

# THE CLOUD PLATFORM FOR BACK OFFICE DIGITALIZATION

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Jean-Michel Bérard, Founder & CEO  
Emmanuel Olivier, COO  
March 2021





# AGENDA

- Corporate Overview
- 2020 Revenue
- 2020 Financial Performance
- Strategy
- Addendum



# **CORPORATE OVERVIEW**

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

# BRINGING THE BACK-OFFICE TO THE MODERN WORLD





# DIGITIZATION OF B2B BACK OFFICE PROCESSES

PROCURE-TO-PAY

Procurement

Accounts Payable

ORDER-TO-CASH

Order Management

Accounts Receivable



# DRILLING DOWN FURTHER...



TO AUTOMATE  
O2C & P2P CYCLES

# DIGITAL TRANSFORMATION OF THE BACK OFFICE



Increased business productivity



Enhanced global visibility & analytics



Improved customer satisfaction



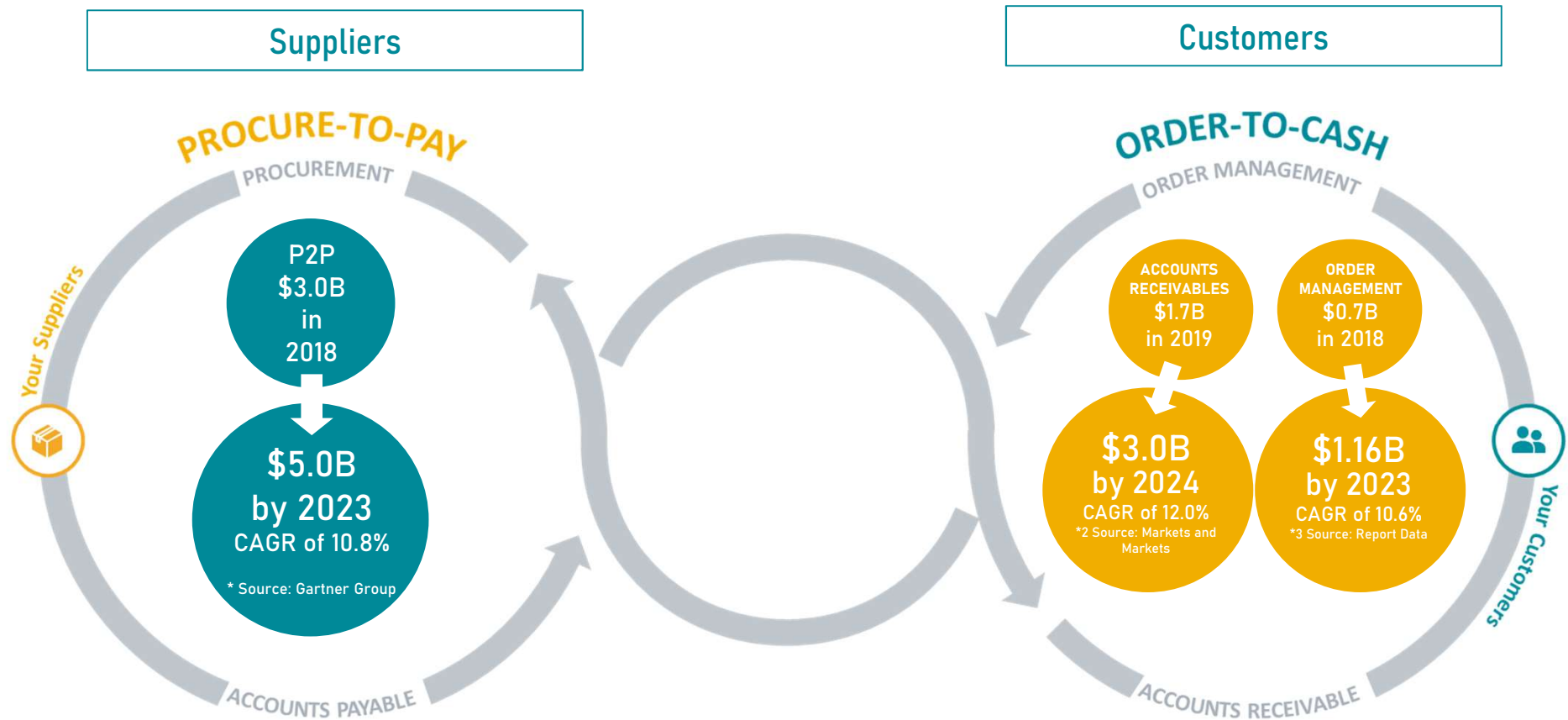
Strengthened supplier relationships



Greater employee satisfaction

# MARKET DYNAMICS

## O2C & P2P AUTOMATION





# LEADING ANALYSTS RECOGNITION

**Gartner**

**Magic Quadrant for  
Procure-to-Pay Suites  
2020**



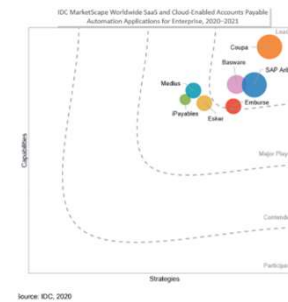
**Ardent Partners**  
RESEARCH WITH RESULTS

**Key Solution Provider  
in 2020  
by Ardent Partners**



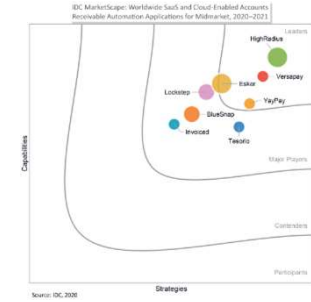
**IDC** ANALYZE THE FUTURE

**IDC MarketScape Major Player  
for Accounts Payable  
Automation Software  
2021**



**IDC** ANALYZE THE FUTURE

**IDC MarketScape Leader  
for Accounts Receivable  
Automation Software  
2021**



# KEY NUMBERS



#14

€112M

SALES REVENUE  
2020

36  
years

OF EXPERIENCE

14

COUNTRY  
LOCATIONS

2/3

INTERNATIONAL  
REVENUE

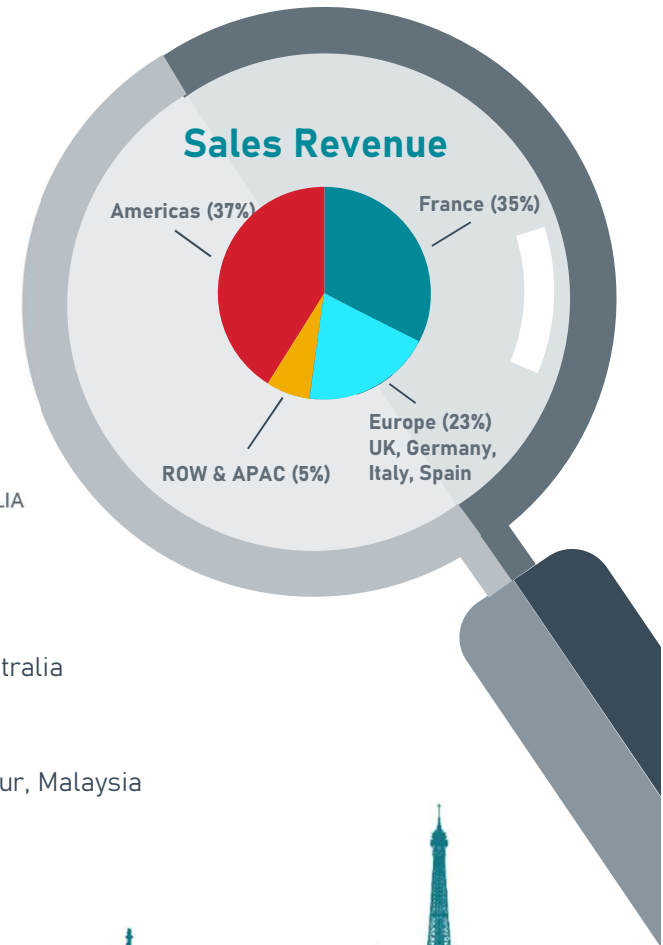
9%

ORGANIC  
GROWTH

10%

NET INCOME  
2020

# GLOBAL PRESENCE



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

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

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



# RECENTLY SIGNED CUSTOMERS



# ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE



## ENVIRONMENTAL DEDICATION

that includes embracing practices that impact global & local environmental health



