



Annual Report 2022

Annual Report
2022

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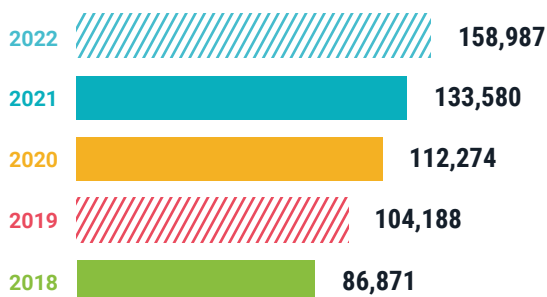
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Presentation of the Group and its business

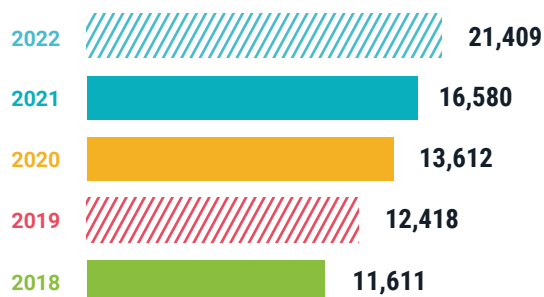


1.1. Financial highlights

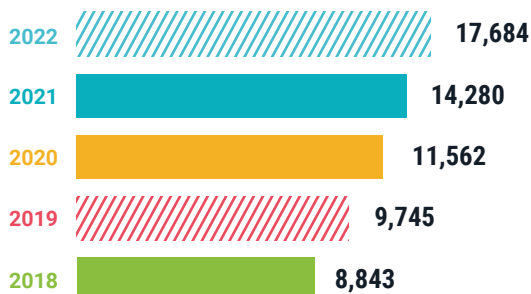
Net sales (€ thousands)



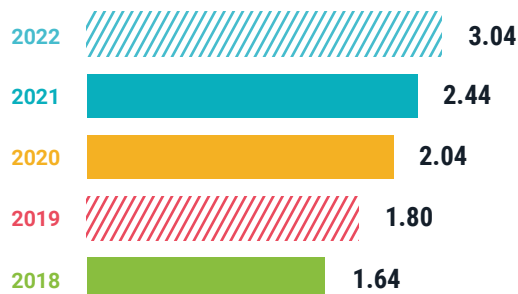
Operating profit (€ thousands)



Net income (€ thousands)



Earnings per share (€)



(€ thousands)	2022	2021
Cashflows after net financial expense	28,579	23,606
Change in operating working capital	(10,401)	1,936
Net cash provided by operating activities	20,489	25,677
Net cash used in investing activities	(20,746)	(17,016)
Net cash used in investing activities	10,902	(15,129)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,644	(6,468)

(€ thousands)	2022	2021
Non-current assets	71,650	57,229
Current assets	90,708	71,534
SHAREHOLDERS' EQUITY	98,641	80,394
Provisions for contingencies and expenses	3,114	2,497
Borrowings	15,034	1,169
Other payables	45,569	44,703

1.2. History and milestones

1.2.1 Statutory information on Esker S.A.

Corporate name

Esker

Place of incorporation and registration number

Companies Register (RCS) No: The company is registered in Lyon under number B 331 518 498

APE code: 5829 C

Date of incorporation and term

Date of incorporation: February 07, 1985

Term: 50 years from the date of incorporation in the registry of companies, saving early dissolution or extension provided for by law.

Registered office and legal form

Registered office: 113 Boulevard de la Bataille de Stalingrad - 69100 Villeurbanne – France - 04 72 83 46 46

Legal form: *Société Anonyme* (a French corporation) incorporated under French law with an Executive Board and a Supervisory Board, governed by the provisions of the French commercial code.

Country of origin: France

1.2.2. History of the Group

Esker was founded by Jean-Michel Bérard and Benoît Borrits after completing computer science degrees from INSA of Lyon. In its start-up phase, the company initially specialized in providing computer services that enabled it to develop experience in the markets for Unix and PC.

1985

1989

Launch of the Tun terminal emulation software connecting PCs to UNIX-based central servers. Management decided to position the Company as a developer of international software products and opened up its capital to outside investors.

Opening of subsidiaries in the United Kingdom, Spain, Germany, Italy and the United States.

1991

1995

Two venture capital companies acquired equity stakes.

Esker was listed on the Nouveau Marché of the Paris stock exchange to accelerate its expansion in North America and diversify its product portfolio. Acquisition of a distributor in Australia

1997

1998

Acquisition of Teubner in the United States (Stillwater, Oklahoma), specialized in fax servers.

Acquisition of Persoft in the United States (Madison, Wisconsin) specialized in terminal emulation software.

