



# SHAREHOLDERS MEETING 2020

Jean-Michel Bérard, Founder & CEO  
Emmanuel Olivier, COO  
June 2020



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# AGENDA

- Corporate Overview
- Business Model
- Strategy
- Addendum



# CORPORATE OVERVIEW

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION





# BRINGING THE BACK-OFFICE TO THE MODERN WORLD

ESKER

ESKER

# DIGITALISATION OF EXCHANGES BETWEEN COMPANIES AND THEIR CLIENTS/SUPPLIERS

ORDER-TO-CASH

Order Management

Accounts Receivable

PURCHASE-TO-PAY

Purchasing

Accounts Payable



# DRILLING DOWN FURTHER...



Customers

TO AUTOMATE  
O2C & P2P CYCLES

Suppliers

# DIGITAL TRANSFORMATION OF THE CASH CONVERSION CYCLE



Increased business productivity



Enhanced global visibility & analytics



Improved customer satisfaction



Strengthened supplier relationships



Greater employee satisfaction

# MARKET DYNAMICS

Customers

TO AUTOMATE  
O2C & P2P CYCLES

Suppliers

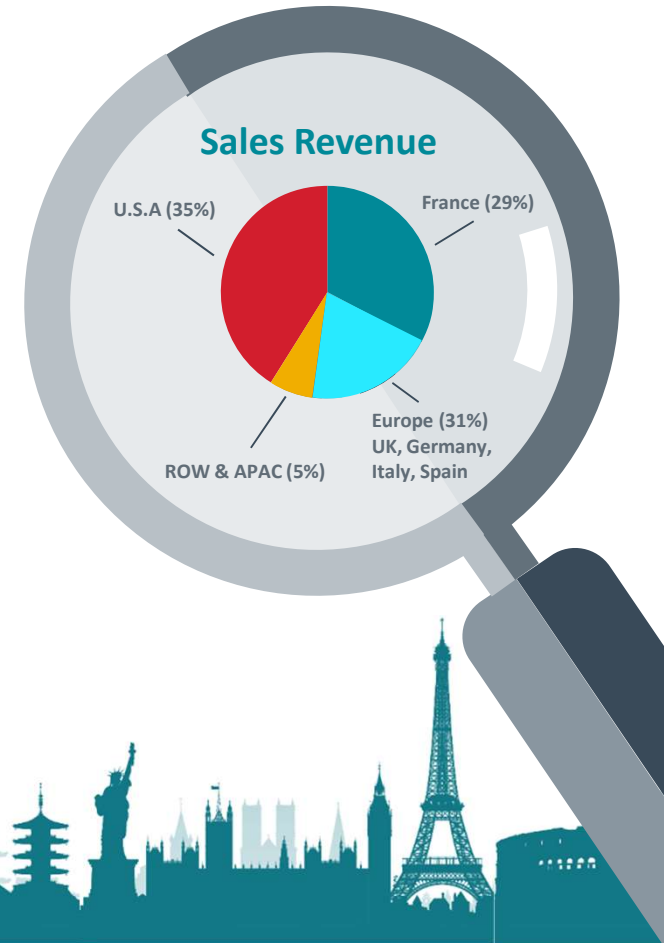




# KEY NUMBERS



# GLOBAL PRESENCE



- 📍 Lyon, France — HQ
- Derby, UK
- Munich & Düsseldorf, Germany
- Madrid, Spain
- Milan, Italy

- Brussel, Belgium
- Madison, WI & Denver, CO, U.S.
- Montreal, Canada
- Buenos Aires, Argentina

- Sydney, Australia
- Singapore
- Hong-Kong
- Kuala Lumpur, Malaysia



# RECENTLY SIGNED CUSTOMERS





Q1 2020

## Q1 2020 - KEY REVENUE NUMBERS (K€)

| Sales Revenue in M€<br>(unaudited)                           | Q1<br>2020  | Q1<br>2019  | Growth at<br>constant<br>exchange rate |
|--|-------------|-------------|--|
| SaaS Based Document Process<br>Automation                    | 26,1        | 21,4        | +21%                                   |
| License and Maintenance Based<br>Document Process Automation | 1,5         | 1,8         | -17%                                   |
| Legacy Products  | 0,6         | 0,9         | -34%                                   |
| <b>TOTAL</b>   | <b>28,2</b> | <b>24,1</b> | <b>+16%</b>                            |

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# Q1 2020 - HIGHLIGHTS

- SaaS Based solutions represent 92% of the total revenue
- USA growth : 21%
- Asia-Pacific growth: 40%
- Consulting growth : 27%
- New Signatures trend in line with previous quarter
- Backlog of consulting at a record level (4 months)

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# COVID-19 IMPACTS

## Today's situation:

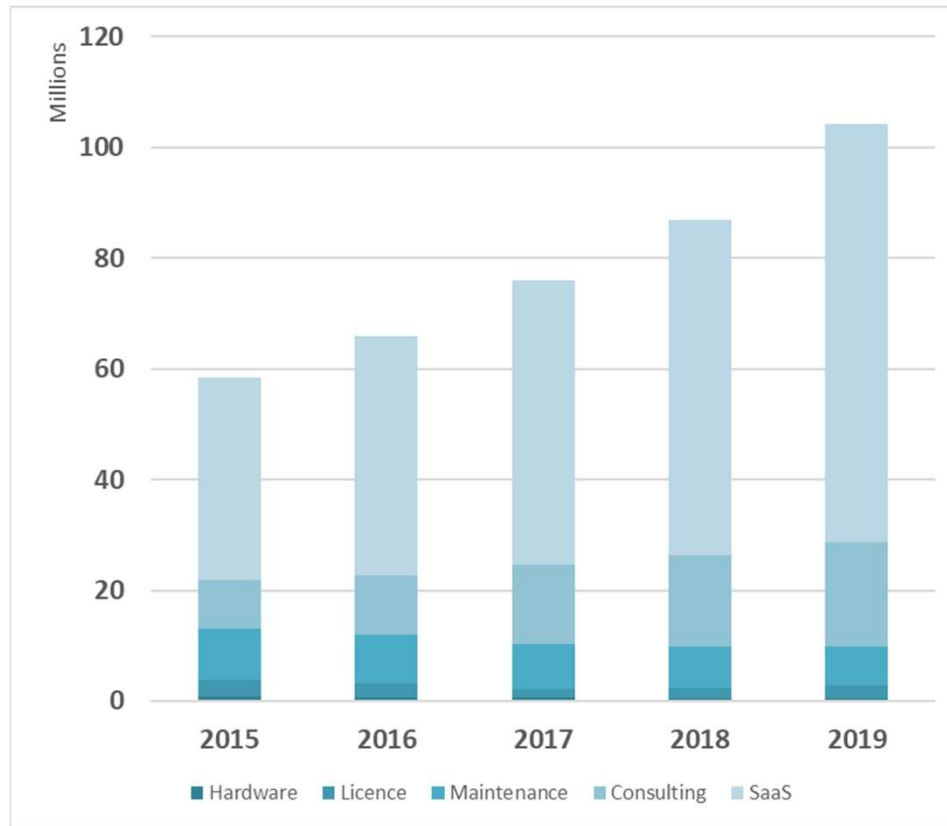
- 95% of Esker's workforce is working from home and serving customers
- Most of Esker's customers are still engaged
- The lockdown impact on the total revenue in March was 2.7%