## EDUCATION & TRAINING

to help younger generations prepare for the job of the future & optimize career prospects



## COMMUNITY & DEVELOPMENT

that promotes compassion & progress within the communities & people closest to us



## ESKER AWARDED A GOLD MEDAL FOR CSR RATING

EcoVadis evaluates the quality of a company's CSR management system through its policies, implementation measures and results. Four themes (Environment, Social & Human Rights, Ethics, Responsible Purchasing)



## PARTNERSHIP WITH REFOREST'ACTION

Reforest'Action works towards local economic development, environmental restoration and biodiversity protection. Esker plants 6 trees for each reel of paper consumed



## MEMBER OF THE UNITED NATIONS GLOBAL COMPACT

Promoting the Global Compact's ten principles of human rights, international labor standards, the environment and the fight against corruption



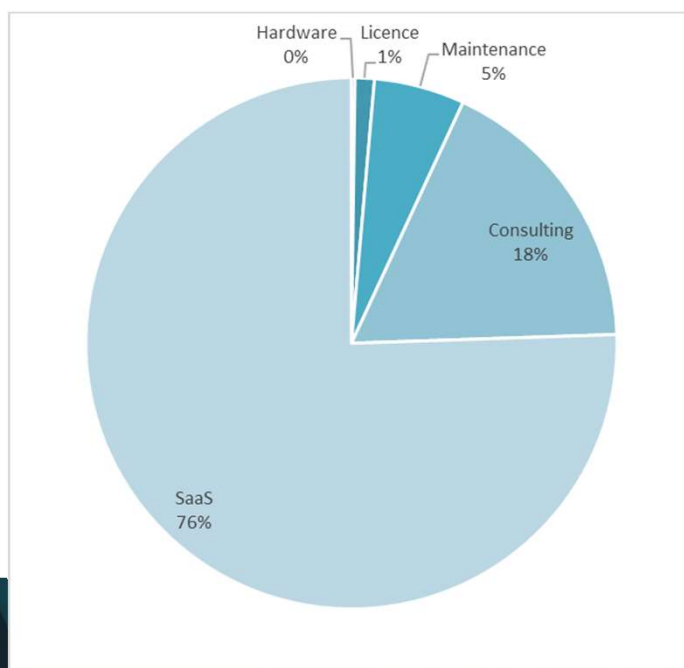


# **BUSINESS MODEL & 2020 FINANCIAL PERFORMANCE AT A GLANCE**

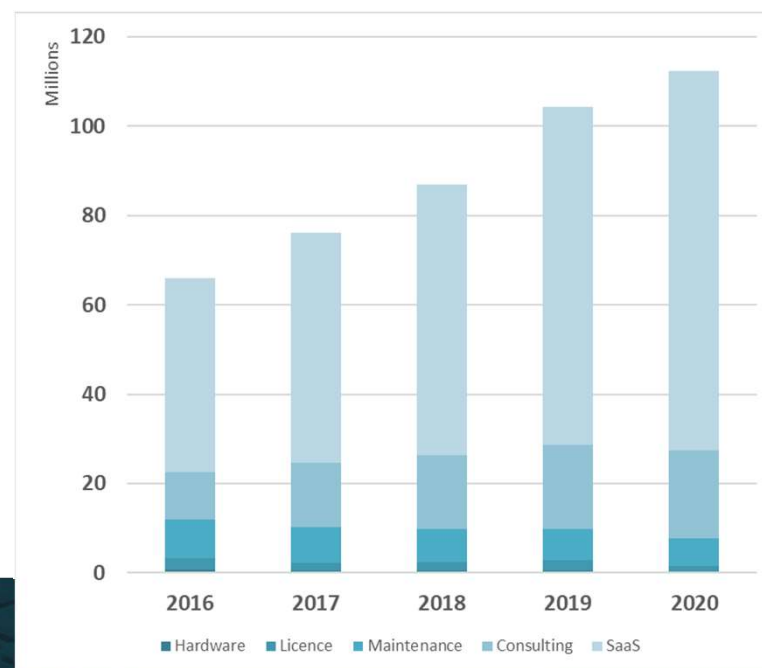
# COVID-19 2020 IMPACTS

- Variable SaaS traffic has been impacted in Q2 and gradually recovered during the remainder of the year
- Volumes are however estimated to still be 5% below pre COVID trend
- Consulting revenue has been impacted in Q3/Q4 due to lower booking performance in Q2/Q3
- Sales cycles increased in Q2/Q3 but bookings growth accelerated tremendously in Q4
- Esker Investments were adjusted to be in sync with revenue growth in order to maintain profitability

# STRONG RECURRING BUSINESS MODEL



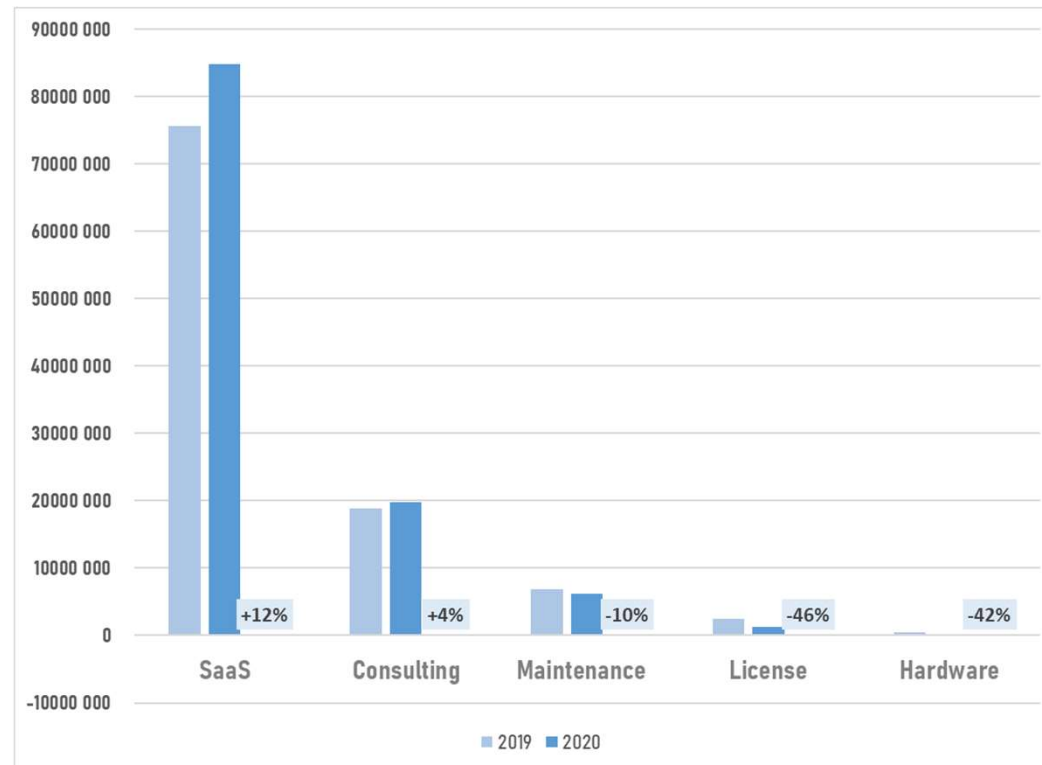
81% recurring revenue in 2020  
(SaaS + Maintenance)



