations, and those in charge of controlling said operations, a dissociated Group organization between Headquarters, which including the following functional departments under the authority of the CEO: R&D, Group Marketing, Human Resources, Administrative, Financial, and Legal Departments.

Geographical operations (Germany, United Kingdom, and Rest of the World), each reporting to a Chief Operating Officer, responsible for the following operational divisions:

- Sales, Pre-Sales, Professional Services.
- Direct involvement by Executive Committee members in the Company's operational management, as they participate in a large number of transactions.
- The existence of insurance policies to cover events that could threaten the Company's survival.

ITESOFT subsidiaries are progressively adopting all reporting procedures and tools implemented by the parent company. Members of the Executive Committee visit the subsidiaries regularly.

Specifically concerning the order recording procedure: the Administration and Finance Department plays an active role, enabling exhaustive controls to be performed on Company orders early in the process. This control is performed after-the-fact in the subsidiaries, through significant sampling.

16.5.1.3.4 Procedures related to elaborating and processing accounting and financial information

Reporting on business activity is performed monthly, and compared to the budget.

Accounts are closed every quarter and compared to the budget. Aspects such as deviations from the budget, order consistency, and more, are controlled. Warnings or recommendations may then be sent to the appropriate operational managers.

Revenue is recognized rigorously on the basis of the order recording procedure. Sales figures are validated by the Administration and Finance Department following a full review of the Company's current contracts, and by taking significant samples for the subsidiaries.

Subsidiary accounts are prepared by their respective financial managers and finalized with the Administration and Finance Department. The Department also performs regular controls on how orders are recorded, how procedures are applied, and on the accounts themselves.

Local managers sign a letter of representation at each half-year account closure.

The Company's accounts are controlled by its legal auditors, but the Company also has contractual audit missions performed by a certified public accounting firm.

Subsidiary accounts are controlled once or twice per year (based on their size) by legal or contractual auditors, depending on the case.

The Administration and Finance Department is in charge of preparing consolidated financial statements, with their production outsourced to a certified public accounting firm.

Lastly, accounts are validated by senior management before being submitted to the appropriate social and administrative bodies for approval. Procedures for identifying and evaluating risk

In December 2003, the Board of Directors established a permanent procedure for identifying, evaluating, and managing significant risks facing the Company.

The Board established a risk register, which it updates in collaboration with the Executive Committee. A first risk map (matrix) was produced at the end of 2005, and has since been updated.

However, given the size of the Company, there is no dedicated "risk manager."

16.5.1.3.5 Assessment of the appropriateness of the internal control procedures

The Company assesses the adequacy, relevance, and results of its internal control in a non-formalized manner, notably by evaluating the following indicators:

- Risk linked to unpaid invoices: provisions, average payment time by clients
- Status of current disputes
- Results of controls by tax or corporate authorities
- Number and magnitude of contracts with delivery difficulties
- Any account errors identified after-the-fact by external auditors or the internal control system. Establishing quarterly financial statements enables the Company to react quickly in order to leverage progress.

16.5.1.4 Anti-takeover measures

The company has not taken any specific measures other than to implement double voting rights. A double voting right compared with that granted to other shares, with respect to the proportion of capital that they represent, in accordance with Article 21 of the Articles of Incorporation and a decision by the Combined Shareholder Meeting on 3 November 2000, is granted to all fully paid-up shares that are proven to have been registered for at least two years in the name of the same shareholder.

16.5.1.5 Participation in the Annual General Shareholder Meeting

See articles 19 to 21 of the Articles of Incorporation below:

Article 19 - General Shareholder Meetings

Collective shareholder decisions are made in General Shareholder Meetings, which may be qualified as ordinary, extraordinary, or special, depending on the type of decisions to be made.

Special meetings bring together shareholders in a particular category to consider revisions of the rights of that category. These meetings are convened and deliberated in the same manner as Extraordinary General Shareholder Meetings.

Any duly convened General Shareholder Meeting shall represent all of the Company's shareholders.

The decisions made by General Shareholder Meetings are binding for all shareholders, including those who are absent, dissenting, or incapacitated.

Article 20 - Convening General Shareholder Meetings

General Shareholder Meetings are convened under the conditions set forth by law.

They are held at the Company's registered office or at any other location indicated in the meeting notice.

A shareholder may be represented at general shareholder meetings under the conditions provided for by law. Any shareholder may vote by mail, under the conditions provided for by law.

Shareholders who participate in a meeting by video-conference or another form of telecommunication that enables them to be identified under the conditions provided for by law are deemed to be present for purposes of calculating the quorum and majority.

All shareholders may participate in meetings under the conditions set forth by law.

The Board of Directors has the option to reduce or even eliminate the above period with respect to any meeting.

Article 21 - Holding General Shareholder Meetings

These meetings are convened and deliberated in compliance with the law and applicable regulations.

In the absence of the Chairman, the meeting shall be chaired by a Director appointed by the Board of Directors. In the Absence of an appointed Director, the meeting elects a chairman for the session.

Each shareholder at the meeting shall have as many votes as shares he/she owns or represents, subject to application of General Shareholder Meetings convened to verify the value of contributions in kind or of special benefits, with application of relevant legal provisions.

Also, a double voting right compared with that granted to other shares, with respect to the proportion of capital that they represent, is granted to all fully paid-up shares that are proven to have been registered for at least two years in the name of the same shareholder.

This right is also granted as from their issue in the event of capital increases by incorporating reserves, profits, or issue premiums, for registered shares allocated free-of charge to a shareholder as a result of old shares for which he/she was entitled to this right.

Aimargues, France, 21 April 2016

For the Board of Directors, CEO

Mr. Didier Charpentier

16.5.2 REPORT BY THE STATUTORY AUDITORS

Statutory auditors' report, established in accordance with Article L.225-235 of French Commercial Code, on the report by ITESOFT's Chairman of the Board of Directors.

To the Shareholders,

In our capacity as statutory auditors for the company ITESOFT S.A., and in application of the provisions of Article L. 225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your company in compliance with the provisions of Article L. 225-37 of the French Commercial Code (*Code de Commerce*), concerning the fiscal year ended 31 December 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-37 of French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

To report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

To attest that this report contains the other disclosures required by Article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly of:

Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, as well as the existing documentation.

Obtaining an understanding of the work involved in the preparation of this information and the existing documentation.

Determining if any significant weaknesses in the internal control or risk management procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our assignment are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information with respect to the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of French Commercial Code.

Other disclosures

In application of the law, we hereby state that the report by the Chairman of the Board of Directors does not contain complete information regarding respect for the AFEP-MEDEF governance code (amended by the recommendations of October 2008), as required by Article L.225-37 of the French Commercial Code.

The Chairman's report only partially indicates the recommendations set forth by said code, and which were omitted, and the rules retained in complement of legal requirements.

Nîmes and Montpellier, 30 April 2016
The Statutory Auditors
SOFIRA AUDIT
Member of RSM International
Marcos Marquez
ERNST & YOUNG Audit
Frédérique Doineau

16.6 EXECUTIVE COMMITTEE

The Executive Committee is responsible for the Group's operational management. It is comprised of the following people:

TITLE	NAME
Chief Executive Officer	Didier CHARPENTIER
Professional Services Director.....	Philippe ANDRIEU
Human Resources Director	Christophe BLANCHARD
Chief Legal and Financial Officer	Benoît DUFRESNE
Head of Operations, UK.....	Nick DUNNETT
Support and IT Director.....	Jean-Philippe FONTANA
Head of Operations, France	Vincent GODARD
Business Development Director	Laurent HENAULT
Marketing and Communication Director	Laurent HENAULT
Technical Innovation Director.....	Jean-Jacques RONGÈRE
R&D Director	Jean-Luc SAOULI

Information concerning the expertise and experience of Executive Committee members:

Philippe Andrieu - Professional Services Director

Philippe Andrieu holds a post-graduate degree (DESS) from the University of Paris VI. He joined Facel in 1991 to manage studies, development, and installation of industrial vision systems. In 1994, he joined ITESOFT as head of technical support. In 1998, he transitioned to his position as Professional Services Director and became responsible for managing customer projects and services.

Christophe BLANCHARD - Human Resources Director

With a degree in Financial Management, Christian Blanchard began his career in the Financial Auditing department of a major insurance company. He has over 25 years' experience in Finance and HR functions.

He was previously Financial Director of Actebis France (OTTO Versand group, leading mail-order company worldwide), joining W4 in 2004 as Financial Director and HR Director. Today he is the HR Director for the ITESOFT Group.

Nick Dunnett - Director of Operations, United Kingdom

Nick Dunnett holds a BSc from the University of Warwick and an MBA from the University of Surrey. He worked for almost 10 years as an IT consultant in public and private sectors. Nick joined ITESOFT in 2005 as a Project Director. In 2011, he became Technical Director, where he was in charge of both Professional Services and Pre-Sales for the UK. He took on the role of Managing Director for ITESOFT UK in 2013.

Benoît Dufresne - Chief Financial Officer

Benoît Dufresne holds a degree in accounting and financial studies and a Masters in private law with a distinction in corporate law. He began his career as auditor for a distribution group, then decided to move towards SMEs in a variety of sectors ranging from communication to medical imaging, and large-scale distribution. He joined ITESOFT in September 2012.

He has created and organized Finance and Human Resources departments in order to participate actively in SME growth, including companies in LBO and stock market listed environments.

Jean-Philippe FONTANA - Client Support, Services, IT Director

Jean-Philippe Fontana holds a Scientific and Technical Computing degree from University of Provence. In 1993, he joined SAE Méditerranée (EIFFAGE Group) where he managed company's micro-computing activity. In 1995, he joined ITESOFT's Technical Support team and contributed to the configuration and roll-out of the FormScan application. In 1999, he was responsible for creating and managing the hotline department to improve post-sales support in France. In 2005, he reorganized the Client Support department to handle international customer support, and played an active role in setting the Industrialization Department. In early 2006, he joined the Executive Committee as Customer Support & Services Director, in charge of Customer Support for the entire Group. He has also been the Group's Information Systems director since 2007. As Technical Director, he participated in the design, development, and commercial launch of ITESOFT's Yooz SaaS offering from 2008 to 2011.

Vincent GODARD – Director of Operations, France

With an engineering degree from ECAM Lyon, Vincent Godard has over 20 years' experience in the software development industry. Notably, he has held sales and management positions at IBM, IBS, PeopleSoft/Oracle, Amdocs, Qualiact, and Systran. He was previously Country Operations Manager France and Swiss Romandy for Sage Mid-Market Europe. He joined ITESOFT in early 2015 as Director of Operations, France.

Laurent HENAULT - Business Development Director and Marketing Director

With an engineering degree from University of Technology of Compiègne, Laurent Henault has over 20 years' experience in the software development industry. After working in sales positions at Oracle, he was a member of upper management at SQRIBE Technologies, Brio Software, Hyperion Solutions, and W4 where he was president and CEO. In addition to this position, he is now Business Development Director for the ITESOFT Group, a role that includes Group marketing, subsidiary development, and strategic partnership development.

Jean-Jacques RONGÈRE - Technical Innovation Director

Jean-Jacques Rongère holds an engineering degree from INSA Lyon. He joined ITESOFT in 1990 as a development engineer. In 1992, he evolved into a position as project manager and then, in 1993, became director of the Multimedia division, responsible for development and sales teams. In 1998, he became Vice R&D Director, responsible for project supervision and the implementation of software engineering and project management tools and methods. His fields of expertise include complex system architecture and Internet technologies. In 2006, he became the Pre-Sales Director. Then in early 2015, he became Technical Innovation Director.

Jean-Luc SAOULI – Research and Development Director

With a Master's degree in Computer Science from Orsay, Jean-Luc Saouli began his career at a computing services company in 1988, then for 12 years held various positions from developer to project director. In 2000, he founded Lyria, laureate of the French National Competition for the Creation of Innovative Technology Companies. Lyria offered a RAD Model-Driven tool for producing multi-mode applications. He remained CEO of the company until it was acquired in 2008 by W4, French software company and market reference BPM provider. There he became Technical Director and Senior Vice President. In early 2016, he was appointed ITESOFT Research and Development Director, at the time W4 was acquired.

17 REQUIRED INFORMATION REGARDING CSR

17.1 SOCIAL INFORMATION

As indicated elsewhere in the Registration Document – Chapter 4 on Risks, the social factor is a key part of the Company, and Senior Management tracks numerous related indicators.

ITESOFT underwent changes in its scope of operations during 2015:

- On December 31, 2014, ITESOFT sold part of its business activity. The Yooz business unit became an independent legal entity and a sister company of ITESOFT. This had visible impact on tracking indicators overall. In order to establish a reliable comparison and track their progression, some 2014 indicators have been restated to not take into account staff in the Yooz business unit.
- In addition, ITESOFT acquired the company W4 in July 2015. With the acquisition taking place mid-year, global reporting tools were not changed to integrate the Group's new employees. Also, the following indicators do not take W4 staff into account. These employees will be included in the company's various reports as of January 2016.

17.1.1 JOBS

The Company's activities are distributed across three sites. Two sites are located in France: company headquarters are based in Aimargues (Gard department) and a secondary site is now located in Rueil Malmaison in the Paris region.

The third site is in England, one hour south of London, in Farnham.

Overall Group staff (including permanent contracts, employees with suspended contracts, fixed-term contracts – including substitution fixed-term contracts and work-study employees) is distributed as follows:

	2015	2014	2014 restated	2013
FR RUEIL	54	57	57	52
FR AIMARGUES	103	136	101	126
GB	14	17	17	18
Total Group	171	210	175	196

It can be seen that total number of employees is down by 18.6%.

This decline is mainly observed with respect to the Aimargues site, where staff is down by 24.3%. The decrease in employees at ITESOFT headquarters must be considered with respect to the sale of the Yooz business unit and its staff.

With constant scope (not considering Yooz employees for 2014), the staff decrease is much less: a 0.6% decline in total staff.

The momentum of the staff increases seen from 2013 to 2014 is no longer present. Staff growth at that time was mainly due to hiring for developing the Yooz business.

UK staff was down by 17.6%.

This is a continuation of the trend observed since 2013, but whose pace accelerated from 2014 to 2015: -17.6%, representing -22% over 2 years. This trend is related to the difficulty encountered in holding on to new employees in a very dynamic local professional market.

It can be seen that the distribution of employees across ITESOFT's different sites remains stable, not counting the sale of the Yooz activity.

17.1.1.1 Staff by gender and CSP

The following tables include the Group's English population.

Work-study (alternation): this category includes people with professionalization contracts.

ETAM: job category that includes Clerical, Technical, and Supervisory staff, as described in Appendix 1.3 of the SYNTEC convention.

IC: (in French: "Ingénieurs & Cadres") a job category that includes Engineers and Executives (university degrees or practitioners), as described in Appendix 2 of the SYNTEC convention.

With respect to the English population, it is not relevant to speak of the "executives" and "ETAM" categories.

2015 (as of 31/12)	M	%	F	%	Total
Work-study	2	100%	0	0%	2
ETAM	1	11%	8	89%	9
IC	114	78%	32	22%	146
Total FR	117	75%	40	25%	157
GB	10	71%	4	29%	14
Total Group	127	74%	44	26%	171

The company employs two people in work-study programs. ITESOFT established a special relationship with a Web design school whose curriculum is particularly well-adapted to the company's needs.

Work-study contracts have therefore remained unchanged since 2013.

The two people work in the Marketing department.

The number of executives decreased from 2014 to 2015, dropping nearly 20% from 182 people to 146. During that time, staff in other categories of the French employee population remained stable and did not grow.

The decrease in manager-status employees is mostly due to contract changes for the new Yooz business, which was comprised of 35 people as of December 31, 2014, including 2 "ETAM" employees. At constant scope (considering staff having retired in 2014, excluding the Yooz business unit population), the change is far less severe, as ITESOFT's population of manager-status employees only declined by 2%.

The number of ETAM employees remained stable, now including one male member.

However, if we analyze these figures with constant scope (excluding Yooz), a slight increase in the number of employees in the population can be seen: +2 people, representing +28.6%.

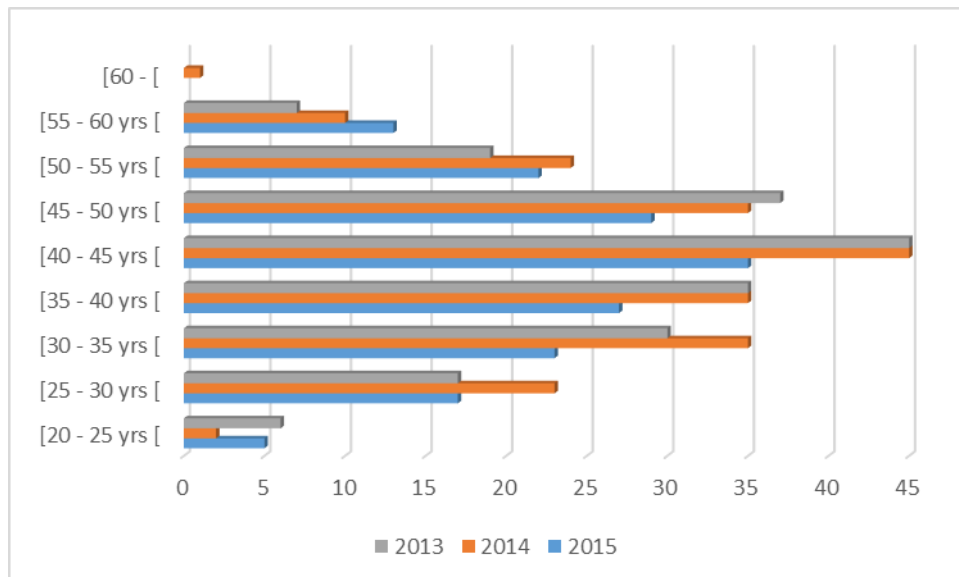
The number of women declined relatively significantly, as the proportion of female employees in the French population fell from 31% to 25%.

This decrease is partially compensated at a Group level by the English population, which rose from 2 to 4 women: -3% group-wide.

This decrease is strongly influenced by the departure of female Yooz employees to the new business activity. By comparing these numbers with constant scope (excluding Yooz), the decrease is only 5 people, or 11%. The population of female employees represented 28.1% in 2014, compared to 25% in 2015.

17.1.1.2 Employees by age

Distribution of Group employees by age in 2015 vs 2014 and 2013 (French and English staff).



- The average age for French staff is 41 years, and 38 years for the English staff. These figures are stable with respect to 2014.
- 13 French employees are 55 or over, 18% higher than the previous year, that is, 2 additional people.
- 22 French employees (including two English employees) are between 50 and 55, 8% higher than last year, with 2 fewer people in this category.
- Among the 35 employees in the 50 and over group, 3 are ETAMs, the rest are engineers and executives.
- Employees over 50 years old have an average of 10 years' seniority.

Among the people hired in 2015:

- 4 employees are over age 50, and 2 others are over age 55.
- 4 are 25 years old or less.

Extending the actions plans signed previously, ITESOFT concluded an inter-generation action plan with personnel representatives in April 2015, for a duration of 3 years.

The plan was presented to DIRECCTE (Regional directorate for companies, competition, consumption, work and employment) in the Gard department.

ITESOFT is committed to carrying out actions in the following areas:

- Commitments with respect to hiring young people on permanent contracts.
- Commitments regarding integration, training, and assisting young people at the company.
- Commitments to promote following up with young people at the company.
- Commitments to promote work-study programs and internships.
- Commitments with respect to improving physical conditions for employment.

- Commitments regarding hiring older employees, or keeping them in their jobs.
- Commitments to promote the improvement of work conditions and the prevention of hardship.
- Commitments to promote the anticipation of professional advancement and age management.
- Commitments to promote early retirement and making the transition from working to retirement.
- Commitments to promote the transmission of skills and knowledge.

17.1.1.3 Hiring

Recruitment is a major issue for ITESOFT. It is essential for the Company to be able to count on properly sized teams comprised of professionals with experience in new technologies in order to continue to meet project needs and imperatives.

Unfortunately, the employment market in the hi-tech field is somewhat lacking, and thus extremely tight. Hiring experienced new employees with skills in new technologies is particularly challenging, regardless of the employment region being considered.

According to an Apec/Syntec Numérique study ("The market for management employment in computer-related activities") in November 2015, the number of candidates per job offer is less than for sectors overall: 32 compared 41 globally. "With a low number of candidates per offer, less than the average, this sector is among those in which hiring is the most challenging. 68% of companies said that they found candidates suited for jobs "with difficulty".

Actions are being taken to try and make it easier to hire new staff: greater visibility for our needs by publishing our job offers on various Internet job sites and social networks; partnerships with schools specializing in technology, accepting interns towards the end of their educational program with the potential to hire them after their internships; and more.

In parallel with these actions, we regularly call on our employees to "co-opt" people they may know.

Lastly, for some recruitment operations that are particularly difficult, due to a shortage of people with the desired profiles, ITESOFT resorts to using recruitment agencies, including those with a direct approach.

With respect to the French scope: 21 people joined the company in 2015, 2 under fixed-terms contracts and 19 permanent contracts.

Following a relatively significant increase from 2013 to 2014, the overall hiring trend declined from 2014 to 2015. Compared to 2014, the number of new jobs is clearly on the decline, dropping from 46 to 21 (-54%).

There are three main reasons for this:

- The number of departures declined sharply, thus there was less need to replace people.
- The number of temporary absences and peaks in activity resulted in a much lower need to take on fixed-term contracts.
- The sale of the Yooz business unit, which was responsible for a large number of new hires in 2014: 15 of the 46 people hired.

If we compare permanent contracts only (not subject to temporary factors related to employee absences), the decrease in the number of new hires is somewhat less significant, on the order of 38.7% (compared to 31 in 2014, and 19 in 2015).

If we analyze these figures according to the type of contract:

- -87% fixed-term contracts (15 in 2014 – 2 in 2015)

- -39% permanent contracts (31 in 2014 – 19 in 2015)

Among the new employees who signed fixed-term or permanent contracts in 2015:

- 86% are executives. As a reminder, the "executive" status represents 93% of the French workforce.
- 76% are male. This percentage remains consistent with the proportion of men working at the Company: 75% at the end of 2015.
- 43% of the people were hired at the Aimargues site. At the end of 2015, the Aimargues site represented 66% of the French staff.
- There were no hires on part-time contracts.
- The average age of the new employees was 36 years, quite sharply below the average age within the company, which was 42 years in 2015.
- 66% of the new employees have a university degree (baccalaureate +4 or 5 years).

If we only consider the people hired with permanent contracts (that is, 90% of the recruitments in 2015):

- 89% are "executives"
- 79% are male.
- 37% work at the Aimargues site.
- The average age is slightly lower, by one year: 35 years.
- The percentage of people with degrees of baccalaureate +4/5 years decreases to 63%.

With respect to the English staff:

- 5 people joined the team in 2015, including 2 women.
- Their average age is 31.4 years, well below the team's average at the end of December 2015 (38 years).
- Among these new employees, 2 were taken on with fixed-term contracts.

<u>2015 hires.</u> <u>Group</u>	F			M			Total	%
	Rueil	Aimargues	Farnham	Rueil	Aimargues	Farnham		
Work-study	0	0	0	0	0	0	0	0%
Fixed-term	0	1	0	0	1	1	3	12%
Open-ended	3	1	2	9	6	1	22	88%
Total	3	2	2	9	7	2	25	

<u>2014 Group</u> <u>hires</u>	F			M			Total	%
	Rueil	Aimargues	Farnham	Rueil	Aimargues	Farnham		
Work-study	0	0	0	2	0	0	2	4%
Fixed-term	3	2	0	2	6	2	15	29%
Open-ended	3	7	1	8	13	3	35	67%
Total	6	9	1	12	19	5	52	

A more accurate focus on the French component:

<u>2015 hires, France</u>	F		M		Total	%
	Rueil	Aimargues	Rueil	Aimargues		
Work-study	0	0	0	0	0	0%
Fixed-term	0	1	0	1	2	10%
Open-ended	3	1	9	6	19	90%
Total	3	2	9	7	21	

<u>2014 hires, France</u>	F		M		Total	%
	Rueil	Aimargues	Rueil	Aimargues		
Work-study	0	0	2	0	2	4%
Fixed-term	3	2	2	6	13	28%
Open-ended	3	7	8	13	31	67%
Total	6	9	12	19	46	

17.1.1.4 The use of sub-contractors and service providers in 2015:

Even though the Company favors directly hiring employees, which enables it to leverage knowledge within its teams, ITESOFT sometimes calls on outside providers to reinforce its teams on a temporary basis and handle peak workloads or issues related to specific technologies.

4 external providers were used in 2015, representing 11 months of services, most of which were during the second half of the year. All of these providers were for ITESOFT's French organization.

This figures are quite different from 2014 (11 service providers totaling 41 months of interventions – also within French teams) due to the non-consideration of the Yooz scope, which had represented one of the most demanding departments.

1 single department made use of service providers during 2015: Professional Services.

17.1.1.5 Departures and terminations

As mentioned in the previous section, it is not easy to recruit skilled and experience staff in the field of new technologies at this time. ITESOFT is therefore extremely concerned by building employee loyalty. Actions focus on reception within the Company, career path management through one-on-one reviews, and training opportunities.

The end-of-contract figure declined from 2014 to 2015. There were 22 departures in 2015, compared to 31 in 2014. This represents a decline of nearly 30% in the number of departures within the French population.

This can partially explained the decreased number of new hires mentioned earlier.

In addition, we can observe that the distribution between the various reasons for leaving relatively different from 2014. In 2015, departures were generally due to contractual termination or resignation.