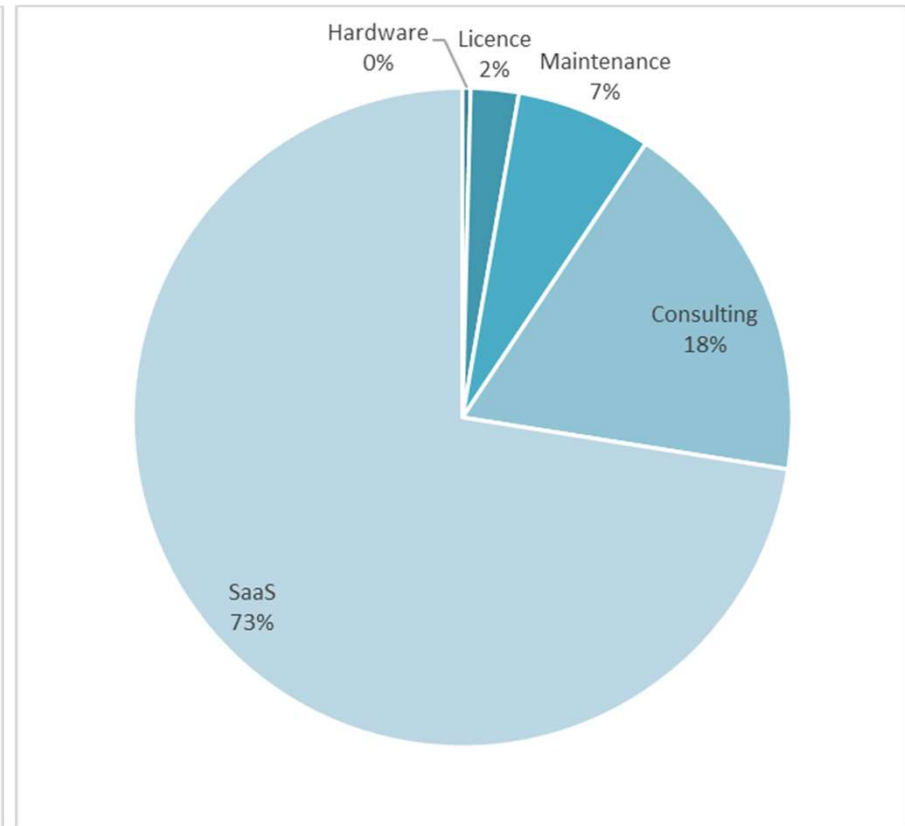
## BUSINESS MODEL



# STRONG RECURRING BUSINESS MODEL

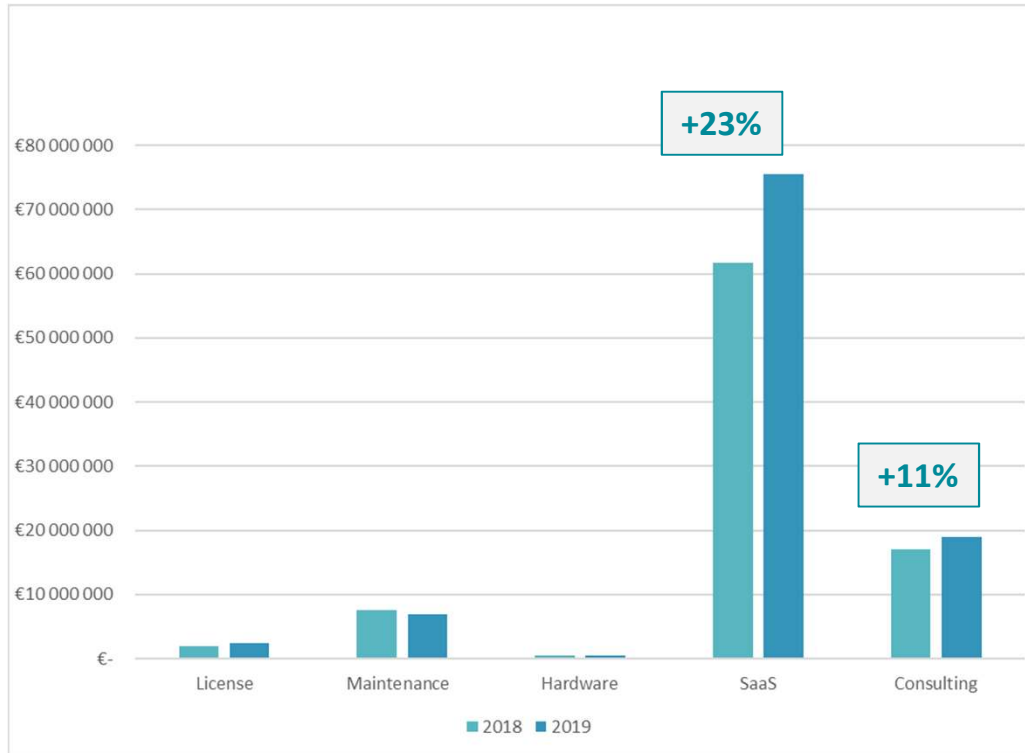


In 2019, the SaaS revenue increased by 23% representing 73% of the total revenue



80% recurring revenue in 2019 (SaaS + Maintenance)

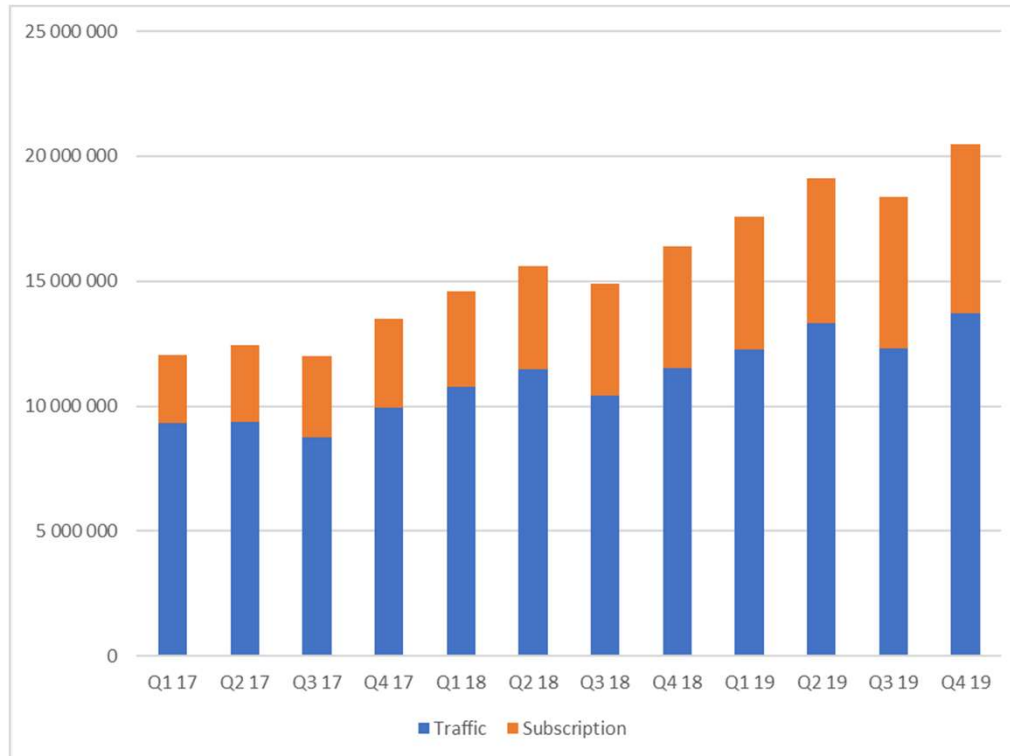
# REVENUE GROWTH BY PRODUCT TYPE



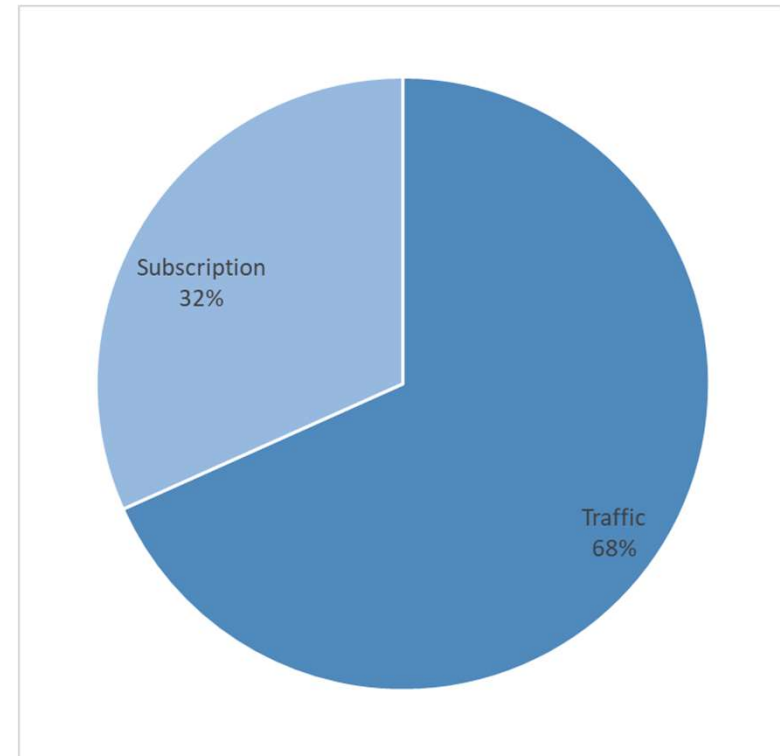
Constant Currency Exchange Rates

- Dynamic growth of SaaS shows implementation of past wins
- Softer consulting revenue growth reflects investments to onboard new resources (internal & external) in order to increase implementation capabilities in future periods.