In 2020 SaaS Increased 14% and  
represented 76% of the total revenue  
(73% for FY 2019)

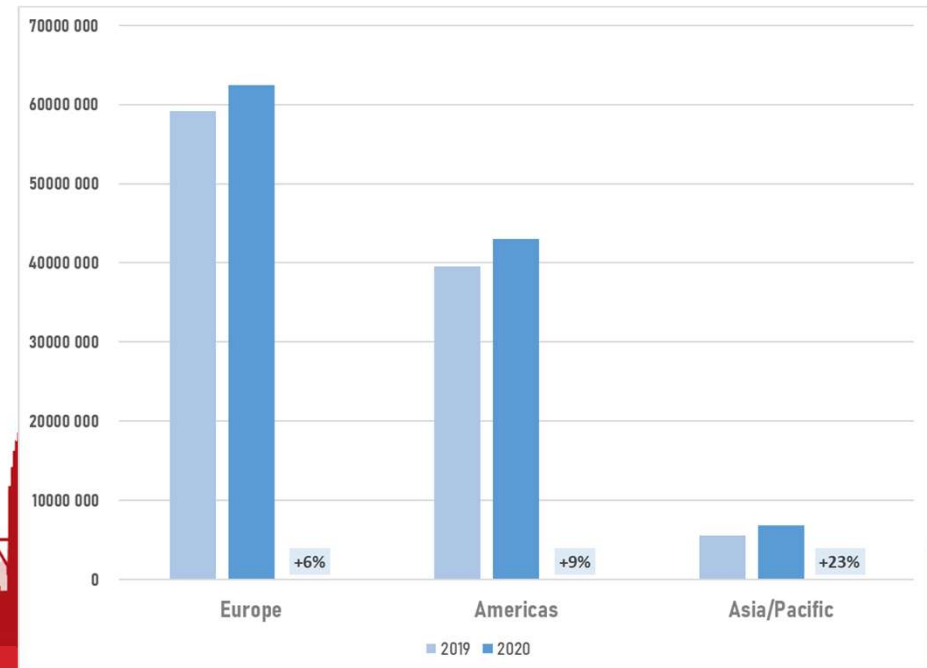
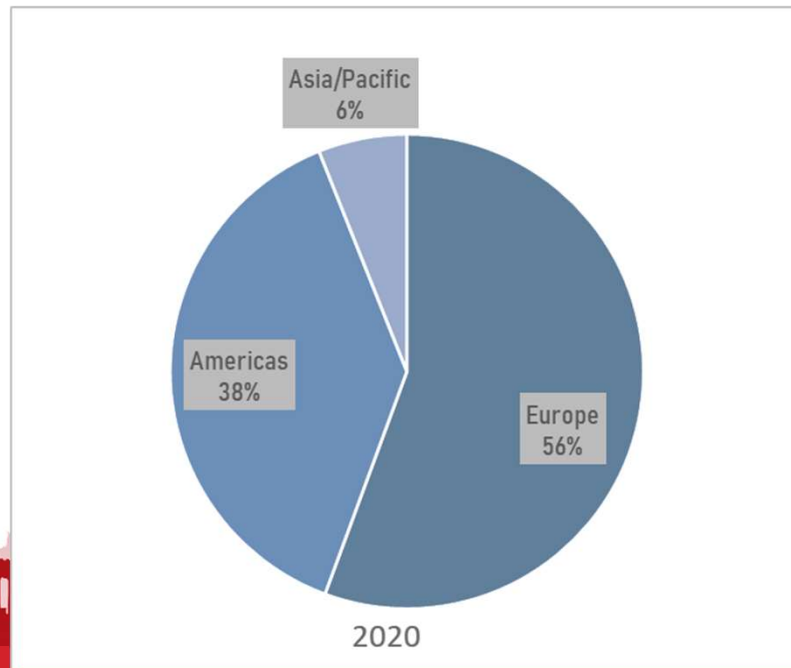
Consulting revenue consists in services  
associated with the implementation of  
Esker's solutions

# REVENUE GROWTH BY PRODUCT TYPE



- Dynamic growth of SaaS shows implementation of past wins & recovery of transactional revenue (variable in nature) during the second half of the year.
- Consulting revenue has been impacted during the second half of 2020 due to lower bookings in Q2/Q3 2020.

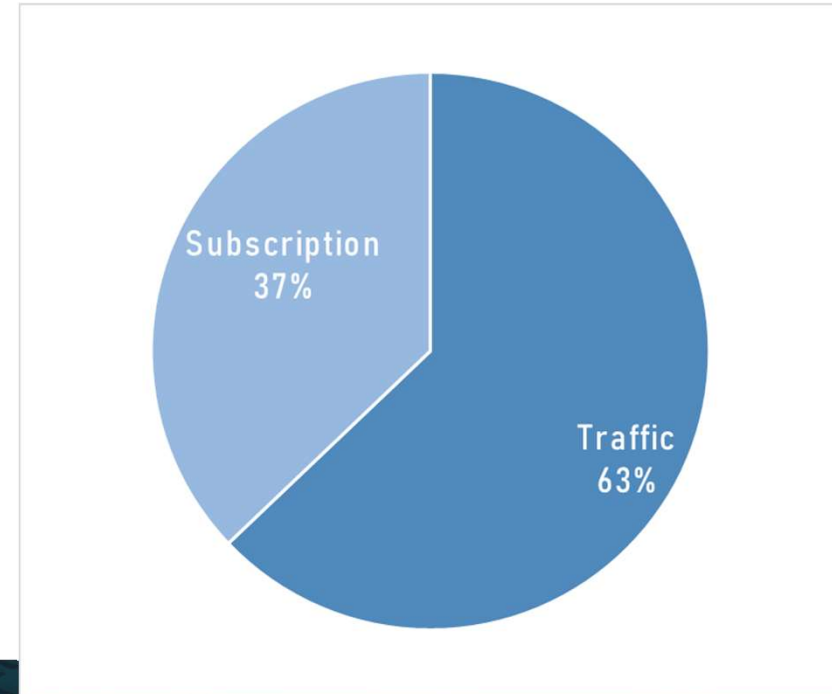
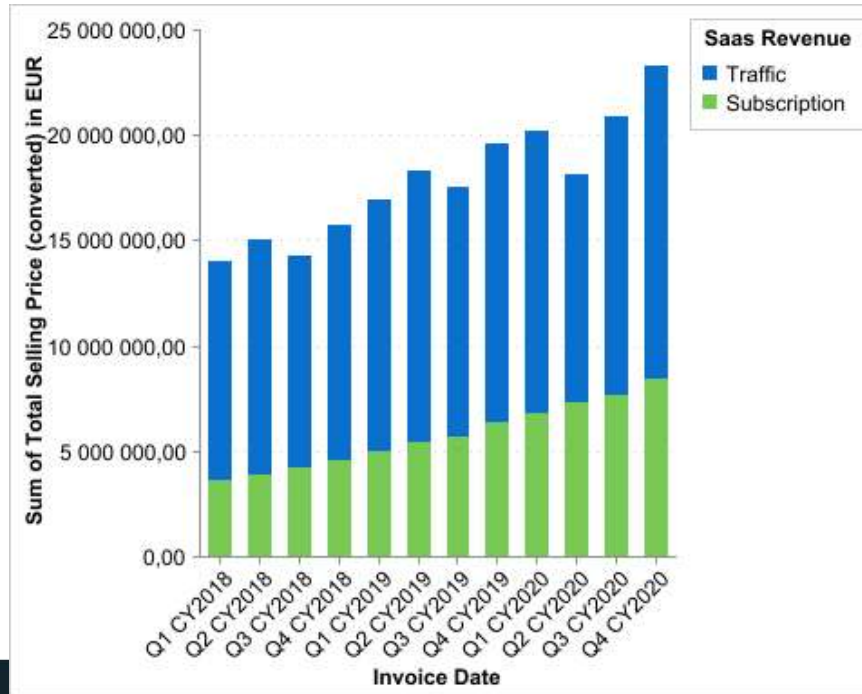
# REVENUE GROWTH BY REGION