1999

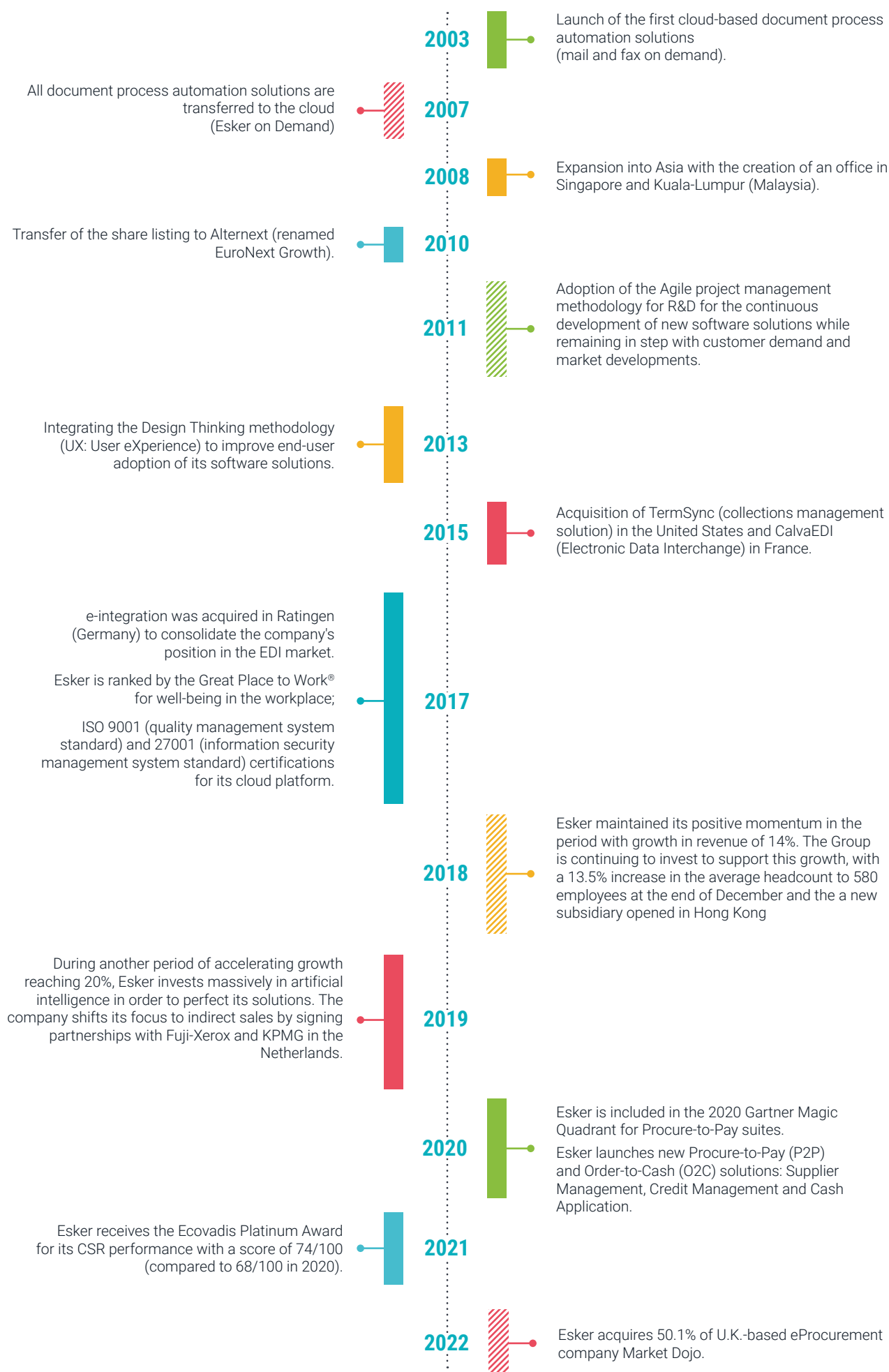
2000

Repositioning of the company in document process automation technologies.

Acquisition in the United States of VSI, specialized in fax servers.

2001

Launch of the first document process automation product: Esker DeliveryWare.



1.2.3. Organization

Legal structure of the Esker Group as of December 31, 2022



All subsidiaries are wholly-owned and fully controlled by Esker S.A., with the exception of Market Dojo which is 50.1%-held.



Business relations between Esker Group companies

Business relations between Esker Group companies are defined in the list of freely contracted agreements (transactions relating to ordinary operating activities concluded under normal conditions) for fiscal 2022, established by the Supervisory Board. Amounts invoiced by the Group consisted of the following:

- Sales of services by the parent company to subsidiaries
- Royalties
- Marketing expense chargebacks
- Staff costs chargebacks
- Interest on advances

In fiscal 2022, the amount invoiced by Esker S.A. on this basis to all subsidiaries totaled €15,775,000 (€15,540,000 in 2021). These subsidiaries in turn invoiced the parent company €3,851,000 (€2,324,000 in 2021). Income and expenses relating to intercompany billings are eliminated in consolidation. As such, they have no financial impact on the Group's consolidated financial statements.

Regulated agreements concluded between Group companies are presented in the corresponding report of the Statutory Auditors included in [Paragraph 2.4](#) of this document.

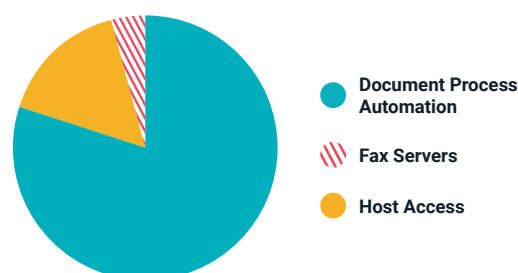
Segment information is provided in [Note 1](#) to the consolidated financial statements presented in [Paragraph 5.1](#) of this document and information on related parties in [Note 22](#) herein.

1.3. Analysis of the Group's financial position and business

1.3.1. Analysis of Group revenue

Sales by business segment

In thousands of euros	2022		2021	
	Amount	%	Amount	%
Document process automation - Software as a Service (SaaS)	127,451	80%	103,484	77%
Document process automation solutions and maintenance services (license-based)	25,594	16%	23,148	17%
Legacy products	5,942	4%	6,948	5%
TOTAL	158,987	100%	133,580	100%



Esfer DeliveryWare sales (on-premise Esfer solutions / licenses and maintenance) have been included in legacy products since 2022. Figures for 2021 were restated accordingly for the purpose of ensuring comparability.

Esfer registered another record performance in 2022 with annual revenue of nearly €160 million.

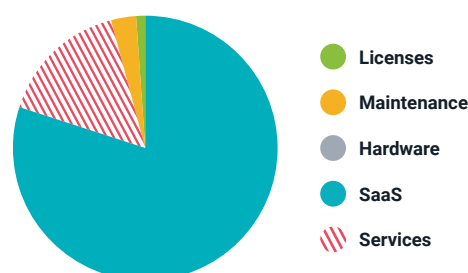
Revenue grew 19% (+13% at constant exchange rates) to €159 million.

This performance was largely driven by the accelerating success of cloud-based document process automation solutions which represented nearly €127 million in 2022 (80% of total revenue), up 17% from 2021.

Revenue from traditional license-based document process automation solutions accounted for 16% of sales, with growth of 8%. Legacy products now account for only 4% of total sales after decreasing 24% from 2021 in line with the Group's strategy.

Sales by product sub-segment

In thousands of euros	2022		2021	
	Amount	%	Amount	%
Licenses	1,140	1%	1,468	1%
Hardware	88	0%	142	0%
Contracts for product updates and maintenance	4,682	3%	5,338	4%
Services	25,626	16%	23,148	17%
SaaS	127,451	80%	103,484	77%
TOTAL	158,987	100%	133,580	100%

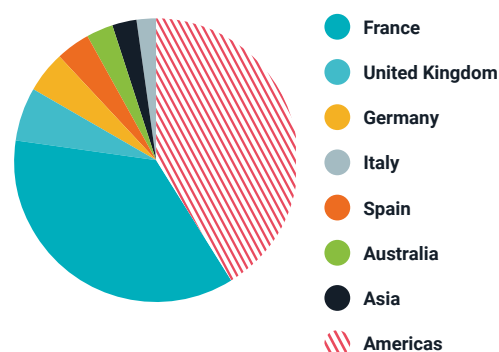


As document process automation solutions are more widely adopted, SaaS sales should continue to experience sustained growth over the coming years.



