

Esker's 2019 Annual Results

2020 outlook strong thanks to increase in net income and growth investments

LYON, France, and MIDDLETON, Wis. — March 19, 2020

| VALUE IN THOUSANDS OF EUROS | 2019 | 2018 | GROWTH |
|-----------------------------|---------|--------|--------|
| SALES REVENUE | 104,188 | 86,871 | +20% |
| INCOME FROM OPERATIONS | 12,418 | 11,611 | +7% |
| CURRENT INCOME BEFORE TAXES | 12,686 | 11,554 | +10% |
| NET INCOME | 9,745 | 8,843 | +10% |
| CASH BALANCE | 26,256 | 25,870 | +€0.4M |

The Esker Supervisory Board approved the financial statements for the year, ending December 31, 2019. Audit procedures on the consolidated accounts have been completed. The certification report will be issued at the end of April, following the completion of procedures required for the publication of the annual financial report.

Continued growth in cloud-based activities

Esker's sales revenue amounted to 104.2 million euros in 2019, a 20% increase over 2018 (+18% based on a constant exchange rate). These results are marked by the ongoing success of the company's cloud-based document process automation solutions, which represent close to 94 million euros (90% of sales), a 21% increase over 2018. The performance of traditional license-based products fell 18% to 6.6 million euros (6% of sales), and legacy products represent only 4% of the company's business.

Strong business momentum

Beyond the strong sales and financial results in 2019, Esker experienced a record year in terms of new contract acquisition. The guaranteed minimum value for contracts signed in 2019 (bookings) rose by 47% compared to 2018, which is much faster than revenue growth as reflected in the company's financials. All geographic regions experienced impressive growth in terms of new contracts signed in 2019, with a particularly strong performance in the United States, where the value of signed contracts increased by 75%. Annual revenue is only marginally influenced the year in which these multi-year contracts are signed, whereas marketing and sales acquisition costs are fully allocated to the year of signature. The sales success, therefore, structurally penalizes immediate profitability in favor of future results.

(continued)

Continued growth investments

In 2019, Esker's workforce increased 18% to reach 681 employees at the end of December. As in previous years, the consulting department accounted for the most significant staff increase (+23%). These recruitments ensure the implementation of new contracts signed, but are also a key success factor to ensure the training of new Esker partners worldwide (e.g., KPMG in the Netherlands, Fuji Xerox in Asia Pacific, Cegid in France, etc.). Esker also invested heavily in 2019 to create a Customer Experience (CX) department dedicated to monitoring and improving the satisfaction of its existing customers. In a cloud-based business model, retention and development of the customer base is the foundation for rapid and profitable growth. Esker has invested more than 1 million euros in the creation of a department dedicated to CX and expects lasting benefits over the coming years.

The continued success of Esker's solutions with its customers and the company's confidence in the development of its markets allow the Esker to actively prepare for growth in the coming years. As a result, the sales and marketing teams increased in headcount by 20% in 2019.

Increase in current income

Esker's earnings increased 10% to reach more than 12.7 million euros in 2019, compared with 11.6 million euros in 2018. The 2019 financial year nonetheless recorded a few non-recurring charges for a total amount of 0.9 million euros. The drop in the discount rate applicable to the company's liability for retirement benefits led to a significant mechanical increase in this provision in Esker's books (0.25 million euros). Further additions to the reserve for bad debt were deemed necessary and prudent for some accounts in France and Italy, for 0.4 million euros. The type development work carried out by Esker's R&D teams in 2019 led, in accordance with tax and accounting rules, to a decrease in both the amount of the Research Tax Credit and the rate of capitalization of development expenditures. The combined effect of these two elements can be estimated at 0.3 million euros compared to previous years. Beyond these atypical elements, the growth in sales revenue makes it possible to finance the strong growth investments made while preserving a significant profit margin, which corresponds to the company's long-established strategy. The company's net income increased in the same proportion as the current profit to stand at 9.7 million euros.

Positive outlook for 2020 and effects of the COVID-19 epidemic

Faced with the global Covid-19 epidemic, Esker has taken all necessary measures to preserve the health of its employees and to guarantee the continuity of its services for customers. In the vast majority of cases, Esker is allowing home office work for its employees. Esker's customers can continue, even during home confinement or quarantine, to manage their back-office activities through the use of a cloud infrastructure. Esker's business model, based on multi-year contracts and subscriptions independent of activity volumes,

(continued)

will limit the negative effects of the situation caused by the virus. Esker therefore reaffirms its confidence in achieving double-digit growth objectives in 2020 with a profit which should register an increase compared to 2019. Esker may revise its forecasts depending on the development of the situation and will inform the market immediately.

A English webcast will take place March 19, 2020 at 6pm CET (register [here](#)) or contact Actus, mctriquet@actus.fr (+33 4 72 18 04 92).

About Esker

Esker is a worldwide leader in AI-driven process automation software, helping financial and customer service departments digitally transform their procure-to-pay (P2P) and order-to-cash (O2C) cycles. Used by more than 6,000 companies worldwide, Esker's solutions incorporate artificial intelligence (AI) technology to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally. Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. For more information on Esker and its solutions, visit www.esker.com. Follow Esker on Twitter [@EskerInc](https://twitter.com/EskerInc) and join the conversation on the Esker blog at blog.esker.com.

©2020 Esker S.A. All rights reserved. Esker and the Esker logo are trademarks or registered trademarks of Esker S.A. the U.S. and other countries. All other trademarks are the property of their respective owners.

Esker, Inc.

1850 Deming Way, Suite 150
Middleton, WI 53562 USA
Tel: (608) 828-6000
www.esker.com | info@esker.com

Press Contact: Brittany McLaughlin

Tel: (972) 850-5869 – bmclaughlin@ideagrove.com

Investor Relations Contact: Emmanuel Olivier

Tel: +33 (0)4 72 83 46 46 – olivier@esker.fr

Get Social



blog.esker.com