- All regions are growing
- Europe suffers more from economic slowdown
- Asia/Pac remains very dynamic



# SAAS REVENUE



## SaaS Revenue by type :

- Subscription: independent of transaction volumes
- Traffic: volume-based (transactional) revenue

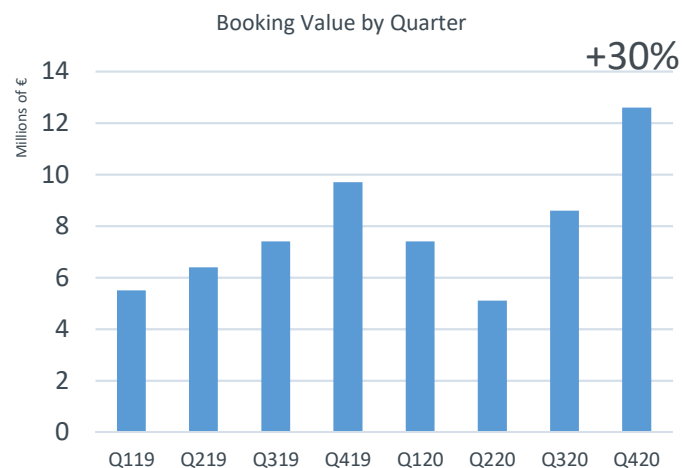
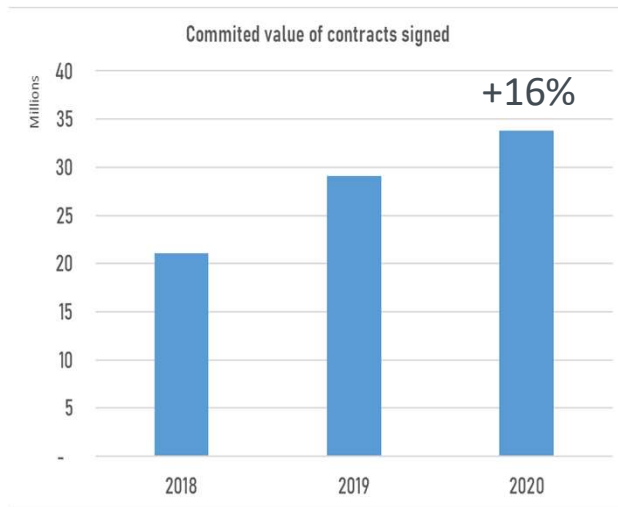
## Covid Impact

- Traffic volume was impacted by Covid in Q2 20 and recovered in Q3 & 4
- Estimated to remain 5 points below pre Covid trends

## 2020 SaaS Revenue Breakdown by type

# DYNAMIC SALES PERFORMANCE

## (BOOKINGS)



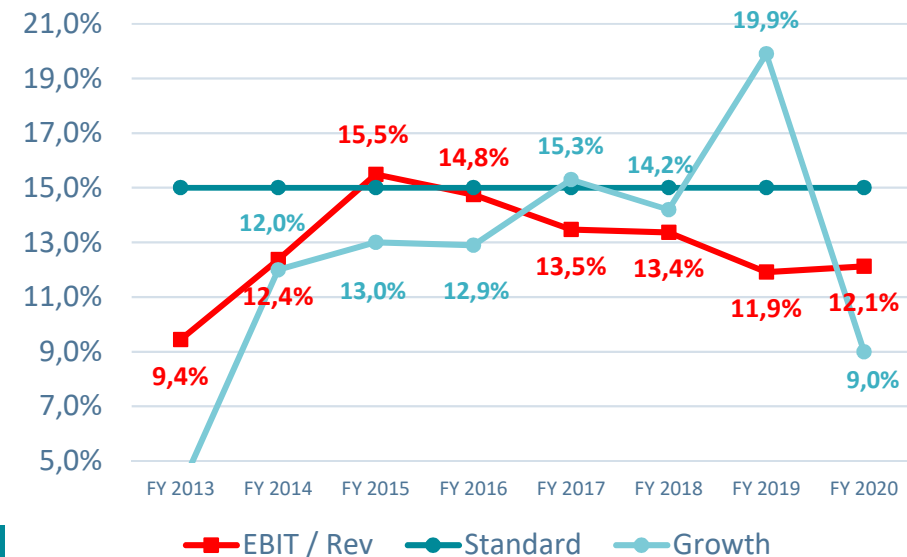
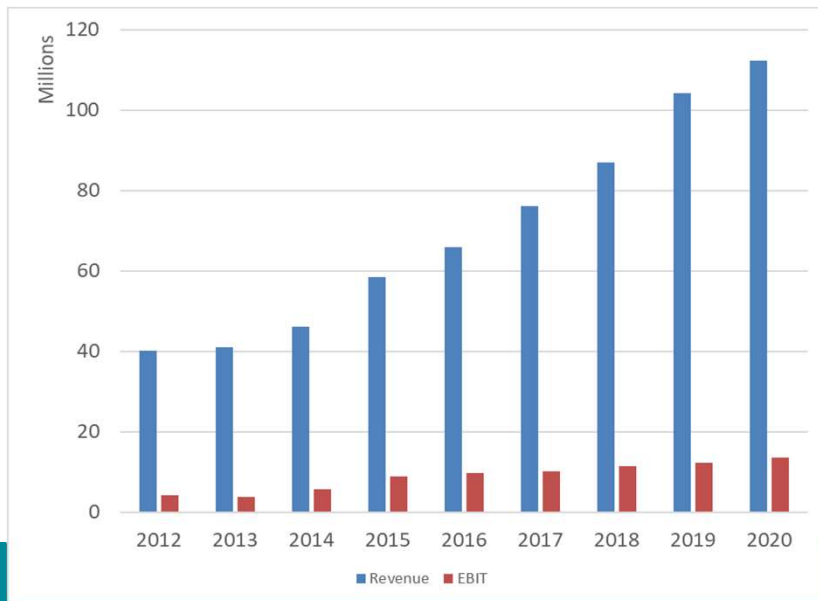
### • Definitions

- Bookings (order intake) include only the fixed part of a signed contract (subscription fee).
- This represents the guaranteed revenue to Esker for a contract (committed value)
- Typical contract: 3 years
- Will be recognized over the life of the contract
- Acquisition cost (sales & marketing mainly) charged to income statement in the year on contract closing. No deferral
- Committed value of contract is estimated to be approximately 50% of total value at contract renewal

### • 2020 performance

- Committed value signed in 2020: 33.8M€ +16% vs 2019
- 2020 bookings backend loaded
- Q2 & Q3 20 affected by Covid mostly in Europe
- Q4 20 beats previous record (Q4 19) by 30%