Sales by country

	2022		2021	
In thousands of euros	Amount	%	Amount	%
France	58,086	37%	51,715	39%
United Kingdom	9,128	6%	7,528	6%
Germany	7,213	5%	7,219	5%
Italy	2,628	2%	2,228	2%
Spain	5,600	4%	4,936	4%
Australia	5,342	3%	4,438	3%
Asia	4,543	3%	3,713	3%
Americas	66,446	42%	51,803	39%
TOTAL	158,987	100%	133,580	100%



Sales outside of France account for 65% of revenue, with the Americas alone accounting for 42%.

Competition in the document process automation market

Esker on Demand

Competitors in the Esker on Demand product segment include:

In thousands of euros	12/31/2022
Coupa	664
Basware	149
OPEN TEXT	3,494
ITESoft	20

(1): Total sales of the company rather than for the competing product line

Smaller or more specialized competitors may also be cited even if they do not operate in exactly the same markets as Esker. These companies include: OMPrompt, SAP Concur, HyLand, Connexiom or Kofax.

Esker considers that it is the only player in this category covering simultaneously the two Source-to-Pay and Order-to-Cash cycles enabling it to offer a unique solution with a single interface for all administrative and financial processes which need to be automated.

Esker also considers that it has a considerable advance over its competitors in integrating artificial intelligence technologies into its solutions. Deep-Learning has allowed it to significantly improve the recognition of unstructured documents and offer new functionalities such as detecting anomalies or fraud.

FlyDoc

Only Maileva (a subsidiary of La Poste Group) proposes a viable alternative to the FlyDoc service for the delivery of mail on demand. According to Esker, FlyDoc offers better integration with enterprise applications than its French competitor. FlyDoc is also less expensive and does not impose an annual fee.

Basis of statements made by the issuer regarding its competitive position

Items providing the basis for statements made by the issuer regarding its competitive position are presented below in the [Section "Competition in the document process automation market"](#).

Group strategy

Esker's strategy is focused on developing and selling a cloud-based software platform for the automation of enterprise back-office processes. Specifically, the above solutions cover both order-to-cash (from the customer order to invoice collection) and source-to-pay processes (from the selection of suppliers to the payment of invoices).

The company is focused on accelerating organic growth largely through a direct sales force. Since 2018, a network of partners was developed to supplement the company's own resources, both for sales and consulting services (installation of the software at the customer's sites). Significant partnerships were developed with companies such as Fuji Xerox in the Asia-Pacific region, KPMG for the Netherlands, Cegid in France, etc. As for the partnership with Quadient (ex Neopost) for the period, it represented approximately 8.3% of Esker's revenue. This partnership is however largely focused on distributing simple hybrid mail solutions (reconversion of Internet mail into physical form for transfer to the postal services) destined for SMEs, an activity which has historically represented a significant portion of the Group's business, though which is destined to migrate to purely electronic document flowtype within the next 5 to 10 years.



To ensure sustainable growth over the medium-term, Esker regularly invests in research and development, marketing, sales and consulting. Because these sales cycles range between 12 to 18 months, such investments have an adverse impact on the company's short-term profitability. The management of Esker's growth is designed to achieve a positive operating margin of approximately 12% to 14% of sales.

Regulations

The regulatory environment of the solutions sold by Esker is constantly evolving. This is particularly the case with respect to B2B invoicing activities.

In France a law was adopted (Finance Act No. 2019-1479) requiring companies to adopt e-invoicing no later than January 1, 2025. This represents a major change in company operating practices. Similar changes have already occurred in different countries (Italy, Spain, etc.). These changes have traditionally led to an acceleration in the digital transition of companies which is a positive factor for Esker's activity.

Similarly, the European NFRD (Non Financial Reporting Directive), which governs non-financial performance statements by European companies, will soon be replaced by a more ambitious "Corporate Sustainability Reporting Directive" (CSRD) (EU 2022/2464) whose application will be phased in from January 1, 2024.

1.3.2. Research and development, patents and licenses

Research and development expenses

Esker has historically devoted significant resources to research and development. In 2022, the R&D budget represented nearly 10% of total Group sales. This policy ensures that Esker maintains its technological advance, the only effective means of meeting challenges from competitors. At December 31, 2022 at the site located in Villeurbanne, a team of 151 computer engineers work on developing Esker software programs. The R&D department also has a team of 15 engineers based in Madison (Wisconsin, USA) developing the TermSync solution and five engineers based in Ratingen (Germany) developing the Esker EDI Services solution. Second-level technical support is provided by another team of 74 engineers based in the Group's different company.

The following table provides a breakdown of R&D expenses by major product lines before and after the capitalization of development expenditures (additional information on this subject is provided in [Notes 3](#) and [16](#) to the consolidated financial statements presented in [Paragraph 5.1.](#) of this document):

In thousands of euros	12/31/2022	12/31/2021	12/31/2020
R&D expenses for the period	(15,175)	(14,075)	(12,633)
Capitalized development expenditures	10,164	8,641	7,822
Amortization of capitalized development expenditures	(6,930)	(6,156)	(5,351)
RESEARCH AND DEVELOPMENT EXPENSES NOT CAPITALIZED	(11,941)	(11,590)	(10,162)

Research and development expenditures are focused primarily on the document process automation lines. Development expenditures recognized as assets in 2022 concern mainly SaaS solutions (Esker on Demand), capitalized every six-month period.

Patents

Technologies for General Document Recognition (GDR), analysis and routing have been protected for a number of years by patents with the United States Patent and Trademark Office (USPTO).

In particular, this protection covers the following patents:

- US 6,906,817 B1: Network system for directing the transmission of facsimiles
- US 8,094,976 B2: One-screen reconciliation of business document image data, optical character recognition extracted data, and enterprise resource planning data
- US 8,108,764 B2: Document recognition using static and variable strings to create a document signature
- US 8,396,854 B2: Digital document management system
- US 8,577,826 B2: Automated document separation
- US 11,132,407 B2: System for the automatic separation of documents in a batch of documents
- US 11,494,551 B2: Form field prediction service

Trademarks

The following trademarks have been registered by Esker in France and other countries

- CalvaEDI
- FaxGate
- SmarTerm
- Tun
- Quit Paper
- FlyDoc
- Green Doc
- Smartmouse
- Persona
- VSI-Fax
- TermSync

Independence of the issuer

Esker SaaS solutions are provided mainly with equipment owned and operated by Esker. In contrast, computer equipment is housed in secure data center rooms operated by outside service providers (Colt, CDW).

Esker products are generally sold without complementary third-party products, with the exception of Esker DeliveryWare that incorporates document format conversion and optical character recognition modules marketed by Esker. Esker Fax is frequently marketed with an intelligent fax board.