For staff in France, departures from the Company are distributed as follows for the various reasons and Company sites:

<u>2015 departures,</u> <u>France</u>	F		M		Total	%
	Rueil	Aimargues	Rueil	Aimargues		
End of term	0	0	0	0	0	0%
End of trial period (employee)	0	0	0	0	0	0%
Resignation	4	3	6	3	16	73%
End of trial period (employer)	0	0	0	0	0	0%
Termination	0	0	0	0	0	0%
Voluntary termination	2	1	3	0	6	27%
Death	0	0	0	0	0	0%
Total	6	4	9	3	22	

<u>2014 departures,</u> <u>France</u>	F		M		Total	%
	Rueil	Aimargues	Rueil	Aimargues		
End of term	4 (incl. 2 ETAM and 1 appr.)	0	1 + 1 appr.	4 (incl. 2 ETAM)	10	32%
End of trial period (employee)	0	0	0	0	0	0%
Resignation	1	0	5	5	11	35%
End of trial period (employer)	0	2	0	1	3	10%
Termination	0	1	0	1	2	6%
Voluntary termination	1	1	0	2	4	13%
Death	0	0	0	1	1	3%
Total	6	4	7	14	31	

Average seniority of people leaving is 6 years, whereas overall seniority in the Company is close to 8 years.

The employees who left had seniority ranging from 1 to 17 years.

The average age of people leaving the company was 40 years, which is consistent with the average age within the company.

Of the people who left the Company:

- 95% had executive status – a population which represents 93% of the French team.
- 55% were men – a population which represents 75% of the French team.
- 32% were located at the Aimargues site – a population which represents 65% of the French team.

Departures therefore involved a slightly higher proportion of executives, women, and Parisian employees.

Concerning people who left the English team:

<u>2015 departures, England</u>	F	M	Total	%
End of term	0	1	1	14%
Resignation	0	6	6	86%
Total	0	7	7	
<u>2014 departures, England</u>	F	M	Total	%
End of term	1	1	2	29%
Resignation	2	3	5	71%
Total	3	4	7	

The number of contracts that reached their term within the English team is stable with respect to 2014, both in terms of number and distribution across different reasons.

17.1.1.6 Employee turnover rate

The turnover rate is calculated by the following formula: half-sum of new arrivals (excluding fixed-term contracts) and departures (excluding fixed-term contracts), over the number of employees as of 1 January of the year in question.

For the French organization:

- 158 employees present as of January 1, 2015
- 22 departures in 2015, of which non were fixed-term contracts
- 21 new hires in 2015, including 2 fixed-term contracts

Employee turnover rate: 13%

This variable declined for the first time since 2012. The decline is notably related to the lower number of arrivals, as well departures.

Regarding the lower number of arrivals, we saw earlier that the decline can be associated with the sale of the Yooz business.

It rose from 14.61% to 13% from 2014 to 2015.

It is difficult to obtain very precise values for comparison in the sector. For the Syntec Informatique trade union, the employee turnover rate hovers around 15%, depending on the profession and the size of the company. Munci (movement for national and collegian unity for computer specialists) confirms the 15% figure.

In 2009, APEC (Agency for the employment of Executives in France) identified the computer field as being the most mobile in the economy, with an average turnover of 10% to 15%, depending on calculations, with peaks up to 30% or 40% for contract-based service providers.

Group-wide:

- 175 employees present as of January 1, 2015
- 29 departures in 2015, including one fixed-term contract
- 26 new hires in 2015, including 4 fixed-term contracts

Employee turnover rate: 14.29%

17.1.2 COMPENSATION AND EVOLUTION

17.1.2.1 Compensation policy

Compensation for French staff is comprised of the following elements:

- Fixed annual salary paid over 12 months
- A bonus based on annual objectives, representing 5% to 20% of the fixed annual salary (excluding sales positions and management committee)
- The profit-sharing agreement constitutes a variable complement to compensation based on company profit.
The calculation methods are defined in the profit-sharing agreement of 20 June 2000, signed within the Company, posted in the technical area and filed with the Direction Départementale du Travail (Departmental Employment and Labor Authority), in compliance with directives of Articles 86-1134 to 21.10.86 of French Labor Law.
- The Group savings plan enables employees to participate in establishing an investment portfolio. Payments made by staff members and the Company benefit from tax advantages and reduced social charges. The terms for payment are described in detail in the rules for Group savings plans ("*PEE*" in French) of 11 November 2000, and their subsequent amendments concluded with the Company.
- In addition, meal vouchers ("*Tickets Restaurants*") are available for staff in Aimargues, and the company cafeteria is partially covered for staff in Rueil Malmaison.
- All employees are required to subscribe to a complementary health insurance plan, the cost of which is entirely covered by the Company.
- Professional expenses are reimbursed on the basis of real expenses, as determined by the company's travel policy.
-

The figures below show the compensation situation for the French staff:

	2014
Total gross compensation	9,950,179 €
Employer charges	4,605,749 €
Amount paid for profit sharing	0 €
Amount paid for incentive	409,433 €

	2015
Total gross compensation	8,828,465 €
Employer charges	4,523,341 €
Amount paid for profit sharing	0 €
Amount paid for incentive	0 €

The overall payroll in France decreased by 11.3% from 2014 to 2015. This should be considered with respect to the over 18% decrease in staff size following the sale of the Yooz business.

The incentive agreement became obsolete in 2014 and, as no agreement could be made with the personnel representative bodies, the agreement was not carried forward.

17.1.3 ORGANIZATION OF WORK HOURS

17.1.3.1 General organization

Work hours for ITESOFT's French staff are organized as follows:

- The collective work week at the Company, for a full-time job, is 39 hours. Working hours may vary.
- Employees benefit from 6 weeks of paid vacation (excluding additional vacation based on seniority, as stipulated by Syntec).
- According to Article L.3121-10 of the French work code, "the legal duration of effective work by employees is set at thirty-five hours per calendar week," and according to Article L.3121-20: "Overtime hours are counted per calendar week."

Hours worked between the 36th hour to the 39th hour, included, are therefore considered as overtime hours and are paid at a higher rate, in compliance with Article L.3121-22 of the French work code ("Overtime hours worked beyond the legal weekly duration as set by Article L.3121-10 of the French work code, or the duration considered as equivalent, are grounds for a 25% bonus for each of the eight first overtime hours").

With respect to salary, these overtime hours – referred to as "structural" when the collective hours are greater than the legal hours, 39 hours per week instead of 35 hours per week – are handled as follows: A number of overtime hours paid per month is defined on the basis of the annualized number/number of months (4 overtime hours x 52/weeks/12 months = 17.33 monthly overtime hours), this number being identical regardless of the number of days worked or not worked during the period in question.

Thus, wages in overtime hours beyond the 35th hour (from the 36th to the 39th) are increased by 25%, and the number of hours worked and for overtime is summarized for the period (151.67 + +17.33) and for the year, with salary presented on two lines: one "monthly salary €xxx" and one "overtime hours 25% €xxx."

The Company's English employees are subject to a work week of 37.5 hours and benefit from 21 days of paid vacation (not including bank holidays), to which is added 1 additional day of paid vacation per year of seniority (up to a maximum of 4 days).

17.1.3.2 Part-time work

The Company's part-time employees on 31/12/15:

- 13 part-time people (34% to 90%); 2 interns are present at the company 2 weeks out of 3, excluding school vacation time.
- All people working part-time (excluding interns), are doing so at their own request (as of their hiring or over the course of their contracts).
- They are all women.
- 12 of them are based in Aimargues.
- All are French.
- Among them, 3 are in the ETAM category. The others are "executives" (manager-level).
- Their average age is 46 years.

Furthermore, the Company is open to adapting working hours, notably within the context of setting up part-time, or temporary full-time, parental leave. In 2015, 3 people (3 women) took advantage of this opportunity (also 5 in 2014).

17.1.3.3 Absenteeism

Absenteeism is only monitored for French staff.

Absenteeism rate in 2015:

- Number of work days absent for illness: 363
- Number of work days in 2015: 252 days
- Number of vacation days: 30 days
- Number of days theoretically worked per employee: $252 - 30 = 222$ days
- Average staff during 2015: 157.42 employees

Absenteeism rate in 2015:

$[363 / (222 * 157.42)] * 100 = 1.04\%$ (2.12% in 2014 and 3.09% in 2013)

For French employees in 2015:

- The *number of work days absent for illness* had started to decrease in 2014 (25%) after two years on the rise. In 2015, this decline is even more pronounced, with a decrease of 59% (363/881.5).
The decrease is partially related to a decrease in the number of employees, and the absence of long-term sick leave in 2015.
- As such, the *average number of sick-days* per employee decreases from 4.7 to 2.3 from 2014 to 2015.
- The *number of people absent at least 1 day* declined by 16% from 2014 to 2015 (70 people in 2014 compared to 59 in 2015). However, since overall staff size decreased by 16%, this represents 37% of the population, as in 2014.
- The *number of sick leave occurrences* remains basically the same from 2014 to 2015, whereas the number of sick-days decreases significantly. As such, the *average number of days taken per sick leave* decreases significantly (3.3 in 2015, 7.87 in 2014) in conjunction with long and medium sick leaves of shorter duration.
- The 2015 *absenteeism rate* at ITESOFT was 1.04% (-1.08 point compared to 2014).
- While the *number of sick-days for short leaves* declined (-7%), the number of corresponding occurrences of sick leaves increased slightly (+4%).
We also note that the proportion of this type of sick leave, whether measure in terms of the number of occurrences or the number of days, rises sharply, while there are fewer absences overall.
This observation may be explained by the presence of a larger number of very short work interruptions, generally one or two days.
- Medium-term sick leave remains basically stable in terms of the number of sick leave occurrences and the number of days of sick leave.
- The number of sick leaves of over 20 days, are down significantly from the previous year (-87% for sick leave occurrences, and -98% for the number of days of sick leave).
This decline is related to the absence of part-times for health reasons and long-term sick leave during the year.
- 61 % of the people granted sick leave for at least one day are men, whereas men represented 75 % of the global staff population on 31 December 2015 (69% in 2014).
- 73 % of the people granted sick leave were based in Aimargues, which represents 66 % of the Company's overall staff population.
- As a comparison, the Company's 7th annual report on absenteeism performed for 2014 by Alma, a firm specializing in the prevention of absenteeism, states (based on a survey of 268 French companies across all business sectors):
 - A very slight increase in the absenteeism rate, from 4.26% to 4.59%.

- On average, employees are absent 16.7 calendar days per year.
- The issue is all the more important, as the Company's team is large.
- 47% of the employees took at least 1 day of leave during the year.
- 56% of the employees concerned by sick leave are women.
- An absenteeism rate of 1% would cost the equivalent of 1.87% of the overall payroll expense.

ITESOFT figures are therefore within a good range with respect to the national average.

- No work-related accidents or professional illnesses were reported in 2015.
It is worth noting that work-related accidents are relatively rare in the computer sector, which is mainly based on intellectual effort.
- 2 women were absent as part of their maternity leave.
- 7 people took advantage of their paternity leave of 11 calendar days.

At this time ITESOFT does not keep specific track of absences for extraordinary events.

17.1.4 SOCIAL RELATIONS

17.1.4.1 Single Personnel Delegation

In companies with fewer than 300 employees, the employer may choose to implement a Single Personnel Delegation ("DUP" in French).

This delegation combines the attributes of personnel representatives and the Workers Committee within a single elected delegation, assigning regular missions for the Workers Committee to personnel representatives.

The number of hours, and credit of hours for delegates, are increased as a result.

ITESOFT chose this option.

At ITESOFT, the Single Personnel Delegation is comprised of 14 members (8 permanent + 6 alternates, with the position of alternate for the employee group still vacant, and one person who left with the new Yooz structure).

The last elections were held in September 2014, with representatives elected for a 4-year term.

The Single Personnel Delegation meets once per month to cover a pre-defined agenda. After validation, meeting minutes from the previous meeting are made available to all employees in the designated display area as well as on the Workers Committee intranet.

17.1.4.2 Health, Safety, and Working Conditions Committee

In companies with more than 50 employees, a Health, Safety, and Working Conditions Committee (HSWCC) is tasked with helping to protect the health and safety of employees and to improve working conditions.

As part of its activities, ITESOFT's HSWCC took care of writing the "Single Document," which is displayed for all to see, and available on the Intranet.

The HSWCC was created at the Aimargues site in June 2009. There is not yet an equivalent at the Rueil Malmaison site where activities are managed from Aimargues..

There are currently three members.

The commission is presided by the same person as the Single Personnel Delegation.

The HSWCC meets on a quarterly basis, inviting an occupational doctor, a member of CARSAT (Retirement Pension Fund and Occupational Health), and work inspection service.

Collective agreements

With no union organizations present in the Company, ITESOFT commits itself to major issues through action plans.

An action plan is different from an agreement in the fact that an action plan does not require signature by one or more representative union organizations in the Company.

However, the absence of negotiations with unions does not mean that there is no dialog with personnel representative bodies, which, in this case, are the main contact for the employer.

For ITESOFT, these contacts are members of the Single Personnel Delegation.

The term "agreement" may be used generically, but in reality it refers to action plans.

Extraordinary agreement for a 6th week

In order to improve the overall well-being of its employees, ITESOFT senior management offered to provide an additional week of paid vacation.

The matter was discussed with the Single Personnel Delegation in February 2009.

Signature date: March 2009, applicable as of 1 January 2009.

Duration: not limited.

Profit-sharing

This agreement, which defines the methods for calculating and distributing profit sharing is now obsolete.

Participation

This agreement endorses Company personnel's participation in the Company's results.

The matter was discussed with the Single Personnel Delegation in June 2000.

Signature date: 20 June 2000, applicable as of 1999.

Duration: 5 years, then renewed yearly thereafter by tacit agreement.

Filed with DIRECCTE: 2000.

Male-female equality

Signature date: December 2014

Filed with DIRECCTE: December 2014

Duration: 1 year

Date of most recent Comparative Situation Report: December 2014

Inter-generation action plan

The matter was discussed with the Single Personnel Delegation in March 2015.

Date of initial plan signature (senior plan): December 2009

Filed with DIRECCTE: April 2015

Duration: 3 years

No group agreements are reported for England.

17.1.5 HEALTH AND SAFETY CONDITIONS AT THE WORKPLACE

17.1.5.1 Psychological-social risks

Work-related accidents

The new technologies sector is not particularly prone to accidents.

The company did not report any travel- or work-related accidents in 2015.

17.1.6 TRAINING

Please note that employee training actions do not apply to English staff at this time.

The sector for new technologies evolves constantly. This perpetual movement requires our employees to update their technical skills on a regular basis, as well as to keep themselves informed of evolutions in their field continually.

Technical training is therefore an essential part of the Company's progression.

In 2015, training actions focused on several main axes: building technical skills via courses on programming languages, learning specific technical environments and using other tools; and training on internal tools, processes, products, and related topics.

The various sessions were attended by 148 participants, that is, 98 individual people. This represents an increase of nearly 10% in the number of participants, despite a decrease in total staff size.

2,327 hours of training were provided, for a total budget of €138,743. This amount is 1.9% of the total payroll, far higher than the legal requirement.

With respect to 2014, we see a progression of 12% in terms of budget, and 11% in terms of hours, whereas this latter criterion had remained stable from 2013 to 2014.

17.1.7 EQUAL TREATMENT

As respecting equal opportunity for men and women is a French legal requirement, the remainder of this section only takes Aimargues and Rueil Malmaison employees into consideration.

17.1.7.1 Measures taken to promote equality between men and women.

The sector for software and computer-related services in which ITESOFT operates is comprised of some 365,000 people in France, including some 265,000 computer specialists. (Source: INSEE based on DADS 2012)

This population of computer specialists strongly influences statistics in the sector. The high-tech field is indeed one that attracts men in particular, and one that requires many years of education, which explains why many employees hold the executive status.

The sector overall is comprised of (source: INSEE based on DADS 2011):

- 27.3% women (compared to 45.6% for the economy as a whole)
- 93.7% permanent contracts
- 68.9% executives

Based on reference indicators in the sector, we observe the following for ITESOFT:

- The female population represents 25.5 % of the total staff. This proportion is down slightly with respect to figures from 2013, by about 5%, and relatively close to the national statistic in the sector (27.3%).
- There are 154 permanent work contracts, that is, 98.1% of the Company's contracts as of 31-Dec-15. This figure has remained stable over the past several years, as 98.3% of the staff was on permanent contracts in 2013. This criterion is also consistent with the business sector, though slightly higher.
- Fixed-term contracts were in place for 3 people (of which 2 are in work-study programs: 2 men and 1 woman).
- The executive population represents 93% of the Company's staff, comprised 20.4% of women. This figure, which is slightly lower, is consistent with distribution of the overall population within the Company.
- The employee population thus represents 7% of the staff. This group is primarily comprised of women (72 %).

During 2015:

- The Company hired 21 people, including 5 women (23.8 % of the hires). This figure is consistent with the overall distribution of the Company's population and the hi-tech sector.
- The number of training hours increased slightly over the past several years. Non-management employees received 2% of the training hours, distributed equally among men and women in that category. For executives, women benefited from nearly 20% of the training hours provided in 2015, a proportion that is consistent with the distribution of the Company's employees in that population.
- 9 people were promoted, 1 ETAM category and 8 executive. Among them were 2 women, that is, 22% of the promotions. This proportion is consistent with the proportion of women in the Company (25.5%).

Regarding the average age of employees, there is no noticeable difference between men and women (43.4 years for women and 40.7 years for men). This difference may be explained partially by the age difference between men and women in the ETAM population.

The same applies to average seniority, which is 6.9 years for women and 8.1 years for men. This difference has remained stable since the last Comparative Situation Report.

If we examine the Company's executives and directors, we note that:

- Among the 19 executives (excluding directors), 6 are women, present in a higher proportion than for the overall staff population – 31.5%.

In terms of work organization and balancing professional life and exercising family responsibilities:

- 13 people are working part-time at the Company: 2 are ETAM category (that is, 22% of this population, not counting work-study staff), and 11 are manager-level. All are women who asked the Company to adjust their working hours in order to better organize their private lives (they represent 32.5% of the women).

During 2015:

- All 7 of the new fathers benefited from their entire paternity leaves.
- 2 women benefited from a maternity leave. One of them left the Company during the year; the other was hired in 2014 on a fixed-term contract, which was transformed into a full-time contract in 2015.

As the information technology sector is not particularly prone to accidents, work-related accidents are rare. No accidents were reported in 2015.

From a compensation perspective, and since the ETAM (Clerical, Technical, and Supervisory) staff comprised in large majority of women (without taking into consideration compensation for work-study employees, which is regulated), it is difficult to make a comparison between men and women (as compensation for ETAM men would be based only on a single piece of data).

If we exclude compensation for Executive Committee members, the average compensation for the Company's female executives is 8 % lower than that of male executives. This difference may be explained by the fact that there are only 2 women among the 10 highest-earning large account sales representatives.

In order to ensure that no differences exist in compensation paid to men and women, it is necessary to compare similar populations, such as project engineers, support engineers, and development engineers. This comparison highlights the comparison equality between men and women.

Based on a status report of the situation presented above, the Company chose the following as guidelines for its actions:

- Compensation
- The balance between professional life and handling family responsibilities
- Professional promotion

The compared status report presented previously highlights that, at this time, there is no significant difference between compensation for men and women within the Company.

The goal is therefore to make sure that such differences do not appear. This is done at each new recruitment, notably by performing a precise study of the proposed compensation, compared to other people in the company with the same qualifications, skills, and age. This information is brought to the executives' attention at hiring time.

Nonetheless, if differences in compensation between men and women are indeed identified, and if they cannot be explained by differences in performance, management will implement measures to reduce the differences during annual salary reviews.

In terms of professional promotion, ITESOFT has set the following goals:

- Ensure equal access to professional promotions.
- Ensure balanced access to training.
- Incite professional mobility within the Company.

Lastly, in order to facilitate the balance between men's and women's professional and private lives, balance the Company's collective imperatives and needs with the individual constraints and ambitions of employees, ITESOFT has chosen to favor the implementation of teleworking for all appropriate job positions, favor the pursuit of a healthy parental balance between men and women, and favor the acceptance of part-time opportunities when desired.

17.1.7.2 Measures taken to favor employment and integration of handicapped people.

The Company's staff includes 2 people with RQTH status (recognition of handicapped workers), both of whom are located at the Rueil Malmaison site.

The two handicapped people working in the Paris region have the possibility to work 2 to 3 days per week from home in order to avoid lengthy commutes, which are a source of fatigue.

In parallel, the Company contacted an ergonomics professional to adapt the work space for the second person, disabled as the result of an illness.

17.1.7.3 Anti-discrimination policy

It is interesting to note that ITESOFT's staff is comprised of people from 9 different nationalities, largely because of the Company's international efforts. In addition to staff of French nationality, the Company also employs people of other nationalities: Algerian, German, American, Scottish, Italian, Dutch, English, and Swedish.

ITESOFT is assisting one young Moroccan graduate in applying for his work permit.

The Company's overall cultural diversity contributes significantly to eliminating differences and fighting against discrimination.

17.1.8 TERRITORIAL, ECONOMIC, AND SOCIAL IMPACT ON THE COMPANY'S ACTIVITY

ITESOFT's head office is based in France's Languedoc-Roussillon region, specifically in the Gard department.

This department of France has experienced many years of relatively high levels of unemployment (approximately 14.2% for Q1 2015, compared to 10 % nationwide, according to URSSAF sources).

The Languedoc-Roussillon region is one of the leading regions in France in terms of company creation. This position is favored by the presence of a large number of service organizations. The high rate of company creation is also related to an over-representation of individual enterprises in the region, in particular those without salaried employees.

Today, 96% of the companies in the region employ few than 10 people, and more than 8 out of 10 companies do not hire any employees (source INSEE).

It is therefore relatively easy to understand that jobs and business activity taking place at a site as large as ITESOFT's headquarters represent a particularly important element for the territory (with its total of 6,309 new private sector jobs in 2010 -- source: Pôle Emploi, November 2011 / Languedoc-Roussillon company information site).

17.1.8.1 PARTNERSHIP ACTIONS

ITESOFT very regularly receives young students as part of their work-experience period. In 2015, we worked with 18 interns over period ranging from 1 week to 7 months, on subjects related to marketing, software development, and human resource development.

The HR team has established ties with selected engineering schools, or some universities whose curriculum may correspond to the Company's activities. This is the case, for example, for computer-science engineering schools based near our headquarters in Aimargues, such as SUP INFO, the Mines d'Alès Engineering School, EPSI, or near our other French offices in the Paris region, such as the Léonard de Vinci University.

17.1.8.2 Promotion and respect for provisions in fundamental conventions of the International Labor Organization

With ITESOFT only being present in France and the England, this topic is not considered relevant at this time.

17.2 ENVIRONMENTAL DISCLOSURES

17.2.1 GENERAL POLICY

The Company's activity as a specialist in software development is not likely to incur industrial risks or environmental risks that could have an impact on its property or results. ITESOFT has also never received any complaints for breach of regulatory legislation with respect to environmental protection, nor any injunction to pay related fines. Lastly, the Company is not aware of any declared or suspected industrial or environmental risks related to the development, manufacturing, shipping, or use of its products.

The amount of provisions and guarantees for environment-related risks is zero.

17.2.2 POLLUTION AND WASTE MANAGEMENT

ITESOFT activities generate waste in the form of used paper and scrap electronic equipment. As part of its preventive measures taken to recycle and eliminate waste, the Company has implemented selective waste sorting at all of its locations, and WEEE (Waste Electrical and Electronic Equipment) is collected by suppliers in compliance with current regulations.

17.2.3 SUSTAINABLE USE OF RESOURCES

The Company's operation requires using energy resources for heating and air conditioning at its sites, as well as for powering office equipment.

The Company has only tracked environmental data related to its energy consumption since the end of the 2012 fiscal year. It is worth noting that ITESOFT offers electronic capture solutions that enable its clients to make the transition towards reducing their own use of paper.

The information below concerns electricity consumption for all ITESOFT sites, as well as related CO₂ emissions:

	Aimargues Séquoia			Rueil			Farnham			Total Group		
	kWh	CO ₂ [kg]	Chg. N/N-1	kWh	CO ₂ [kg]	Evol N/N-1	kWh	CO ₂ [kg]	Chg. N/N-1	kWh	CO ₂ [kg]	Chg. N/N-1
2012	496,244	38,707		130,150	10,152		94,611	47,779		721,005	96,637	
2013	479,063	37,367	-3%	134,944	10,526	4%	80,061	40,431	-15%	694,068	88,323	-9%
2014	480,330	37,466	0%	350,984	27,377	160%	59,231	29,912	-26%	890,545	94,754	7%
2015	492,623	38,425	3%	222,817	17,380	-37%	62,413	31,519	5%	777,853	87,323	-8%

(*) 2nd half 2013: consumption extrapolation based on 1st half consumption

(*) Rueil December 2015: consumption extrapolation based on 11/2015 consumption

Electricity France 0.078 Kg eq CO₂ / kWh (source Carbon Base), including line losses

Electricity England 0.505 Kg eq CO₂ / kWh (source Carbon Base)

The decrease in consumption at the Rueil site can be explained by a decrease in shared expenses due to the departure of a renter who represented over 50% of the site's occupants, as well as a winter that was less cold than the previous year.

17.2.4 CLIMATE CHANGE

ITESOFT is an international company with operations in a number of different countries around the world. To help reduce the amount of physical travel for its staff, the Company has invested in advanced videoconferencing equipment that enables our teams to hold regular meetings with our clients, regardless of the geographical distance, in order to limit negative environmental impact.

It is worth noting that, given the activity and locations of its sites, ITESOFT is not directly subject to consequences related to climate change.

When travel is required, people are encouraged to take the train. CO₂ emissions for Company vehicles must not exceed 130 g CO₂/km, which is the limit for application of France's bonus-penalty payment.

Data concerning CO₂ emissions for air and train travel, collected since 2012, only concern the Company's French sites (which represent the large majority of professional travel). This data was provided by our travel service provider. ITEOSFT began to track data related to individual vehicles starting at the end of 2012:

CO ² [KG]	2013	2014	2015
Vehicles	50,687	56,693	44,652
Train	84,744	3,940	3,969
Air	36,188	77,775	63,178
Total	171,619	138,408	111,799

In 2014, there was a change in the factors for carbon-based emissions:

- Iron emissions factor: 0.00369 kg CO₂e/km
- Domestic air emissions factor 0.293kg CO₂e/km
- Continental air emissions factor 0.209kg CO₂e/km
- Intercontinental air emissions factor 0.202 kg CO₂e/km

17.2.5 INFORMATION REGARDING CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

Again, given the Company's activities, the following topics are not considered relevant at this time:

Taking account social and environmental issues into account ITEOSFT's purchasing policy and its relations with suppliers and contractors.