# BUSINESS MODEL COMBINES PROFITABILITY AND INVESTMENTS

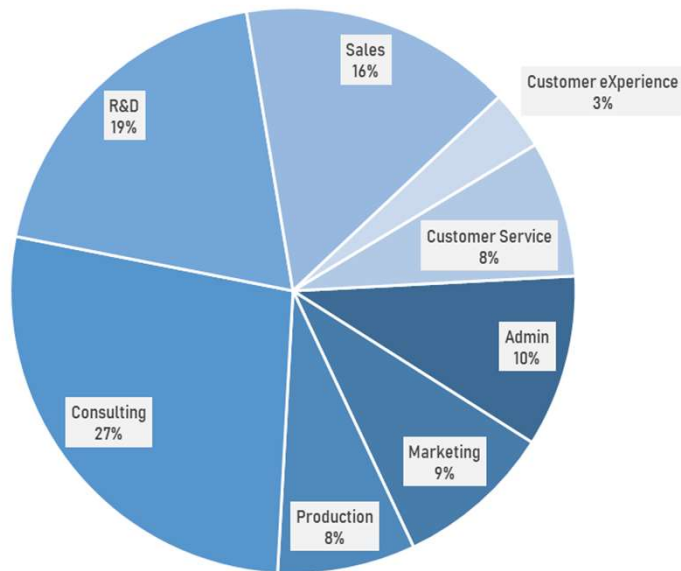


2019 - EBIT 12,4M€ 12% of  
revenue

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

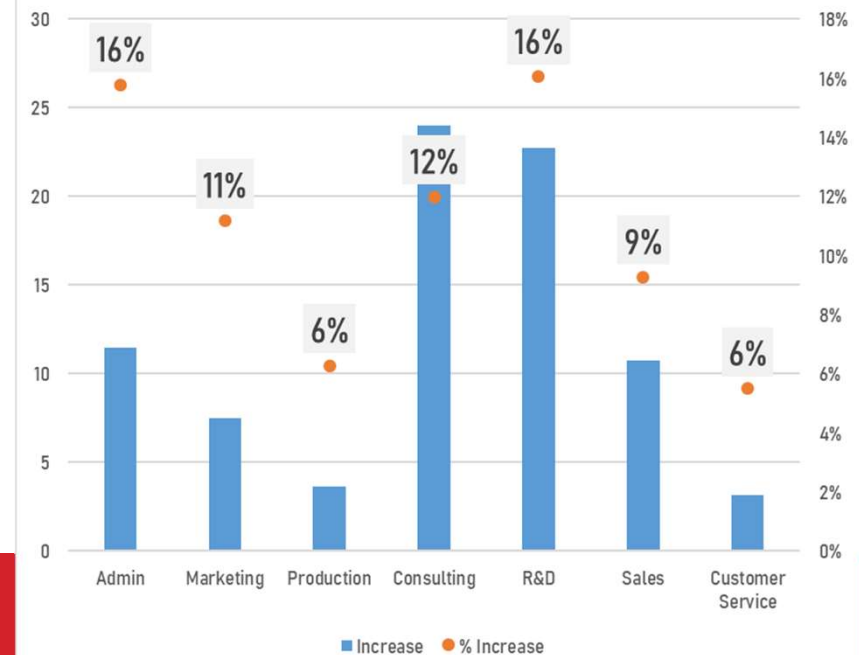
# DYNAMIC INVESTMENTS FOR FUTURE GROWTH

2020 Staff Breakdown by Department



Staff @ 12/31/20: 764

Headcount Increase by Department



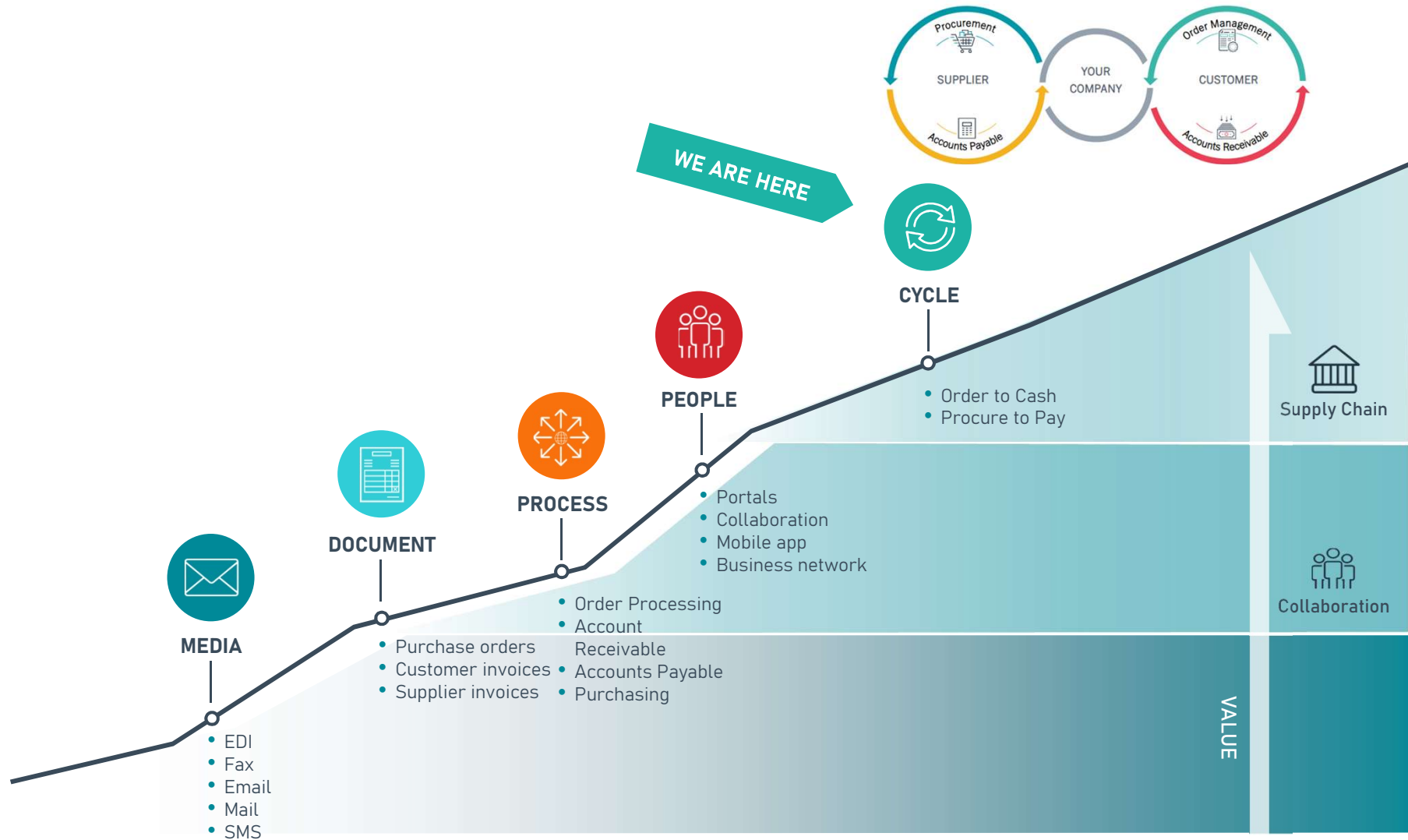
2020 - Staff increase:  
vs. 2019: +71 FTE (+13%)