1.3.3. Capital expenditures

Most of the Group's capital investments (R&D, computer equipment) are self-financed. Automobiles are in contrast acquired through leases.

Major equipment investments in equipment for FlyDoc and Esker on Demand solutions are generally acquired through lease financing (registered letter processing machine, printers, servers, storage, etc.).

Acquisitions are financed through company cash or treasury shares in addition to bank loans.

Major capital investments in 2022 and 2021

(€ thousands)	2022	2021
Esker on Demand	10,164	8,829
<i>Of which finance leases recognized under assets</i>	0	0
Other fixed assets	396	2,510
TOTAL	10,560	11,329

The Company's capital investments are focused primarily on its SaaS solutions (Esker on Demand and FlyDoc), capitalized every six months, and printers and mail inserting systems for the production site in France.

Additional information is provided in [Notes 3 and 4](#) of the consolidated financial statements presented in [Paragraph 5.1](#) of the annual report.

Other assets consist primarily of computer equipment and software necessary for the company's normal business operations.

Principal current and future investments

Capital investments are currently being made to develop Esker on Demand infrastructure, necessary to service new Esker on Demand customers and including notably:

- Increasing the processing capacity of its existing production centers over the next three years
- Create new mail processing centers
- Improving document automation processes in SaaS in particular to accelerate their deployment and parameterization for key accounts

These changes require the acquisition of new data processing and storage servers, printing and mail insertion systems. Information on methods used to finance these capital investments is presented in [Paragraph 1.4.5.](#) of this document.

Principal future investments subject to firm commitments by Management bodies

None.



1.3.4. Property, plants and equipment

Important property, plant and equipment

In France, Esker S.A. owns the property which houses its production plant in Décines Charpieu. The other premises, including the Esker S.A.'s headquarters located in Villeurbanne, are leased.

Excluding Esker Italy, which acquired its premises in Milan in April 2019, the Group's other companies do not own buildings. The premises occupied are subject to lease agreements. The characteristics of these leases are described below:

Establishments	Address	Lease expiration date	Area
Esker France	Villeurbanne - France	June 2023	5,795 m ²
CalvaEDI	Paris - France	February 2025	207 m ²
Esker GMBH	Munich - Germany	September 2024	477 m ²
Esker EDI Services	Ratingen - Germany	January 2023	667 m ²
Esker Ibérica	Madrid - Spain	January 2024	180 m ²
Esker Ibérica Production	Madrid - Spain	July 2023	169 m ²
Esker Ltd	Derbyshire -United Kingdom	January 2030	692 m ²
Esker Pty	Sydney - Australia	November 2026	229 m ²
Esker Inc.	Madison - United States	April 2026	3,800 m ²
Esker Pte Ltd	Singapore	June 2023	172 m ²
Esker Sdn Bhd	Kuala Lumpur - Malaysia	January 2024	219 m ²
Market Dojo	Stonehouse – United Kingdom	March 2025	153 m ²

At December 31, 2022 total liabilities from these leases amounted to 18,473,000 (€8,746,000 in 2021).

Otherwise, the main intangible assets of the Group include:

- **Hardware** (computers, printers)
- **Production equipment required for the on-demand services** : mainly postage machines and production printers.

The figures for property, plant and equipment are presented in [Note 4](#) to the consolidated financial statements, included in [Paragraph 5.1.](#) of this document.

There were no major changes with respect to these items.