In addition, the nature of ITEOSFT's activities is not particularly exposed to risks of corruption. The Company is therefore in compliance with any related regulatory provisions. There are nonetheless purchasing and approval procedures that enable ITEOSFT to control commitments engaged by authorized personnel.

The Company has implemented a confidentiality policy with respect to its clients, covering client data of all kinds, whether for its software sales - for which ITEOSFT does not store any information - or for its SaaS (Software as a Service) mode business, where data used by clients is stored by a specialized, independent hosting service.

17.2.6 METHODOLOGY AND SCOPE

17.2.6.1 Jobs

For calculating its staff size, the Company's counts each employee as one unit, regardless of his/her working hours or type of contract.

People on temporary replacement contracts are also counted, as are people whose work contracts are suspended.

17.2.6.2 Staff distribution by CSP

The notions of "ETAM" and "executive" also used earlier in this document, are defined as:

ETAM: job category that includes Clerical, Technical, and Supervisory staff, as described in Appendix 1.3 of the SYNTEC convention.

IC: Executive (in French: "*Ingénieurs & Cadres*") a job category that includes Engineers and Managers (university degrees or practitioners), as described in Appendix 2 of the SYNTEC convention.

17.2.6.3 Contractors / service providers

1 month of service is counted if the provider in question was present 1 day during the month;

17.2.6.4 Employee turnover rate

The turnover rate is calculated by the following formula: half-sum of new arrivals (excluding fixed-term contracts) and departures (excluding fixed-term contracts), over the number of employees as of 1 January of the year in question.

With respect to greenhouse gases, emissions related to professional travel are received directly from the provider. For electricity, emissions are calculated based on consumption and carbon footprint emission factors.

Correlation table

Article R. 225-105-1 of the French Commercial Code

Section

Jobs	17.1.1
Total staff and salary distribution by gender, age, and geographical zone	
Recruitments and terminations	
Compensation	
Organization of work hours	17.1.3
Absenteeism	
Social relations	17.1.4
Organization of social dialog, personnel information and consultation procedures, employee negotiations	
Summary of collective agreements	
Health and safety	17.1.5
Health and safety conditions at the workplace	
Summary of agreements signed with union organizations or personnel representatives regarding health and safety conditions at the workplace	
Work-related accidents, frequency, and seriousness, as well as professional illnesses	
Training	17.1.6
Policies implemented for training	
Total number of training hours	
Equal treatment	17.1.7
Measures taken to promote equality between men and women	
Measures taken to favor employment and integration of handicapped people	
Anti-discrimination policy	
General policy for environmental issues	17.2.1
Company organization to take environmental issues into consideration as necessary, means for environmental evaluation or certification	
Employee training and information actions carried out to protect the environment	
Means dedicated to preventing environmental risk and pollution	
Pollution and waste management	17.2.2
Preventive measures, waste recycling and elimination	
Sustainable use of resources	17.2.3
Energy consumption	
Measures take to improve energy efficiency and the use of renewable energy	
Climate change	17.2.4
Greenhouse gas emissions	
Information regarding corporate commitments to promote sustainable development	17.2.5
Territorial, economic, and social impact of activity, in terms of employment and regional development, on local and neighboring populations.	
Relationships with people and organizations interested in the Company's activity (integration associations, educational establishments, environmental protection associations, etc.), partnerships, and sponsorship.	

Sub-contractors and suppliers: social responsibility. Taking social and environmental issues into account in purchasing policy. Importance of outsourcing. In relations with suppliers and sub-contractors: taking their social and environmental responsibility into account.

Fair practices (actions prevent corruption, and measures to promote consumer health and safety) and other actions taken to promote human rights.

Unpublished information, as not relevant given ITESOFT's service activity as well as its geographical location.	Explanations
<p>Employee training and information actions regarding environmental protection</p> <p>Taking into account noise pollution and other types of pollution</p> <p>Water consumption and supply; raw materials</p> <p>The use of ground</p> <p>Measures for protecting biodiversity</p> <p>Taking social and environmental issues into account in purchasing policy.</p> <p>Other actions undertaken to promote human rights</p>	
<p>Promotion and respect for provisions in fundamental conventions of the International Labor Organization</p>	
<p>Respect for freedom of association and the right to collective bargaining</p> <p>Elimination of discrimination with respect to employment and occupation</p> <p>Elimination of all forms of forced and compulsory labor</p> <p>Effective abolition of child labor</p>	

17.3 INDEPENDENT THIRD-PARTY BODY REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL, AND CORPORATE INFORMATION PROVIDED IN THE REGISTRATION DOCUMENT

To the Shareholders,

As an independent third-party body, accredited by COFRAC under the number 3-1050, and member of the network of one of ITESOFT's statutory auditors, we hereby present our report on the consolidated social, environmental, and corporate information for the fiscal year ended 31 December 2015, presented in the chapter "Required information regarding CSR" in the management report, subsequently referred to as "CSR Information," in application of the provision of Article L.225-102-1 of the French Commercial Code.

Corporate responsibility

It is the responsibility of the Board of Directors to prepare a reference document containing the CSR Information defined in Article R. 225-105-1 of the French Commercial Code, in accordance with the references used by the Company, comprised of CSR version 2014 reporting instructions (subsequently referred to as "References"), available upon request from the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory texts, the professional code of ethics, and by provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system that includes the documented policies and procedures seeking to ensure respect for ethical rules, professional standards, and applicable laws and regulations.

Responsibility of the independent third-party body

Based on the work performed, it is our responsibility to:

- Certify that the required CSR Information is present in the management report or, in case of omission, subject to explanation in application of the third subparagraph of Article R. 225-105 of the French Commercial Code (Attestation of the presence of CSR Information).
- Draw a conclusion expressing a reasonable level of assurance that the CSR Information, considered globally, is presented with all significant elements in a sincere manner, in accordance with Reference (Reasoned opinion regarding the sincerity of CSR Information).

Our work was performed by a team of three people between March 2016 and our report's signature date, for a duration of approximately 5 weeks.

We carried out the work described below in compliance with professional standards applicable in France, with the decree of 13 May 2013 determining the terms under which the independent third-party body carries out its mission and concerning our reasoned opinion regarding sincerity, and with the international ISAE 30001² standard.

1. Attestation as to the presence of CSR Information

Based on interviews with the managers of the concerned departments, we were informed of the orientations being followed in terms of sustainable development, based on the social and environmental consequences related to the Company's activity and its corporate commitments, and, as necessary, the resulting actions or programs.

We compared the CSR Information presented in the management report with the list defined in Article R. 225-105-1 of the French Commercial Code.

If any consolidated information was missing, we verified to make sure that explanations were provided as stipulated by the provisions of Article R. 225-105, subparagraph 3 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, that is, the Company and subsidiaries as defined in Article L.233-1 of the French Commercial Code, and the companies that it controls as defined in Article L.233-3 of that same Code, within the limits detailed throughout the chapter "Required information regarding CSR" of the management report, notably:

- The acquisition of W4 during the fiscal year, which will be taken into account in indicators as of 2016.
- Compensation and its progression, absenteeism, and the organization of social dialog, which are provided for the French scope.

Based on these investigations, and given the limitations mentioned above, we hereby attest to the presence of the required CSR Information in the management report.

2. Reasoned opinion regarding the sincerity of CSR Information

Nature and scope of work

We conducted four interviews with the people in the Human Resources, Information Systems, and General Management departments responsible for preparing the CSR Information, in charge of information collection processes and, as necessary, those in charge of internal control and risk management procedures, in order to:

- Assess the appropriateness of the References with respect to their relevance, exhaustiveness, reliability, neutrality, and understandable nature, while taking the sector's good practices into account as necessary.
- Verifying the implementation of a collection, compilation, processing, and control process seeking to provide exhaustive and consistent CSR Information, and to be informed of the internal control and risk management procedures related to elaborating CSR Information.

We determined the nature and extent of our tests and controls according to the nature and importance of the CSR Information with respect to the Company's characteristics, social issues, activity environments, and its orientations with respect to sustainable development and good practices in the sector.

We considered the most important¹ aspects for CSR information, checked documentation sources at the entity's headquarters, and carried out interviews to confirm qualitative information, such as that regarding organization, policies, actions, etc.. We implemented analytical procedures on quantitative information and conducted surveys to verify the calculations and consolidated data, and we verified their consistency and coherency with the other information provided in the management report.

We considered the consistency of other consolidated CSR information with respect to our knowledge of the company.

Lastly, we considered the pertinence of explanations provided, when necessary, regarding the complete or partial absence of certain information.

We feel that the sampling methods and sample sizes we chose, exercising our best professional judgment, enabled us to reach a reasoned conclusion regarding the topics in question. A higher level of confidence would have required more extensive verification work.

Because of our use of sampling techniques, combined with other limits inherent to the functioning of any information and internal control system, the risk of not detecting a significant irregularity in the provided CSR Information may not be entirely eliminated.

Conclusion

On the basis of our work, we found no significant irregularity that would raise any doubt as to the fact that the CSR Information, overall, is presented in a sincere manner that is consistent with the related References.

Paris-La Défense, 21 April 2016

Independent third-party body
ERNST & YOUNG et Associés

Eric Mugnier
Associate, Sustainable Development

Bruno Perrin
Associate

¹ Scope of accreditation available on www.cofrac.fr

² ISAE 3000 – Assurance engagements other than audits or reviews of historical information

³ Environmental and corporate information:

- Indicators (quantitative information): electricity consumption, greenhouse gas emissions.

Social information:

- Indicators (quantitative information): total registered staff, distribution of salaries by gender and by age, number of new hires and dismissals, turnover, absenteeism rate, number of training hours, and the number of employees trained.

- Qualitative information: evaluations made regarding gender equality.

⁴ For the corporate part: Aimargues site

For electricity consumption: Aimargues and Farnham sites

For greenhouse gas emissions: Aimargues site

18 MAIN SHAREHOLDERS

18.1 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

18.1.1 ON 31 MARCH 2016

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Didier Charpentier and associated	3,200	0.05%	6,400	0.07%
SARL CDML*	3,619,385	59.01%	6,792,970	70.49%
SF2I SAS **	606,022	9.88%	606,022	6.29%
Registered employee shareholders	283,885	4.63%	283,885	2.95%
Other registered	93,347	1.52%	113,697	1.18%
Total	4,605,839	75.09%	7,802,974	80.97%
Treasury shares		0.00%	0	0.00%
Philippe LIJOUR	421,235	6.87%	727,470	7.55%
Target audience	1,106,754	18.04%	1,106,754	11.48%
Total	6,133,828	100.00%	9,637,198	100.00%

* CDML is a French SARL company wholly owned by Didier CHARPENTIER

** SF2I SAS is a French SAS held in part by some ITESOFT managers who combined their shares together in this structure.

To the best of the Company's knowledge:

- No other shareholders hold either directly, indirectly, acting alone or in conjunction with others, 5% or more of the share capital or voting rights.
- Breakdown of share capital and voting rights has not changed significantly between 31 March 2016 and the date of the present Registration Document.

18.1.2 CHANGES OCCURRING WITHIN THE PAST THREE YEARS

	on 31 March 16		on 31 March 2015		on 20 March 2014	
	Number of shares	% of capital	Number of shares	% of capital	Number of shares	% of capital
D. CHARPENTIER & associated SARL CDML*	3,200	0.05%	449,000	7.88%	449,000	7.88%
JM PEDRENO***	3,619,385	59.01%	3,173,585	55.71%	3,173,585	55.71%
SF2I SAS**	-	0.00%	280,980	4.93%	280,980	4.93%
Registered employee shareholders	606,022	9.88%	-	0.00%	-	-
Other registered	283,885	4.63%	150,200	2.64%	149,050	2.62%
	93,347	1.52%	256,116	4.50%	10	0.00%
Total	4,605,839	75.09%	4,309,881	75.66%	4,052,625	71.14%
Treasury shares	8,840	0.14%	58,551	1.03%	136,223	2.39%
P. LIJOUR	421,235	6.87%	371,235	6.52%	306,235	5.38%
Other public	1,097,914	17.90%	956,723	16.80%	1,507,542	26.46%
Total public	1,519,149	24.77%	1,327,958	23.31%	1,813,777	31.84%
TOTAL	6,133,828	100.00%	5,696,390	100.00%	5,696,390	100.00%

* CDML is a French SARL company wholly owned by Didier CHARPENTIER

** SF2I SAS is a French SAS held in part by some ITESOFT managers who combined their shares together in this structure.

*** Jean-Marc Pedreno contributed all the shares he held in SF2I SAS.

18.2 DIFFERENT VOTING RIGHTS OF THE MAIN SHAREHOLDERS

In accordance with paragraph 18.2 of Appendix 1 to European Regulation 809-2004, we hereby indicate that the Company's main shareholders do not benefit from different voting rights with respect to other shareholders, except for the double voting rights granted by the shareholders (see § 18.1.1 and § 21.2.3.1).

18.3 CONTROLLING SHAREHOLDER

As indicated in § 18.1, the Company's majority shareholder is Mr. Didier CHARPENTIER, through his company CDML SARL.

No specific measures have been implemented to ensure that control by the majority shareholder is not exercised in an abusive manner.

18.4 AGREEMENTS THAT COULD LEAD TO A CHANGE IN CONTROL

To the best of ITESOFT's knowledge, there are no agreements whose implementation could lead to a change in control at a later date.

18.4.1 SHAREHOLDERS' AGREEMENT

There is no shareholders' agreement or contract at this time.

18.4.2 PLEDGES

The Company is not aware of any pledged shares registered directly.

19 RELATED PARTY TRANSACTIONS

19.1 SPECIAL REPORT BY THE STATUTORY AUDITORS CONCERNING AGREEMENTS AND REGULATED COMMITMENTS

The special report by the statutory auditors below provides all the information concerning related party transactions for the 2015 fiscal year. For the 2014 and 2013 fiscal years, please refer to the Registration Documents for those years: 2014 (Chapter 19) and 2013 (Chapter 19). See also the Appendix to the financial statements in § 20.1.5.24.

Dear Shareholders,

In our capacity as statutory auditors for your Company, we hereby present our report on agreements and regulated commitments.

Based on the information provided to us, we are required to inform you of the characteristics, main terms, and the reasons for justifying the company's interest in the agreements and commitments about which we were informed, or may have discovered, during our assignment, without expressing an opinion on their usefulness or merits, and without having to seek other agreements or conventions that may exist. It is your responsibility, according to the terms of Article R. 225-31 of the French Commercial code, to evaluate the benefits resulting from concluding these agreements and commitments prior to their approval.

In addition, we are required, if necessary, to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the execution of agreements and commitments during the preceding fiscal year that were already approved by the General Shareholder Meeting.

We performed all of the procedures related to this mission that we considered necessary in accordance with the professional standards applicable in France. These procedures consisted of verifying the compliance of the information provided to us with the source documents from which it was derived.

Agreements and commitments submitted for approval at the general shareholder meeting

Agreements and commitments authorized during the past fiscal year

We hereby inform you that we were not notified of any agreement or commitment during the 2013 fiscal year, that was submitted for approval at the general shareholder meeting in application of the provisions of article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized since period end

We were notified of the following agreements and commitments authorized since the close of the previous fiscal year, that required prior approval by your Board of Directors.

1. With the company Yooz, subsidiary of the company CDML, shareholder of your company

Person concerned

Mr. Didier Charpentier, your Company's Chairman of the Board of Directors.

Nature and purpose

Yooz offers your Company a certain number of patent and software licenses, strictly for internal use. Your Company offers Yooz a certain number of patent and software licenses, free of charge, strictly for internal use.

Terms

The duration of twelve months is renewable by tacit agreement.

Reasons justifying the Company's interest in the agreement

Your Board explained this agreement in the following manner:

"The Company still needs the technologies made available within the scope of this agreement for its own needs. It is therefore necessary to renew it. "

2. With the company ABM Management

Person concerned

Mr. Alain Guillemin, ITESOFT's Vice President of your Company's Board of Directors.

Nature and purpose

The company, ABM Management, which belongs to Mr. Alain Guillemin, administrator, provides consulting services (consulting in strategy, management of organizing product offerings, operational organization, and financial files).

Terms

Duration of one year, based on two days per week, for a fixed-rate of €1,000 (excluding tax) per day.

Reasons justifying the Company's interest in the agreement

Your Board explained this agreement in the following manner:

"The Company still has an interest in maintaining the consulting services provided by Mr. Alain Guillemin in a context that exceeds his functions as administrator, given his expertise and experience as a company director. "

Agreements and commitments already approved by the General Shareholder Meeting

Agreements and commitments approved during previous fiscal years

In application of the Article L. 225-30 in the French Commercial Code, we were notified that the following agreements and commitments, already approved in previous years by the General Assembly, continued through the ended fiscal year.

With CDML, shareholder of your company

Person concerned

Mr. Didier Charpentier, your Company's Chairman of the Board of Directors.

Nature and purpose

Conclusion of a cash agreement for an undetermined duration, starting 9 December 2014, enabling bidirectional cash advances based on cash availability from the lending company.

Terms

Compensation is established as follows: 3-month EURIBOR rate plus a margin of 0.40%, 30 days following the end of each calendar quarter.

For all decisions related to advances, there is an obligation to inform your Company's Board of Directors. Total maximum commitment of €1 million.

A cash advance operation to the benefit of the company CDML took place on September 1, 2015, for an amount of €500,000. This sum was reimbursed on December 20, 2015.

Agreements and commitments approved during the past fiscal year

We were also informed about the execution, during the fiscal year in question, of the following agreements and commitments, already approved by the General shareholder meeting of June 2, 2015 upon special report by the statutory auditors on April 30, 2015.

1. With S.C.I. Andron Bâtiment 1

Person concerned

Mr. Didier Charpentier, your Company's Chairman of the Board of Directors.

Nature and purpose

Signature of a commercial lease for the rental of offices in the office building belonging to S.C.I. Andron Bâtiment 1.

The lease covers the Sequoia office space and the Andron Parc space, as well as the parking lots.

The total leased surface area is 1,752 sq. meters, with 20 indoor parking places and 62 outdoor parking places.

Terms

This new commercial lease, signed for a duration of nine years, is valid for the period from January 1, 2015 to December 31, 2023, with annual revision of the lease amount based on the variation of the service activity lease index.

The total annual rent for 2015, excluding tax, was €439,162, corresponding to €314,468 in rent and €124,694 for rental expenses. Rent is paid on a quarterly basis.

2. With CDML, shareholder of your company

Person concerned

Mr. Didier Charpentier, your Company's Chairman of the Board of Directors.

Nature and purpose

Contract between CDML and the Company for services. The purpose of this contract is for CDML to assist the Company in its strategic decisions and to participate in decisions concerning its operational management.

Terms

For a period of three years, starting January 1, 2015, renewable by tacit agreement, for a flat-rate amount of €82,848 annually, excluding taxes. This amount is payable in 12 monthly payments and revised annually according to the evolution of the SYNTEX index (2455 in November 2014).

The charge posted for the 2015 period is €82,848.

3. With the company Yooz, subsidiary of the company CDML, shareholder of your company

Person concerned

Mr. Didier Charpentier, your Company's Chairman of the Board of Directors.

a) Nature and purpose

Mandate for invoicing and collection by your Company on behalf of the company Yooz.

Terms

The company Yooz mandates your Company to establish, in its name and on its behalf, invoices for services related to the software platform that offers automation services via the Internet, accessible to all, operating under the "Yooz" brand name (monthly SaaS subscriptions).

Maximum duration is twelve months starting January 1, 2015. Compensation set at 1% of invoiced amounts.

During the 2015 period, your Company withdrew and collected a total of €865,837. The account balance as of December 31, 2015 shows a credit position of €6,682.

b) Nature and purpose

Yooz offers your Company access to a certain number of patent and software licenses, strictly for internal use.

Your Company offers Yooz access to a certain number of patent and software licenses, free of charge, strictly for internal use.

Terms

The duration of twelve months is renewable by tacit agreement.

c) Nature and purpose

Service agreement in the following areas: information systems, administration, accounting, financial, legal, and human resources. Re-invoicing of expenses paid on behalf of the other party. Your Company can use the Yooz product for its own internal needs.

Terms

Invoicing for assistance services for an amount of €99,385 (excluding tax) for the 2015 year, with invoices established on a quarterly basis, paid in arrears.

Re-invoicing of half of the expenses covered by your Company for Mr. Didier Charpentier (telephone and vehicle).

Monthly re-invoicing for expenses paid by one company on behalf of the other, as necessary.

Expenses related to the Aimargues office space (coffee, office supplies, etc.) and IT (computer tools and resources) will be reinvoiced on a *prorata* basis for the staff or surface area as defined in the lease agreements signed by each of the parties. Expenses that may be allocated on a real basis (such as stamps, copier suppliers, licenses, etc.) will be reinvoiced at their real cost, based on consumption or use.

The duration of the agreement is for three years, starting 1 January 2015, renewable by tacit agreement for additional periods of one year.

During the 2015 period, total re-invoicing reached €498,857 (excluding tax), of which €99,385 corresponds to invoices for assistance services.

d) Nature and purpose

Agreement enabling your Company, in the context of its business activity, to distribute the Yooz service to its clients and/or prospects, with terms that are at least as beneficial for your Company as those that the company Yooz grants third-party resellers and distributors for similar commitment levels.

Terms

Compensation based on a percentage of the sales revenue generated every month by the Service's End Client subscription paid to the reseller or distributor. This percentage is set at 50%. Duration of two years renewable by tacit agreement for additional periods of one year.

During the 2015 period, the cost was €5,750, excluding tax.

4. With the company ABM Management

Person concerned

Mr. Alain Guillemin, ITESOFT's Vice President of your Company's Board of Directors.

Nature and purpose

The company, ABM Management, which belongs to Mr. Alain Guillemin, administrator, provides consulting services (consulting in strategy, management of organizing product offerings, operational organization, and financial files).

Terms

Duration of one year, based on two days per week, for a fixed-rate of €1,000 (excluding tax) per day.

During the 2015 period, the cost was €23,066, excluding tax.

Signed in Nîmes and Montpellier, France, April 26, 2016

The Statutory Auditors

SOFIRA AUDIT – Member of RSM International

Marcos MARQUEZ

ERNST & YOUNG

Frédérique DOÏNEAU

20 FINANCIAL INFORMATION CONCERNING THE ASSETS, FINANCIAL SITUATION AND RESULTS OF THE ISSUER

20.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

20.1.1 CONSOLIDATED BALANCE SHEET

Amounts in thousands of euros	Notes	31-12-15	31-12-14	31-12-13
Assets				
Non-current assets				
Intangible assets	9	604	580	263
Goodwill	9	9,980	853	853
Tangible assets	10	998	803	984
Other non-current financial assets	11	889	535	518
Taxes and duties > 1 year				0
Deferred tax assets	7	341	439	285
Total non-current assets		12,812	3,210	2,903
Current assets				
Inventory and liabilities		0	0	63
Accounts receivable and related accounts	12	12,609	7,479	7,582
Taxes and duties < 1 year		178	208	184
Other current assets		1,969	1,116	1,252
Current financial assets				0
Cash and cash equivalents	14	3,850	6,220	6,963
Prepaid expenses		492	424	608
Total current assets		19,098	15,446	16,652
Total assets		31,910	18,656	19,555

Liabilities				
Capital and reserves	15			
Equity		368	342	342
Share premiums		6,278	4,422	4,422
Reserves		1,210	1,637	1,392
Treasury shares		-192	-181	-415
Financial year global income		1,101	2,211	457
Total shareholder equity attributed to mother company		8,765	8,431	6,198
Total shareholder equity for non-controlling interests		0	0	0
Non-current liabilities				
Provision for liabilities and charges > 1 year	19	964	792	609
Financial debt > 1 year	17	7,944	910	2,430
Financial commitments > 1 year	14			
Deferred tax liabilities	7			
Other non-current liabilities > 1 year	18			
Total non-current liabilities		8,908	1,702	3,040
Provision for liabilities and charges < 1 year	19	339	123	89
Financial debt < 1 year	14	680	56	351
Financial commitments < 1 year				
Taxes and duties < 1 year		2,502	1,447	1,827
Other current liabilities < 1 year	20	5,479	5,845	4,642
Deferred income	20	5,237	1,052	3,407
Total current liabilities		14,237	8,523	10,317
Total liabilities		31,910	18,656	19,555

20.1.2 CONSOLIDATED INCOME STATEMENT

	Notes	31-12-15	31 Dec 2015 w/12 months W4	31 Dec 2014 Published
Amounts in thousands of euros				
Sales revenue	3	23,087	25,339	21,464
Purchases consumed	4	-797	-801	-715
Personnel expenses	4.16	-15,220	-17,378	-14,142
External expenses		-4,665	-4,760	-4,047
Taxes and duties		-645	-712	-593
Depreciation allowance		-507	-541	-441
Provisions	19	-246	-263	-14
Other operating revenues and expenses	4	973	1,093	771
Current operating income		1,980	1,977	2,284
Goodwill impairment losses; Acquisition and restructuring costs	4.9	-1,330	-1,330	0
Operating income		650	647	2,284
Revenue from cash and cash equivalents		82	99	121
Interest cost on gross financial debt		-44	-48	-3
Cost of net financial debt	5	38	51	118
Other financial revenues and expenses		615	615	214
Corporate tax	7	-230	-230	-866
Net results before results from activities discontinued or being discontinued		1,072	1,083	1,750
Results, net of taxes, from activities discontinued or being discontinued				609
Net income		1,072	1,083	2,359
. Group		1,072	1,083	2,359
. Minority interests				
Earnings per share (in €)	8			
. Basic		0.17	0.18	0.41
. Diluted		0.17	0.18	0.40

		31-12-15	31 Dec 2015 w/12 months W4	31 Dec 2014 Published
In thousands of euros				
Consolidated net income		1,072	1,083	2,359
Other items in total income				
- Variation in currency conversion adjustments				-62
- Actuarial difference on IDR		29		-124
- Tax effects				41
COMPREHENSIVE INCOME		1,101	1,083	2,214

Given that the acquisition of the company W4 took place in July 2015, and for purposes of comparison, the 2015 period is also presented with 12 months of W4 business activity.