# SAAS REVENUE

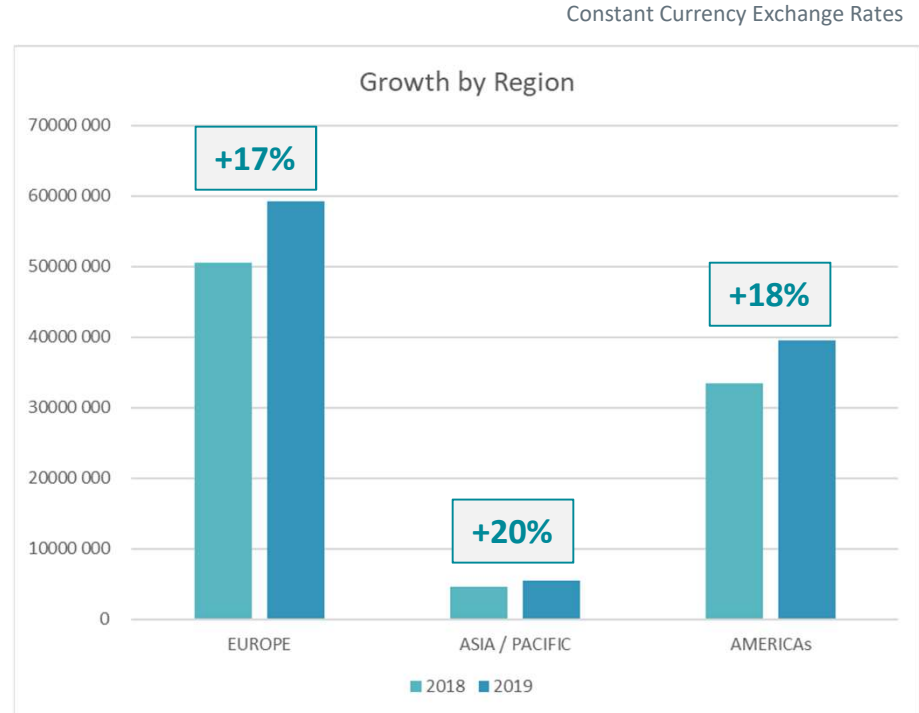
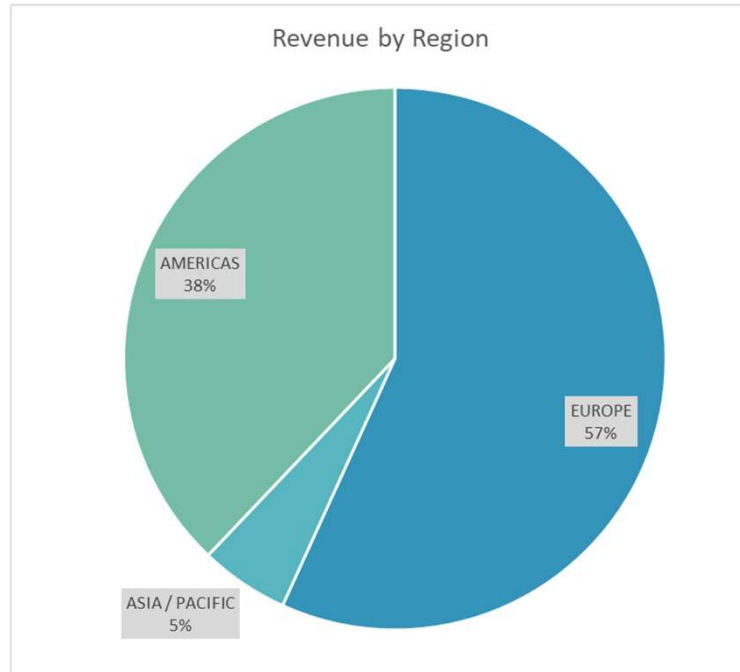


Evolution of SaaS Revenue Breakdown by type



SaaS Revenue Breakdown by type

# REVENUE GROWTH BY REGION



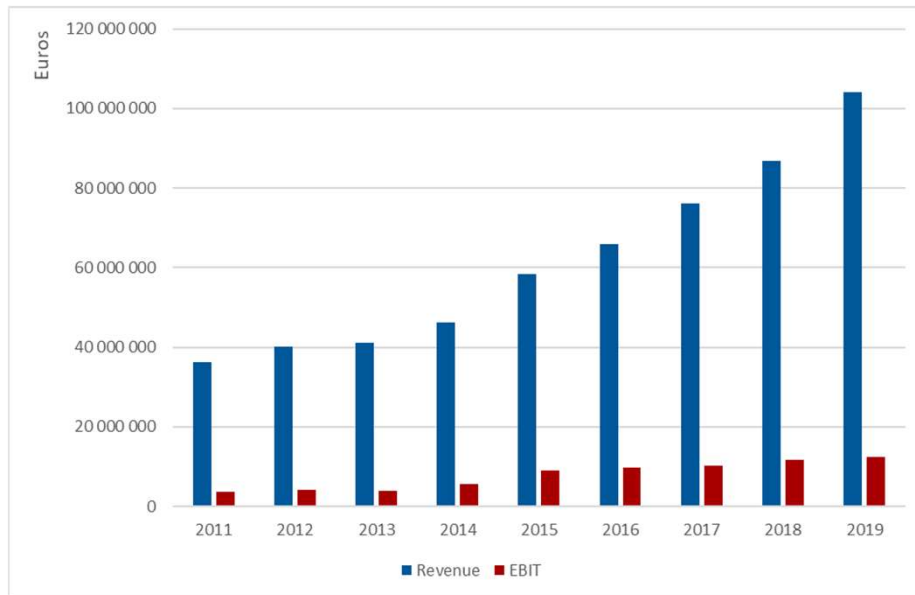
- All regions are growing
- Partnership with Fuji Xerox in APAC expected to show first results in 2020 / 2021
- Growth for the Americas has accelerated thanks to investments made in sales & marketing resources over the last two years. It now surpasses European growth and is expected to accelerate again in 2020