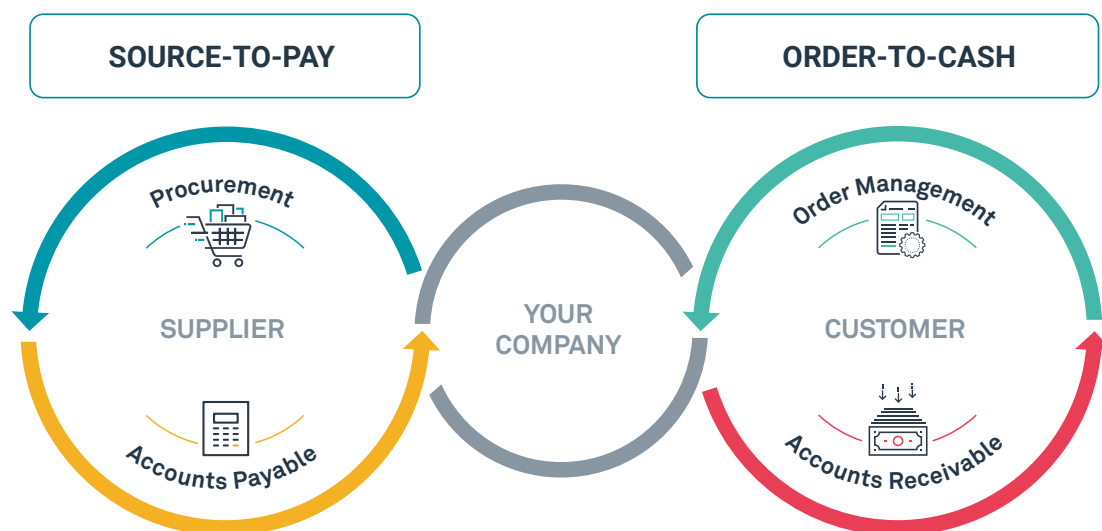


1.4. Management discussion and analysis

1.4.1. Overview of the company's activities

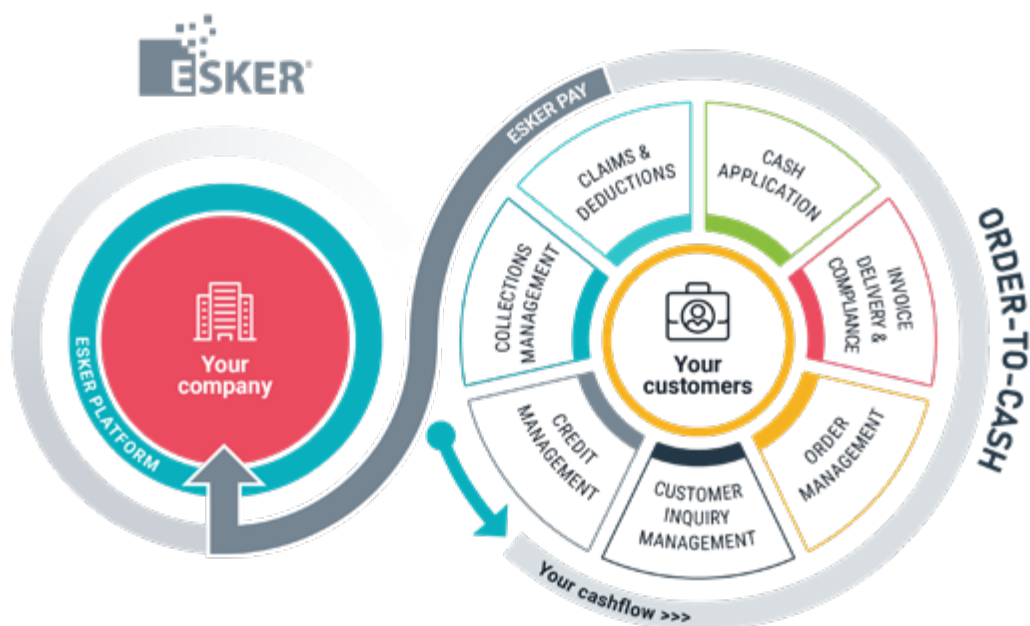
Esker is a global cloud platform built to unlock strategic value for Finance, Procurement and Customer Service professionals, and strengthen collaboration between companies by automating the cash conversion cycle. Esker's mission is to build a foundation that promotes positive-sum growth, increased productivity, improved employee engagement, and greater trust between organizations. Esker software products are sold in the form of on-demand online services (SaaS). In 2022, on-demand services accounted for 80% of revenue. The balance represented revenue from the sale of licenses, maintenance contracts and the corresponding product upgrades.

Cash conversion cycle



Esker solutions cover all customer and supplier cycles. They can accelerate and streamline the cycles by automating the corresponding management processes. They also make it possible to significantly improve relations with customers and suppliers while freeing up administrative personnel from the more tedious time-consuming tasks so they can be more productive.





Esker's Order-to-Cash suite accelerates all O2C processes, from order management to accounts receivable making it possible to service customers more quickly and speed up collections.

The O2C suite contributes to the following processes:

- Managing the creation of new customers and their credit rating (Customer Management).
- Eliminating manual data entry by electronically processing all customer orders and automatically extract all order information (Order Management).
- Ensuring the multi-channel distribution of invoices and facilitating the transition to electronic invoicing (Invoice Delivery).
- Offering customers the possibility to make payments online and in this way reduce the rate of payment defaults (Payment).
- Reconciling customer payments with invoices (Cash Application).
- Reducing DSO through collection assistance tools (Collections Management).
- Monitoring claims and deductions and continuously improving the process by analyzing the causes (Claims & Deductions).
- Offering a global view of customer behavior from receipt of orders to the payment of customer invoices.

Esker's Order Management solution makes it possible to:

- Accurately and rapidly process the flow of customer orders regardless of the transmission channel (email, fax, EDI, scan).
- Eliminate delays or the loss of orders.
- Double productivity of the AR department by automatically reading and verifying documents.
- Free up time to generate additional sales or simply improve the customer relationship.
- Create a more relaxed working environment for sales administration employees.

Esker's Accounts Receivable solution suite:

- Provides a natural support to automating the invoicing process.
- Reduces payment delays.
- Improves customer credit risk management.
- Ensures greater responsiveness in the event of payment delays.
- Facilitates the rapid identification and resolution of disputes.
- Reduces the use of paper and the corresponding costs through electronic invoicing.
- Optimizes collections management.

Example: processing orders and invoices

Today: the company receives purchase orders from customers by email or fax. These orders are then printed and the sales administration personnel enter the data they contain in the enterprise management planning (ERP). An order confirmation is then sent by fax or email to the customer before copying the purchase order several times to be archived in different files.

When the shipment of goods has been completed, company personnel request the printout of an invoice that is then folded and inserted in an envelope mailed to the customer. Several copies of the invoice are made for archiving purposes.

Customer payments indicated on the bank statements are manually reconciled with the invoices. Potential discrepancies are managed at the same time.

Customers with payments past due are notified by reminder letters. Telephone interactions with delinquent customers are recorded in an Excel file and reminders are recorded in the post-It application until final payment is received.

The information included in the orders is automatically extracted to be presented to an operator for validation. After being confirmed, the information is transformed to be automatically and directly integrated in the ERP. At the same time, the purchase order is electronically stored and confirmation of the order automatically sent to the customers by fax or email.

Esker's automation solution electronically receives customer orders sent by email, EDI or fax.

When the shipment is completed, the sales administration personnel requests issuance of an invoice which is transmitted to Esker on Demand for transmission in electronic format or sometimes conversion into a traditional letter and mailed. A copy of this invoice is stored electronically. Customers are systematically provided with a copy of the invoice in their personal space on the company's portal.

The customer can settle the invoice directly by a bank card or a SEPA bank order.

Payment reconciliation is performed automatically by means of the bank statements through an AI tool which presents the most probable results by calculating the potential discrepancies.

The reminder letters are sent electronically like the invoices. Delinquent customers are monitored in real time. Their interactions with the accounting department are recorded in the application so that the customer can be monitored by different persons.

In this example, with Esker's business process automation solution, all manipulation of paper and time-consuming tasks are eliminated even if the customer continues to manually fax and receive invoices by mail.



Esker's Source-to-Pay (S2P) suite is designed to help Procurement and Finance leaders achieve their goals by removing departmental siloes, streamlining procurement processes, improving enforcement of policy compliance, and enhancing supplier management with visibility over the entire buying process.

The S2P suite contributes to the following processes:

- Identifying the most suitable suppliers for strategic purchases via RFPs or e-auctions (Sourcing).
- Managing the supplier relationship and the corresponding administrative documents, for example company registration certificates (K-bis), insurance certificates or bank account identification forms (Supplier Management).
- Establishing a purchase request by selecting the articles from an internal electronic catalog or attaching a quote or contract and obtain the approval of managers before sending the purchase order (Procurement).
- Managing the receipt of goods or services.
- Eliminating manual data entry by electronically processing all invoices and automatically extracting all information they contain (Accounts Payable).
- Reconciling supplier invoices with purchase orders before issuing and/or launching an approval workflow with the buyers or cost center managers.
- Making the invoices available to suppliers so they can consult their status at any time.
- Preparing the payments and inform the suppliers when completed (Payment).
- Requesting rebates in exchange for advance payments or enable third parties to prepay invoices in exchange for interest payments (Supply Chain Financing).
- Offering a global version of the procurement process from the purchase request to final settlement.



Esker's Source-to-Pay suite enables businesses to transition to process automation and offers the following advantages:

- Better control and anticipation of commitments.
- Reducing out-of-process purchases.
- Doubling the productivity of accounting teams.
- Reducing the risk of fraud and non-compliance.
- Reducing the number of calls by suppliers to obtain information about the status of their invoices.
- Respecting payment terms.
- Optimizing cash management.
- Eliminating the use of paper and the corresponding manual tasks.