20.1.3 CONSOLIDATED CASH FLOW TABLE

CASH FLOW TABLE	31/12/2015 (12 months)	31/12/2014 (12 months)
(Amounts in thousands of euros)		
Consolidated net income (before impact of discontinued activities)	1,073	1,747
+/- Net allowances for depreciation and provisions (excluding those for current assets)	569	487
-/+ Latent gains and losses on fair value variations		
+/- Income and expenses related to stock options and equivalent	78	9
-/+ Other calculated income and expenses		
-/+ Gains and losses on disposals		-165
-/+ Profit and loss from dilution		
- Dividends (non-consolidated shares)		
Cash flow after net interest on financial debt and income tax	1,720	2,078
+ Net interest cost on financial debt	-38	-118
+/- Income tax (including deferred taxes)	230	866
Cash flow before net financial debt costs and income tax (A)	1,912	2,826
+/- Taxes paid / Research Tax Credit collected (B)	-521	315
+/- +/- Variation in accounts receivable and other debtors (C)	-4,323	-482
+/- +/- Variation in accounts payable and other creditors (C)	-708	-1,013
+/- Variation of other debtors and other creditors (C)	2,833	-1,465
= NET GENERAL CASH FLOWS FROM ACTIVITY (D) = (A + B + C)	-808	181
- Acquisitions of tangible and intangible assets	-768	-655
- Proceeds from sales of tangible and intangible assets	165	
- Acquisitions of financial assets		
- Proceeds from sales of financial assets		
+/- Impact of changes in scope	-5,075	
+ Dividends received (equity associates and non-consolidated investments)		
+ Investment subsidies received		
+/- Disposal or acquisition of current financial assets		
= NET CASH FLOWS FROM INVESTMENT OPERATIONS (E)	-5,678	-655
+ Amount received from shareholders for capital increases		
+ Amount received from exercising stock options		0
-/+ Acquisitions and disposals of treasury shares	-221	99
- Dividends paid during the year	-2,429	-87
+ Change in loans	6,851	
-/+ Repayable advances		
+ Change in subsidies		
- Net interest paid	-44	3
+/- Other flows related to financial operations		
= NET CASH FLOWS FROM FINANCING OPERATIONS (E)	4,157	15
+/- +/- Impact of exchange rate variations (G)		11
= VARIATION IN NET CASH FLOW (D + E + F + G)	-2,328	-448
Net opening cash balance	6,164	6,612
Net closing cash balance	3,836	6,164

The net cash position at period end includes 3,850 K€ in cash and cash equivalents, minus 14 K€ of bank overdraft.

The Group' cash holdings were +€4 million. Variation for the period is explained by:

- Funding of the W4 acquisition through four loans totaling €7 million (€1 million of which is through Bpifrance).
- Dividend distribution of €2.4 million.
- The variation in cash flow related to the effect of client invoicing at the end of the year.

Note 22 in the Appendix to the Consolidated financial statements describes the impact of variations in scope following the acquisition of W4.

20.1.4 TABLE OF VARIATION IN CONSOLIDATED SHAREHOLDER'S EQUITY:

(in thousands of euros)	Share capital	Share premium	Consol. reserves	Consolidating comp. securities	Consolidated net income	Conversion reserve	Shareholder equity allocated to owners of mother company
On 1 January 2014	342	4,422	1,392	-415	457	0	6,198
Financial year net income					2,356		2,356
Other items in total income					-83		-83
Total comprehensive income	0	0	0	0	2,273	0	2,273
Parent company capital increase							0
Appropriation of prior period net income			457		-457		0
Dividend distribution			-87				-87
Acquisitions and disposals of consolidating company securities			-135	234			99
Other variations					-62		-62
Cost of share-base payments			10				10
On 31 December 2014	342	4,422	1,637	-181	2,211	0	8,431
Financial year net income					1,073		1,073
Other items in total income					29		29
Total comprehensive income	0	0	0	0	1,101	0	1,101
Parent company capital increase	26	1,964					1,990
Appropriation of prior period net income			2,211		-2,211		0
Acquisitions and disposals of consolidating company securities				-11			-11
Dividend distribution			-2,429				-2,429
Readjustment GW W4		-109					-109
Other variations			-286				-286
Cost of share-base payments			78				78
on 31 Dec 2015	368	6,277	1,210	-192	1,101	0	8,765

20.1.5 APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT EVENTS OF THE FISCAL YEAR

On July 21, 2015, ITESOFT finalized the acquisition of the software company W4, a leading Business Process Management provider in Europe.

Already a shareholder in W4, with 5.6% of the shares, ITESOFT acquired the remaining 94.4% of the share capital from W4 shareholders for a total amount of €10 million.

This amount was financed as follows:

- A total of €8 million in cash, €7 million of which is through loans.
- The balance covered by issuing 437,438 new ITESOFT shares for W4 shareholders, at a unit price of 4.55€, for an amount of €2 million, representing a dilution of 7%.

W4 is now consolidated in ITESOFT's books starting on that date.

Additional information related to this acquisition is presented in Note 26.

In addition, as of July 21, 2015, the ITESOFT Board of Directors appointed Didier Charpentier as CEO of the company ITESOFT to replace Mr. Philippe Lijour. Mr. Didier Charpentier, founder of ITESOFT, combines this position, which he had already held until 2005, with that of Board of Directors chairman Philippe Lijour, who was CEO since 2005, and left the company in March 2016.

20.1.5.1 INFORMATION CONCERNING THE COMPANY

On April 21, 2016, the Board of Directors approved and authorized publication of the consolidated financial statements of ITESOFT SA, for the fiscal year ended December 31, 2015. These statements will be presented for approval at the General shareholder meeting called on June 6, 2016.

ITESOFT SA is a public limited company registered in France and listed on the Eurolist by Euronext Paris market. ITESOFT and its subsidiaries (the "Group") develop and integrate software for automatic document processing.

20.1.5.2 PUBLICATION CONTEXT

Because the Group is listed in a European Union country, and in accordance with regulation no. 1606/2002 adopted on 19 July 2002 by the European Parliament and European Council, its consolidated financial statements for the 2015 fiscal year were prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union on the date these financial statements were prepared.

These annual financial statements on December 31, 2015, as well as comparative information for 2014 provided in this Registration Document, were prepared using the recognition, measurement, and presentation rules prescribed by IFRS in application of the standards and interpretations adopted by the European Union on December 31, 2015.

20.1.5.3 SIGNIFICANT ACCOUNTING METHODS

The Group's consolidated financial statements were established in accordance with the evaluation and accounting rules of IFRS international accounting standards as adopted by the European Union on December 31, 2015, available on the site:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The financial statements were established on the basis of historical cost, except for certain asset and liability categories, in compliance with the rules set forth in IFRS standards. The categories concerned are mentioned in the notes below. These principles do not differ from IFRS principles as published by the International Accounting Standards Board (IASB).

Judgments and estimates

In order to establish its financial statements, the Group must make estimations and assumptions that affect the carrying value of certain assets and liabilities, or income and expenses, as well as the information provided in notes in the Appendix. The Group reviews its estimations and assessments regularly to take past experience into account, along with other factors deemed relevant with respect to economic conditions. Depending on how these various assumptions or conditions evolve, the amounts presented in future financial statements may differ from current estimations.

The main items estimated by senior management are goodwill (see Note 9), provisions, and deferred taxes (see Note 7).

Principles used to prepare financial statements

The principle of historical costs was used to establish the Group's consolidated financial statements, with the exception of financial assets available for sale estimated at their fair value. Consolidated financial statements are presented in euros, with all values rounded to the closest thousand (€000), except where indicated otherwise.

Interpretation and amendments of published standards applicable as of 2014

The standards and interpretations are identical to those used by, and described in, the Group's financial statements of December 31, 2014.

They have been completed with provisions of the IFRS standards as adopted by the European Union on December 31, 2014 and mentioned hereafter. These changes did not have any significant impact on the Company's accounts:

- IFRIC 21 "Taxes (Levies)" is applicable retroactively for periods started from June 17, 2014. As of the date of its first application, January 1, 2014, the effects of IFRIC 21 interpretation are recognized retroactively as follows:
 - The Social Solidarity Contribution (C3S) is now recognized upon the its payable date (January 1), and no longer for the year in which the revenue was generated. Cancellation of the provision recognized on December 31, 2013 by the counterpart of shareholder equity impacts the starting balance sheet as of January 1, 2014.
 - The C3S expense is not significant for the period.

The impact of interpreting IFRIC 21 for the financial statements consolidated on December 31, 2015 are not significant.

- Annual improvements from 2011-2013, at a European level, the amendments are applicable no later than the beginning of periods started January 1, 2015.
 - IFRS 3 Exclusion of established partnerships from the scope of application (i.e. co-owned companies already excluded and, for the first time, joint operations).
 - IFRS 13 Extension to certain non-financial instruments of the exception allowing fair value to be evaluated on a net basis.
 - IAS 40 Obligation of judgment to determine whether the acquisition of in investment property (building) constitutes an acquisition of assets or a group of assets (IAS 40) or a union of companies (IFRS 3).

Standards, interpretation, and amendments of published standards, not yet applicable as of December 31, 2015.

The ITESOFT Group did not anticipate any of the new standards and interpretations mentioned below that could concern the company, and whose application was not required as of 1 January 2016.

The Group chose not to anticipate the application of these provisions, which do not have any significant incidence on consolidated financial statements.

- Amendments to IAS 19, limited amendments that apply to contributions by staff members or third-parties to defined service programs. The objective of these amendments is to simplify accounting for contributions that are not related to the number of service years by the staff member, for example, contributions by staff members that are calculated based on a fixed percentage of the salary. On a European level, the amendments are applicable no later than the beginning of periods started January 1, 2015.
- Annual improvements from 2010-2012, at a European level, the amendments are applicable no later than the beginning of periods started January 1, 2015.
 - IFRS 2 Vesting, market, performance, and service conditions
 - IFRS 3 Posting price adjustments
 - IFRS 8 Joint operational segments and reconciliation of segment assets to total assets
 - IAS 16 and IAS 38 Revaluation and proportional adjustment of accumulated depreciation
 - IAS 24 Key management personnel services
- Amendments to IAS 1 – Published to improve the information to be provided, specifying details regarding the significant nature and organization of Appendices
- Amendments to IFRS 11 “Acquisition of an interest in a joint operation”; the published amendment (with obligatory application as of January 2016 if adopted by the EU), detail the manner in which the acquisition of interests in joint operations are recognized, where the activity represents a business as defined by IFRS 3 – Business combinations
- Amendments to IAS 16 and IAS 38 (obligatory application as of January 1, 2016 if adopted by the EU) clarify acceptable methods of depreciation.
- Amendments to IAS 16 and IAS 41 modify the financial information for production plants, such as grapevines, rubber trees, and oil palms.
- Annual improvements from 2012-2014, at a European level, the amendments are applicable no later than the beginning of periods started January 1, 2016.
 - IFRS 5: Changes to methods of disposal
 - IFRS 7: Management mandates - IAS 34 compensation accounting
 - IFRS 19: Discount rate and regional markets
 - IAS 34: Information provided elsewhere in “interim financial reporting”

The new standards, amendments to standards, and following interpretations were published by the International Accounting Standards Board (IASB) on December 31, 2015 and are not applicable to this period.

- IFRS 9 “Financial instruments” (obligatory application as of January 1, 2018 if adopted by the EU). The standard covers the classification, evaluation, and derecognition of financial assets and financial liabilities.
- IFRS 14 “Regulatory Deferral Accounts” (obligatory application as of January 1, 2016 not adopted by the EU).
- IFRS 15 “Revenue from Contracts with Customers” (obligatory application as of January 1, 2018 if adopted by the EU).

ITESOFT is in the process of determining the potential impact of these changes, applied subsequently, on the Group’s consolidated accounts. At this point in its analysis, ITESOFT does not anticipate any significant impact on its consolidated accounts.

Principles of consolidation

The consolidated financial statements consist of the financial statements, prepared on 31 December of each year, for ITESOFT SA and its subsidiaries. The financial statements for the subsidiaries are prepared for the same fiscal year as the parent company, using the same accounting methods. Adjustments have been made to align any dissimilar accounting methods that may exist.

All intra-group balances and transactions are eliminated in full, including internal profit resulting from intra-company transactions.

Subsidiaries are consolidated from the date on which the Group takes control, until the date on which said control is transferred outside the Group.

Consolidation methods

The subsidiaries under exclusive direct or indirect control are consolidated by global integration. This method consists of substituting the value of the investment in the balance sheet, by the total assets and liabilities of those subsidiaries, while incorporating all their costs and profit into the income statement, and recognizing minority rights in reserves and profits.

Conversion of foreign currencies

The functional currency used and reported by ITESOFT and its subsidiaries in the Euro Zone is the euro. Operations in foreign currencies are initially posted in the functional currency using the current exchange rate on the transaction date. On the closing date, monetary assets and liabilities in foreign currencies are converted into the functional currency at the current exchange rate on the closing date. All discrepancies are posted in the income statement.

The functional currency for the British subsidiary (ITESOFT UK) is the pound sterling. On the closing date, the subsidiary's assets and liabilities are converted into ITESOFT SA's reporting currency using the current exchange rate on the closing date, and the income statement is converted using the average weighted exchange rate for the period. Exchange discrepancies resulting from conversion are presented directly in a separate section of shareholders' equity.

Tangible assets

Items whose future economic benefits are likely to go to the Company, and which may be evaluated in a reliable manner, are recognized as fixed assets.

Tangible fixed assets have not been subject to fair value re-evaluation.

Their useful life is reviewed each year and any necessary adjustments are recognized prospectively. Tangible fixed assets are recognized at their cost, reduced by accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a linear method on the estimated useful life of the asset, namely:

	Useful life:
Fixtures and fittings	5 to 10 years
Transportation equipment	3 to 5 years
Office and computer equipment	2 to 5 years
Furniture	5 to 10 years

Movable property acquired through a lease agreement is capitalized and depreciated for the above-mentioned durations. The corresponding debt is recorded as a liability. No goods held by ITESOFT are financed by a finance lease agreement.

Depreciation of the carrying values for tangible fixed assets is reviewed when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication arises, and if the carrying value exceeds the estimated recoverable value, the assets are depreciated to their

recoverable value.

A tangible fixed asset is derecognized when it leaves the company or when no future economic benefit is expected from its use or disposal. Any profit or loss resulting from asset derecognition is included in the income statement for the year in which the asset was derecognized.

Intangible assets

Acquired either separately or through business combinations.

Tangible fixed assets acquired separately are recognized at their acquisition cost, and those acquired through business combinations are recognized at their fair value on the date of acquisition.

Intangible fixed assets are recognized at their cost reduced by accumulated depreciation and impairment losses. With the exception of development costs, intangible fixed assets generated internally are not activated and expenses are recognized as charges for the year during which they are incurred.

Intangible fixed assets were not re-evaluated with respect to their fair value.

There are no intangible fixed assets whose useful life is considered as indefinite.

Depreciation of the carrying values for intangible fixed assets with a finite useful life is reviewed when events or changes in circumstances indicate that the carrying values may not be recoverable. Their useful life is also reviewed each year and any necessary adjustments are recognized prospectively.

Research costs are recognized as charges when they are incurred. Internal development expenses for software products are activated when all the criteria required by the IAS 38 standard are satisfied, in particular with respect to technical feasibility and the prospects for commercial profitability. These provisions apply to software development expenses corresponding to part of the research work performed by the ITESOFT Group's R&D teams. A review of ITESOFT's development work on December 31, 2015 did not show any expenses satisfying all of the criteria required by the standard. Because of the nonlinear nature of ITESOFT's software product development process, technical feasibility is generally only known once a prototype has been created. Development expenses paid prior to establishing technical feasibility are recognized as charges as they are incurred. Due to the relatively short period between establishing technical feasibility and releasing software products for sale, the expenses likely to be capitalized were not significant on December 31, 2015. In addition, it turns out that the prospects of commercial profitability may only be justified, when committing development expenses, in rare cases. Any activated expense is depreciated over a duration that corresponds to the expected economic benefit. This benefit correlates mainly to technological obsolescence, which today is considered to be between two and three years.

The carrying value of activated development costs are subject to an impairment loss test each year, or more frequently if there is some indication that the value of the asset may have depreciated, indicating that the carrying value may not be recoverable.

When these criteria are not all satisfied, development expenses are recognized as charges when they are incurred.

Goodwill

Positive goodwill is initially measured at its cost as of the date of acquisition, that is, as the excess of the cost of the business combination over the acquirer's share of the net fair value of any assets, liabilities, and potential liabilities that may be identified. After initial recognition, goodwill is measured at its cost reduced by its accumulated impairment losses.

Starting from the date of acquisition, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Depreciation is determined by evaluating the recoverable value of the cash generating unit to which the goodwill was allocated. When the recoverable amount of the cash generating unit is lower than its carrying value, an impairment loss is recognized.

Goodwill generated by a business combination for which the agreement was dated after 1 January 2004 (date of transition to IFRS) is not amortized and any goodwill recognized prior to that date is no longer amortized after 1 January 2004. Goodwill must be subject to a depreciation test each year, or

more frequently when events or changes in circumstances indicate that it has depreciated.

This test is carried out annually at year-end, on 31 December each year. The test consists of comparing the recoverable value of each cash-generating unit with its net carrying value.

These recoverable values are mainly determined based on a forecast of future discounted cash flows over a period of five years and a residual value. The chosen discount rate is the weighted average cost of capital, including a risk premium.

The assumptions made concerning sales variations and residual values are reasonable. Additional impairment tests are performed if events or specific circumstances show that potential impairment exists.

Goodwill depreciations are not reversible.

Current and non-current assets

Assets intended to be acquired, sold, or consumed during the normal operating cycle, or within twelve months of close, constitute "current assets", as are assets held for sale, and cash or cash equivalents. All other assets are classified as "non-current assets".

The value of non-current assets is examined at each closing date in order to determine whether or not there is any indication of impairment losses. If any such indication of impairment losses for a non-current asset exists, the Group estimates the asset's recoverable value. If the non-current carrying value exceeds its recoverable value, the asset is considered to be impaired and its carrying value is reduced to the recoverable value.

Financial liabilities

Financial liabilities include loans, other forms of financing and bank overdraft, as well as liability-related instruments.

The share of financial liabilities under one year is presented as current liabilities; the share greater than one year is shown as non-current liabilities.

Current and non-current liabilities

Liabilities to be paid during the normal operating normal cycle, or within the twelve months of close, are classified as "current liabilities", as are liabilities held primarily for the purpose of trading.

All other liabilities are listed under "non-current liabilities."

Investments

All investments are initially recognized at a cost that corresponds to the fair value of the price paid, including any acquisition costs related to the investment.

After initial recognition, investments classified as "assets held for disposal" or "available-for-sale" are evaluated at their fair value. Capital gains and losses on investments held for disposal are recorded in the income statement. Gains and losses on investments available-for-sale are posted to a specific line under shareholders' equity, until the investment has been sold or until it has been demonstrated that the investment has lost value, at which date the net cumulative gain or loss recognized in equity is transferred to the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments if the Group has the clear intention and capacity to hold them until their maturity. Investments intended to be held for an indefinite period are not included in this classification.

For investments actively traded in organized public markets, fair value is determined with reference to the published market price at period end. For investments that have no published market price on an active market, fair value is determined with reference to the current value of another nearly identical instrument or calculated on the basis of expected future cash flows of the underlying net asset serving as the basis for the investment.

In application of IFRS 13, the fair value hierarchy reflecting the significance of data used to determine

valuation is comprised of the following levels:

Level 1: (Unadjusted quoted market prices) Rates to which the Company has access on the evaluation date, on active markets for identical assets or liabilities.

The fair value of financial instruments that are traded in organized and active markets (mainly marketable securities) is determined with reference to the published market price at period end (referred to as "Level 1" fair value).

Level 2: (Observable inputs) Data other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: (Unobservable inputs) Inputs for the asset or liability that are not based on observable market data, including observable inputs that are adjusted significantly. The Group has no assets or liabilities in this category.

The fair value of cash, accounts receivable, accounts payable, other receivables, and other payables, is equivalent to their carrying value because of their short-term nature.

Inventory

Merchandise inventory is comprised of computer hardware and licenses acquired externally and held for resale to clients. Allocation to end-clients may or may not already be determined at the moment of the purchase.

Inventory is carried at the lowest purchase cost and the lowest net realization value. This merchandise is recognized as inventory at its real cost of acquisition.

Net realizable value is the estimated selling price on the basis of normal business, less costs deemed necessary to effect the sale.

Accounts receivable (clients) and other receivables

Accounts receivable (clients), with payment terms generally between 30 and 90 days, are recognized and posted for the initial amount of the invoice less provisions for the depreciation of non-recoverable amounts. An estimation of the amount of impaired receivables is made when it is no longer likely that a receivable will be collected in full.

Unrecoverable receivables are recognized as losses when they are identified as such.

Treasury shares

Treasury shares are recorded at acquisition cost and are deducted from equity.

Gains or losses on sales of treasury shares are recognized in shareholders' equity and are excluded from the determination of net income.

Cash and cash equivalents

Cash and cash equivalents included in the balance sheet include cash on-hand, UCITS, and market securities negotiable immediately or within a few weeks, and monetary placements with an initial maturity date under 3 months.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash and cash equivalents such as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognized when the Group has a present obligation (legal or implicit) resulting from a past event, and it is probable that an outflow of resources representing economic benefits will be necessary to settle the obligation, and that a reliable estimate of the amount of the obligation may be established.

If the impact of the time value of money is significant, provisions are determined by discounting the expected cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if necessary, the specific risks of the liability. Where a provision is discounted, the increase in the provision over time is recorded as Other financial income and expenses.

Provisions for liabilities and charges are mainly intended to cover the costs of future services to be provided to customers without being invoiced, provision for retirement pensions, as well as social or tax risks.

Pensions and other post-employment benefits

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension programs. The Group has no further liability in connection with these contributions.

French law (in particular, law no. 2006-1640 of 21 December 2006) also requires companies to pay a lump-sum benefit when an employee retires. The Company allocates a provision each year for its retirement benefit commitments.

This provision corresponds to the rights acquired by all salaried staff pursuant to the current collective bargaining agreement. The defined benefit obligation is calculated using the projected unit credit method, in accordance with the IAS 19 (revised). The amount determined by the use of this method corresponds to the notion of P.B.O. (Projected Benefit Obligation). The P.B.O. represents the likely present value of the rights already acquired, irremediably or not, evaluated by taking into account any salary increases up until retirement age, probabilities of turnover, and survival.

The main assumptions are as follows:

- Discount rate excluding inflation: 2.03 %
- Mortality table: INSEE 2015
- Rate of increase in annual salaries excluding inflation: declining based on age: (from 4% up to 30 years of age, to 0% after 60).
- Given the personnel structure, retirement between 65 and 67 years of age at the employer's initiative.
- All actuarial gains and losses are recognized directly in equity upon closure.

Calculation sensitivity for the provision at the discount rate is as follows:

- A 1% increase in the discount rate equals a 210 K€ decrease in the provision amount.
- A 1% decrease in the discount rate equals a 156 K€ increase in the provision amount.

There are no similar obligations in the United Kingdom or Germany.

Transactions settled in equity instruments (recognition of stock options and share purchases, and bonus shares granted to employees and directors)

The Group has a policy of granting stock options and bonus shares to its directors and employees. Options may be exercised on condition that the beneficiary continues to be an executive or employee of the Group for a specified minimum period of time. These allocated bonus shares become the final property of their beneficiaries after a minimum period of two years working for the Group.

The cost of these transactions is recognized in accordance with the IFRS2 standard, valuing the options or bonus shares at their fair value on the grant date. This fair value is recognized in the balance sheet as an increase in "share capital and share premiums" on the grant date, offset in equity by debiting a deferred compensation account, which is amortized to income over the vesting period as "compensation."

The fair value of stock options is determined according to the Black & Scholes model. Options are forfeited if the employee in question leaves the Company before the minimum specified minimum period of time. This probability of departure is taken into account when calculating the options' fair value.

The cumulated expense recorded for these transactions at the end of each fiscal year, until the vested date, reflects this vesting period and the number of shares to be acquired, according to the Group's senior management at that date. This opinion is based on the best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for instruments that are not acquired eventually.

In addition, an expense is recognized for any increase in the value of the transaction resulting from a modification. It is measured upon the date of the modification.

The dilution effect of non-vested shares is reflected in the calculation of diluted earnings per share (see Note 8).

Sales revenue

Sales revenue is recognized when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably.

Specifically for the ITESOFT Group, sales revenue is comprised of the sales of software developed by the Group, the services described below, as well as revenues from the resale of hardware and software acquired externally. The accounting rules for sales revenue are as follows:

- Sales of software developed by the Group: license sales are recognized as revenue when materials are shipped, in accordance with the purchase order, on the basis of the sale price as defined contractually.
- Services accompanying software sales: the revenue generated by these services is recognized progressively as the services are performed.
- Maintenance services: the revenue related to annual maintenance contracts are recognized on a *prorata temporis* basis over the duration of the contract, and are included, as necessary, in deferred revenues at the close of each fiscal year.
- Resale of hardware and software: the revenue generated by the resale of merchandise acquired externally is recorded in full on the date of delivery to the client.