# STRONG SALES PERFORMANCE (BOOKINGS)

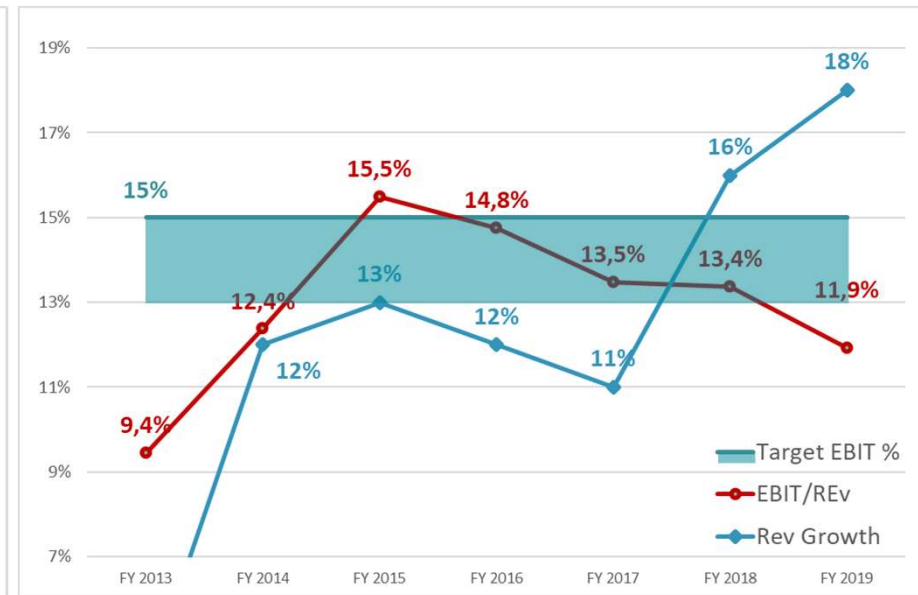


- Typical contract: 3 years
- Includes :
  - ✓ Fixed part: subscription fee
  - ✓ Variable part: per document fee
- WW committed value signed
  - ✓ €27,2M in 2019
  - ✓ +47% vs 2018
- Bookings growth by region
  - ✓ Americas 75%
  - ✓ APAC 59%
  - ✓ Europe 47%
  - ✓ France 13%
- Will hit the revenue line over the next 3 years
- Acquisition cost (sales & marketing mainly) charged to income statement immediately
- Committed value of contract is approx. 50% of total value at contract renewal

# BUSINESS MODEL COMBINES PROFITABILITY AND STRONG INVESTMENTS

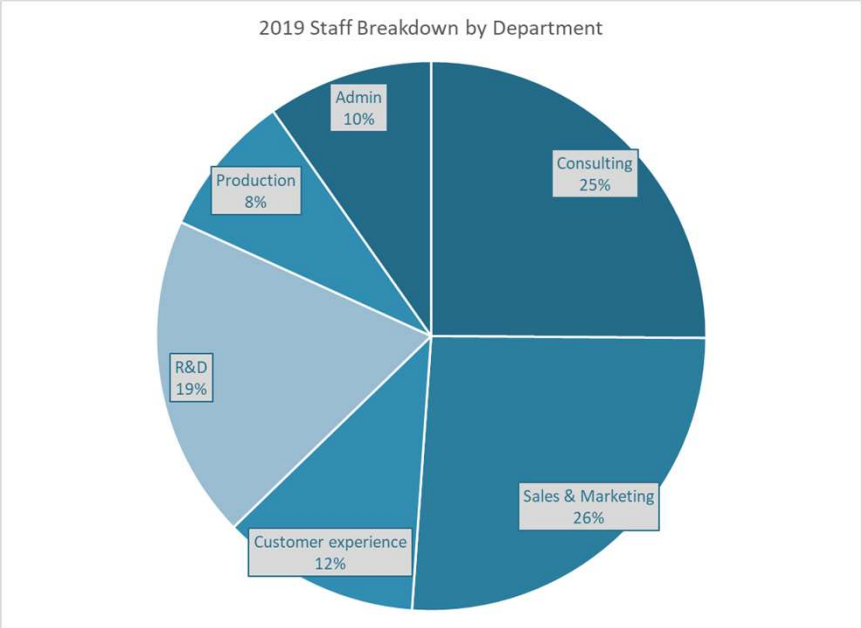


2019 - EBIT €12,4M - 12% of revenue

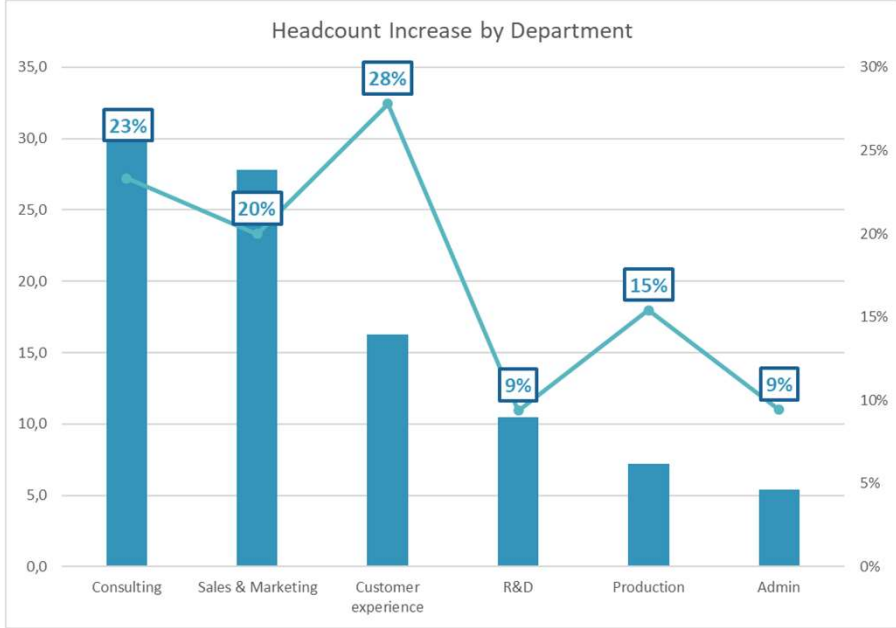


Growth requires investments but Esker still aims at maintaining profitability in the 13 – 15% range

# DYNAMIC INVESTMENTS FOR FUTURE GROWTH



Staff @ 12/31/19: 681



2019 - Staff increase:  
VS. 2018: 98 FTE (+18%)

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# COVID-19 IMPACTS

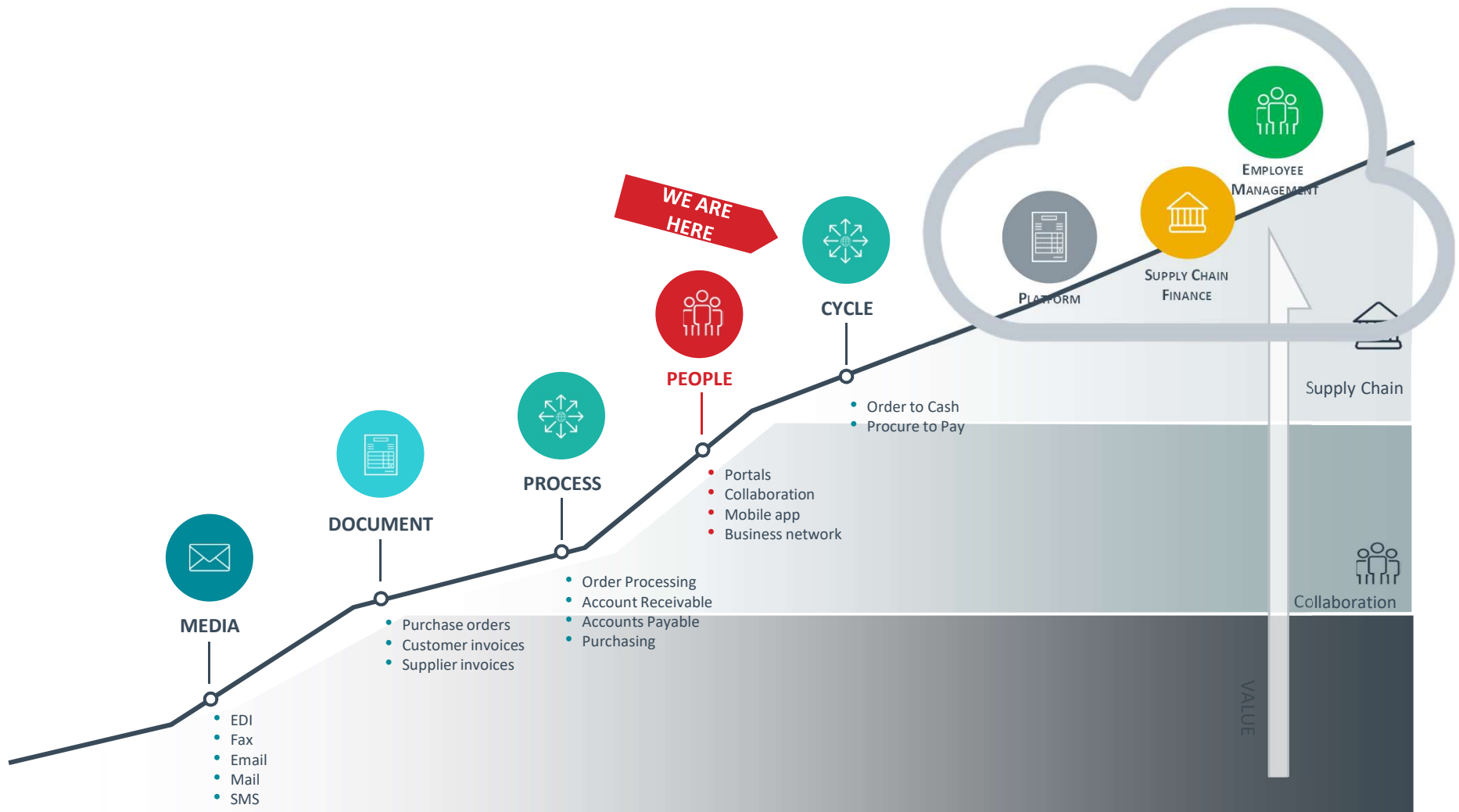
- We expect the variable SaaS traffic to be slightly impacted in Q2
- We also expect longer sales cycles in Q2
- Investments are adjusted to be in sync with the revenue to maintain the profitability