Example: processing supplier invoices

Today: The company receives invoices from suppliers by mail. These invoices are collected and the accounting staff manually enters the information they contain in the ERP.

The invoices are photocopied for archiving purposes and transmission to persons responsible in the company to obtain their payment approval.

The approval process can be particularly long according to the complexity of the approval channel as well as the geographical organization of the company. During this time, the suppliers frequently call the accounting department to inquire about the status of their invoices and obtain an estimated payment date. They are not always successful in obtaining a clear response.

The settlement is prepared once a certain number of invoices have been approved for payment. A payment signature book is prepared which must be submitted to the finance manager for approval.

The payment is then made.

In the best case scenarios, it is generally too late to take advantage of the discounts offered by suppliers in exchange for rapid payment. In worst-case scenarios, the company may incur late payment interest and/or a supply chain disruption.

Esker's automation solution electronically receives supplier invoices in the form of scanned paper invoices, emails PDFs or EDI.

The information included in the invoices is automatically extracted to be presented to an accountant for validation. After being confirmed, the information is transformed in order to be directly integrated in the ERP.

If a purchase order exists which corresponds to the invoice details, the invoices becomes automatically cleared for payment. Otherwise, an image of the invoice with the key information is transmitted to the relevant cost center managers for approval. These managers can communicate their authorization or rejection directly from their workstation or from their smartphone.

A copy of the invoice and its status (received, pending approval, approved for payment, paid, rejected) is systematically communicated to the supplier in its personal space of the company's portal which may be consulted at any time. If the invoice is approved for payment, the supplier may request early payment in exchange according to the discount terms defined in the invoice footer.

Invoices cleared for payment are periodically collected in an electronic signature record in order to be approved by the chief financial officer.

The payment is then completed and the supplier is informed in real-time.

By automating this process, the accounting team is dispensed from performing manual data entry tasks. This enables them to once again exercise a genuine control function and to perform higher value-added activities.

Technologies

Cloud platform

Esker's cloud platform offers a number of advantages for the optimization of business processes: 24/7 availability, a high level of security (ISO 27001, HIPAA), complete personalization for each user or company as well as simultaneous integration with many ERPs and Middleware.

Artificial Intelligence

The artificial intelligence (AI) technologies developed by Esker are conceived to imitate human intelligence by combining machine learning and deep learning to manage and analyze structured and unstructured data from the most complex business processes.

Esker's core expertise includes the recognition of documents, images and content and analysis and reporting tools.

Machine learning is a form of AI technology that uses algorithms to teach a computer what is natural for people. It "learns" how to manage orders, process invoices and handle exceptions of all kinds, while continually improving its understanding of data over time to become even more accurate and efficient.

Deep learning is based on algorithms by means of which an application learns how to perform tasks through a neural network by leveraging a large quantities of data. Esker uses this technology for document recognition and classification as well as for prescriptive and predictive analytics.

Mobility with Esker Anywhere™

The majority of the user interfaces of Esker solutions are available on smartphones so that managers or users can access company documents even when they are away from the office. The Esker Anywhere mobile app is used mainly for recording orders when visiting customers, approving invoices or purchase requests, consulting indicators or statistics or recording travel expenses.

EDI

The cloud-based nature of Esker's automated platform means that O2C and S2P solutions can be easily configured to work with IT installations without altering existing infrastructure. This technology is destined for large companies and governments. It requires a certain frequency in the number of exchanges as a significant period of adjustment required to become efficient.

Products

Esker on Demand

An on-demand document process automation platform for outsourcing and automating the enterprise process linked to the circulation of documents (invoicing, reminders, sales administration).

Esker DeliveryWare

This application offers the same functionalities as the Esker on Demand solution and consists of a software license installed by the user customer and sold in conjunction with the service, training, a contract for product maintenance and upgrades and in some cases hardware (fax boards). The sale of this product was discontinued in September 2019.

FlyDoc

FlyDoc is an online fax and mail delivery service.

CalvaEDI

This SaaS solution is designed for transport decision-makers – manufacturers, freight forwarders, logistic services providers as well as the haulers themselves for automatically exchanging shipping orders in real time in the EDI format.

Esker EDI Services

This SaaS solution enables industrial companies to exchange different business documents (orders, order confirmations, delivery slips, invoices, payment notices, inventory reports, consignment notes, etc.) in EDI format (EDIFACT, X12, EANCOM, TRADACOMS, EDITEC, OASIS UBL, PEPPOL BIS, etc.) with their partners.

TermSync - Cash Collection

A cloud-based service for managing the accounts receivable collections process for customer invoices issued by Esker on Demand or any other third-party solution.

Esker Fax

A versatile fax server that works on a Microsoft server and is sold primarily to large companies.

VSI-Fax

A production fax server operating under UNIX and Linux offering approximately the same features as the Esker Fax product for these environments.

Tun Plus

A terminal emulator reproducing the screens of large systems in a Windows-type environment. It makes it possible to replace passive terminals and communicate with the company's large legacy applications for users with Windows-type workstations. Tun Plus is marketed mainly for SCO Unix, Linux, IBM AIX, HP-UX, IBM 390 and IBM AS/400 servers. The attractiveness of this product line is based on the rich offering of emulations proposed (more than 20 today).

SmarTerm

A terminal emulator marketed primarily for Digital (VAX Open VMS), Data General and IBM mainframe (3270) servers.

1.4.2. Material contracts

No material contracts, other than those entered into in the ordinary course of business, have been entered into in the last two financial periods

1.4.3. Financial position of the Group

The Group's operating and financial review is presented in the management discussion and analysis of the Executive Board summarized below. This information concerns the consolidated financial statements as presented in [Paragraph 5.1](#) of this document. The reader is also invited to consult the information on trends in [Section 1.4.1](#) and the notes to the consolidated financial statements in [Paragraph 5.1](#).

Analysis of Group revenue

Esker registered another record performance in 2022 with annual revenue of nearly €160 million.

Revenue grew 19% (+13% at constant exchange rates) to €159 million.

This performance was largely driven by the accelerating success of cloud-based document process automation solutions which represented nearly €127 million in 2022 (80% of total revenue), up 17% from 2021.

Revenue from traditional license-based document process automation solutions accounted for 16% of sales, with growth of 8%. Legacy products now account for only 4% of total sales after decreasing 24% from 2021 in line with the Group's strategy.

Sales outside of France account for 65% of revenue, with the Americas alone accounting for 42%.