Taxes

Deferred taxes are recognized using the liability method for all temporary differences existing at the closing date between the tax basis of assets and liabilities, and their carrying value in the balance sheet. Deferred tax liabilities are posted for all taxable temporary differences, except when the deferred tax liability is the result of the non-tax-deductible depreciation of goodwill or the initial recognition of a liability or asset in a transaction that is not a business combination and which, upon the date of the transaction, has no effect on accounting profit, nor taxable profit or loss, for taxable temporary differences arising from investments in subsidiaries, affiliates and joint ventures, except where the date on which the temporary difference reverses can be controlled and where it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are posted for all temporary deductible differences, early recognition of fiscal losses, and unused tax credits, insofar as that it is likely that taxable profit will be available on which these temporary deductible differences, early recognition of fiscal losses, and unused tax credits could be allocated, except when the deferred tax asset related to the deductible temporary difference is generated by the initial accounting of an asset or liability in a transaction that is not a company union and which, as of the transaction date, does not affect accounting profit or fiscal loss for temporary deductible differences related to equity shares in the subsidiaries, associated companies, and joint ventures, deferred tax assets are only recognized insofar as it is likely for the temporary difference to turn around in the foreseeable future and that there will be taxable profit on which the temporary difference can be allocated.

The carrying amount of deferred tax assets is reviewed at each period end, and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be utilized in full or in part.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) adopted or substantially adopted by the period end.

Taxes related to items recognized directly as equity are credited or charged directly to equity and not in the income statement.

Government grants

Government grants are recognized at their fair value when there is reasonable assurance that they will be received and that the Group will fulfill all the conditions attached to them. Where a grant is received to offset an expense, it is recognized systematically as revenue in the accounting periods required to attach it to the expense it is intended to offset. When the grant relates to an asset, the fair value is recognized in the income statement over the corresponding asset's expected useful life.

Tax Credits ("Research", "CICE" tax credit for competitiveness and employment, and "Family") granted to ITESOFT in France are covered by IAS 20, and are recognized as "operating income."

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognized and measured in accordance with IAS 39 - Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received. The benefit is accounted for in accordance with the IAS 20 standard. ITESOFT considered the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

Earnings per share

Basic earnings per share are calculated using the average number of shares weighted with respect to the shares' issuing date in the year, excluding treasury stock. The diluted earnings per share are calculated using the treasury stock method, which:

- For the numerator, corrects profit from financial interest on potential shares.
- For the denominator, adds the number of potential shares resulting from dilutive instruments to the basic number of shares, excluding the number of shares which could be acquired at market price using the funds collected over the fiscal year from the instruments in question. The retained market price corresponds to the average share price during the period.

Equity instruments giving access to capital are only included in the above calculation insofar as they are likely to have a dilutive effect on earnings per share.

20.1.5.4 NOTE 3 - REVENUE

In thousands of euros	31-12-15	31 Dec 2015 w/12 months W4	31-12-14
Licenses	3,947	4,623	5,501
Maintenance	10,302	11,305	9,179
Services	8,812	9,344	6,652
Hardware sales	26	67	129
Total	23,087	25,339	21,461

20.1.5.5 NOTE 4 - INCOME AND EXPENSES

Purchases consumed

In thousands of euros	31-12-15	31 Dec 2015 w/12 months W4	31-12-14
Equipment purchases for resale	15	15	159
External license and outsourced service purchases	509	509	302
Maintenance purchases	273	287	254
Other purchases			
Total	797	811	715

Outsourced maintenance corresponds mainly to hardware maintenance.

Personnel costs

In thousands of euros	31-12-15	31 Dec 2015 w/12 months W4	31-12-14
Salaries	10,732	12,212	9,818
Profit sharing / Incentive	0		364
Social charges	4,410	5,115	3,953
Pensions			
Share-base payment expenses	78	78	6
Total	15,220	17,406	14,142

On January 1, 2015, DIF was replaced by CPF, which is managed directly by employees.

Total Group employees are distributed as follows:

	2015	2014
FR RUEIL	54	57
FR AIMARGUES	103	136
GB	14	17
W4	45	0
	216	210

Other operating revenues and expenses

In thousands of euros	31-12-15	31 Dec 2015 w/12 months W4	31-12-14
Other income			
Other management income	88	108	89
Grants	125	125	221
Tax credit (Research, CICE, commercial prosp., family)	1,007	1,107	510
Income from sales of tangible assets			
Total other income	1,219	1,339	820
Other expenses			
Expenses from sales of intangible assets			-4
Others	-246	-246	-45
Total other expenses	-246	-246	-49
Total other income and expenses	973	1,093	771

Government grants for 125 K€ are related to funding for R&D programs.

Other operating revenues and operating expenses

This includes costs related to the acquisition of W4 (€0.3 million) and restructuring costs related to the acquisition (€0.7 million), and goodwill depreciation for ITESOFT UK (€0.2 million).

20.1.5.6 NOTE 5 - COST OF NET FINANCIAL DEBT

In thousands of euros	31-12-15	31-12-14
Bank loans and overdraft	-44	-3
Financial costs for finance leasing contracts		
Total financial charges	-44	-3
Interests and capital gains on cash and marketable securities	82	121
Total financial income	82	121
Cost of net financial debt	38	118

Other financial income and expenses comprise:

- Exchange rate gains and losses of 99 K€.
- Re-evaluation of W4 shares upon acquisition, for an amount of 453 K€ posted in the first half of 2015.

20.1.5.7 NOTE 6 - RESEARCH AND DEVELOPMENT EXPENSES

For 2015, research and development expenses are comprised of 3,416 K€ (vs. 3,662 K€ in 2014) in expenses recognized directly in the income statement (see Chapter 11 in the Registration Document).

20.1.5.8 NOTE 7 - CORPORATE TAX

(in thousands of euros)	31-12-15	31-12-14
Current tax	332	978
Deferred tax	-102	-112
Total tax on earnings	230	866

(in thousands of euros)	31-12-15	31-12-14
Consolidated earnings before tax	1,302	2,177
Current income tax rate	33.33%	33.33%
Theoretical corporate tax	434	726
Non-deductibility of provisions for goodwill	75	
Tax credit	-370	-178
Difference in tax rates between subsidiaries	90	43
Difference in discounted tax rate	0	-20
IS +/- var on own shares	-66	59
Permanent tax differences	-165	33
Non-recognition of deferred tax assets for tax loss carryforwards	227	102
IFRS 5 impact	0	114
Others	5	-13
Corporate tax charge recognized	230	866

(in thousands of euros)	31-12-15	31-12-14
Deferred taxes on temporary tax differences (France)		0
Total deferred tax liabilities	0	0
Deferred taxes on temporary tax differences (France)	341	439
Total deferred tax assets	341	439

Because of previous profits earned by the subsidiaries in question, no deferred tax assets were recognized as tax loss carry-forwards, as they were likely to be recovered by the closing date.:

- The German subsidiary (about 1,080 K€, corresponding to a theoretical deferred tax asset of approximately 360 K€, of which 5 K€ was generated in the period)
- The British subsidiary (about 3,800 K€, corresponding to a theoretical deferred tax asset of approximately 750 K€, of which 133 K€ was generated in the period).
- The French subsidiary (about €24.7 million, corresponding to a theoretical deferred tax asset of approximately €8.2 million, of which €0.2 million was generated in the period)

20.1.5.9 NOTE 8 - EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income available to shareholders of the parent company by the weighted average number of outstanding shares during the period.

Diluted earnings per share are calculated by dividing the net income available to shareholders by the weighted average number of ordinary shares outstanding during the period, as adjusted for the effect of all dilutive options. The table below shows the earnings and shares used to calculate basic and fully-diluted earnings per share for all activities.

	31-12-15	31-12-14
Net profit attributable to parent company shareholders (in K€)	1,073	2,356
Weighted number of shares for base earnings per share	6,133,828	5,696,390
Dilution effect	-8,840	22,160
. of which: bonus shares	0	25,000
. of which: treasury shares	8,840	2,840
Weighted number of shares for diluted earnings per share	6,124,988	5,718,550

Ordinary shares: the Group held 8,840 ordinary shares on December 31, 2015 (compared to 3,840 on December 31, 2014).

20.1.5.10 NOTE 9 - INTANGIBLE ASSETS

Gross intangible fixed assets and their amortization are broken down as follows:

(in thousands of euros)	31-12-15			31-12-14		
	Gross	Depreciation and provisions	Net	Gross	Depreciation and provisions	Net
Goodwill	11,732	1,753	9,980	2,381	1,528	853
Purchased goodwill	0	0	0	0	0	0
Assets in progress	0	0	0	0	0	0
Software	948	344	604	1,534	954	580
Total	12,681	2,097	10,584	3,915	2,482	1,433

The variation in gross intangible fixed assets is as follows:

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Acquisitions	Disposals / Transfer	Impact of variation in exchange rate	Bal. on 31/12/15
Goodwill	2,381	9351	0	0	0	11,732
Assets in progress	0		0	0	0	0
Software	1,534	186	217	-988	0	949
Total	3,915	9,537	217	-988	0	12,681

Variations over the period are generally related to the activation of additional modules in the Sage X3 ERP system, and the removal of software no longer used by the Group.

The variation in the amortization and provision of intangible fixed assets is as follows:

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Alloc.	Reversals	Line item transfers	Impact var. exchange rate	Bal. on 31/12/15
Goodwill provisions	1,528	0	225	0	0	0	1,753
Software depreciation	954	176	22	807	0	0	344
Total	2,482	176	247	807	0	0	2,097

Software is amortized linearly over 12 to 24 months. Except for the Sage X3 ERP system, amortized over 60 months.

Net goodwill details

(in thousands of euros)	United Kingdom CGU	Germany CGU	ITESOFT ALMAS CGU	W4 CGU	Total Goodwill
31-12-13	651	0	202		853
Changes in scope	0	0	0		0
Acquisitions	0	0	0		0
Dispos.	0	0	0		0
Impairment loss	0	0	0		0
31-12-14	651	0	202	0	853
Changes in scope	0	0	0	9,352	9,352
Acquisitions	0	0	0	0	0
Dispos.	0	0	0	0	0
Impairment loss	-225	0	0	0	-225
31-12-15	426	0	202	9,352	9,980

Goodwill impairment loss test

Starting on 1 January 2004, goodwill has no longer been amortized, but rather tested each year. For testing purposes, goodwill acquired through business combinations is allocated to the Group's four cash-generating entities as follows:

- United Kingdom cash-generating entity (ITESOFT UK Ltd)
- Germany cash-generating entity (ITESOFT Deutschland GmbH)
- ITESOFT ALMAS SAS cash-generating entity
- W4 cash-generating entity

United Kingdom cash-generating entity

The recoverable value of this entity was calculated from its value in use. Cash flow forecasts in this calculation are based on financial budgets approved by senior management for a period of five years. A discount rate of 9% is applied to these forecasts (10.2 % in 2014). Cash flows beyond five years are extrapolated using a perpetual growth rate of 1.6%, corresponding to the estimated long-term growth rate.

The main assumptions are an average annual revenue growth rate of 17% over 5 years, reaching a gross operating margin (operating profit before amortization) of 15% by the end of the period.

Based on these assumptions, goodwill depreciation of 225 K€ was recognized.

Sensitivity analysis of the goodwill calculation:

- A variation of plus or minus 1% in the discount rate would have an impact of -179 K€ / +236 K€ on goodwill value.
- A variation of plus or minus 1% in the perpetual growth rate would have an impact of +135 K€ / -109 K€ on goodwill value.
- A variation of plus or minus 1% in gross operating margin reached after 5 years would have an impact of +168 K€ / -132 K€ on goodwill value.

Germany cash-generating entity

As of December 31, 2011, valuation of the subsidiary resulted in the depreciation in full of ITESOFT DE's goodwill in the Group's consolidated financial statements.

ITESOFT ALMAS SAS cash-generating entity

Following the Universal Transmission of Assets completed in January 2006, this entity has disappeared and was absorbed by the next-highest level entity, that is, ITESOFT SA. As a result, the value and existence of goodwill were monitored independently until 2009 using a complementary indicator: revenue from the Company's Ispid software product, along with associated services and equipment. Since 2010, and continuing through the end of 2013, the recoverable value of this entity was calculated based on its value in use.

Since 1 January 2014, with this technology being completely integrated in to the ITESOFT product foundation, the company considers that the ALMAS CGU is an integral part of the ITESOFT CGU. As long as ITESOFT continues to use this technology, value tests will no longer be performed.

W4 cash-generating entity

The company W4 was acquired in full on July 21, 2015. The discrepancy upon first consolidation is 9,352 K€.

Calculation of the various price components is currently being studied, notably the impact of tax loss carryforwards for the company W4, which represented an amount of €24 million as of the date of acquisition by the Group.

20.1.5.11 NOTE 10 - TANGIBLE ASSETS

Gross tangible fixed assets and their amortization on December 31, 2015 are broken down as follows:

(in thousands of euros)	31-12-15			31-12-14		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Buildings, improvements, fixtures	681	361	320	679	311	369
Transportation equipment	0	0	0	0	0	0
Office & computer equip., furnishings	2,127	1,449	678	2,156	1,722	434
Total	2,808	1,810	998	2,835	2,033	802

The variation in gross tangible fixed assets is as follows:

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Acquisitions	Dispos.	Impact of variation in exchange rate	Bal. on 31/12/15
Buildings, improvements, fixtures	679	0	3	1	0	681
Transportation equipment	0	0			0	0
Office & computer equip., furnishings	2,156	576	360	965	0	2,127
Total	2,835	576	363	965	0	2,808

The variation in the amortization and provision of tangible fixed assets is as follows:

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Alloc.	Dispos.	Impact of variation in exchange rate	Bal. on 31/12/15
Depr. on buildings, improvements, fixtures	311		51	1		361
Depreciation of transport equipment	0					0
Depr. of office & computer equip., furnishings	1,722	333	304	910		1,449
Total	2,033	333	355	911	0	1,810

20.1.5.12 NOTE 11 - OTHER NON-CURRENT FINANCIAL ASSETS

Financial assets on December 31, 2015 are broken down as follows:

(in thousands of euros)	31-12-15			31-12-14		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Equities	0	0	0	355	259	96
Receivables from equity interests	0	0	0	0	0	0
Other financial assets	889		889	439	0	439
Total	889	0	889	794	259	535

Variations in gross financial assets are broken down as follows:

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Acquisitions	Dispos.	Impact of variation in exchange rate	Bal. on 31/12/15
Equities	355	355	0		0	0
Receivables from equity interests	0	0	0	0	0	0
Other financial assets	439	0	450	0	0	889
Total	794	355	450	0	0	889

Non-consolidated equity securities are considered as "Assets available-for-sale".

20.1.5.13 NOTE 12 - BALANCE BY MATURITY OF OUTSTANDING UNPAID AND NON-DEPRECIATED TRADE RECEIVABLES

Year	Total	Receivables due, not provisioned	Past due receivables, not provisioned				
			0-30	31-60	61-90	91-120	121+
2015	12,609	9,687	1,331	457	712	73	349
2014	7,479	4,858	1,077	553	453	108	430

The maturity of outstanding receivables is expressed in the number of days late with respect to their contractual due-date.

20.1.5.14 NOTE 13 - SHARE-BASE PAYMENTS

Stock option plan

The Group has implemented an employee equity incentive plan that grants non-transferable stock options to certain employees.

Stock options granted to French employees starting 23 May 2005 can be exercised during a period not to exceed six years after the grant date and no earlier than:

- From the end of the third year following their grant date, for up to 70%.
- From the end of the fourth year following their grant date, up to a cumulated 100%.

However, French employees and foreign employees governed by similar regulations may not exercise stock options before the end of the lock-in period. As the lock-in period is currently set at four years, French employees may exercise up to 100% of their options starting at the end of the fourth year following the grant date.

For UK and German employees, stock options can be exercised during a period not to exceed 6 years after the grant date and no earlier than:

- From the end of the third year following their grant date, for up to 70%.
- From the end of the fourth year following their grant date, up to a cumulated 100%.

If an employee leaves the company with non-exercised options, these options are canceled.

As of December 31, 2015, outstanding options represented a total of 30,000 shares, which are broken down as follows:

Board meeting date	16-Apr-14	22-Apr-15
Combined general meeting date	04-05-12	04-05-12
No. people concerned	2 employees France	1 employee France
<i>Including corporate officers</i>	0	0
Number of stock options granted	20,000	20,000
<i>Of which corporate executives: P. Lijour</i>	0	0
<i>Of which corporate executives: J.-M. Pédréno</i>	0	0
Total shares that could be subscribed or purchased	20,000	20,000
Starting date to exercise options	16-Apr-14	22-Apr-15
End date to exercise options	16-Apr-20	22-Apr-21
Share subscription price	3.20 €	4.02 €
Shares subscribed during the period		
Options canceled during the period	10,000	
Outstanding options as of 31/12/14	10,000	20,000

Since December 31, 2015, no new options have been granted and no options have been exercised. The fair value of the plan is estimated on the grant date using the Black-Scholes model. The following table shows the chosen assumptions:

	2014 grant of 16 April	2015 grant of 16 April
Dividend yield (%)	0.00%	0.00%
Expected volatility (%)	24.00%	24.00%
Zero-risk interest rate (%)	1.61%	4.23%
Expected life of the options (years)	5 years	5 years
Weighted average share price (€)	3.20	4.02
Probability of option cancellation for departure (%)	21.00%	21.00%
Fair value per option (€)	0.70	0.60
Fair value of plan (€)	5,530	9,480

Expected option life is based on assumptions concerning the future behavior of beneficiaries and is not necessarily indicative of the actual exercising of options.

Expected volatility is based on the historical volatility at the grant date of a sample of computer companies listed on the Eurolist by Euronext Paris, as this volatility was considered more relevant than the historical volatility observed for ITESOFT shares, and also does not necessarily indicate what will happen in the future.

The probability of the loss of options is based on historical data.

No other characteristics of option grants were taken into account to evaluate their fair value.

Bonus share plan

The Group has also implemented an employee equity incentive plan that grants bonus shares to certain employees.

The General Shareholder Meeting held on 02 June 2012 authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, bonus shares issued by the Company to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, within shareholding limits established by law. The total number is limited to a maximum of 100,000 bonus shares.

For beneficiaries considered as residents of France, bonus share grants are final at the end of a minimum vesting period of two years, during which time those beneficiaries must remain executives or employees of the Group. In this case, the minimum required term for shares to be held by beneficiaries is set to two years.

For beneficiaries not considered as residents of France, bonus share grants are final at the end of a minimum vesting period of four years, during which time those beneficiaries must remain executives or employees of the Group. In this case, the minimum required term for shares to be held by beneficiaries is not applicable.

The General Shareholder Meeting authorized the board of Directors to increase share capital by incorporating premiums, reserves, and profits, as appropriate, in order to issue bonus shares.

The General Shareholder Meeting of June 2, 2014 authorized the Board of Directors, under the same terms, to grant up to 200,000 bonus shares either issued or to be issued.

The General Shareholder Meeting of June 2, 2015 authorized the Board of Directors, under the same terms, to grant up to 200,000 bonus shares either issued or to be issued.

Pursuant to the authorizations granted by the General Shareholder Meeting of 17 June 2009, the Board of Directors meeting of 27 March 2012 granted 50,000 bonus shares to a single corporate officer (P. Lijour). The vesting period for these bonus shares terminated 27 March 2014, at which time ownership was transferred to the beneficiary through treasury shares.

Pursuant to the authorizations granted by the General Shareholder Meeting of 31 May 2010, the Board of Directors meeting of 26 March 2013 granted 50,000 bonus shares subject to performance achievements to a single corporate officer (P. Lijour). As of December 31, 2015, the 50,000 bonus shares definitively met these conditions and their vesting period terminated on March 26, 2015, at which time ownership was transferred to the beneficiary through treasury shares.

As stipulated in IFRS2, the impact of stock-option and bonus share plans is recognized under personnel expenses (see details in § 4.). The offsetting entry is recognized under "Reserves", in shareholder equity.

20.1.5.15 NOTE 14 - CASH AND CASH EQUIVALENTS, FINANCIAL ASSET, NET DEBT

(in thousands of euros)	31-12-15	31-12-14
Cash and cash equivalents		
Term-deposits	744	4,044
SICAV & FCP funds	704	570
Overnight deposits	2,403	1,605
Gross cash	3,850	6,220
Overdrafts and short-term bank borrowings	-15	-56
Net cash	3,836	6,164
Current financial assets		
SICAV & FCP funds		
Term-deposits		
Other funds		
Marketable securities (shares)		
Total current financial assets		
Gross financial debt	-8,624	-910
Net financial debt	-4,789	5,254

- Four bank loans taken out during the acquisition of the company W4, for an amount of €7 million (duration 7 years, 1.6% fixed rate, no financial ratios imposed by the banking institutions).
- Bpifrance advances totaling 1,652 K€ as of December 31, 2015. These advances concern two projects:
 - ITESOFT DOD project for 910 K€
 - W4 project for 742 K€

20.1.5.16 NOTE 15 - ISSUED CAPITAL AND RESERVES

On December 31, 2015, the Company's corporate capital was comprised of 6,133,828 ordinary shares with a nominal value of 0.06€, compared to 5,696,390 shares on December 31, 2014. This increase is due to the issuance of 437,438 new shares for W4 shareholders during the acquisition of the company W4.

The Company has several stock option plans in which options to acquire stock in the Company, as well as bonus share plans, were granted to certain employees (see note 13).

Date	Nature of operation	Operation amount (gross)	Share premium (gross)	Cumulated capital amount	Nominal share value	Cumul. shares
Total on 31/12/14	Capital increase	1,990,405	1,964,159	341,783	0.06	5,696,390
Total on 31/12/15				368,030	0.06	6,133,828

Ordinary treasury shares: the Group held 8,840 ordinary shares on December 31, 2015 (compared to 3,840 on December 31, 2013).

in thousands of shares	31-12-15	31-12-14
Treasury shares	9	4

Nature and purpose of other reserves:

Reserves: profit from previous years that has not been distributed to shareholders or integrated into equity is recorded in reserves. Depending on their analysis with respect to taxes, these reserves may be distributable to shareholders in full or in part.

Conversion differences: exchange rate differences related to converting subsidiary financial statements are recorded as conversion differences.

The Group's main capital management objective is to maintain a satisfactory credit rating and strong capital ratios in order to facilitate business operations and maximize shareholder value.

The Group's capital structure is managed and adjusted to keep pace with changes in economic conditions. To maintain or adjust capital structure, the Group may adjust redeem some of the capital or issue new shares. Capital management objectives, policies, and procedures were unchanged in 2014.

The only external regulatory constraints affecting the Company with respect to its capital are those arising from French law, as well as general regulations of the *Autorité des Marchés Financiers* (French Financial Markets Authority). The Group is in compliance with all applicable regulatory constraints for the 2013 fiscal year.

20.1.5.17 NOTE 16 - PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group only contributes to pension plans with defined contributions and provisions the amount for lump-sum retirement benefit payments to French employees according to the method described in Accounting Methods.

No other post-employment benefits have been granted by the Company.

20.1.5.18 NOTE 17 - LONG-TERM FINANCIAL LIABILITIES (> 1 YEAR)

In 2010, ITESOFT signed a contract with OSEO to reinforce the Company's research and development efforts, with total funding of €1.3 million over five years, including a reimbursable cash advance of €0.9 million and a subsidy of €0.4 million. The entire amount of the grants or reimbursable advances had been paid as of December 31, 2015.

The reimbursement schedule begins as soon as the total cumulated amount for the project in question brings in an amount of revenue greater than, or equal to, €5 million.

In 2010, W4 signed a contract with Oseo by which the company benefited from a total aid amount of €0.7 million in reimbursable cash advances. The entire amount of the reimbursable advances had been paid as of December 31, 2015.

The advances are reimbursable based on a quarterly schedule extending until 30 September 2017. As of the 31 December 2015, the remaining balance was €0.4 million.

20.1.5.19 NOTE 18 - OTHER NON-CURRENT LIABILITIES (> 1 YEAR)

None

20.1.5.20 NOTE 19 PROVISIONS

(in thousands of euros)	Bal. on 31/12/14	Changes in scope	Allow. for year	Uses	Unused reversals	Actuarial discrepanc y	Bal. on 31/12/15
Provisions for risks	113	0	50	0	0	0	163
Provisions for pensions and obligations	792	250	0	0	-55	-23	964
Provisions for charges	10	0	166	0	0	0	176
Provisions for liabilities and charges	915	250	216	0	-55	-23	1,303
Provisions for assets	0	0	0	0	0	0	0
Provisions for inventory	0	0	0	0	0	0	0
Provisions for trade receivables	564	198	394	-270	0	0	886
Total provisions for depreciation	564	198	394	-270	0	0	886
Total	1,479	448	610	-270	-55	-23	2,189
Current	687						1,225
Non-current	792						964
Total	1,479						2,189

Risk provisions correspond to corporate risks.

Because of the nature of these risks, there are uncertainties concerning the amounts or due dates of corresponding resources.

20.1.5.21 NOTE 20 - CURRENT TRADE AND OTHER PAYABLES

(in thousands of euros)	31-12-15	31-12-14
Client advances and deposits	94	165
Accounts payable and related accounts	1,520	1,910
Social payables	3,690	3,587
Other various debts	175	183
Total other debts (current)	5,479	5,845

Terms and conditions for the above financial liabilities:

Trade payables do not bear interest, with terms of 45 days on average.

Social payables do not bear interest, with average duration between 2 and 6 months.

Deferred income:

For the most part, deferred income corresponds to income from annual maintenance contracts sold to clients that are recognized on a *prorata temporis* basis over the duration of the contract; from services in progress that have already been invoiced; as well as the received portion of operating grants, for which related expenses have not yet been engaged.

20.1.5.22 Note 21 - Commitments and contingencies

Off balance sheet liabilities arising from ordinary activities

	31-Dec-15	31-Dec-14
Commitments given		
Sureties, endorsements, guarantees	None	None
Pledges in favor of our banks	ARKEA: 306 K€ for DAT Crédit Agricole and ARKEA: 100% of W4 shares on pro rata basis according to commitments	None
Pledges on capital assets	None	None
Finance lease commitments	None	None
Forward sales and purchases of currencies	None	None
Commitments received		
Sureties, endorsements, guarantees	None	None
Other commitments received	None	None

Contractual obligations and commercial commitments

			< 1 year		1 to 5		> 5 years	
	2015	2014	2015	2014	2015	2014	2015	2014
Property rentals	4,084	1,894	831	795	2,614	1,099	639	0
Other rentals	507	440	196	172	311	268	0	0
Other commitments	0	0	0	0	0	0	0	0
Total	4,591	2,334	1,027	967	2,925	1,367	639	0

To the best of the Company's knowledge, no other significant commitments exist other than those mentioned in this Registration Document.

