

## 2016 financial results

- Revenue: +11.9 %
- Current operating income +42%
- Current operating margin 10.5%
- Dividend distribution confirmed for 2016
- Outlook for 2017: continued growth with current operating margin held in the double-digit range

ITESOFT (ISIN Code: FR0004026151, Mnemo code: ITE), a European software developer specializing in solutions for automating and processing information flows, today announces the publication of its financial statements for the 2016 fiscal year <sup>(1)</sup>, approved by the company's Board of Directors meeting held on April 25, 2017.

<i>in M€, audited</i>	2016 <sup>(1)</sup>	2015 <sup>(2)</sup>
Revenue	25.8	23.1
Current operating income	2.7	1.9
<i>% of revenue</i>	10.5%	8.2%
Goodwill impairment losses and restructuring costs	(1.8)	(1.3)
Operating income	0.9	0.7
Financial income	(0.5)	0.7
Taxes	(0.7)	(0.2)
Net results, Group share	(0.2)	1.0

### Sales up by +11.9 %

Overall Group revenue for the year rose by +11.9% to reach €25.8 million

Business momentum held strong in 2016, resulting in a net rebound in license sales over the period (+10.0% *proforma*). In addition to renewed confidence by existing ITESOFT clients, the company also

convinced major new decision-makers to deploy its solutions. The ITESOFT SaaS offering was released in the United Kingdom in 2016, enabling ITESOFT UK to record its first Cloud-mode license sales during the period. This SaaS solution offering will be made available in France in 2017, expanding ITESOFT's historical On-premises offering.

On a *pro forma basis*<sup>(3)</sup>, revenue grew by +2.0%.

Recurring ITESOFT revenue from subscriptions and maintenance now represents €11.6 million, 45% of overall revenue.

## Current operating income +42%, with 10.5% current operating margin

Careful management of current operating expenses, notably with personnel expenses remaining stable on a *pro forma* basis for the period, enabled ITESOFT to achieve growth in current operating income of +42.0%, totaling €2.7 million. Current operating margin was up by 2.3 points, reaching 10.5%.

Operating income was €0.9 million, compared to €0.7 million in 2015, notably including goodwill depreciation of UK activity for an amount of €0.4 million.

The Group share of net results was -€0.2 million, compared to €1.0 million in 2015, under the combined effect of non-cash considerations:

- Financial loss of -€0.5 million, compared to +€0.7 million in 2015, with variation explained by:
  - o An adverse effect of exchange rates following a drop in the British pound over the period, representing an amount of -€0.5 million, compared to a gain of €0.1 million due to exchange rates in 2015.
  - o The absence of re-evaluating W4 shares at their fair value in 2016, which had been performed in 2015 for an amount of €0.5 million.
- A tax adjustment of -€0.7 million related to the difference in the tax rate between the W4 acquisition date on July 1, 2015, and the tax rate at period end on December 31, 2016.

As of December 31, 2016, the Group's financial structure remained strong, with balance sheet equity of €6.9 million, long-term financial debt of €6.8 million, and a net cash position of €1.7 million after paying 2016 dividends for a total amount of €0.9 million.

## Dividend distribution confirmed for the 2016 fiscal year

In compliance with the company's dividend distribution policy, ITESOFT shareholders will vote at a special General shareholder meeting expected to be held in Q2 of 2017, regarding the payment of dividends for the 2016 fiscal year, with payment to be made before the end of the year.

Furthermore, a Combined General Meeting will be held on June 1, 2017, at 2:30 PM, at the company's headquarters: Parc d'Andron, Le Séquoia, 30470 Aimargues, France, notably to approve annual financial statements for the period ending December 31, 2016. All preparatory documents for the Meeting will be available on the company's website and at its headquarters.

## Outlook for 2017: continued growth with current operating margin held in the double-digit range

ITESOFT plans to continue its investment in fraud detection, a market in high demand by the company's clients. The Fraud Detection SaaS product enables clients to protect themselves against the risk of fraud linked with the emerging use of new data and document transmission channels. ITESOFT will also leverage the success of its first sales in Cloud-mode licenses in the United Kingdom to deploy its complete SCPA suite in Cloud-mode in France starting this year, in addition to traditional On-premises solutions.

All in all, ITESOFT expects to see new growth for license sales in 2017, as well as for its recurring revenue, to achieve double-digit current operating margin over the period once again.

*The full annual financial report for the 2016 fiscal year will be made available publicly and filed with the French Autorité des Marchés Financiers (Financial Markets Authority) on April 28, 2017. The report may be accessed on the ITESOFT web site ([www.itesoft.fr](http://www.itesoft.fr)).*

(1) Audit procedures have been performed. The annual report will be published in late April, integrated into the Registration Document.

(2) 2015 accounts are presented taking into consideration the application of goodwill as of July 1, 2015.

(3) Pro forma: considering the acquisition of W4 as if it had taken place as of January 1, 2015.

### About ITESOFT – [www.itesoft.fr](http://www.itesoft.fr)

Changes in personal practices brought about by technological evolution are posing considerable challenges to organizations, notably as related to optimizing the customer experience, a key element for preserving margins.

The objective of ITESOFT solutions is to help improve the efficiency and agility with which organizations manage their processes, in particular client processes. More than just improving productivity by capturing and automating processes, our desire is to help our clients build and manage business processes that ensure their competitiveness now and in the future, as much through our software solutions as through the assistance services that we offer with our partners.

ITESOFT's vision is to become Europe's reference for secure solutions in omni-channel capture, paperless processing, and agile automation of client and supplier processes.

This desire leverages vertical solutions, innovative R&D that integrates today's top technologies, leading technology partners, and experts in clients' professional activities.

Leveraging unique expertise developed in its laboratories and research programs, ITESOFT is recognized internationally for the performance, robustness, and innovation of its solutions. The company is the leader in its field in France.

ITESOFT's reference software suite is SCPA, which stands for Secure Capture and Process Automation. This suite targets mainly customer relations (SCPA for Customers) and supplier relations (SCPA for Suppliers) activities. It includes the essential components for modeling, managing, steering, and supervising key processes, from omni-

channel capture to automatic application generation. ITESOFT solutions are reinforced by W4 (ITESOFT's BPM activity), a major player in the business process automation market acquired in July 2015.

Deployed to capture and automate critical processes electronically, these solutions process over 1 billion documents every year, for over 650 clients of all sizes, across all business sectors in 35 countries.

Founded in 1984, and listed on the Euronext Paris stock exchange since February 2001, the ITESOFT group has offices in Germany, the United Kingdom, and France. The Group works with partners in Western European countries (Belgium, Luxembourg and Switzerland), Northern Africa, Australia, and Brazil. With a staff of 211 people, the company generated consolidated revenue of 25.8 M€ in 2016.

## CONTACTS

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### Financial communication

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