A record quarter and year

Esker once again achieved the best quarter and year in the company's history, with annual sales of nearly €160 million for 2022. The Group's annual sales on that basis amounted to €159.3 million, up 19% on a reported basis (+13% at constant exchange rates).

Esker's Q4 consolidated sales in the fourth quarter of 2022 amounted to €42.5 million, up 18% on reported basis and 13% at constant exchange rates from one year earlier. Despite lower volumes in the quarter for documents processed in response to the economic slowdown, growth continued to be driven by SaaS sales (+23% on a reported basis) which accounted for 80% of total sales at year-end (97% including implementation services). All region contributed to this strong momentum, with solid growth driven by the commercial successes of the previous quarters.

A solid financial structure

In December 2022, Esker's workforce passed the symbolic milestone of 1,000 active employees, representing 972 full-time equivalents supporting the Group's growth.

At December 31, 2022, the Group's cash position amounted to €46.9 million (up from €39.2 million one year earlier). And with net cash of €32.3 million (vs. €38.6 million at December 31, 2021) and more than 140,000 shares held in treasury, Esker has the financial resources to execute its strategy for accelerating organic growth and making targeted acquisitions to offer its customers even more value by integrating complementary solutions.

1.4.4. Business trends, outlook and significant post-closing events

Business trends and outlook

Most of the Group's organic growth will be driven by its cloud-based solutions. The absence of an initial investment combined with operating comfort make these solutions very popular with customers. Esker's goal is to occupy a leadership position in the automation of administrative and financial processes by leveraging its experience as a pioneer and its important installed base. To achieve this, the company is developing its offering by automating increasingly complex and value-added processes (S2P and O2C) while at the same time integrating AI technologies. Esker also wants to add a financial component to its automation services by integrating invoice payment or financing functions. It also intends to integrate a non-financial data management function extracting and consolidating energy-related data (KWh, m3 of gas, liters of fuel, etc.) to help companies reduce their environmental, social and governance (ESG) reports. Over the long term, Esker will pool certain data (customers, suppliers) and services (financing, joint purchasing) between all customers to contribute to their performances and resilience.

To further leverage its growth, Esker is working with partners capable of assisting it in marketing and integrating its solutions in other customer segments. Esker is currently working to ensure the success of these partnerships and expand its distribution network through its dedicated business development team. Esker's sales force will be gradually redeployed to offer its large installed base of satisfied customers new modules and extensions.

Following the very good performance in 2022 and based on the high level of recurring sales (83%) and growth in order intake (+21%), the company is able to look ahead to 2023 with confidence. On that basis, Esker is expecting organic growth in 2023 of between 12% and 14%.



To help offset salary increases triggered by a sharp rise in inflation, Esker will significantly reduce the pace of recruitment which will focus primarily on R&D, sales and security. New consultants will be recruited to respond to growth in order intake without impacting profitability, which is expected to approach the level achieved in 2022.

The cash balance is sufficient for the development of infrastructure and software required to support the growth in cloud-based solutions.

Esker's main objectives for 2023 are as follows:

- Continue to secure and expand the capabilities of the cloud platform
- Continue to integrate AI technologies in all its solutions to further enhance the automation rate
- Boost organic growth by leveraging existing partners and adding new ones
- Integrate payment and financing (factoring) functionalities into all processes managed by the solution
- Integrate the first functionalities for extracting and consolidating non-financial data
- Share with existing customers information and indicators (DSO, DPO, etc.) generated by the platform

Significant post-closing events

In January 2023, a subsidiary was created in Belgium to support business development in the Benelux region.

1.4.5. Capital resources

Capital of the issuer

Information concerning the capital is presented in the consolidated statement of changes in equity [Paragraph 5.1.](#) "Consolidated financial statements".

Sources, amounts and description of cashflows

Information on cashflow is presented in the cashflow statement in [Paragraph 5.1.](#)

Analysis of changes in cash in the period is presented above in [Section 1.4.3.](#)

At December 31, 2022, the Group's U.S. and U.K. subsidiaries had positive cash balances. In this respect, the euro's appreciation in relation to the U.S. dollar or British pound constitutes an impediment to the transfer of funds from the U.S. and the U.K. to France.

The cash surpluses are invested in the main currencies (EUR, USD, GBP and AUD). The parent company supervises its subsidiaries' capital spending and financial investments by directly monitoring their balances and requests for cashflow forecasts.

Borrowing requirements and funding structure

As indicated above in [Section 1.4.3.](#) and [Note 13](#) of the consolidated financial statements presented in [Paragraph 5.1.](#) of this document, financial liabilities at year-end amounted to €15,034,000 and included the following items:

- €387,000 in lease liabilities offsetting the finance leases capitalized in the period (right-of-use assets) concerning one printing and two inserting machines used for outsourced on-demand mail delivery services
- €14,647,000 in bank loans;

Restrictions on the use of capital resources

There are no restrictions on the use of the company's capital resources.

1.4.6. Proposal for the appropriation of net profit to the Shareholders' Meeting

It is proposed that the profit of the period of €4,477,160,44 be appropriated as follows:

• €12,165.60 will be allocated to the "Legal reserve", increased accordingly from €1,184,982.40 to 1,197,148.00:	€12,165.60
• €4,518,390.00 for the distribution of dividends to shareholders, it being noted for the record that own shares held by the Company do not confer dividend rights, and the amounts corresponding to dividends not paid on these shares will be allocated to "Other Reserves":	€4,518,390.00
• with the balance, i.e., (€53,395.16) to be allocated to "Other reserves", which would be reduced accordingly from €45,856,588.05 to €45,803,192.89, as follows:	(€53,395.16)
Total equaling the profit of the period	€4,477,160.44



Dividends will be paid no later than 45 days after the Annual Shareholders' Meeting in the amount of €0.75 per share. The Shareholders' Meeting specifies that this dividend is subject, for individuals, to a 12.8% flat tax (*prélèvement forfaitaire unique*), to which are added social charges of 17.2% resulting in a total tax charge of 30%.

1.4.7. Information on dividends

The Executive Board will propose a dividend of €0.75 per share at the annual Shareholders' Meeting of June 21, 2023.