20.1.5.23 NOTE 22 - SCOPE OF CONSOLIDATION

Consolidated financial statements include the financial statements for ITESOFT SA and its subsidiaries as listed in the following table:

Company	Legal form	City	SIREN no.	Quality	Percentage held by parent company	
					Direct	Indirect
ITESOFT S.A.	S.A.	Aimargues 30470 France	330,265,323	Mother	N/A	N/A
W4	S.A.S	Rungis 94150 France	404,945,362	Subsidiary	100%	-
ITESOFT UK	Ltd	Farnham GU10 5EH United Kingdom	2,692,814	Subsidiary	100%	-
ITESOFT DE	GmbH	Graumannsweg 51 22087 Hamburg Germany	HR B 62 221	Subsidiary	100%	-

Main acquisitions and disposals over the period:

On July 21, 2015, ITESOFT finalized the acquisition of W4, a leading Business Process Management provider in Europe.

The acquisition price of shares was €10 million, €8 million of which was paid as cash (plus €0.2 million in acquisition costs recognized during the period). The temporary assignment of the fair share value and assets acquired led to the recognition of the following items, as of December 31, 2015:

- An amount of €9.3 million in goodwill

The final calculation for goodwill will be established in respect for the 12-month period allowed by the IFRS3 standard.

The existing net cash position of W4 upon the acquisition date was €2.9 million.

W4 was integrated into the consolidation scope as of July 21, 2015. On December 31, 2015, the contribution of W4 to sales revenue and Group consolidated results were €2.2 million and €0.2 million, respectively.

The impact of this mid-year acquisition is presented in paragraph 20.1.2 in the Appendix of the Consolidated financial statements.

List of companies not included in the scope of consolidation:

ITESOFT hold 100% of W4 North America through its subsidiary W4. This subsidiary is not included as it currently has no business activities and is expected to be closed in the near future.

20.1.5.24 NOTE 23 - RELATED PARTY DISCLOSURES**Related party transactions**

In K€ related party	Sales to rel. parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Key Group staff: other Director interests				
2014	0	657	77	0
2015	0	522	91	0

The transactions presented in this table concern property rentals from SCIs (real estate companies) whose main shareholder is Didier Charpentier, ITESOFT SA Chairman and shareholder. Transactions in 2015 were as follows: 439 K€ (€498 K€ in 2014) for rent and rental expenses; 83 K€ (160 K€ in 2014) for a service contract; and 91 K€ (77 K€ in 2014) for guarantees and deposits paid.

Compensation for senior management

Gross compensation paid to ITESOFT SA corporate officers in 2015 was as follows (all compensation was paid by ITESOFT SA):

Name	Total compensation	Fixed part	Benefits in kind	Variable part	Extra. bonus	Attend. fees	Payments
Didier CHARPENTIER	5,000	0	0	0	0	5,000	0
Philippe LIJOUR	248,482	108,183	3,370	60,330		0	76,600
Jean-Marc PEDRENO	0	0	0	0	0	0	0

82,848 € in fees were paid to CDML, of which Didier CHARPENTIER is the unique shareholder.

Attendance fees (in €)	2015	2014
Didier CHARPENTIER	5,000	5,000
Alain GUILLEMIN	5,000	12,000
Patrick JONES	5,000	5,000
François LEGROS	5,000	20,000
Laurent MATRINGE	0	5,000
Simone CHARPENTIER	0	0

Senior management interests in stock option and bonus share plans.

On December 31, 2015, the directing members of the Company's corporate offices did not hold any options to buy or subscribe to ordinary shares. The Board of Directors meeting on 26 March 2013 voted to grant 50,000 bonus shares to Philippe Lijour based on performance achievements. These shares were acquired in full on April 21, 2015.

There are no specific advantages in terms of deferred remunerations, retirement allowances, or retirement commitments other than those indicated in this document.

Loans and guarantees granted or set up to the benefit of members of administrative bodies: None.

20.1.5.25 NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Interest rate risk

Since the Group has almost no debt, interest rate variations have no significant impact on its financial expenses. On the other hand, with about €1.8 million in cash investments, interest rate variations may have an impact on investment earnings. A 1-point variation in the short-term interest rate would have a positive or negative impact of approximately 18 K€ on annual investment earnings.

Currency exchange risks

ITESOFT operates in the euro zone, as well as in the United Kingdom through its subsidiary ITESOFT UK. As financial flows between ITESOFT SA and ITESOFT UK take place in pounds Sterling (£), variations in the value of the pound sterling are likely to have an impact on the Company's accounts. As of December 31, 2015, the Company had not engaged in any currency hedging transactions.

There are no other significant exchange risks.

Exchange risk table on December 31, 2015:

Millions	M€	M£
Assets	0.00	1.13
Liabilities	0.00	-2.53
Net position before asset-liability management	0.00	-1.39
Off-balance-sheet position	None	None
Net position after asset-liability risk management	0.00	0.00

Credit risks

The Group may occasionally be exposed directly to credit risk with respect to its short-term investments (purchases of bonds other securities), or indirectly (based on the composition its UCITS portfolio), but has chosen to remain conservative in this area, with a cash management strategy seeking to achieve interest rate performance similar to the EONIA (Euro OverNight Index Average) rate. As of 31 December 2014, all short-term cash investments were placed in UCITS (Undertakings for Collective Investment in Transferable Securities), whose credit risks are diversified, or in term-deposit accounts with first-rank banking institutions.

With respect to credit risks for accounts receivable: the ITESOFT Group's main clients are major private corporations and government organizations. The client portfolio is comprised of over 500 active

references. In the 2015 fiscal year, approximately 30 % of revenue was generated by the ten largest clients (the largest of which represents about 5 % of total revenue). The average payment term is 100 days. This relatively long term is offset by the high quality of the contracts. The Group has not engaged any hedging or insurance in this area.

Share risks

Other than ordinary shares, the Group only holds the equity securities of its subsidiaries, of which it is 100% owner.

Hedging

No exchange rate hedging was in place on December 31, 2015.

Liquidity risk

Given the Group's controlled debt level, and funding through its surplus cash reserves, the Group does not consider itself concerned by liquidity risk.

20.1.5.26 NOTE 25 - POST-CLOSING EVENTS

Based on the terms of a private agreement signed on March 24, 2016, the companies ITESOFT and W4 concluded a merger agreement through absorption of W4 by ITESOFT, under which the company W4 transfers its entire assets, evaluated at €5,844,033, for the complete take-over of its liabilities, evaluated at €3,642,098, representing net assets transferred of €2,201,935. Assets and liabilities are to be transferred by W4 according to their net carrying value.

In compliance with provisions of Article L. 236-6 of the French Commercial Code, an original example of the merger-absorption agreement was filed with the Clerk of the Nîmes Commercial Court on behalf of the company ITESOFT, and the Clerk of the Créteil Commercial Court on Monday, April 4, 2016 on behalf of the company W4.

20.1.5.27 NOTE 26 - DISCONTINUED OPERATIONS AND ASSETS INTENDED TO BE SOLD

As a reminder, the ITESOFT Board of Directors meeting held on December 9, 2014, unanimously approved to move forward with the sale of the company's Yooz business unit, following approval by ITESOFT's personnel representatives, considering the sale in the best interest of the company and its shareholders.

As the sale of the Yooz business activity corresponds to the definition of a principle and distinct market sector, the sale was considered as a discontinuation of activity in compliance with the IFRS 5 standard, and presented on a distinct line in the income statement on December 31, 2014 for an amount of 609 K€, broken down as follows:

Discontinued Yooz activity	31-12-14
Income and expenses allocated directly in K€	
Subscription and service sales	1,944
Operating expenses	-5,121
Operating grants	840
Research Tax Credit (CIR)	840
Taxes on discontinued activities	782
Various expenses	-10
Income from discontinued activities	-725
Capital gains from activity transfer	2,000
Capital gains tax	-667

20.1.5.28 NOTE 27 - SEGMENT INFORMATION

As the Group's companies exercise the same activity, the Group's organization is based on the geographical information, which provide a first level of segment information.

As of December 31, 2015, segments are as follows:

- France and ROW (Rest of the World excluding Germany and the United Kingdom)
- Germany
- United Kingdom

Transfer prices between business segments are the prices that would have been set under normal competitive conditions, as for transactions with third-parties. Segment revenue, expenses, and profits include transfers between activity segments. These transfers are eliminated for consolidation.

For each of the Group's segments, the following tables present information on the revenues from ordinary activities, profits, and specific information related to assets and liabilities for the periods and fiscal years ended December 31, 2015 and December 31, 2014.

Period ended 31 December 2015 (12 months)	France and other countries	United Kingdom	Germany	Total
Income from ordinary activities				
Segment income (sales revenue)	22,144	2,374	15	24,533
. of which: inter-segment sales	-1,446			-1,446
Income				
Current segment operating income	2,790	-655	-19	2,116
Segment operating income	1,549	-880	-19	650
Assets and liabilities				
Segment assets	31,018	2,046	6	33,070
Segment liabilities	32,492	3,148	71	35,712
Other segment information				
Tangible and intangible investment	604			604
Depreciation charge	-483	-24		-507
Goodwill impairment losses		-225		-225

Period ended 31 December 2014 (12 months)	France and other countries	United Kingdom	Germany	Total
Income from ordinary activities				
Segment income (sales revenue)	20,172	2,154	69	22,395
. of which: inter-segment sales	-934			-934
Income				
Current segment operating income	2,696	-403	-13	2,280
Segment operating income	2,696	-403	-13	2,280
Assets and liabilities				
Segment assets	11,646	1,102	22	12,770
Segment liabilities	7,781	1,495	75	9,351
Other segment information				
Tangible and intangible investment	655			655
Depreciation charge	-429	-13		-441
Goodwill impairment losses				0

20.1.5.28 NOTE 28 - FEES CHARGED BY THE STATUTORY AUDITORS

In €	SOFIRA Audit				Ernst & Young Audit				A&D				HMT			
	Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount	
	2014	%	2015	%	2014	%	2015	%	2014	%	2015	%	2014	%	2015	%
Audit																
- Statutory audit, certification, review of the individual and consolidated financial statements of parent company	22,250	38%	27,130	39%	36,350	62%	42,500	61%					0%		0%	
- Statutory audit, certification, review of the individual financial statements of subsidiaries									24,879	57%	21,950	52%	18,945	43%	20,096	48%
- Services directly related to the auditors' mission					5,000		33,250						0%		0%	
Sub-total	22,250	21%	27,130	19%	41,350	62%	75,750	52%	24,879	57%	21,950	15%	18,945	43%	20,096	14%
- Other services (RSE)					9,000		9,220									
Sub-total	0	0%	0	0%	9,000	0%	9,220	0%	0		0		0	0%	0	0%
TOTAL	22,250	19%	27,130	18%	50,350	43%	84,970	55%	24,879	21%	21,950	14%	18,945	16%	20,096	13%

20.2 PRO-FORMA FINANCIAL INFORMATION

See § 20.1.2, 20.1.5.4, and 20.1.5

20.3 FINANCIAL REPORTS

See § 20.1

20.4 REPORT BY THE STATUTORY AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In performance of the assignment entrusted to us by your shareholders' meetings, we hereby present our report for the period ended December 31, 2015, on:

- The audit of ITESOFT consolidated financial statements, as attached to this report.
- The justification of our assessments.
- The specific verifications and required by law.

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

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to verify justification regarding the amounts and disclosures in the financial statements. An audit also includes evaluating the accounting policies used and accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements for the period give a true and fair view, with respect to the IFRS standard as adopted in the European Union, of the assets and liabilities and of the financial position of the Company and of the results of its overall operations by the people and entities covered in the financial statements.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

The note in the Appendix "Goodwill" in the section "Significant accounting methods" presents the methods used to test the depreciation of impairment losses performed each year by your Group.

As part of our evaluation of the accounting rules and principles implemented by your Group, we examined the methodology used for these depreciation tests, as well as the estimates for cash flow and the assumptions used, and we ensured that the notes accompanying the financial statements provide appropriate information.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications on Group information, provided in the management report, as required by French law.

We have no matters to report as to the fair presentation and the consistency of that information with respect to the financial statements.

Signed in Nîmes and Montpellier, France, April 26, 2016

The Statutory Auditors

SOFIRA AUDIT – Member of RSM International
Marcos MARQUEZ

ERNST & YOUNG
Frédérique DOINEAU

20.4.1 OTHER INFORMATION AUDITED BY THE STATUTORY AUDITORS

None.

20.4.2 OTHER FINANCIAL INFORMATION NOT TAKEN FROM AUDITED FINANCIAL STATEMENTS

None.

20.5 FINANCIAL STATEMENTS OF THE PARENT COMPANY

Balance sheet

ASSETS (in thousands of euros)	31/12/15 (12 months)			31-12-14
	Gross	Depreciation and provisions	Net	Net (12 months)
CAPITAL ASSETS				
Concessions, patents, licenses, and software	853	257	596	580
Purchased goodwill	72		72	72
Current intangible assets			0	0
Buildings	530	210	320	369
Technical plant, machinery, and equipment	5	4	1	2
Other tangible assets	1,445	1,003	442	409
Current tangible assets			0	0
Equities	14,639	3,499	11,140	975
Receivables from equity interests	1,100	924	176	354
Treasury shares	38	3	35	15
Other financial assets	446		446	354
TOTAL CAPITAL ASSETS	19,128	5,900	13,228	3,130
CURRENT ASSETS				
Merchandise inventory			0	0
Accounts receivable and related accounts	12,975	605	12,370	7,793
Other receivables	1,641		1,641	1,311
Investment securities	858		858	4,781
Cash	1,411		1,411	1,566
Prepaid expenses	398		398	378
TOTAL CURRENT ASSETS	17,283	605	16,678	15,829
Currency translation differences (assets)			0	1
TOTAL ASSETS	36,411	6,505	29,906	18,960

LIABILITIES (in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
SHAREHOLDER'S EQUITY		
Equity	368	342
Premiums	6,370	4,422
Legal reserve	34	34
Other reserves	1,619	1,629
Carry forwards		
Income for the period	1,289	2,403
Investment grants		
Regulated provisions	16	0
TOTAL SHARE-HOLDER'S EQUITY	9,696	8,830
OTHER SHAREHOLDERS' EQUITY		
Conditional advances	910	910
PROVISIONS FOR LIABILITIES AND CHARGES	889	946
Provisions for risks		1
Provisions for charges	889	945
DEBTS		
Loans and debts with financial institutions	6,930	56
Loans and other financial debts		0
Advances and deposits received on current orders	94	165
Accounts payable and related accounts	1,452	1,910
Tax and social debts	4,582	4,876
Other debts	1,124	260
Deferred income	4,052	895
TOTAL DEBTS	18,234	8,162
Currency translation differences (liabilities)	177	112
TOTAL LIABILITIES	29,906	18,960

Income

Income statement (in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Net sales revenue	19,681	22,282
Capitalized production		
Operating grants	125	1,063
Reversals of provisions and transfers of expenses	461	493
Other operating revenues	288	124
TOTAL OPERATING REVENUE	20,555	23,962
Merchandise purchases	15	74
Change in inventory		73
Other purchases and external expenses	4,849	6,810
Taxes and duties	598	645
Wages and salaries	9,124	10,302
Social charges	3,835	4,544
Depreciation allowance on fixed assets	447	454
Provision allowance	379	489
Other operating charges	108	56
TOTAL OPERATING CHARGES	19,355	23,447
OPERATING INCOME	1,200	515
Other interest and related income	70	137
Reversals of provisions and transfers of expenses	260	117
Positive exchange difference	113	97
TOTAL FINANCIAL INCOME	443	351
Interest and related charges	38	3
Provisions for financial assets	439	1
Negative exchange difference	13	5
Waived receivables		0
Loss on buyback of treasury stock		0
TOTAL FINANCIAL CHARGES	490	9
FINANCIAL INCOME	-47	342
CURRENT INCOME BEFORE TAXES	1,153	857
On management operations	2	0
On capital operations		2,206
Reversal of extraordinary provisions		0
TOTAL EXTRAORDINARY INCOME	2	2,206
On management operations		0
On capital operations	198	485
Allocations of extraordinary provisions	16	
TOTAL EXTRAORDINARY CHARGES	214	485
EXTRAORDINARY INCOME	-212	1,721
Employee participation		409
Corporate tax	-348	-234
NET INCOME	1,289	2,403

Cash flow table

CASH FLOW TABLE (in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Net income	1,289	2,403
Share of investment grants		
Carrying value of assets sold	198	485
Receivable write-offs		
Change in depreciation and provisions	697	441
Sale price of assets sold		-2,206
Change in related receivables	-34	-513
Cashflow (A)	2,150	610
Change in accounts receivable and related accounts	-4,684	317
Change in inventory		73
Change in other receivables and prepaid expenses	-350	299
Change in accounts payable	-458	866
Change in other debts	-417	109
Change in deferred income	3,157	-2,442
Change in need for working capital related to activity (B)	-2,752	-778
Sale price of assets		206
Acquisitions of intangible and tangible assets	-447	-821
Acquisitions of financial assets	-8,142	
Change in investment activities (C)	-8,589	-615
Capital increase		
Expenses charged to share premiums		
Dividend distribution	-2,429	-87
Change in currency conversion adjustments	66	95
Reimbursement of financial debts	-85	
Subscription of new financial debts	7,000	
Changes in grants and reimbursable advances		321
Change in current accounts	987	
Disposals (acquisitions) of treasury shares	-221	273
Change in financing activities (D)	5,318	602
CHANGE IN CASH (D)	-3,873	-181
Net opening cash balance	6,125	6,304
Net closing cash balance	2,252	6,125

20.5.1 APPENDICES TO STATUTORY ACCOUNTS ON DECEMBER 31, 2015 (AMOUNTS IN THOUSANDS OF EUROS)

Significant events of the period

Acquisition of W4

In July 2015, ITESOFT acquired the company W4, a major player in the business process automation market, which reinforces ITESOFT's own solutions.

Terms of the operation

Following the agreement protocol covered in a press release on June 9, 2015, ITESOFT has finalized the acquisition of W4, a leading Business Process Management (BPM) processing company in Europe.

Already a shareholder in W4, with 5.6% of the shares, ITESOFT is acquiring the remaining 94.4% of the share capital from W4 shareholders for a total amount of €10.0 million. Given the cash position as of June 30, 2015, this represents a price of €7 million.

This amount was financed as follows:

- €8 million in cash.
- The balance covered by issuing 437,438 new ITESOFT shares for W4 shareholders, at a unit price of 4.55€, for an amount of €2 million, representing a dilution of 7%.

As this issuance of shares is for an amount less than €5 million, and does not represent more than 50% of the company's share capital, there is no requirement to file a prospectus with the French Monetary Authority (AMF), pursuant to Article 211-3 of the AMF General Regulations. The operation was authorized by the ITESOFT Board of Directors at its meeting on July 21, 2015.

Other notable events

Mr. Didier Charpentier was appointed as CEO, the position he had held until 2005, now replacing Mr. Philippe Lijour.

Didier Charpentier therefore combines this function with that of Chairman of the Board of Directors.

Accounting rules and methods

Financial statements were established in compliance with the rules of the French Accounting Standards Authority (Autorité des Normes Comptables) no. 2014-03 of 5 June 2014, as related to the General Accounting Plan. The accounting rules generally accepted in France were applied, respecting the principle of prudence in compliance with founding assumptions:

- Independence of financial exercises.
- Ongoing operations.
- Consistency of accounting methods from one period to the next, and in compliance with general guidelines for the preparation and presentation of annual financial statements.
- The basic method used when stating the value of items in the financial statements is the historical cost method.

The main methods used are as follows:

Sales revenue

Sales revenue is comprised of the sales of software developed by ITESOFT, the services described below, as well as revenues from the resale of hardware and software acquired externally. The accounting rules for sales revenue are as follows:

- Sales of software developed by the ITESOFT: license sales are recognized as revenue when materials are shipped, in accordance with the purchase order, on the basis of the sale price as defined contractually.

- Services accompanying software sales: the revenue generated by these services is recognized progressively as the services are performed.
- Maintenance services: the revenue related to annual maintenance contracts are recognized on a *prorata temporis* basis over the duration of the contract, and are included in deferred revenues at the close of each fiscal year.
- Resale of hardware and software: the revenue generated by the resale of merchandise acquired externally is recorded in full on the date of delivery to the client.

Intangible assets

Intangible assets are recognized at their acquisition price, comprised of the purchase price and related expenses. For non-amortized intangible assets (intangible business assets), depreciation is recognized if its current value is less than its carrying value.

Depreciation is based on linear calculation over a duration of 12 to 24 months, with the exception of the Sage X3 ERP system, which is depreciated over 60 months.

Research and development expenses

All research and development costs are recognized as expenses during the period in which they are incurred.

Tangible assets

Intangible assets are recognized at their acquisition price, comprised of the purchase price and related expenses.

Amortization is calculated linearly over the expected useful life of the assets:

	Useful life:
Fixtures and fittings	5 to 10 years
Office and computer equipment	2 to 5 years
Furniture	5 to 10 years

No goods held by ITESOFT are financed by lease.

Financial assets

Equities recorded in the balance sheet are valued at their acquisition cost, or their present value if the present value is less, resulting in the recognition of a provision for depreciation.

The present value is the higher of the asset's commercial value and its value-in-use. Commercial value is defined as the amount that could be obtained at the closing date, from selling the asset through a transaction carried out under normal market conditions, net of any disposal costs. Value-in-use is defined as the value of the expected future economic benefits from using the asset's use and disposal. Value-in-use is determined on the basis of expected net discounted cash flows. Expected cash flows reflect estimations made by the Company's senior management. The discount rate for 2015 is 9% (10.2% in 2014).

The Company's other financial assets are comprised exclusively of guarantees and deposits and treasury shares.

Merchandise inventory

Merchandise inventory is comprised of computer hardware and licenses acquired externally and held for resale to clients. Allocation to end-clients may or may not already be determined at the moment of the purchase. This merchandise is recognized as inventory at its real cost of acquisition.

Provisions for impairment are recorded at closing if the merchandise's market value, less proportional cost of sales expenses, is lower than its acquisition cost.

Accounts receivable and related accounts

Receivables are recognized at their nominal value and are evaluated on a case-by-case basis. A provision for risk has been recognized according to the risk taken for each case at closing.

As of December 31, 2015, delivered licenses and equipment, as well as training days that have been completed but not billed, were recorded as invoices to be billed according to their contracted sale price.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at their equivalent value on the date of the transaction. Liabilities, receivables, and bank balances in foreign currencies are converted and recorded in the balance sheet at their equivalent value. Any differences resulting from exchange adjustments are recorded in the balance sheet as "currency conversion adjustments." A provision for exchange rate risks is set aside to cover the risk of unrealized losses.

Operating grants

Operating grants are recognized in the balance sheet when the organization in question makes the decision to award the grant. Grants are recorded as revenue based on the progression of the project they subsidize, and as deferred revenue for the subsidized portion of the project not yet realized.

For funding provided as a reimbursable advance, the amount received is recognized as liabilities on the balance sheet under "other shareholders' equity."

Provisions for liabilities and charges

Provisions for other liabilities and charges are intended to cover losses or debts either likely or certain to be incurred, whose nature is clearly defined but with indeterminable amounts and timing.

Provisions for charges are mainly intended to cover the costs of future services to be provided to customers without being invoiced, as well as provision for retirement pensions, or social or tax-related disputes.

Pension commitments

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension programs. The Group has no further liability in connection with these contributions.

French law (in particular, law no. 2006-1640 of 21 December 2006) also requires companies to pay a lump-sum benefit when an employee retires. The Company allocates a provision each year for its retirement benefit commitments.

This provision corresponds to the rights acquired by all salaried staff pursuant to the current collective bargaining agreement. The defined benefit obligation is calculated using the projected unit credit method, in accordance with IAS 19. The amount determined by the use of this method corresponds to the notion of P.B.O. (Projected Benefit Obligation). The P.B.O. represents the likely present value of the rights already acquired, irremediably or not, evaluated by taking into account any salary increases up until retirement age, probabilities of turnover, and survival.

The main assumptions are as follows:

- Discount rate excluding inflation: 2.03 %
- Mortality table: INSEE 2015
- Rate of increase in annual salaries excluding inflation: declining based on age: (from 4% up to 30 years of age, to 0% after 60).
- Given the personnel structure, retirement after 67 years of age at the employer's initiative.

- All actuarial gains and losses are recognized upon closure.

Investment securities

Investment securities appear on the balance sheet at their value when acquired, on a per-category basis. The first-in first-out (FIFO) method is used when investment securities are sold. At the end of the period, the cost price was compared to the probable value at closing (the value is provided by banking organizations). A provision for depreciation is booked when market value is lower than the cost price.

Extraordinary income

Extraordinary income is comprised of the net profit from asset disposals, the share of investment grants transferred to the income statement, as well as income and expenses resulting from events and operations that are clearly distinct from the Company's normal activities, and which are therefore not expected to reoccur in a frequent or regular manner.

Corporate tax

The difference between the theoretical tax charge and the real tax charge is mainly related to permanent or temporary differences, amortizations which are deemed deferred recognized in the period's taxable income, classification of provisions for equities as a long-term net impairment loss, and research tax credits for which the option was renewed in 1999.

Research tax credits are calculated as a percentage based on research expenses, as well as their increase with respect to the average of eligible expenses over the two preceding years.

The amount recognized for research tax credit in 2015 was 474 K€ (compared to 1,097 K€ in 2014).

Job competitiveness tax credit

For the first time, on December 31, 2013, the company recognized the tax credit for competitiveness and employment (CICE) introduced by the amending finance law in France for 2012 (no. 2012-1510, Art. 68).