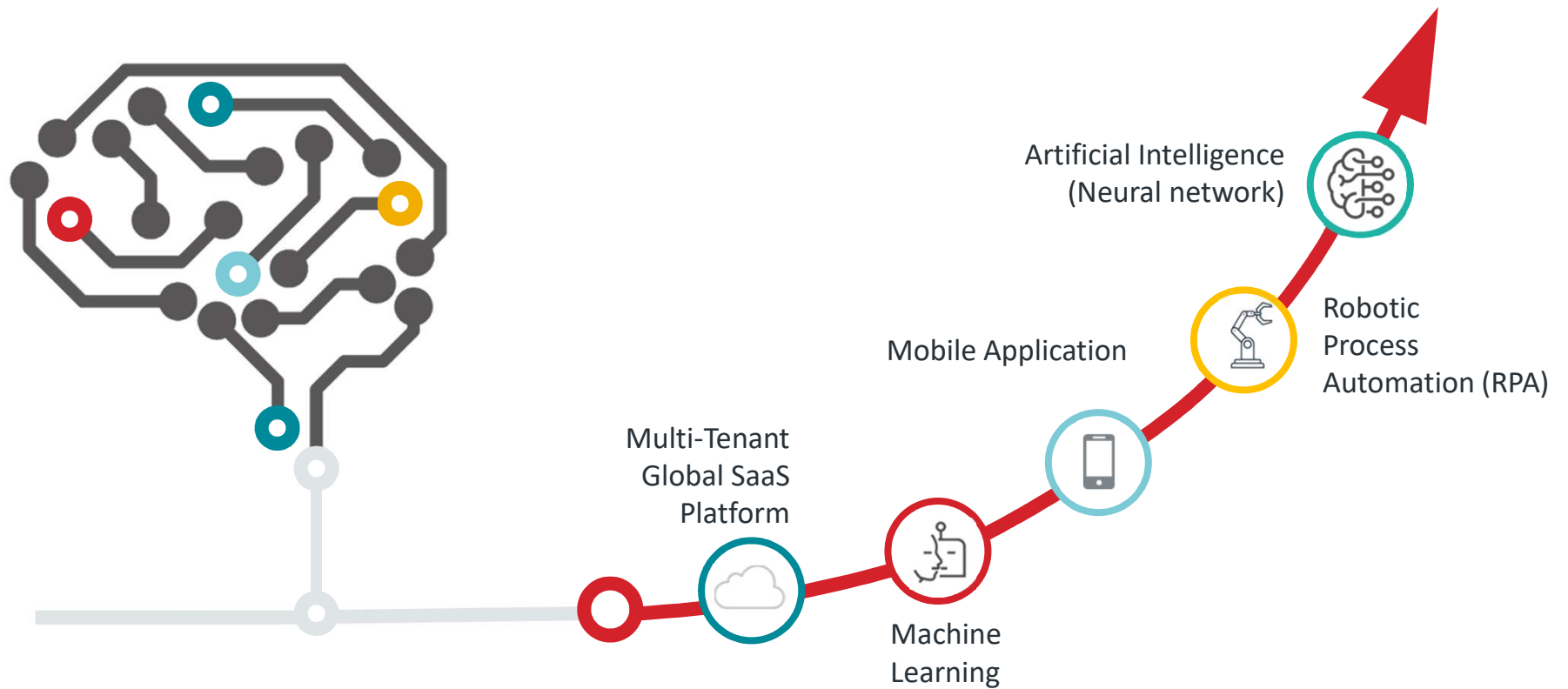


# STRATEGY

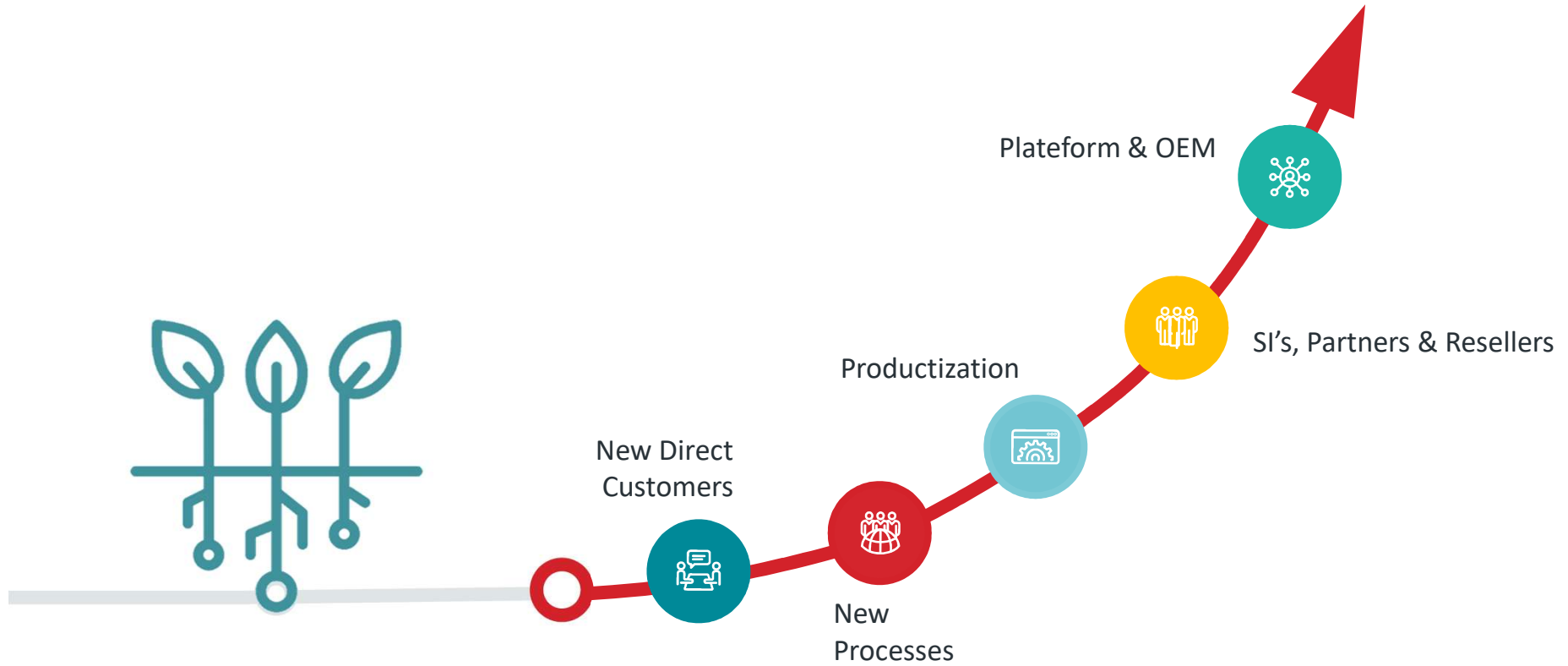
# PRODUCT ROADMAP



# TECHNOLOGY ROADMAP



# GROWTH DRIVERS



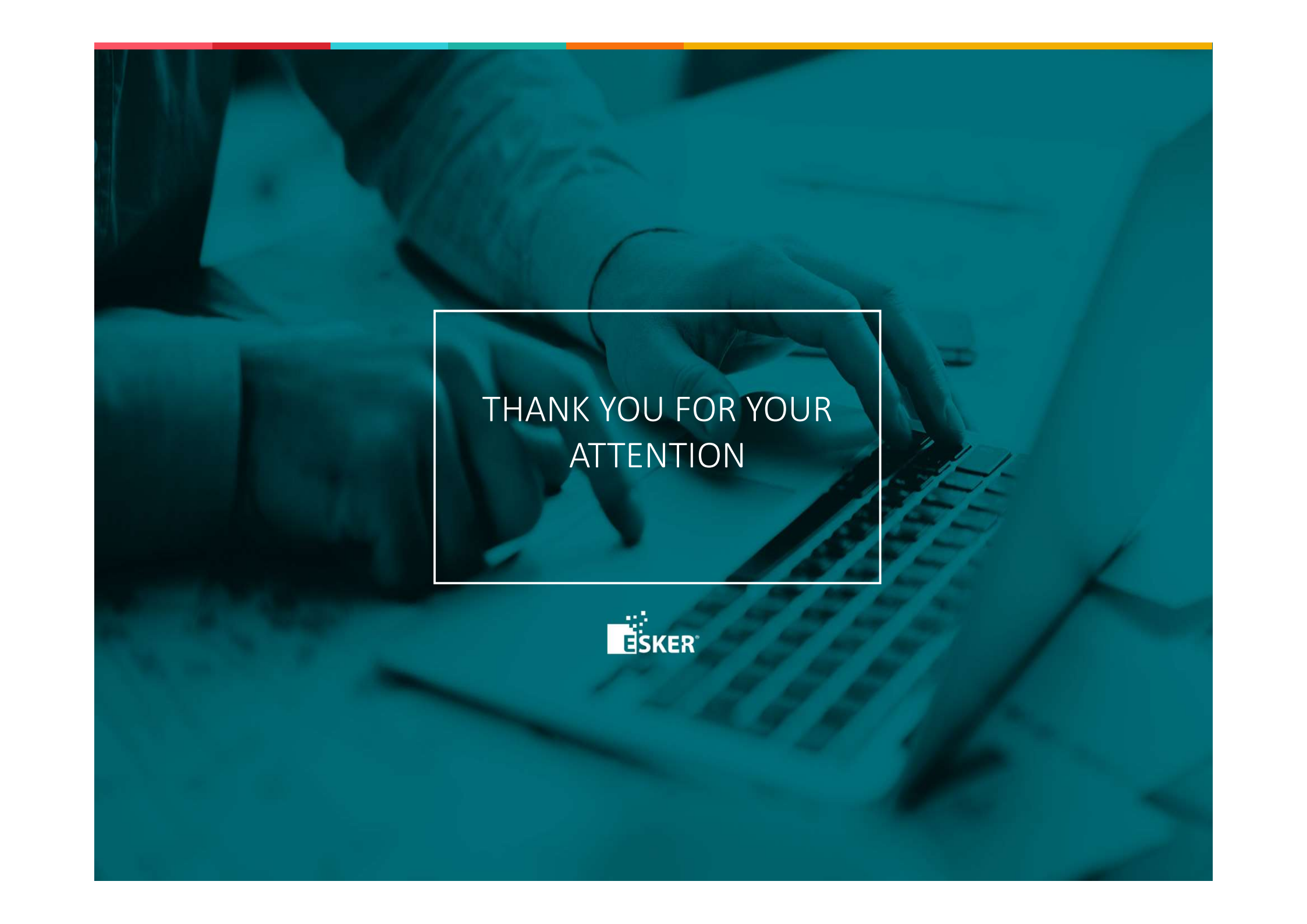
# COVID-19 SITUATION & 2020 OUTLOOK

## Covid-19

- Esker has taken all necessary steps to ensure the safety of its employees
- Business Continuity Plans are in place and guarantee continuity of service for our customers
- The recurring nature of Esker's revenue streams and its Cloud business model will minimize short term impact on revenue
- Bookings could be affected in Q2 but H2 should be back to normal

## 2020 Outlook

- At this point Esker is confident that it can deliver double-digit growth again in 2020 and increase profit at the same time
