

Esker Q2 2020 Sales Activity

Company stability demonstrates resilience of economic model

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SALES REVENUE IN M€ (UNAUDITED)	Q2 2020	Q2 2019	Q2 2020/Q2 2019 GROWTH ⁽⁴⁾	H1 2020	H1 2019	H1 2020/H1 2019 GROWTH ⁽⁴⁾
SAAS-BASED DOCUMENT PROCESS AUTOMATION ⁽¹⁾	24.1	23.4	+2%	50.1	44.8	+11%
LICENSE AND MAINTENANCE- BASED DOCUMENT PROCESS AUTOMATION ⁽²⁾	1.4	1.6	-12%	2.9	3.4	-15%
LEGACY PRODUCTS ⁽³⁾	0.6	1.1	-43%	1.2	2.0	-39%
TOTAL	26.1	26.1	0%	54.2	50.1	+7%

⁽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 based on a constant exchange rate: 2020 exchange rates applied to 2019 figures

A stable quarter despite the pandemic and half-year dynamic growth

Esker Q2 2020 consolidated sales revenue amounted to 26.1 million euros (based on both current and constant exchange rates), the same amount as Q2 2019, which was a particularly successful quarter. Half-year sales revenue grew 7% to 54.2 million euros.

As expected, the variable share of cloud-based activities (45% of sales revenue) was significantly impacted by the COVID-19-driven economic slowdown. The impact on this variable share was -24% in April and May, with great disparities between the countries with the most restrictions such as France, Spain, Italy, the U.K. and Asia (-30%) and those with less severe restrictions such as the U.S., Germany and Australia (-12% to -16%). During this difficult period, the company's economic model, based on the combination of a variable share that depends on the level of customer activity on its platforms and a fixed subscription, lessened the impact. Despite the sharp drop in activity observed in Q2, cloud-based revenue (excluding consulting activities) stabilized at 19.1 million euros for the quarter and increased 9% in the first half of the year.

The gradual lifting of restrictions at the end of May resulted in positive growth in overall SaaS sales in June (+12%). This recovery trend should be confirmed during the summer to return to a more usual level of growth (+20%). Despite the ongoing pandemic, Esker continues to serve its customers with minimal disruption and without affecting the quality of service delivered. Esker did not have recourse to partial unemployment due to COVID-19. To date, the vast majority of customer projects on which Esker consultants and their partners

work are carried out remotely without any noticeable slowdown. In Q2, revenue from consulting activities for cloud-based solutions increased by 11% compared to 2019 (+ 16% over the semester).

The pace of signed projects remains strong

Despite the difficult economic situation, Esker recorded numerous signed projects in Q2 which will fuel the company's future growth. The cumulative value of new contracts signed in the first half of 2020 increased by +3% compared to 2019, to reach 12.1 million euros. As of June 30, 2020, the value of projects signed and in the process of being implemented remains at a high level, representing nearly four months of activity for the consulting business.

Strengthened financial structure for future growth

As of June 30, 2020, company cash rests at 38.3 million euros after dividend payment and obtainment of a government-guaranteed loan of 11.5 million euros. With 22.9 million euros in net cash (versus 15.0 million euros on June 30, 2019), Esker has the financial resources necessary to handle the macroeconomic repercussions of the global health crisis while continuing to invest in future growth.

Positive outlook for 2020

The actual effects of the current economic situation on Esker's sales revenue will depend on the duration of the crisis. To face this, Esker relies on the resilience of its economic model, the geographic and sectoral diversification of its revenues, and the relevance of its solutions for customers. Despite the uncertainties of how the health and economic crisis will evolve, Esker expects that it will be able to maintain close to 10% organic growth in 2020. In this hypothesis, profitability would remain close to what was recorded in 2019 without calling into question investments aimed at further developing the company over the coming years.

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 technologies like artificial intelligence (AI) to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally. 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.

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