As of December 31, 2015, the tax credit amount of 198 K€ was recognized as a reduction in personnel costs. CICE was evaluated according to the applicable regulations of 2015, namely:

- Compensations not greater than 2.5 times the minimum wage, calculated for the year based on the legal duration of working hours. The number of additional or overtime hours worked, without taking related premiums into account, is added to this legal duration.
- Taking into account salaries paid to corporate officers for distinct technical functions held as part of a proper employment contract (salaries subject to unemployment insurance contributions).
- Taking into account compensation paid to employees with vocational contracts, apprentices, occasional trainers, etc., even though their contributions are lump-sum.

CICE was recognized according to the recommendations of the CNCC (*Compagnie nationale des commissaires aux comptes*) as a credit to account "649000."

The received funds will not be used either to finance an increase in distributed profits, or to increase compensation for people holding senior management positions in the Company. The Company intends to use the funds to serve the purpose pursued by the legislature.

Market value of current assets

For loans and advances, trade receivables, other receivables, and cash, the Company considers that the value recorded in the balance sheet may be considered as the most representative market value.

Disclosures of events occurring after December 31, 2015

Philippe LIJOUR: As of July 21, 2015, no longer CEO of ITESOFT. He regained his status as a salaried employee until March 10, 2016, at which date he left the company.

Based on the terms of a private deed signed on March 24, 2016, the companies ITESOFT and W4 concluded a merger agreement through absorption of W4 by ITESOFT, under which the company W4 transfers its entire assets, evaluated at €5,844,033, for the complete take-over of its liabilities, evaluated at €3,642,098, representing net assets transferred of €2,201,935. Assets and liabilities are to be transferred by W4 according to their net carrying value.

In compliance with provisions of Article L. 236-6 of the French Commercial Code, an original example of the merger-absorption agreement was filed with the Clerk of the Nîmes Commercial Court on behalf of the company ITESOFT, and the Clerk of the Créteil Commercial Court on Monday, April 4, 2016 on behalf of the company W4.

Notes relating to the balance sheet

Table of variations in gross fixed assets

The operations affecting gross value during the period may be summarized as follows:

(in thousands of euros)	Gross value 31-12-14	Increases Acquisitions	Decreases		Gross value 31-12-15
			By transfer	By disposal	
Intangible assets					
Concessions, patents, licenses, software	1,459	206		812	853
Purchased goodwill	72				72
Current intangible assets	0				0
Total (I)	1,531	206	0	812	925
Tangible assets					
Improvements on unowned buildings	528	2			530
General fixtures, improvements	61			1	60
Equipment and tools	5				5
Office and computer equipment	1,556	232		651	1,137
Furniture	241	7			248
Recoverable packaging	0				0
Current intangible assets	0				0
Total (II)	2,391	241	0	652	1,980
Financial assets					
Equities	4,508	10,131			14,639
Receivables from equity interests	1,067	258		225	1,100
Loans	169	40			209
Treasury shares	15	222		198	39
Guarantees and deposits	185	64		11	238
Total (III)	5,944	10,715	0	434	16,225
GENERAL TOTAL (I + II + III)	9,866	11,162	0	1,898	19,130

Intangible assets are comprised of acquired software and licenses.

Tangible assets are mainly comprised of computer and office equipment.

Financial assets mainly include the securities held by the Company's subsidiaries and related loans.

Table of variations in amortization

The operations affecting amortization during the period may be summarized as follows:

(in thousands of euros)	Amount on 31-12-14	Increases Alloc.	Decreases Outflow / reversal	Amount on 31-12-15
Intangible assets				
Concessions, patents, licenses, software	878	190	811	257
Total (I)	878	190	811	257
Tangible assets				
Fixtures and fittings on unowned buildings	160	50		210
Various fixtures and fittings	41	6	1	46
Equipment and tools	3	1		4
Office and computer equipment	1,299	179	651	827
Furniture	110	20		130
Recoverable packaging	0			0
Total (II)	1,613	256	652	1,217
GENERAL TOTAL (I + II)	2,491	446	1,463	1,474

Breakdown of period depreciation allowance

Depreciation Across-the-board

Intangible assets

Concessions, patents, licenses, software

190

Total (I)

190

Tangible assets

Improvements on unowned buildings

50

Various fixtures and fittings

6

Equipment and tools

1

Office and computer equipment

179

Furniture

20

Recoverable packaging

0

Total (II)

256

GENERAL TOTAL (I + II)

446

Treasury shares

(in thousands of euros)	Accounting classification	Quantity	Value in K€	Movements during period		Provision for financial depreciation
				Purchases	Sales	
ITESOFT	Fixed securities	8,840	38	222	198	3

INVENTORY AND LIABILITIES

None

ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

(in thousands of euros)	Gross value on 31 Dec 2015	Provisions	Net value on 31 Dec 2015	Net value on 31 Dec 2014
Trade receivables	10,586		10,586	5,629
Doubtful receivables	997	605	392	904
Receivables, to be billed	1,392		1,392	1,260
Total	12,975	605	12,370	7,793

OTHER RECEIVABLES

(in thousands of euros)	Amount on 31 Dec 2015	Amount on 31 Dec 2014
Credits to be received		0
Personnel, advances, and deposits		96
Gov't: Value-added tax	133	195
Gov't: Corporate tax (1)	792	238
Receivables from asset transfers		165
Supplier debts	35	32
Gov't: Grants to be received		
Income to be received	681	585
Total	1,641	1,311

(1) research tax credit receivables

MATURITY OF RECEIVABLES

(in thousands of euros)	Gross amount on 31 Dec 2015	For 1 yr. max.	Over 1 yr.
Guarantees and deposits	238		238
Loan	208		208
Accounts receivable and related accounts	12,975	12,975	
Credits to be received			
Personnel and related accounts			
Gov't: Value-added tax	133	133	
Gov't: Corporate tax	792	792	
Receivables from asset transfers			
Supplier debts	35	35	
Gov't: Grants to be received			
Income to be received	681	681	
Total	15,062	14,616	446

DETAIL OF ACCRUED INCOME

(in thousands of euros)	Amount on 31-12-15	Amount on 31-12-14
Accrued interest / receivables related to equity interests	2	4
Trade receivables	1,392	1,260
Credits to be received	0	0
Advances and deposits	0	0
Personnel, advances, and deposits	0	0
Social bodies	0	0
Gov't: Corporate tax	792	238
Gov't: Value-added tax	86	81
Gov't: Grants to be received	0	0
Group and related	0	0
Various debtors	0	0
Income to be received	650	585
Total	2,922	2,168

INVESTMENT SECURITIES

As of December 31, 2015, the investment securities held by the Company are comprised of the following:

- 507 K€ in term-deposit accounts.
- 185 K€ in UCITS funds.
- 153 K€ in treasury shares held under liquidity agreement.

CASH ON-HAND

Cash on-hand is comprised entirely of bank accounts.

PREPAID EXPENSES

Prepaid expenses are expenses operating recognized in the current accounting period, but occurring in a later one, in order to respect the principle of separation of accounting periods, and mainly concerning maintenance contracts for a duration of 1 to 3 years with computer equipment providers, as well as rents payable in arrears.

SHARE CAPITAL STRUCTURE

The table below presents capital operations over the past two years.

Date	Nature of operation	Operation amount (gross)	Share premium (gross)	Cumulated capital amount	Nominal share value	Cumul. shares
(in thousands of euros)						
Balance on 01-Jan-15				342	0.06	5,696,390
21-07-16	Capital increase after W4 acquisition	26	1,964	368	0.06	6,133,828
Total on 31/12/15				368	0.06	6,133,828

As of December 31, 2014, the Company's share capital was comprised of 6,133,828 ordinary shares with a nominal value of 0.06 euros, representing total share capital of 368 K€.

VARIATION IN SHAREHOLDER EQUITY

	Share capital	Share premium	Legal reserve	Voluntary reserves	Unavailable reserves, stock option grants	Carry forwards	Income for the period	Investment grants	TOTAL SHARE-HOLDER'S EQUITY
(in thousands of euros)									
Situation on 31/12/2014	342	4,422	34	1,629	0	0	2,403	0	8,830
Appropriation of prior period net income				2,403			-2,403		
Income for the period							1,289		1,289
Capital increase after W4 acquisition	26	1,964							1,990
Dividend distribution				-2,429					-2,429
Allocation to other reserves		-16			16				
Stock option exercises and bonus shares									
Situation on 30 Dec 2015	368	6,370	34	1,603	16	0	1,289	0	9,680

The distribution of dividends is 4,543 K€, 24 K€ of which is reclassified in reserves as part of the company's own ordinary shares.

PROVISIONS IN THE BALANCE SHEET

(in thousands of euros)	31-12-14	Alloc.	Reversals	31-12-15
Regulated provisions				
Depreciation allowances		16		16
Total (I)	0	16	0	16
Provisions for liabilities and charges			(1)	
Provisions for pensions & obligations	792		56	736
Provisions for exchange adjustment	1		1	0
Provisions for risks	148			148
Provisions for charges	5			5
Total (II)	946	0	57	889
Provisions for depreciation				
For intangible fixed assets	0			0
For equities	3,533	225	259	3,499
For receivables from equity interests	713	211		924
For financial assets	0	3		3
For loans	0			0
For merchandise inventory	0			0
For trade receivables	495	379	269	605
Total (III)	4,741	818	528	5,031
GENERAL TOTAL (I + II + III)	5,687	834	585	5,936
Including allocations and reversals:				
- Operations		379	325	
- Financial		439	260	
- Extraordinary		16		
Total		834	585	

(1) Reversals for all expense provisions during the period were used.

LOANS AND DEBTS WITH FINANCIAL INSTITUTIONS

(in thousands of euros)	Amount on 31-12-15	Amount on 31-12-14
Loans with financial institutions	6,915	0
Bank overdraft	15	56
Total	6,930	56

Financial debt is comprised of four bank loans taken out during the acquisition of the company W4, for an amount of €7 million (duration 7 years, 1.6% fixed rate, no financial ratios imposed by the banking institutions).

DETAIL OF OPERATING DEBTS

(in thousands of euros)	Amount on 31 Dec 2015	Amount on 31/12/14
Receivables - advances and deposits received	94	165
Accounts payable and related accounts	1,452	1,910
Personnel and related accounts	1,170	1,836
Social bodies	1,468	1,672
Gov't: Corporate tax		
Gov't: Value-added tax	1,715	1,018
Gov't: other taxes and duties	229	349
Other debts	1,124	261
Total	7,252	7,211

DETAIL OF EXPENSES TO BE PAID

(in thousands of euros)	Amount on 31 Dec 2015	Amount on 31 Dec 2014
Accrued interest to be paid	2	2
Accounts payable and related accounts	269	585
Personnel and related accounts	1,155	1,836
Social bodies	562	829
Gov't: Corporate tax		
Gov't: Value-added tax	218	194
Gov't: other taxes and duties	222	349
Other debts		
Total	2,428	3,795

DEFERRED REVENUE

(in thousands of euros)	Amount on 31-12-15	Amount on 31-12-14
Software		
Service and maintenance	3,966	612
Other services	86	243
Grants		40
Total	4,052	895

Deferred revenue corresponds to the following: on one hand, annual service contracts billed in advance, whose income is recorded on a *prorata temporis* basis over the duration of the contract, and services billed to clients in advance for certain projects.

MATURITY OF DEBTS

(in thousands of euros)	Amount on 31 Dec 2015	1 year at most	From 1 yr 5 yrs	and more from 5 yrs
Loans and debts with financial institutions				
- Up to 1 year max. from start	17	17		
- Over 1 year from start	6,915	623	6,292	
Loans and other financial debts:				
- Related to current accounts				
- Guarantees and deposits received				
Receivables - advances and deposits received	94	94		
Accounts payable and related accounts	1,452	1,452		
Personnel and related accounts	1,170	1,170		
Social security and other social bodies	1,468	1,468		
Gov't: Corporate tax				
Gov't: Value-added tax	1,715	1,715		
Gov't: other taxes, duties, and related payments	229	229		
Other debts	1,124	1,124		
Deferred income	4,052	4,052		
Deferred income from grants		0		
Total	18,236	11,944	6,292	0

OFF BALANCE SHEET LIABILITIES

Off balance sheet liabilities arising from ordinary activities

	31-Dec-15	31-Dec-14
Commitments given		
Sureties, endorsements, guarantees	None	None
Pledges in favor of our banks	ARKEA: 306 K€ for DAT Crédit Agricole and ARKEA: 100% of W4 shares on pro rata basis according to commitments	None
Pledges on capital assets	None	None
Finance lease commitments	None	None
Forward sales and purchases of currencies	None	None
Commitments received		
Sureties, endorsements, guarantees	None	None
Other commitments received	None	None

Complex commitments

None.

Contractual obligations

Commitments given

(in thousands of euros)	Total	Maximum payments due		
		< 1 year	1 to 5 years	> 5 years
Property rentals	3,680	657	2,384	639
Other commitments	351	139	211	
Total	4,031	796	2,595	639

To the best of the Company's knowledge, no other significant commitments exist other than those mentioned in this Registration Document.

STOCK OPTIONS

As of December 31, 2015, outstanding options represented a total of 30,000 shares, which are broken down as follows:

Plan characteristics		
Board meeting date	16-Apr-14	22-Apr-15
Combined general meeting date	4-May-12	4-May-12
No. people concerned	2 employees France	1 employee France
<i>Including corporate officers</i>	0	0
Number of stock options granted	20,000	20,000
<i>Of which corporate executives: P. Lijour</i>	0	0
<i>Of which corporate executives: J.-M. Pédréno</i>	0	0
Total shares that could be subscribed or purchased	20,000	20,000
Starting date to exercise options	16-Apr-14	22-Apr-15
End date to exercise options	16-Apr-20	22-Apr-21
Share subscription price	€3.20	€4.02
Shares subscribed during the period		
Options canceled during the period	10,000	
Outstanding options as of 31/12/14	10,000	20,000

Since December 31, 2015, no new options have been granted and no options have been exercised.

BONUS SHARES

The General Shareholder Meeting held on May 31, 2013 authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, bonus shares issued by the Company to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, within shareholding limits established by law. The total number is limited to a maximum of 100,000 bonus shares.

For beneficiaries considered as residents of France, bonus share grants are final at the end of a minimum vesting period of two years, during which time those beneficiaries must remain executives or employees of the Group. In this case, the minimum required term for shares to be held by beneficiaries is set to two years.

For beneficiaries not considered as residents of France, bonus share grants are final at the end of a minimum vesting period of four years, during which time those beneficiaries must remain executives or employees of the Group. In this case, the minimum required term for shares to be held by beneficiaries is not applicable.

The General Shareholder Meeting authorized the board of Directors to increase share capital by incorporating premiums, reserves, and profits, as appropriate, in order to issue bonus shares.

The General Shareholder Meeting of June 2, 2014 authorized the Board of Directors, under the same terms, to grant up to 150,000 bonus shares either issued or to be issued.

The General Shareholder Meeting of June 2, 2015 authorized the Board of Directors, under the same terms, to grant up to 200,000 bonus shares either issued or to be issued.

Pursuant to the authorizations granted by the General Shareholder Meeting of 17 June 2009, the Board of Directors meeting of 27 March 2012 granted 50,000 bonus shares to a single corporate officer (P. Lijour). The vesting period for these bonus shares terminated 27 March 2014, at which time ownership was transferred to the beneficiary through treasury shares.

Pursuant to the authorizations granted by the General Shareholder Meeting of 31 May 2010, the Board of Directors meeting of 26 March 2013 granted 50,000 bonus shares subject to performance achievements to a single corporate officer (P. Lijour). As of December 31, 2015, the 50,000 bonus shares definitively met these conditions and their vesting period terminated on March 26, 2015, at which time ownership was transferred to the beneficiary through treasury shares. This operation generated a capital loss of 198 K€, recognized as exceptional expenses.

SUBSIDIARIES AND EQUITY INTERESTS

(in thousands of euros)	Capital	Shareholder equity other than capital	Percentage of equity held	Carrying value of shares		Granted loans and advances, not reimbursed	Guarantees and sureties given	Previous period EBITDA	Previous period income	Dividends received	Observations
				Net	Gross						
Subsidiaries:											
ITESOFT UK Ltd	£899	-£1,799	100%	654 €	3,344 €	873 €	£0	£1,727	-£483	£0	
ITESOFT Deutschland GmbH	750 €	-1,018 €	100%	0 €	808 €	226 €	0 €	15 €	-19 €	0 €	
W4 SAS	1,837 €	196 €	100%	10,486 €	10,486 €	0 €	0 €	2,485 €	169 €	0 €	
Total				11,140	14,638	1,099	0			0	
of which: French subsidiaries				10,486	10,486	0	0			0	
of which: foreign subsidiaries				654	4,152	1,099	0			0	

ITESOFT establishes consolidated financial statements. ITESOFT SA is the parent company, and holdings include ITESOFT UK Ltd, ITESOFT Deutschland GmbH, and W4 SAS.

Company	Legal form	City	SIREN no.	Quality	Percentage held by parent company	
					Direct	Indirect
ITESOFT S.A.	S.A.	Aimargues 30470 France	330,265,323	Parent	N/A	N/A
W4	S.A.S	Rungis 94150 France	404,945,362	Subsidiary	100%	-
ITESOFT UK	Ltd	Farnham GU10 5EH United Kingdom	2,692,814	Subsidiary	100%	-
ITESOFT DE	GmbH	Graumannsweg 51 22087 Hamburg Germany	HR B 62 221	Subsidiary	100%	-

RECEIVABLES, DEBTS, AND FINANCIAL INCOME WITH RELATED COMPANIES

	ITESOFT UK Ltd	ITESOFT Deutschland GmbH	W4 SAS
(in thousands of euros)			
	31-12-15	31-12-15	31-12-15
Financial assets			
Equities, gross	3,344	809	10,486
Equities, net	654	0	10,486
Receivables from equity interests, gross	873	226	0
Receivables from equity interests, net	175	0	0
Receivables			
Accounts receivable and related accounts	2,108	54	
Debts			
Debts payable and related accounts	2	0	134
Financial income and expenses			
Financial income	7	0	0
Financial expenses	0	0	0

Notes related to the income statement

BREAKDOWN OF REVENUE

Sales revenue by activity is broken down as follows:

	31-12-15 (12 months)	31-12-14 (12 months)
(in thousands of euros)		
Merchandise sales	25	244
Software sales	2,866	5,089
Services provided - development, installation, and training	7,781	8,430
Services provided - Maintenance	9,008	8,519
Total	19,680	22,282

	31-12-15 (12 months)	31-12-14 (12 months)
(in thousands of euros)		
Sales - France	17,696	20,027
Sales - export	1,984	2,255
Total	19,680	22,282

STAFF AND PERSONNEL CHARGES

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Wages and salaries	9,124	10,302
Social charges	3,835	4,544
Total	12,959	14,846

The staff employed by the Company at the end of the period, broken down by category, is as follows:

	31-12-15	31-12-14
Managers	147	182
Employees	10	9
Total	157	191

The average employee count in 2015 was 156, compared to the 180 in 2014.

On 1 January 2015, DIF was replaced by CPF, which is managed directly by employees.

FINANCIAL INCOME

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Revenue from equities		
Revenue from asset receivables	1	1
Revenue & income from marketable securities	63	120
Revenue from interest on loans to subsidiaries	7	16
Revenue from commercial receivables		
Discount revenue		
Merger surplus		
Reversal of financial asset provisions	259	117
Positive exchange difference	113	97
Total financial income	443	351
Bank interest	2	3
Interest from loans	36	
Interest from current accounts		
Loss on buyback of treasury stock		0
Provisions for financial assets	439	1
Discounts granted		
Loss / receivables related to equity interests		
Other financial charges		
Negative exchange difference	13	5
Total financial charges	490	9
Total financial income	-47	342

In 2015, the provision for financial assets corresponds to amounts of: 225 K€ as provision for depreciation of ITESOFT UK shares; 200 K€ for depreciation of ITESOFT UK receivables; 11 K€ for depreciation of ITESOFT DE receivables; and 3 K€ for depreciation of ordinary shares.

EXTRAORDINARY INCOME

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Proceeds from the disposal of capital assets		2,206
Other extraordinary income from management operations (1)	2	
Reversal of extraordinary provisions		
Share of investment grants		
Total extraordinary income	2	2,206
Fines and penalties		
Other extraordinary charges from management operations		
Provision allowances for extraordinary depreciation	16	
Net carrying value of fixed assets sold	198	485
Total extraordinary charges	214	485
Total extraordinary income	-212	1,721

REVERSALS OF PROVISIONS AND TRANSFERS OF EXPENSES

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Reversal of provision for liabilities and charges	57	61
Reversal of prov. for intangible assets		
Reversal of provision for doubtful receivables	269	314
Reversal of provision for inventory		10
Transfers of operating charges (1)	135	108
Total	461	493

CORPORATE TAX

Reconciliation of the theoretical tax charge and the real tax charge for the period is as follows:

	31-12-15 (12 months)	31-12-14 (12 months)
Theoretical tax rate for the period	33.33%	33.33%
Reported income before tax	941	2,169
Theoretical tax (a)	-314	-723
Reported tax (b)	348	234
Difference (b) - (a)	662	957
Tax on permanent differences	-34	-32
Tax on temporary differences	150	-30
Tax on non-activated long-term loss		
Tax on non-activated deficit		1
Tax savings on tax loss carryforwards		
Tax credits (including research)	546	1,119
Other differences		-61
Total	662	997

CORPORATE TAX BREAKDOWN

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Current income		
Extraordinary income		
Tax credits (including research)	348	234
Total	348	234

INCREASE AND DECREASE IN FUTURE TAX LIABILITIES

(in thousands of euros)	31-12-14		31-12-15	
	Asset	Liability	Asset	Liability
CERTAIN OR POTENTIAL DIFFERENCES				
Temporarily non-deductible charges				
To be deducted the following period:				
Organic, growth effort	26	0	2	0
To be deducted subsequently:				
Pension provisions	792	0	736	0
TOTAL	818	0	738	0
ITEMS TO BE CHARGED				
Tax-loss carryforwards	0	0	0	0
Long-term capital losses	0		0	

RESEARCH AND DEVELOPMENT COSTS

The Company recognizes research and development expenses as charges for the period.

The direct personnel expenses used to determine the research tax credit are indicated below.

(in thousands of euros)	31-12-15 (12 months)	31-12-14 (12 months)
Research and development expenses	1,029	4,228
Sales revenue	19,681	22,282
% of sales revenue	5.23%	18.97%

RELATED PARTY DISCLOSURES

Related party transactions

(in thousands of euros) Related party	Sales to rel. parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Key Group staff: other Director interests				
2015	0	522	91	0
2014	0	657	77	0

The transactions presented in this table concern property rentals from SCIs (real estate companies) whose main shareholder is Didier Charpentier, ITESOFT SA Chairman and shareholder. Transactions in 2015 were as follows: 439 K€ (498 K€ in 2014) for rent and rental expenses; 83 K€ (160 K€ in 2014) for a service contract; and 91 K€ (77 K€ in 2014) for guarantees and deposits paid.

COMPENSATION FOR ADMINISTRATIVE AND MANAGEMENT BODIES

A total of €15,000 was paid for attendance fees in the 2015 period.

	2015		2014	
	Amount due	Amount paid	Amount due	Amount paid
Philippe Lijour, Chief Executive Officer				
Fixed compensation	123,703	108,183	103,745	103,745
Variable compensation	60,330	60,330	54,900	54,900
Extraordinary compensation	0	0	35,000	35,000
Attendance fees	0	0	0	0
Benefits in kind	3,370	3,370	3,370	3,370
payments	91,600	76,600		
TOTAL	279,003	248,483	197,015	197,015
Jean-Marc Pédréno, Executive Vice President				
Fixed compensation		0	81,600	81,600
Variable compensation		0	32,560	32,560
Extraordinary compensation		0	10,000	10,000
Attendance fees		0	0	0
Benefits in kind		0	3,153	3,153
Profit-sharing				
TOTAL	0	0	127,313	127,313
Didier Charpentier, Chairman of the Board of Directors and CEO				
Fixed compensation	0	0	0	0
Variable compensation	0	0	0	0
Services paid to CDML (wholly owned by Mr. Charpentier)	82,848	159,821	159,821	159,821
Attendance fees	5,000	5,000	5,000	5,000
Benefits in kind	0	0	0	0
Profit-sharing	0	0	0	0
TOTAL	87,848	164,821	164,821	164,821

There are no post-employment benefits, other long-term advantages, or specific employment contract severance allowances for the main directors.

FEES CHARGED BY THE STATUTORY AUDITORS

See notes in ITESOFT Group financial statements.

RISKS

Interest rate risk

Since the Group only has debts at low, fixed interest rates, interest rate variations have no impact on its financial expenses. On the other hand, with about €1 million in cash investments, interest rate variations may have an impact on investment earnings. A 1-point variation in the short-term interest rate would have a positive or negative impact of approximately 1 K€ on annual investment earnings.

Currency exchange risks

ITESOFT operates in the euro zone, as well as in the United Kingdom through its subsidiary ITESOFT UK. As financial flows between ITESOFT SA and ITESOFT UK take place in pounds Sterling (£), variations in the value of the pound sterling are likely to have an impact on the Company's accounts. As of December 31, 2015, the Company had not engaged in any currency hedging transactions.

Credit risks

The Company may occasionally be exposed directly to credit risk with respect to its short-term investments (purchases of bonds other securities), or indirectly (based on the composition its UCITS portfolio), but has chosen to remain conservative in this area, with a cash management strategy

seeking to achieve interest rate performance similar to the EONIA (Euro OverNight Index Average) rate. As of December 31, 2015, nearly all cash investments were placed in UCITS (Undertakings for Collective Investment in Transferable Securities, "OPCVM" in French), whose credit risks are diversified.

Share risks

As of December 31, 2015, the Company does not hold any shares other than treasury shares and equity securities.

Hedging

No hedging was in place as of December 31, 2015.