# STRATEGY



# PRODUCT STRATEGY



# PRODUCT ROADMAP 2020-2023

## ORDER-TO-CASH



NEXT

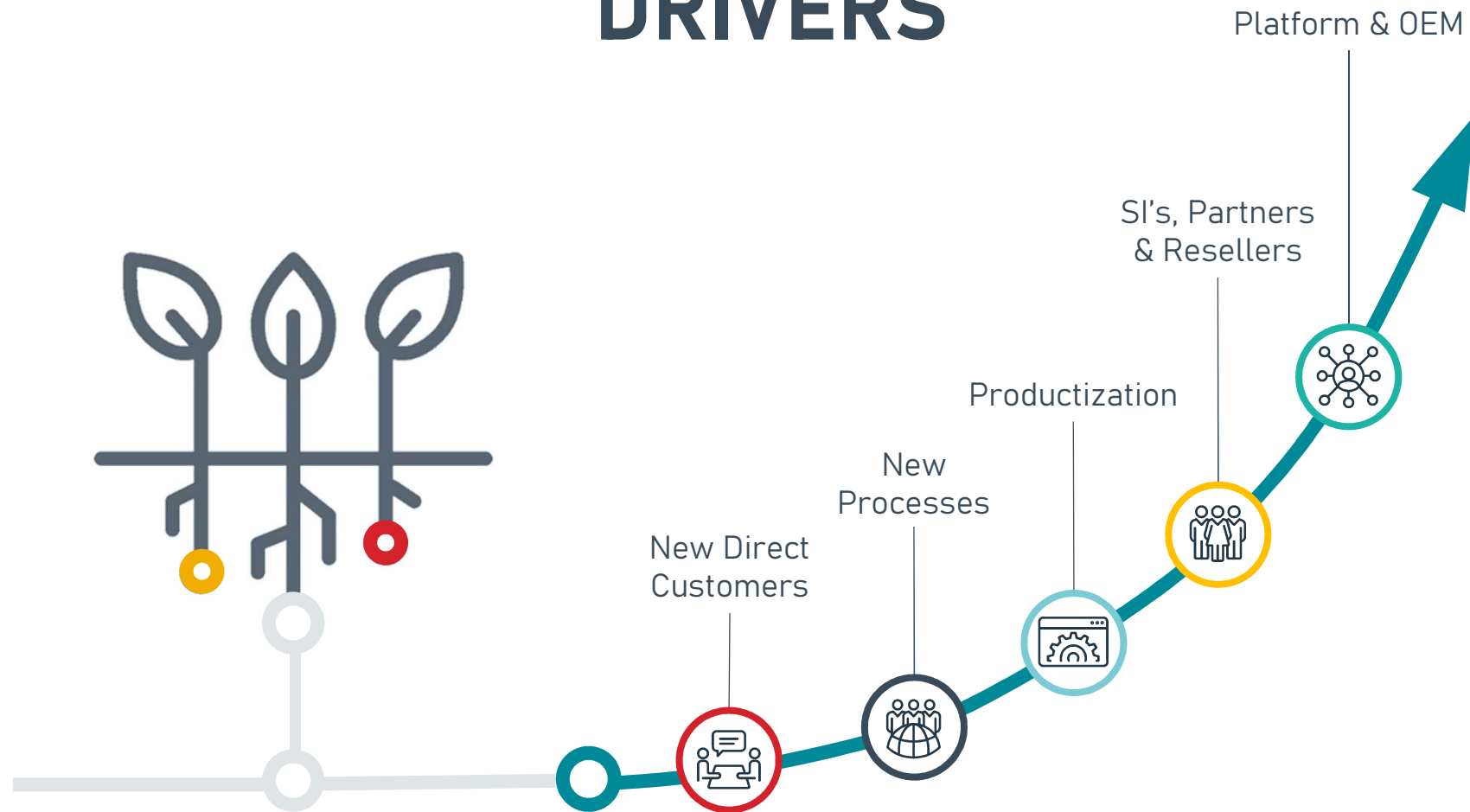
## PROCURE-TO-PAY



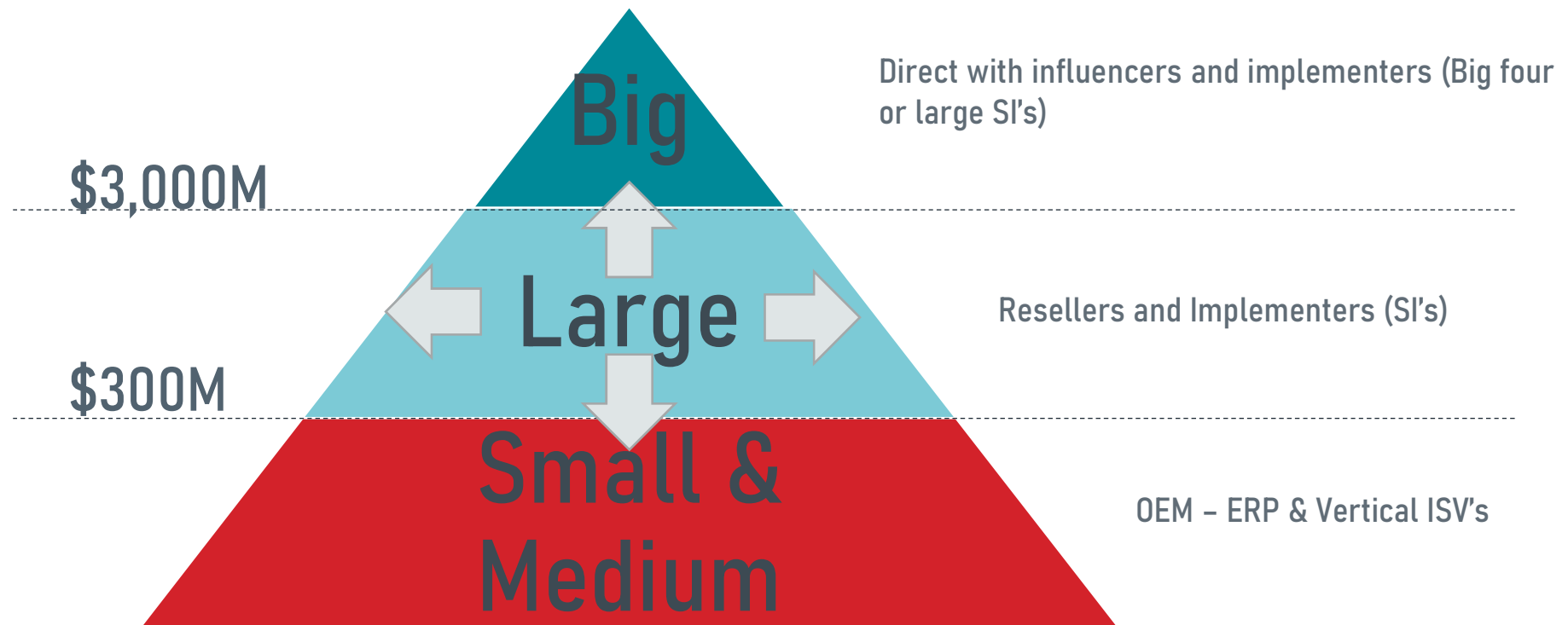
# TECHNOLOGY ROADMAP



# GROWTH DRIVERS



# SALES STRATEGY





# TARGET 2021 & BEYOND

- 2021 will be influenced by the evolution of the pandemic
- 2021 growth performance should approach pre-COVID levels
- Esker expects organic growth of around 15% for 2021
- Profitability is expected to be stable, subject to growth and sales performance
- Esker will continue to strengthen its solutions while continuing to develop its partner network