- We monitor the situation on a weekly basis and will inform the market should our forecast evolve
- On the business side, Esker will continue its effort to develop an ecosystem of partners arounds its solutions
- Esker will continue to leverage AI technologies and customer driven developments to take full advantage of markets changes soon to be happening both on Order to Cash and Procure to Pay markets



THANK YOU FOR YOUR  
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## ADDENDUM

# STOCK MARKET

**Euronext Growth Paris**

**ISIN Code: FR000035818 ALESK**

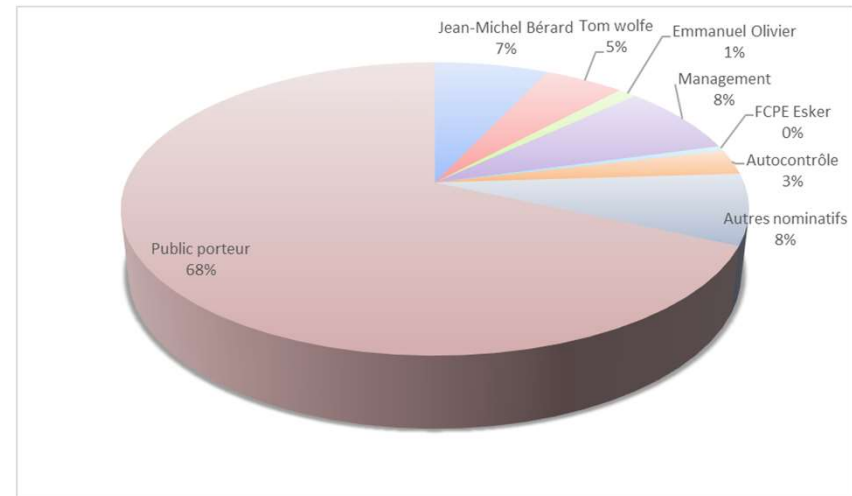
**Market capitalization May , 2020: €630M**

**Number of shares: 5,608,965**



Stock Price Evolution over 5 years

Capital breakdown as of December 31, 2019  
(estimated)