RESULTS AND OTHER SIGNIFICANT DATA FOR THE COMPANY OVER THE PAST FIVE YEARS

In thousands of euros	31-12-11	31-12-12	31-12-13	31-12-14	31-12-15
Capital at end of period					
Share capital	341	341	341	341	368
Number of shares	5,685,390	5,696,390	5,696,390	5,696,390	6,133,828
Operation and earnings					
Sales revenue (excl. tax)	19,899	20,136	20,400	22,282	19,681
Earnings before taxes, incentives, depreciation, and provisions	687	642	869	3,019	1,637
Employee participation	0	0	0	409	0
Corporate tax	-650	-814	-952	-234	-348
Earnings after taxes, incentives, depreciation, and provisions	485	986	306	2,403	1,289
Earnings per share					
Earnings after taxes, incentives, before depreciation, and provisions	0.235	0.256	0.320	0.499	0.320
Earnings after taxes, incentives, depreciation, and provisions	0.09	0.17	0.05	0.42	0.21
Dividend allocated per share	0.00	0.00	0.00	0.00	0.40
Personnel					
Average headcount	174	173	173	180	156
Total payroll	9,711	9,676	9,581	10,302	9,124
Amounts paid as social benefits	4,360	4,370	4,261	4,544	3,835

DISCLOSURES RELATED TO THE FRENCH ECONOMIC MODERNIZATION ACT (LME) ON PAYMENT TERM REDUCTION

The table below shows the breakdown of our accounts payable on December 31, 2015 and December 31, 2014, excluding invoices unpaid because of disputes.

31-Dec-15

Supplier debt, excl. non-received charges	1,143
Due November 2015	33
Due December 2015	423
Due January 2016	43
Due February 2016	544
Disputes	100

31-Dec-14

Supplier debt, excl. non-received charges	1,293
Due November 2014	191
Due December 2014	261
Due January 2015	716
Due February 2015	8
Disputes	116

20.6 REPORT BY THE STATUTORY AUDITORS ON ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

In performance of the assignment entrusted to us by your shareholders' meetings, we hereby present our report for the period ended December 31, 2015, on:

- The audit of ITESOFT's accompanying annual financial statements, as included in this report.
- Justification of our assessments.
- Specific verifications and information required by law.

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

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to verify justification regarding the amounts and disclosures in the annual financial statements. An audit also includes evaluating the accounting policies used and accounting estimates made, as well as the presentation of the financial statements as a whole. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We certify that the annual financial statements give a true and fair view, with respect to French accounting practices, of the results of operations over the period as well as the assets and liabilities and of the financial position of the Company at the end of the period.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Your Company records, as needed, a provision to cover equities and related receivables when their present value is less than their carrying value, as described in the paragraph "Financial assets" in the Notes.

We reviewed the methods used by your Company to determine the present value of equities and related receivables, and reviewed the data and assumptions on which senior management based its estimations.

As part of our assessment, we made sure that the methods applied were reasonable and we verified that the financial statements provide appropriate information on this point.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and disclosures

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

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

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made to their benefit, we 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 companies controlling it or controlled by it. On the basis of this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we verified that the required information concerning the acquisition of shares and control, and the identity of shareholders or holders of the voting rights has been properly disclosed in the management report.

Nîmes and Montpellier, France, April 26, 2016
The Statutory Auditors

SOFIRA AUDIT – Member of RSM
International
Marcos Marquez
ERNST & YOUNG AUDIT
Frédérique Doineau

20.7 DATE OF LATEST FINANCIAL INFORMATION

June 30, 2015

20.8 INTERIM FINANCIAL AND OTHER INFORMATION

Non-applicable.

20.9 DIVIDEND DISTRIBUTION POLICY

During the 2015 period, ITESOFT distributed dividends of €2,453,531.20. In a press release on December 21, 2015, the ITESOFT Board of Directors announced that, in light of a positive outlook, it had decided to implement a policy of regular dividend distribution, the amount of which shall be adjusted each year based on results and outlook.

No dividends were distributed for 2013 and 2014.

20.10 LEGAL PROCEDURES AND ARBITRATION

The Company has one legal procedure in progress with a former commercial partner. The lower court judgment of 2006 ruled in favor of ITESOFT. The other party appealed the ruling and the appellate ruling of 2007 revised the lower court's decision in its favor. However, the other party has not yet served notice of this ruling. The procedure is still pending. If the other party serves notice on this ruling, ITESOFT would have the possibility to appeal the decision.

Also, the Company has been involved with legal proceedings in the Court of Labor ("*Prud'hommes*") concerning three former employees, including one former member of the Executive Committee. The Company considers that it has recorded sufficient provisions with respect to the risk of these litigations.

To the best of ITESOFT's knowledge, there has been no other governmental, legal, or arbitration procedure over the period that could have, or recently has had, significant effects on the Company's financial situation or profitability.

20.11 SIGNIFICANT CHANGES IN THE FINANCIAL OR COMMERCIAL SITUATION

None.

21 ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 SHARE CAPITAL

As of December 31, 2015, the Company's share capital was €368,029.68, comprised of 6,133,828 fully paid-up ordinary shares with a nominal value of €0.06.

21.1.1.1 Evolution of share capital over the past three years

See § 18.1.2

21.1.1.2 AUTHORIZED CAPITAL

21.1.1.2.1 COMBINED SHAREHOLDERS' MEETING ON JUNE 2, 2015

The General Shareholder Meeting authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, options giving the right to subscribe new shares to be issued as part of the Company's capital increase, or to purchase existing Company share from buy-backs carried out according to the law, and within shareholding limits established by law, up to a maximum of 200,000 shares.

At the time this Registration Document was written, none of the options authorized by this Meeting have been granted.

The General Shareholder Meeting also authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, bonus shares issued by the Company to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, within shareholding limits established by law. The total number is limited to a maximum of 200,000 bonus shares.

At the time this Registration Document was written, none of the bonus shares authorized by this Meeting have been granted.

21.1.1.2.2 COMBINED SHAREHOLDERS' MEETING ON 02 JUNE 2014

The General Shareholder Meeting authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, options giving the right to subscribe new shares to be issued as part of the Company's capital increase, or to purchase existing Company share from buy-backs carried out according to the law, and within shareholding limits established by law, up to a maximum of 200,000 shares.

At the time this Registration Document was written, none of the options authorized by this Meeting have been granted.

The General Shareholder Meeting also authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, bonus shares issued by the Company to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, within shareholding limits established by law. The total number is limited to a maximum of 200,000 bonus shares.

At the time this Registration Document was written, none of the bonus shares authorized by this Meeting have been granted.

21.1.1.2.3 COMBINED SHAREHOLDERS' MEETING ON 13 MAY 2013

The General Shareholder Meeting held on 31 May 2010 authorized the Board of Directors, for a period of 38 months starting from the date of the General Shareholder Meeting, to grant, in one or more steps, bonus shares issued by the Company to certain employees or corporate officers exercising their functions or mandates either in the Company or one of its French or foreign subsidiaries, within shareholding limits established by law. The total number is limited to a maximum of 150,000 bonus shares.

At the time this Registration Document was written, none of the bonus shares authorized by this Meeting have been granted.

21.1.2 SHARES NOT REPRESENTING CAPITAL

Not applicable

21.1.3 TREASURY SHARES

The General Meeting held on 4 May 2012 (5th ordinary resolution) authorized a share buy-back program over an 18-month period.

At the time of this writing (December 31, 2015), the Company holds 8,840 of its own shares, corresponding to a nominal value of €3.65 per share and a net balance sheet value of €32,266.

21.1.4 CONVERTIBLE OR EXCHANGEABLE SECURITIES OR SECURITIES WITH WARRANTS

Not applicable

21.1.5 ACQUISITION RIGHTS, OBLIGATIONS ATTACHED TO AUTHORIZED BUT UNISSUED CAPITAL

Not applicable

21.1.6 CONDITIONAL OR UNCONDITIONAL OPTIONS OR AGREEMENTS

Not applicable

Disclosures concerning stock-options are presented in § 21.1.8.

21.1.7 SHARE CAPITAL STRUCTURE

See Chapter 18.1.3 and the financial statements in § 20.1.5.16.

21.1.8 POTENTIAL CAPITAL: STOCK-OPTIONS AND BONUS SHARE PLANS

On 12 February 2002 and 29 May 2002, the Board of Directors adopted the rules applicable to the plan for employees of the Company's English subsidiaries: The British tax authority (Inland Revenue)

approved these rules on 18 June 2002, in accordance with Paragraph 1, Section 9 of the Income and Corporation Taxes Act 1988.

According to these rules, applicable to the employees of the Company's UK subsidiaries, stock options can be exercised no later than 7 years after their grant date and no earlier than:

- From the end of the third year following their grant date, up to a cumulated 70%.
- From the end of the third year following their grant date, for up to 100%.

On 29 May 2003, the Board of Directors adopted the rules applicable to the plan for employees of the Company's German subsidiaries, stipulating that:

According to these rules, applicable to the employees of the Company's German subsidiaries, stock options can be exercised no later than 7 years after their grant date and no earlier than:

- From the end of the third year following their grant date, up to a cumulated 70%.
- From the end of the third year following their grant date, for up to 100%.

On 23 May 2005, the Board of Directors revised the plan's rules adopted at its meeting on 8 February 2001, for French employees. In order to better adapt the plan's rules, notably with respect to constraints imposed by new international accounting standards (IFRS), the Board of Directors modified certain items, namely the final maturity for options, and it clarified the fiscal year start period with respect to the lock-in period for French employees:

Stock options granted to French employees starting 23 May 2005 can be exercised during a period not to exceed six years after the grant date and no earlier than:

- From the end of the third year following their grant date, for up to 70%.
- From the end of the fourth year following their grant date, up to a cumulated 100%.

However, French employees and foreign employees governed by similar regulations may not exercise stock options before the end of the lock-in period.

As the lock-in period is currently set at four years, French employees may exercise up to 100% of their options starting at the end of the fourth year following the grant date.

This period shall be modified accordingly based on any legislative or regulatory changes during said lock-in period, including retroactively, insofar as the last legislative or regulatory change also takes place during that period.

21.1.8.1 DETAILS ON GRANTED OPTIONS AND BONUS SHARES

See Annex to ITESOFT Group financial statements in § 20.1.5.14.

21.1.8.2 OUTSTANDING OPTIONS AS OF DECEMBER 31, 2015

As of this writing, the number of granted options outstanding is 20,000 for two beneficiaries (two members of the Executive Committee). Taking into account the number of non-expired authorizations by the various combined general meetings, the number of assignable options on December 31, 2015 was 400,000.

21.1.8.3 STOCK OPTIONS FOR CORPORATE OFFICERS AND 10 MAIN EMPLOYEE BENEFICIARIES

No stock options were held by the Company's corporate executives as of December 31, 2015.

Also, the ten employees who received the greatest number of options held 30,000 subscription rights as of December 31, 2015.

	Total options granted/subscribed or purchased shares	Weight. average price
Ten largest stock option grants to employees of the issuer and any company within the scope of the stock option plan, granted by the issuer company and any company within the scope of the stock option plan during the year (global information)	None	
Options held by the issuer and above-mentioned companies, exercised during the period by the ten employees of the issuer and said companies with the largest number of options purchased or subscribed (global information)	None	
Total number of non-corporate executive employees concerned		

21.1.8.4 MAXIMUM POTENTIAL DILUTION OF CAPITAL

Given the outstanding stock options on December 31, 2015 (30,000), and bonus shares (0), the theoretical maximum percentage of dilution is 0.49 % (ratio of the number of shares that may be issued and the number of shares comprised in capital).

21.1.8.5 BONUS SHARES ON DECEMBER 31, 2015

See statements in § 20.1.2.14.

During 2015, a total of 50,000 bonus shares were granted to CEO Philippe Lijour, and the number of distributable bonus shares allowable by non-expired authorizations and the various Combined General Meetings was 550,000 on December 31, 2015.

21.2 ARTICLES OF INCORPORATION AND BY-LAWS

21.2.1 CORPORATE PURPOSE (ARTICLE 2 OF COMPANY BY-LAWS)

ITESOFT's corporate purpose in France and abroad is as follows:

- To design, develop, use, and commercialize technologies and solutions that offer the highest possible levels of productivity and reliability for capturing and processing information workflows.
- All activities, service offerings and transactions, notably in the field of informatics, electronics, and telecommunications, directly or indirectly related to the above topic or advanced techniques and technologies.
- All other related or complementary activities with the potential to favor Company growth.
- All of which, directly or indirectly for the Company's own account or for the account of a third party, alone or with third parties, by all means, including the creation of new companies, capital investments, partnerships, mergers, alliances, joint ventures, or obtaining the use of any property or rights under lease of lease management, or other.
- And generally, all financial, commercial, industrial, property, real estate or financial transactions that could be linked, directly or indirectly, to any of the items specified above, or any other similar item, or which could foster development of the Company's assets.

21.2.2 DISPOSITIONS CONCERNING MEMBERS OF ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

See articles 10 to 17 in the Articles of Incorporation.

21.2.3 RIGHTS, PRIVILEGES, AND RESTRICTIONS ATTACHED TO EACH CLASS OF EXISTING SHARES

All of the Company's shares are of the same class and therefore have the same rights attached to them.

There are no statutory clauses that restrict the free transferability of shares.

21.2.3.1 DOUBLE VOTING RIGHTS

The voting right attached to shares is proportionate to the capital represented by the shares. All shares carry one voting right. A double voting right compared with that granted to other shares, with respect to the proportion of capital that they represent, in accordance with Article 21 of the Articles of Incorporation and a decision by the Combined General Meeting on 3 November 2000, is granted to all fully paid-up shares that are proven to have been registered for at least two years in the name of the same shareholder.

Registered shares granted at no cost to a shareholder by virtue of old shares with a double voting right shall enjoy a double voting right.

Double voting rights shall cease to apply to any share that has been converted to a bearer share or transferred, other than transfers to another shareholder as a result of an inheritance or a gift.

Double voting rights may be removed by an Extraordinary Shareholders' Meeting subject to the approval of a Special Meeting of those beneficiary shareholders.

21.2.4 ACTIONS NEEDED TO MODIFY THE SHAREHOLDERS' RIGHTS

The Articles of Incorporation do not contain any specific provisions.

21.2.5 GENERAL SHAREHOLDER MEETINGS (ARTICLES 19 TO 21 IN COMPANY BY-LAWS)

General shareholder meetings are convened, held, and deliberated in compliance with the law and applicable regulations. There are no specific conditions for attending.

21.2.6 PROVISIONS THAT COULD DELAY, DEFER, OR PREVENT A CHANGE OF CONTROL

Neither the Articles of Incorporation nor any other act contains any specific provisions.

21.2.7 STATUTORY THRESHOLDS (ARTICLE 7 OF COMPANY BY-LAWS)

The Combined General Meeting on 3 November 2000 decided to implement a disclosure threshold of 5 % of the share capital or voting rights, or any higher or lower multiple of this percentage.

Article 7 is written as follows:

"Entirely paid-up shares can be registered or bearer shares, depending on the shareholder's choice. They are recorded in an account, according to the conditions and formalities provided by law.

The shares shall be freely transferable, subject to statutory and regulatory provisions. They are assigned by transfers from one account to another.

The Company may, at any time and in accordance with applicable laws and regulations, request of the central depository managing the share register on its behalf to provide it with the name (or in the case of legal entities, the legal name thereof), nationality, and address of shareholders or other owners of Company securities that confer a right, immediately or after a time, to vote in its meetings of shareholders, the amount of shares or other securities held by each person or entity, and, if applicable, the restrictions placed on such shares or other securities.

Any private individual or corporate body, acting alone or in concert, must inform the Company if thresholds are crossed, and must inform the Company under the conditions provided for by law.

Upon failure of a shareholder to declare the crossed thresholds described above, he or she shall be deprived of voting rights in the manner provided by law. "

21.2.8 THE OBLIGATION TO DISCLOSE DESCRIBED ABOVE IS ACCOMPANIED BY THE OBLIGATION TO DISCLOSE ANY THRESHOLD CROSSINGS PROVIDED FOR BY THE LAW.CONDITIONS GOVERNING CHANGES IN CAPITAL

See the Articles of Incorporation, which do not contain any specific provisions.

22 SIGNIFICANT CONTRACTS

In the two years preceding the publication of this Registration Document, there are no significant contracts to report (other than those contracts signed in the normal course of business) involving the issuer or any other member of the Group.

23 INFORMATION PROVIDED BY THIRD PARTIES, STATEMENTS BY EXPERTS, AND DECLARATIONS OF INTEREST

Not applicable

24 DOCUMENTS AVAILABLE TO THE PUBLIC

During the period of validity of the Reference Document, the following documents (or copies thereof) may be accessed at the Group's head office:

- ITESOFT's Articles of Incorporation
- All reports, correspondence and other documents, historical financial information, assessments and statements made by an auditor at the request of the issuer, of which any part is included or referred to in this Reference Document.
- The historical financial information of the Group and its subsidiaries for each of the two financial years prior to publication of this Reference Document.
- All of the Company's legal and financial information is available on www.itesoft.com in French and English, notably:
- All press releases
- All published reference documents

25 INFORMATION ON SHARES

ITESOFT holds the following investments in other companies:

- ITESOFT UK
- ITESOFT GmbH
- W4 SAS

On July 21, 2015, ITESOFT acquired all shares of the company W4, a major player in the market for business process automation, for a total amount of €10 million.

26 STOCK INFORMATION

26.1 ISSUER'S SECURITIES MARKET

The Company is listed on the Eurolist by Euronext Paris market, compartment C, under the name of ITESOF, ISIN code FR0004026151 and symbol ITE.

PORTZAMPARC is the liquidity provider.

26.2 2016 FINANCIAL CALENDAR AND FINANCIAL INFORMATION

The next General Shareholder Meeting takes place on June 6, 2016 at 2:30 PM at the Company's head office.

Agenda for the Ordinary General Shareholder Meeting

- Reading the Board of Directors' management report and Statutory Auditors' reports.
- Reading the Chairman of the Board of Directors' special report established according to legal requirements (Article L 225 – 37 of the French Commercial Code).
- Approval of financial statements for the period ended December 31, 2015.
- Discharge of the members of the Board of Directors and Statutory Auditors.
- Appropriation of net income for the period.
- Approval of financial statements on December 31, 2015.
- Approval of agreements specified in Articles L.225-38 and subsequent of the French Commercial Code.
- Authorization to carry out transactions on Company shares.
- Reading of the Board of Directors' special report on senior management share operations.
- Determination of attendance fees allocated to the Board of Directors.
- Powers for formalities
-

Agenda for the Extraordinary General Shareholder Meeting

- Reading of the Board of Directors' special report on bonus shares and subscription options.
- Authorization to be given to the Board of Directors in accordance with articles L.225-197-1 and subsequent of the French Commercial Code, to proceed with the grant of bonus shares to be issued by designated employees and/or corporate officers.
- Employee share-ownership (law on Employee Savings Plans).

Powers for formalities

Scheduled financial press releases

January 27, 2016: publication of 2015 end year sales revenue.

April 22, 2016: Publication of results for the 2015 fiscal year.

July 20, 2016: publication of 2016 half-year sales revenue.

September 29, 2016: publication of half-year financial statements as of June 30, 2016.

ITESOFT does not plan to publish statements or information related to sales revenue for the first and third quarters of the 2016 period.

Informational meetings

April 22, 2016: publication of 2015 consolidated annual financial statements.

September 29, 2016: publication of half-year financial statements as of June 30, 2016.

This schedule is provided for information and is subject to change.

In accordance with Article 221-3 of the general regulations of the French Financial Markets Authority, regulated information (and not only financial information) as described in Article 221-1 of the general regulations of the French Financial Markets Authority, is available on the www.itesoft.com Internet site in French and English.

26.3 FINANCIAL ANALYSES

As of the date on which this Registration Document was written, the following financial analysis firm monitors the Company regularly and has prepared analyses:

- Portzamparc (www.portzamparc.fr)

26.4 ANVAR QUALIFICATION

ITESOFT obtained its first qualification from ANVAR, the French National Research Promotion Agency ("*Agence Nationale de la Valorisation de la Recherche*") in 1999. Since then, ANVAR has renewed the Company's label as an Innovative Company ("*Entreprise Innovante*") in 2003, 2006, 2009, and 2013. 2016 is currently in the renewal process. This qualification enables an FCPI ("*Fond commun de placement dans l'innovation*" - a French type of venture fund for promoting innovation) to include the Company in the required portion of the FCPI's required investment in unlisted companies.

26.5 ANNUAL INFORMATION DOCUMENTS

FINANCIAL PRESS RELEASES PUBLISHED SINCE THE PREVIOUS REGISTRATION DOCUMENT

- June 9, 2015 Announcement of negotiations with W4
- July 2, 2015: Liquidity report as of June 30
- July 2, 2015: Update of financial communication calendar
- July 21, 2015: H1 2015 Sales revenue and finalization of W4 acquisition
- July 29, 2015: Governance change
- October 13, 2015: Income for H1 2015 and Sales revenue for Q3 2015
- January 4, 2016: 2015 Liquidity report
- January 28, 2016: Schedule of 2016 financial press releases

REGISTRATION DOCUMENTS

- April 30, 2015: 2014 Registration document
- April 30, 2014: 2013 Registration document
- April 30, 2013: 2012 Registration document
- June 6, 2012: 2011 Registration document
- June 23, 2011: 2010 Registration document

PUBLICATIONS IN FRENCH JOURNAL OF MANDATORY STATUTORY NOTICES (BALO)

- April 27, 2016: Convocations - Shareholder and Unit-holder Meetings

27 RECONCILIATION TABLES

The purpose of the reconciliation table below is to identify, for this document, the information that constitutes the annual financial report mentioned in Article L.451-1-2 of the French Monetary and Financial Code, and Article 222-3 of the AMF general regulations.

27.1 ANNUAL FINANCIAL REPORT RECONCILIATION TABLE (ARTICLE 222-3 OF THE AMF GENERAL REGULATIONS)

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Report by the Chairman of the Board of Directors on governance and control	54
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27.2 MANAGEMENT REPORT RECONCILIATION TABLE (ARTICLE 225-100 AND FOLLOWING IN THE FRENCH COMMERCIAL CODE)

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Key financial performance indicators	101
Analysis of business progression, results, and financial situation	38
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Indication of the use of financial instruments: objectives, Company policy	
in terms of financial risk management	16
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Disclosures on country-specific risks	N/A
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Likely development for the Company and entities included in consolidation, and forecasts	46
List of all directorships and positions held in any company by each of the corporate officers	48-51
The total compensation and benefits paid to corporate officers during the period	52-53
Commitments of all types made by the Company in favor of its corporate officers	52
Transactions regarding Company shares carried out by senior management and corporate officers	92
Status of employee participation in share capital	N/A
Environmental disclosures	66
Disclosures on risk policy as related to technological accidents	N/A

Significant equity interests in French companies	169
Changes made to the presentation of annual (and consolidated) financial statements	N/A
Main shareholders, capital breakdown, and voting rights as of 31 March 2014	90
Disclosure on items likely to have an impact in the event of public offer	N/A
Choice of Company's general management mode	54
Special report on stock options and purchases, and bonus shares	N/A
Disclosures regarding share buy-back program	N/A
Summary table of current delegations in application with respect to capital increase	159
Table of Company profit over the past five periods	156
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Company activities with respect to research and development	41

28 GLOSSARY

BPM (Business Process Management): An approach that consists of using computers to create models of a company's business processes, including both application and human aspects.

BPMN (Business Process Model and Notation): A standardized graphical notation used to model corporate procedures and business processes. The main goal of BPMN is to provide a type of notation that is understood clearly by all users within a given company.

CRM (Customer Relationship Management): Software that handles everything related to identifying clients and building a client knowledge base with input from several points of contact, such as marketing, sales, post-sales, and technical support.

ECM (Enterprise Content Management): Covers the technologies designed to ensure the availability of complete information in the context of business processes.

ECM integrates electronic capture, incoming document processing, document archiving, information life cycle management, document management, workflows, business process management, and managing knowledge in general to create a coherent tool that enables organizations to create an additional level of value added that is higher than that which would be possible by leveraging these components individually would allow, particularly in order to meet enterprise requirements for productivity and cost-effectiveness.

EDI (Electronic Data Interchange): Standardized exchange directly from computer to computer of business documents (such as purchase orders, money orders, payments, stock analyses, etc., between a company, clients and suppliers, and partners.

ERP (Enterprise Resource Planning): software solution that integrates the main functional components of the company: production management, sales management, logistics, human resources, accounting, and management control. With this type of unified system, users in different professions can work in a common application environment that leverages the same database. This model ensures data integrity, non-redundancy of information, as well as faster processing times.

FPA (Financial Process Automation): Processes related to post-capture processing, such as a supplier portal.

EDM (Electronic Document Management): Software used to manage (store and distribute) electronic documents and related data within an organization.

ICPA (Intelligent Capture and Process Automation): Designates a software suite adapted to managing business processes related to incoming, multi-channel workflows (paper, mail, fax, portals, etc.). This suite integrates all the modules need to capture and store documents, as well as to automate, supervise, and steer business processes related to processing these documents.

IDC (Intelligence Document Capture): Processes related to processing images (capture).

ADR (Automatic Document Reading): ADR refers to the overall set of technologies (OCR, ADR - recognition, ICR, etc.) used to read, index, and store the data contained on physical media (paper, film, etc.).

ADR includes three technologies that are essential for its operation:

- ADR: Automatic Document Recognition.
- OCR: Optical character recognition using an OCR scanner.
- ICR: Intelligent character recognition.

OCR (Optical Character Recognition): Technique used by an information system, leveraging an optical process, to read and store typewritten, printed, and handwritten text automatically without having to retype it.

P2P (Purchase-to-Pay): Designates the financial processes that cover actions related to purchase requests, purchasing, receiving, payment, and accounting for goods and services. Also commonly referred to as Procure-to-Pay.

SaaS (Software as a Service): Software business model in which applications are installed on remote servers rather than on the user's computer. Instead of paying a user license for their software version, clients use the service online and pay a recurring subscription fee.

SOA (Service Oriented Architecture): A type of application interaction architecture based on the use of services (software components). Service-oriented architecture represents a technical means to integrate a company's various information systems, considering each computer resource as a service. This architecture offers a very efficient solution for handling issues encountered by companies with respect to re-usability, interoperability, and reduction of dependencies between the different systems that comprise their overall information systems.