# ADDENDUM

# STOCK MARKET

## STOCK PRICE EVOLUTION OVER 5 YEARS



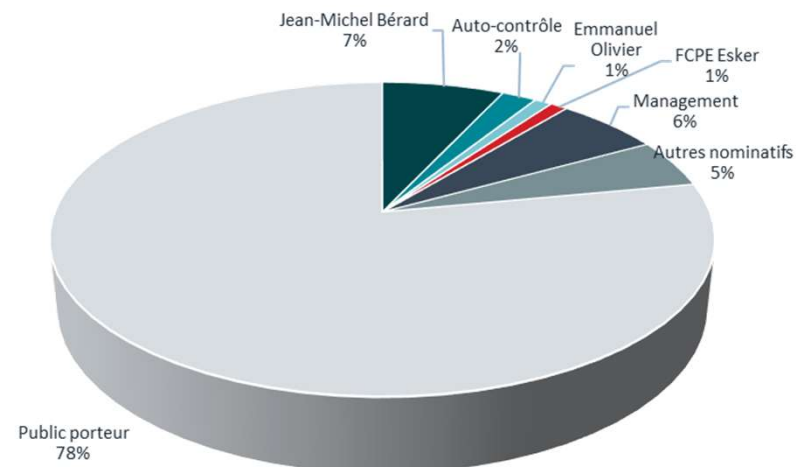
### EURONEXT GROWTH PARIS

ISIN Code: FR0000035818 ALESK

Market capitalization March 25, 2021: €1 101 M

Number of shares: 5,830,321

## SHARE CAPITAL BREAKDOWN AS OF DECEMBER 31, 2020 (ESTIMATED)



### FINANCIAL ANNOUNCEMENTS:

Q1 2021: April 13, 2021\*

Q2 2021: July 13, 2021\*

H1 2021: September 14, 2021\*

Q3 2021: October 12, 2021\*

\* After stock market closing

# LEADERSHIP TEAM



**Jean-Michel Bérard (59)**  
CEO – President of BoD  
Esker founder



**Emmanuel Olivier (53)**  
COO – General Manager  
Board Member



**Eric Bussy (46)**  
Vice President Marketing  
& Product Management



**Jean-Jacques Bérard (55)**  
Executive Vice President,  
Research and Development



**Steve Smith (59)**  
U.S. Chief Operating Officer



**Eric Thomas (54)**  
Vice President of  
Business Development



**Anne Grand-Clément (51)**  
WW Director of  
Professional Services  
and Technical Support



**Claire Valencony (47)**  
Sr. Director, Global  
Strategic Alliances



# 2020 FINANCIALS

# 2020 REVENUE

SALES REVENUE	2020 €M	2019 €M	GROWTH <sup>(4)</sup>	GROWTH IN CONSTANT CURRENCIES
SaaS-based document process automation <sup>(1)</sup>	104.1	93.7	+12%	+11%
License and maintenance-based document process automation <sup>(2)</sup>	5.6	6.6	-14%	-15%
Legacy products <sup>(3)</sup>	2.6	3.9	-31%	-33%
<b>TOTAL</b>	<b>112.3</b>	<b>104.2</b>	<b>+9%</b>	<b>+8%</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: 2020 exchange rates applied to 2019 figures

# CURRENCY EFFECT (USD)

Rate USD/EURO	Effect on Revenue	%	Effect on Operating Income	%
<b>1.147</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
1.05	3,912 K€	3.4%	1,250 K€	9.2%
<b>1.12</b>	<b>1,042 K€</b>	<b>0.7%</b>	<b>333 K€</b>	<b>2.2%</b>
1.20	-1,870 K€	-0.9%	-598 K€	-4.4%
1.30	-4,983 K€	-4.5%	-1,500 K€	-11.0%

Global translation Effect (all currencies) compared to FY 19:

- Sales: -€1.4M
- Operating Income: -€0.4M (4% of Operating income)



# CONSOLIDATED INCOME STATEMENT

## BY COST TYPE

(in thousands of euros)	12/31/20	% net sales	12/31/19	% net sales	Var	Var %
<b>Net sales</b>	<b>112 274</b>	<b>100%</b>	<b>104 188</b>	<b>100%</b>	<b>8 086</b>	<b>8%</b>
Development costs capitalized	7 823	7%	6 281	6%	1 542	25%
Other income	1 591	1%	1 206	1%	385	32%
Purchase and external expenses	-29 384	-26%	-29 522	-28%	138	0%
Personnel and related taxes	-68 712	-61%	-59 961	-58%	-8 751	15%
Local and misc. Taxes	-1 498	-1%	-1 281	-1%	-217	17%
Depreciation expenses	-8 315	-7%	-7 593	-7%	-722	10%
Reserves	-167	0%	-900	-1%	733	-81%
<b>Operating income</b>	<b>13 612</b>	<b>12%</b>	<b>12 418</b>	<b>12%</b>	<b>1 194</b>	<b>10%</b>
<b>Financial income</b>	<b>-67</b>	<b>0%</b>	<b>268</b>	<b>0%</b>	<b>-335</b>	<b>-125%</b>
<b>Net income</b>	<b>13 545</b>	<b>12%</b>	<b>12 686</b>	<b>12%</b>	<b>859</b>	<b>7%</b>
<b>Exceptional income</b>	<b>491</b>	<b>0%</b>	<b>-62</b>	<b>0%</b>	<b>553</b>	<b>-892%</b>
Income tax	-2 966	-3%	-3 402	-3%	436	-13%
Share of profit in associates	492	0%	523	1%	-31	-6%
Amortization of Goodwill	0	0%	0	0%	0	0%
<b>Net income</b>	<b>11 562</b>	<b>10%</b>	<b>9 745</b>	<b>9%</b>	<b>1 817</b>	<b>19%</b>
<i>Earnings per share in Euros</i>	2,04		1,80			
<i>Diluted earnings per share in Euros</i>	2,00		1,72			

K€	FY2020	FY 2019	Var
Dev costs capitalized	7 823	6 281	1 542
Amortization	-5 351	-4 739	-612
<b>Net</b>	<b>2 472</b>	<b>1 542</b>	<b>930</b>
<b>Total R&amp;D spend</b>	<b>12 633</b>	<b>10 451</b>	<b>2 182</b>
<b>% capitalized</b>	<b>62%</b>	<b>60%</b>	

# CONSOLIDATED INCOME STATEMENT BY COST TYPE

(in thousands of euros)	12/31/20	% net sales	12/31/19	% net sales
<b>Net sales</b>	<b>112 274</b>	<b>100%</b>	<b>104 188</b>	<b>100%</b>
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- Other income : tax credit for research in France for 1 M€ (640 K€ in 2019)
- Decrease of external expenses linked to travel (0.8 M€ vs 3.1 M€ in 2019) and marketing expenses (2.0 M€ vs 2.5 M€ in 2019)
- Personnel and related taxes increase : +9 M€ in line with increasing headcount in 2020
- Reserves : IDR (retirement bonus for France) 174 K€ in 2020 vs. 366 K€ in 2019

# P&L BY FUNCTIONS

(in thousands of euros)	12/31/2020	%	12/31/2019	%	Var.
<b>Revenue</b>	<b>112 274</b>	<b>100%</b>	<b>104 188</b>	<b>100%</b>	<b>+8%</b>
Cost of Goods Sold*	-34 233	-31%	-31 193	-30%	+10%
Research and Development	-12 231	-11%	-11 019	-11%	+11%
Selling Expenses	-25 639	-23%	-24 919	-24%	+3%
Customer experience expenses	-6 204	-6%	-5 423	-5%	+14%
Marketing Expenses	-9 633	-9%	-9 695	-9%	-1%
General and Administrative Expenses	-10 722	-9%	-9 521	-9%	+13%
<b>Income From operations</b>	<b>13 612</b>	<b>12%</b>	<b>12 418</b>	<b>12%</b>	<b>+10%</b>
<b>Financial Income (loss)</b>	<b>-67</b>	<b>0%</b>	<b>268</b>	<b>0%</b>	
<b>Operating income</b>	<b>13 545</b>	<b>12%</b>	<b>12 686</b>	<b>12%</b>	<b>+7%</b>
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<i>Diluted earnings per share</i>	<i>2,00</i>		<i>1,72</i>		

- Mostly in line with revenue growth
- Cost of revenue (professional services), customer experience and R&D increase faster than revenue linked to headcount additions
- Selling and marketing expenses softer increase linked to savings in travel and on-site marketing operations
- G&A increase linked to augmented infrastructure (offices, fixtures) to accommodate continued growth in headcount

\*including Professional Services expenses for 17.7 M€ (16 M€ in 2019)

# CONSOLIDATED INCOME STATEMENT

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<i>Earnings per share in Euros</i>	<i>2,04</i>		<i>1,80</i>	
<i>Diluted earnings per share in Euros</i>	<i>2,00</i>		<i>1,72</i>	

**Financial income : -67 K€**

	12/31/20	12/31/19
Interest income	89	140
Interest expense	-47	-56
Currency exchange gain/loss	-117	-4
Depreciation net	8	188
<b>Financial income / loss</b>	<b>-67</b>	<b>268</b>