**Financial Announcements:**

**Q2 2020: July 16, 2020\***

**Q3 2020: October 13, 2020\***

\* After stock market closing



# BOARD OF DIRECTORS

**Jean-Michel Bérard (58)**  
CEO – President of BoD  
Esker founder



**Emmanuel Olivier (52)**  
COO – General Manager  
Board Member



**Eric Bussy  
(45)**  
WW Corporate Marketing  
and Product Management  
Director



**Jean-Jacques Bérard  
(54)**  
Executive Vice President,  
Research and Development



**Steve Smith  
(58)**  
U.S. Chief Operating Officer

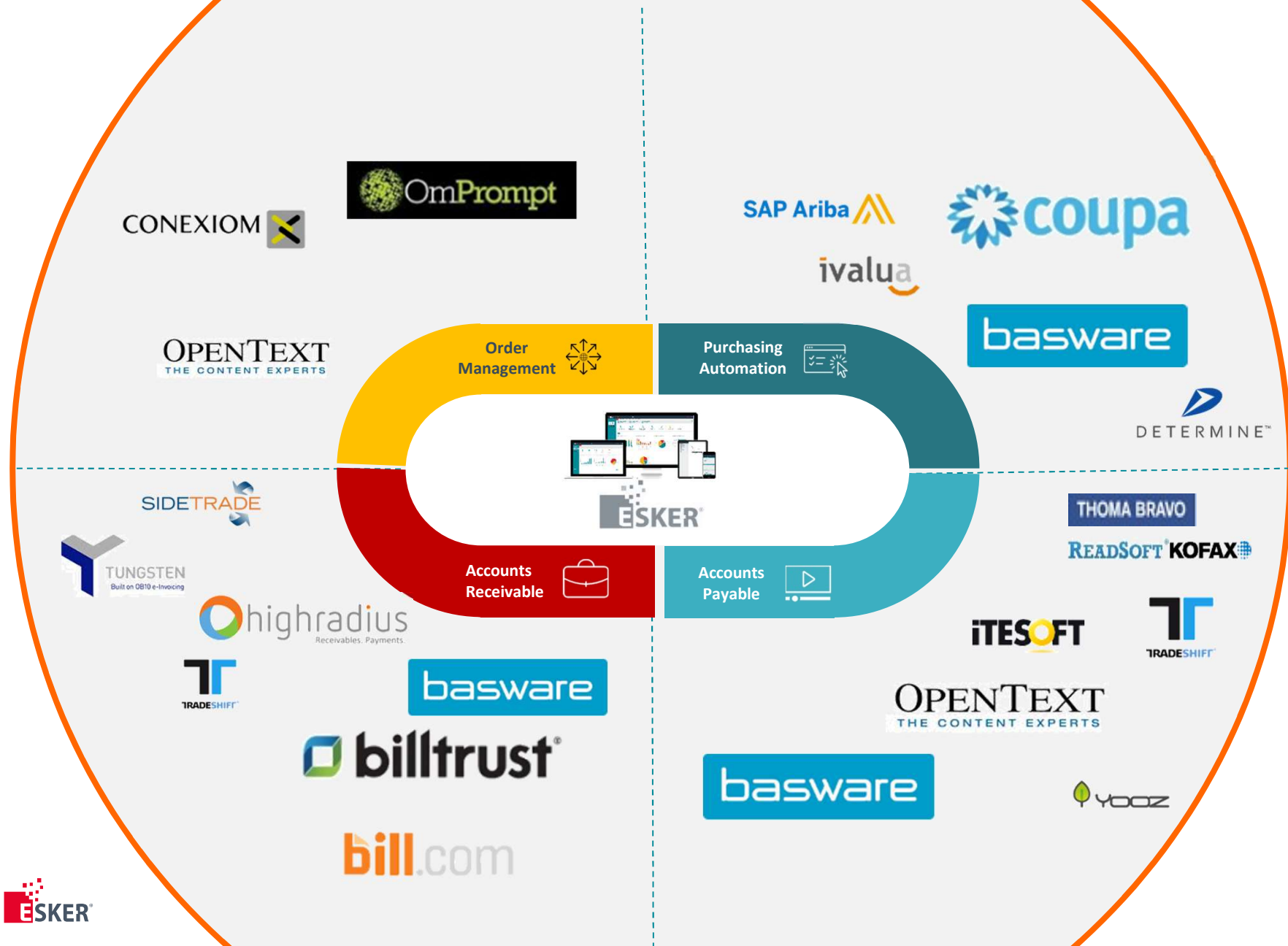


**Eric Thomas  
(53)**  
Vice President of Business  
Development



**Anne Grand-Clément  
(50)**  
WW Director of Professional  
Services and Technical  
Support

# COMPETITION



# 2019 REVENUE

| SALES REVENUE  | 2019<br>€M   | 2018<br>€M  | GROWTH <sup>(4)</sup> | GROWTH IN<br>CONSTANT<br>CURRENCIES |
|--|--------------|-------------|-----------------------|-------------------------------------|
| SaaS-based document process automation <sup>(1)</sup>                    | 93.7         | 75.8        | +24%                  | +21%                                |
| License and maintenance-based document process automation <sup>(2)</sup> | 6.6          | 7.8         | -15%                  | -18%                                |
| Legacy products <sup>(3)</sup>   | 3.9          | 3.3         | +18%                  | +16%                                |
| <b>TOTAL</b>   | <b>104.2</b> | <b>86.9</b> | <b>+20%</b>           | <b>+18%</b>                         |

(1) Includes Esker On Demand, FlyDoc, CalvaEDI, TermSync and e-integration GmbH

(2) Includes Esker DeliveryWare

(3) Includes Fax Servers and Host Access

(4) Growth expressed with no currency effect: 2019 exchange rates applied to 2018 figures

# CURRENCY EFFECT (USD)

| Rate USD/EURO   | Effect on Revenue | %     | Effect on Operating Income | %    |
|-----------------|-------------------|-------|----------------------------|------|
| 1.1195          | 0                 | 0.0%  | 0                          | 0.0% |
| 1.00            | €4,646k           | 4.5%  | €1,183k                    | 9.5% |
| 1.10            | €688k             | 0.7%  | €175k                      | 1.4% |
| 1.179<br>(2018) | -€1,975k          | -1.9% | -€503k                     | 4.1% |
| 1.25            | -€4,062k          | -3.9% | -€1,034k                   | 8.3% |

Global translation Effect (all currencies) compared to FY 18:

- Sales: +€2.1M
- Operating Income: +€0.6M (5% of Operating income)

# P&L BY FUNCTION–DEC 31<sup>ST</sup> 2019

| <i>(in thousands of euros)</i>      | 2019           | %             | 2018          | %             | Var. €        | Var. %       |
|-------------------------------------|----------------|---------------|---------------|---------------|---------------|--------------|
| <b>REVENUE</b>                      | <b>104 188</b> | <b>100,0%</b> | <b>86 871</b> | <b>100,0%</b> | <b>17 317</b> | <b>19,9%</b> |
| Cost of Goods Sold                  | -15 237        | -14,6%        | -12 936       | -14,9%        | -2 301        | 17,8%        |
| Research and Development Expenses   | -11 019        | -10,6%        | -9 337        | -10,7%        | -1 682        | 18,0%        |
| Selling & Consulting                | -46 298        | -44,4%        | -36 638       | -42,2%        | -9 660        | 26,4%        |
| Marketing Expenses                  | -9 695         | -9,3%         | -8 111        | -9,3%         | -1 584        | 19,5%        |
| General and Administrative Expenses | -9 521         | -9,1%         | -8 238        | -9,5%         | -1 283        | 15,6%        |
| <b>INCOME FROM OPERATIONS</b>       | <b>12 418</b>  | <b>11,9%</b>  | <b>11 611</b> | <b>13,4%</b>  | <b>807</b>    | <b>7,0%</b>  |
| Financial Income (Loss)             | 268            | 0,3%          | -57           | 0,0%          | 325           | -570,0%      |
| <b>OPERATING INCOME</b>             | <b>12 686</b>  | <b>12,2%</b>  | <b>11 554</b> | <b>13,3%</b>  | <b>1 132</b>  | <b>9,8%</b>  |
| Exceptional Items                   | -62            | -0,1%         | -88           | -0,1%         | 26            | -29,7%       |
| Income Tax                          | -3 402         | -3,3%         | -2 940        | -3,4%         | -462          | 15,7%        |
| Share of Profit in Associates       | 523            | 0,5%          | 317           | 0,4%          | 206           | 65,0%        |
| <b>NET INCOME</b>                   | <b>9 745</b>   | <b>9,4%</b>   | <b>8 843</b>  | <b>10,2%</b>  | <b>902</b>    | <b>10,2%</b> |
| <i>Earnings per share</i>           | 1,80           |               | 1,64          |               | 0,16          | 9,8%         |
| <i>Diluted earnings per share</i>   | 1,72           |               | 1,59          |               | 0,13          | 8,2%         |

- Average number of employees for FY 19: 642 (+18% vs FY 18)
- Cost generally in line with headcount and revenue increase
- Selling and consulting expenses increase at a higher rate due to:
  - ✓ Investment in headcount (+23% in consulting, 19% in sales)
  - ✓ Faster increase in bookings (Americas) generate higher commission expenses
  - ✓ Customer experience functions enhanced in all regions (€1M investment compared to FY 18)
  - ✓ One off bad debt reserve increase for France and Italy (€0.4M)
- R&D expenses appear in line with revenue growth but
  - ✓ Capitalization of R&D cost increase by 9% only
  - ✓ CIR (tax credit on R&D) decrease from 0.8 to €0.6M
  - ✓ Due to focus on functional developments in 2019
- Financial income improves due to immaterial impact of realized & unrealized currency gains and losses
- Effective income tax rate increased conservatively at 27% vs 26% in FY18
- Share of profit in associates increase in line with development of JV with Neopost