**Exchange loss :**

- 99 K€ unrealized and -17 K€ realized

**Exceptional income (non recurring) : 491 K€**

Includes 2019 IP box : 0,7M€

Income tax: effective tax rate : 22 % (27 % in 2019)

**Net income in 2020: 11.6 M€ +19%**

# CONSOLIDATED BALANCE SHEET

ASSETS (thousand of euros)	12/31/20	12/31/19
Goodwill	5 752	6 178
Intangible assets	25 035	23 145
Property, plant and equipment	10 036	10 434
Financial assets	6 405	6 177
Shares accounted for under the equity method	1 759	1 267
<b>Total assets</b>	<b>48 986</b>	<b>47 201</b>
Inventory and work in progress	257	185
Accounts receivable	25 994	24 884
Deferred tax assets	800	465
Prepaid and other current assets	5 446	5 131
Cash and equivalents	40 421	21 357
<b>Total current assets</b>	<b>72 918</b>	<b>52 022</b>
<b>TOTAL ASSETS</b>	<b>121 904</b>	<b>99 223</b>

- Intangible assets +1.9 M€ :  
mainly due to development costs capitalized
- Financial assets include long term financial investments for 4.9M€
- Accounts receivable in line with sales growth
- +19.1 M€ in cash – see cash flow statement

# CONSOLIDATED BALANCE SHEET

LIABILITIES (thousand of euros)	12/31/20	12/31/19
Capital stock	11 661	11 504
Additional paid-in capital	21 202	20 424
Net income	11 562	9 745
Consolidated reserves	20 987	14 974
<b>Total shareholders' equity</b>	<b>65 412</b>	<b>56 647</b>
<b>Reserves for risks and charges</b>	<b>2 698</b>	<b>1 760</b>
Financial debt	15 144	6 516
Accounts payable	8 617	8 772
Tax and employee related liabilities	19 299	15 919
Other liabilities	10 734	9 609
<b>Total current liabilities</b>	<b>53 794</b>	<b>40 816</b>
<b>TOTAL LIABILITIES</b>	<b>121 904</b>	<b>99 223</b>

- Financial liabilities :
  - Finance leases liability : 0.9M€
  - Bank loans : 14.2 M€ (includes state guaranteed loans for 11.5 M€)
- Other variations linked mostly to headcount increase
- Employee related liabilities increase linked to headcount increase and higher Q4 variable compensation (bookings)

# CONSOLIDATED CASH FLOW STATEMENT

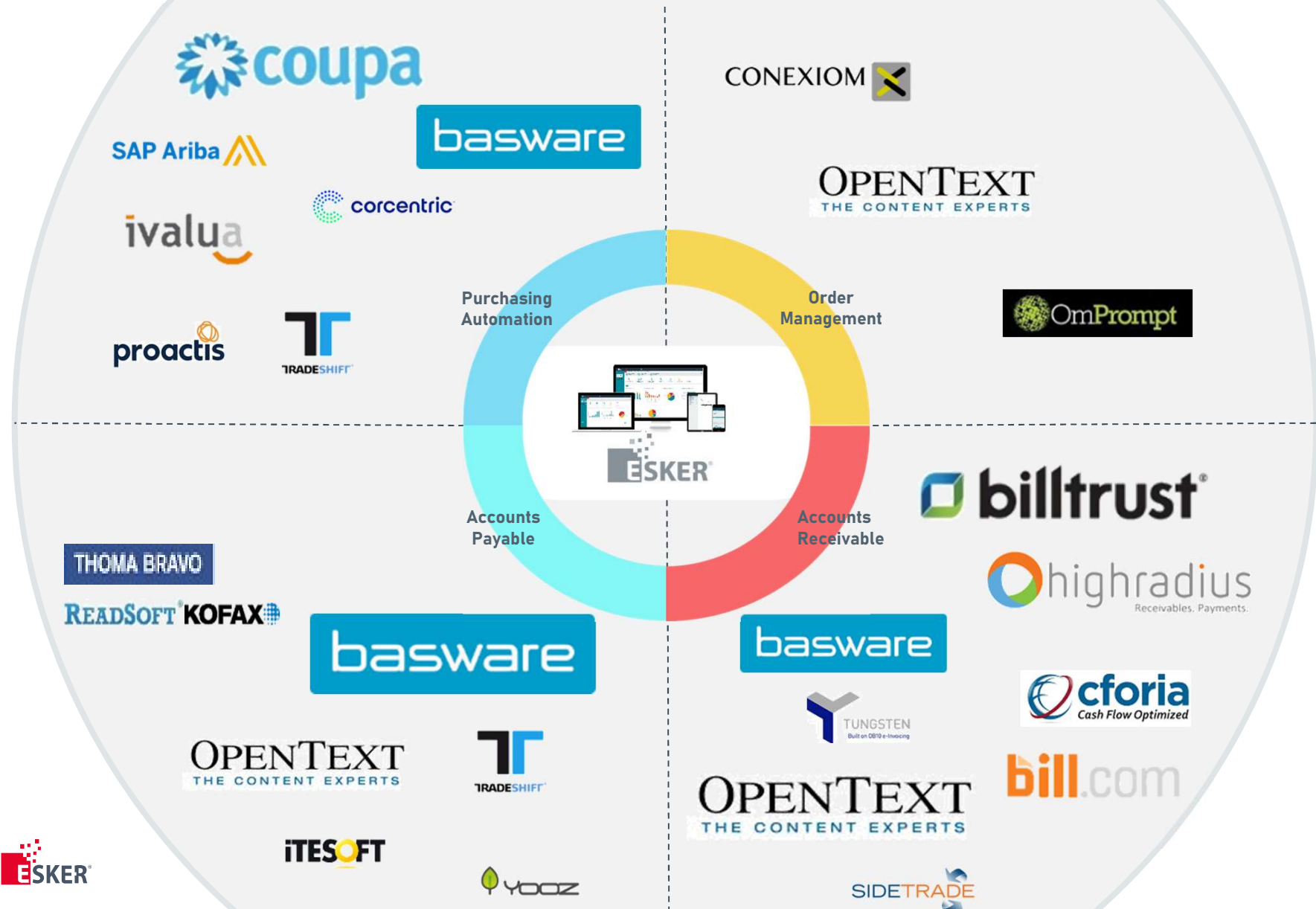
(thousands of euros)	12/31/20	12/31/19
<b>Consolidated net income (loss)</b>	<b>11 562</b>	<b>9 745</b>
Depréciation and amortization	9 275	7 902
Capital gains and capital losses	7	-14
<b>Cash Flow after net financial expense</b>	<b>20 844</b>	<b>17 633</b>
Interest paid and received	37	84
Income tax , including deferred taxes, due and paid	1 591	73
<b>Variance in working capital</b>	<b>1 003</b>	<b>-477</b>
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>23 475</b>	<b>17 313</b>
Investments intangible and tangible assets	-10 167	-10 958
Change in other financial assets	-532	-2 544
Investments in associate company	-492	-523
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-11 191</b>	<b>-14 025</b>
Dividend paid	-1 896	-2 237
Stocks options exercised	935	1 029
Other variances	-2 872	-3 937
New loans	11 500	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>7 667</b>	<b>-5 145</b>
<i>Effect of exchange rate changes on cash</i>	-887	420
<b>Cash at the beginning of the period</b>	<b>21 357</b>	<b>22 794</b>
<b>Cash at the end of the period</b>	<b>40 421</b>	<b>21 357</b>

## Cash position highly increases (19 M€):

- Cash flow generated by operating activities increase by 36%
- State guaranteed loans: + 11.5 M€
- Investing activities:
  - 7.8 M€ of capitalized development costs
  - 2.4 M€ of tangible assets acquisitions
- Dividend paid : 1.9 M€



# COMPETITION





**THANK YOU FOR YOUR ATTENTION**