# P&L BY EXPENSE TYPE–DEC 31<sup>ST</sup> 2019

| <i>(in thousands of euros)</i>    | 2019           | %             | 2018           | %             | Var. €         | Var. %     |
|-----------------------------------|----------------|---------------|----------------|---------------|----------------|------------|
| <b>REVENUE</b>                    | <b>104 188</b> | <b>100,0%</b> | <b>86 871</b>  | <b>100,0%</b> | <b>17 317</b>  | <b>20%</b> |
| R&D Capitalized                   | 6 281          | 6,0%          | 5 742          | 6,6%          | 539            | 9%         |
| Other Expenses                    | -28 316        | -27,2%        | -22 856        | -26,3%        | -5 460         | 24%        |
| Personnel Expenses                | -59 961        | -57,6%        | -50 015        | -57,6%        | -9 946         | 20%        |
| Taxes                             | -1 281         | -1,2%         | -1 213         | -1,4%         | -68            | 6%         |
| Depreciation and Amortization     | -7 593         | -7,3%         | -6 626         | -7,6%         | -967           | 15%        |
| Reserves and Provisions           | -900           | -0,9%         | -292           | -0,3%         | -608           | 208%       |
| <b>TOTAL OPERATIONS</b>           | <b>-91 770</b> | <b>-88,1%</b> | <b>-75 260</b> | <b>-86,6%</b> | <b>-16 510</b> | <b>22%</b> |
| <b>INCOME FROM OPERATIONS</b>     | <b>12 418</b>  | <b>11,9%</b>  | <b>11 611</b>  | <b>13,4%</b>  | <b>807</b>     | <b>7%</b>  |
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| <i>Diluted earnings per share</i> | 1,72           |               | 1,59           |               | 0,13           | 8,2%       |

- Capitalization of R&D expenses decrease in percentage of cost
- Net effect flat compared to FY18 as past capitalized expenses get amortized (table below)

|                        | 2019         | 2018         | Var €       | Var %        |
|------------------------|--------------|--------------|-------------|--------------|
| R&D Cost Capitalized   | 6 281        | 5 742        | 539         | 9,4%         |
| Amortization           | - 4 739      | - 4 137      | - 602       | 14,6%        |
| <b>Net</b>             | <b>1 542</b> | <b>1 605</b> | <b>- 63</b> | <b>-3,9%</b> |
| Total R&D expenditures | 10 478       | 9 331        | 1 147       | 12,3%        |
| % Capitalized          | 59,9%        | 61,5%        | -1,6%       | -2,6%        |

- Personnel expenses increase reflect investments as described and advance payment of sales bonuses for new contracts
- External (other) expenses increase due to higher headcount (offices, overheads, etc.) and higher marketing investments
- Increase in reserves and provisions include
  - ✓ €0.25M increase in reserve for retirement bonuses linked to lower cost of capital used to compute liability
  - ✓ €0.4M for doubtful customer accounts (France & Italy)

# CONSOLIDATED BALANCE SHEET

| <b>ASSETS</b> (thousand of euros)         | <b>12/31/19</b> | <b>12/31/18</b> |
|---|-----------------|-----------------|
| Goodwill                                  | 6 178           | 6 082           |
| Other Intangible assets                   | 23 145          | 22 014          |
| Property, Plant and Equipment             | 10 434          | 7 050           |
| Financial Assets                          | 6 177           | 3 745           |
| Investments in Affiliates (Equity Method) | 1 267           | 744             |
| <b>Total Fixed Assets</b>                 | <b>47 201</b>   | <b>39 635</b>   |
| Inventories                               | 185             | 147             |
| Accounts Receivable                       | 24 884          | 20 516          |
| Deferred Tax Assets                       | 465             | 524             |
| Prepaid Expenses and Other Current Asset: | 5 131           | 5 035           |
| Cash and Equivalents                      | 21 357          | 22 794          |
| <b>Total Current Assets</b>               | <b>52 022</b>   | <b>49 016</b>   |
| <b>TOTAL ASSETS</b>                       | <b>99 223</b>   | <b>88 651</b>   |

## Solid financial structure :

- Cash & cash equivalents: €21.4M
- Financial Assets (cash invested for more than one year) €6.2M
- Cash (total) net of financial debt: €21.1M
- Total Equity: €56.6M

| <b>LIABILITIES</b> (thousand of euros) | <b>12/31/19</b> | <b>12/31/18</b> |
|--|-----------------|-----------------|
| Capital stock                          | 11 504          | 11 218          |
| Additional Paid-in Capital             | 20 424          | 19 681          |
| <b>Net Income</b>                      | <b>9 745</b>    | <b>8 843</b>    |
| Consolidated Reserves                  | 14 974          | 8 027           |
| <b>Total Shareholders' Equity</b>      | <b>56 647</b>   | <b>47 769</b>   |
| Reserves                               | 1 760           | 1 492           |
| Financial Liabilities                  | 6 516           | 9 318           |
| Accounts Payable                       | 8 772           | 6 157           |
| Tax and Employee Related Liabilities   | 15 919          | 14 845          |
| Other Liabilities                      | 9 609           | 9 070           |
| <b>Total Current Liabilities</b>       | <b>40 816</b>   | <b>39 390</b>   |
| <b>TOTAL LIABILITIES</b>               | <b>99 223</b>   | <b>88 651</b>   |

## Financial debt:

- Capital lease agreements €1.4M
- Bank Loans: €5.1M

## Other liabilities:

- Mainly consist of deferred maintenance revenue (€6.4M) and customer deposits (€3M)

# CONSOLIDATED CASH FLOW STATEMENT

| (thousands of euros)                              | 12/31/19       | 12/31/18      |
|---|----------------|---------------|
| <b>Consolidated net income (loss)</b>             | <b>9 745</b>   | <b>8 843</b>  |
| Depreciation and Amortization                     | 7 902          | 7 170         |
| Capital Gains and Losses                          | -14            | 6             |
| Interest Expense and Income                       | 84             | 120           |
| Income Tax including Defferred Taxes              | 73             | 145           |
| <b>Variance in working capital</b>                | <b>-477</b>    | <b>-650</b>   |
| <b>NET CASH GENERATED BY OPERATING ACTIVITIES</b> | <b>17 313</b>  | <b>15 634</b> |
| Investments in Tangible and Intangible Assets     | -10 958        | -7 513        |
| Change in other Financial Assets                  | -2 544         | -46           |
| Investments in Associates                         | -523           | -543          |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>    | <b>-14 025</b> | <b>-8 102</b> |
| Dividend Paid                                     | -2 237         | -1 756        |
| Amount received from Exercise of Stocks Options   | 1 029          | 661           |
| Repayment of Financial Debt & Other               | -3 937         | -4 398        |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>    | <b>-5 145</b>  | <b>-5 493</b> |
| <i>Effect of exchange rate changes on cash</i>    | 420            | 124           |
| <b>Cash at the beginning of the period</b>        | <b>22 794</b>  | <b>20 632</b> |
| <b>Cash at the end of the period</b>              | <b>21 357</b>  | <b>22 794</b> |

## ▪ Cash level

- ✓ Appears to decrease by €1.4M but includes €1.8M classified as long-term investment
- ✓ Total cash change is therefore + €0.4M
- ✓ Total cash available is €27.6M

## ▪ Cash flow from operations

- ✓ increase by 11% at €17.3M

## ▪ Investments include

- ✓ Capitalized R&D: €6.3M
- ✓ Office improvements & fixtures: €1.6M
- ✓ Computer equipment: €1.6M

## ▪ Cash flow from operations covers

- ✓ Capital expenditures needs
- ✓ Dividend paid
- ✓ Repayment of financial debt





THANK YOU FOR YOUR  
ATTENTION