For information, dividends distributed for the last three financial periods is disclosed below:

FY (French GAAP)	Net dividend (in euro)	Net dividend / earnings per share
2021	0.60	25%
2020	0.50	25%
2019	0.33	18%



2

Corporate governance



2.1 Management and control of the company

2.1.1. Presentation of corporate governance bodies

Esker is a French corporation (*société anonyme*) governed by an Executive Board and a Supervisory Board. The composition of the corporate governance bodies for the year ending December 31, 2022 was as follows:

Executive Board:

Mr. Jean-Michel Bérard

Chair of the Executive Board

Mr. Emmanuel Olivier

Member of the Executive Board

Supervisory Board:

Ms. Marie Claude Bernal

Chair of the Supervisory Board

Ms. Nicole Pelletier-Perez

Vice Chair of the Supervisory Board

Mr. Jean-Pierre Lac

Member of the Supervisory Board

Mr. Steve Vandenberg

Member of the Supervisory Board

Audit Committee:

Mr. Jean-Pierre Lac

Chair of the Audit Committee

Ms. Marie Claude Bernal

Member of the Audit Committee

Compensation and Nominating Committee:

Ms. Marie Claude Bernal

Chair of the Compensation and Nominating Committee

Ms. Nicole Pelletier-Perez

Member of the Compensation and Nominating Committee

ESG Committee:

Ms. Nicole Pelletier-Perez

Chair of the ESG Committee

Mr. Jean-Pierre Lac

ESG Committee member

Cybersecurity Committee:

Mr. Steve Vandenberg

Chair of the Cybersecurity Committee

Ms. Nicole Pelletier-Perez

Member of the Cybersecurity Committee



2.1.2. Offices and functions exercised by corporate officers during the period ended

In accordance with the provisions of Article L.225-37-4-1° of the French Commercial Code, the list of offices exercised is provided below:

Name (Nationality)	Office or position exercised in Esker S.A.	OFFICES EXERCISED IN OTHER COMPANIES					
		Company	Nationality	Office / Position	Year of initial appointment	Expiration of appointment: Shareholders' Meeting ruling on the financial statements for the fiscal year ending in	Professional address (primary position)
M.C. Bernal (French)	Chair of the Supervisory Board	Esker S.A.	French	Chair of the Supervisory Board	2001	2024	113 boulevard de Stalingrad 69100 Villeurbanne, France
		Wellesley Montessori School	U.S.	Director	2019	N/A	79 Denton Road, Wellesley, MA 02482, USA
N. Pelletier-Perez (French)	Vice Chair of the Supervisory Board	Esker S.A.	French	Vice Chair of the Supervisory Board	2017	2022	113 boulevard de Stalingrad 69100 Villeurbanne
		Femmes Business Angels	French	Director	2018	2024	23-25 rue Jean-Jacques Rousseau 75001 Paris
J.P. Lac (French)	Member of the Supervisory Board	Esker S.A.	French	Member of the Supervisory Board	2020	2025	113 boulevard de Stalingrad 69100 Villeurbanne, France
		Le Progrès	French	Director	2012	2022	4 rue de Marseille, 69002 Lyon, France
		Foundation for the Université de Lyon	French	Chair of the Audit Committee	2017	N/A	50 rue de Marseille, 69007 Lyon, France
S. Vandenberg (U.S.)	Member of the Supervisory Board	Esker S.A.	French	Member of the Supervisory Board	2022	2027	113 boulevard de Stalingrad 69100 Villeurbanne
J.M. Bérard (French)	Chair of the Executive Board	Esker S.A.	French	Chair of the Executive Board	2000	2022	113 boulevard de Stalingrad 69100 Villeurbanne
		Esker Inc.	U.S.	Vice President	2001	N/A	1850 Deming Way - Suite 150 Middleton, WI 53562
		Esker UK Ltd.	British	Vice President	1999	N/A	Unit 1 Stoney Cross Industrial Estate Station Road, Spondon, Derby, DE21 7RX United Kingdom
		Esker Software GmbH	German	Director	1999	N/A	Dornacher Str. 3a D-85622 Feldkirchen Germany
		ESKER Italia Srl	Italian	Director	2001	N/A	Via Guido Gozzano, 45 21052 Busto Arsizio (VA) Italy
		Esker Ibérica SL	Spanish	Director	2001	2100	Calle Chile 8, oficina 206 28290 Las Rozas de Madrid
		Esker Australia Pty Ltd.	Australian	Vice President	1997	N/A	Suite 1502, Level 15 227 Elizabeth Street Sydney NSW 2000
		Esker Document Automation Asia Pte Ltd	Singapore	Vice President	2007	N/A	Unit #11-01, 101 Thomson Road United Square Singapore 307591
		Esker Document Automation (HK) Limited	Hong Kong national	Vice President	2018	N/A	66th Floor, The Center 99 Queen's Road Central Central Hong Kong
		Esker Document Automation (M) Sdn. Bhd.	Malaysia	Vice President	2009	N/A	16-12 Q Sentral Jalan Stesen Sentral 2 50470 Kuala Lumpur Malaysia
		Esker Solution Canada Inc.	Canadian	Director	2012	N/A	630 René-Lévesque Blvd West Suite 2800 Montreal, Quebec Canada H3B 1S6
		CalvaEDI	French	Chair	2015	N/A	58/A rue du Dessous des Berges - 75013 Paris
		TermSync	US	Vice President	2015	N/A	1850 Deming Way - Suite 150 Middleton, WI 53562
		Esker EDI Services	German	Chair	2017	N/A	Calor-Emag-Straße 3 40878 Ratingen
		Market Dojo	British	Vice President	2022	N/A	Suite 30-33, Westend Office Suite, Grove Lane, Westend Stonehouse Gloucestershire GL10 3FA
E. Olivier (French)	Member of the Executive Board	Esker S.A.	French	Member of the Executive Board	2003	2022	113 boulevard de Stalingrad 69100 Villeurbanne, France



We remind you that in accordance with the provisions of Article L. 225-51-1 of the French Commercial Code, the company's executive management is ensured by the Executive Board.

2.1.3 Management team

Management team

Esker's management team progressively assembled under the leadership of one of the company's founders, Jean-Michel Bérard today includes six members:



Jean-Michel Bérard

Chair of the Executive Board

Jean-Michel Bérard received his computer engineering degree in 1984 from the Lyon Institut National des Sciences Appliquées. Shortly thereafter, he co-founded Esker. Since the founding, he has been primarily responsible for product strategy, implementing development programs that respond quickly to changing technology trends and creating comprehensive, market-ready products. In his current role as President of the Executive Board and Worldwide Chief Executive Officer, Jean-Michel is responsible for defining and executing Esker's business plan and supervising the Group's corporate teams (R&D, marketing, HR and IT). He also represents Esker to potential partners, the European technological community, IT analysts and the trade press. Ernst & Young named Jean-Michel Bérard European Entrepreneur of the Year in 2000. He was named as one of the Top Technology Visionaries by Start magazine in 2002.



Emmanuel Olivier

Worldwide Chief Operating Officer and Member of the Executive Board

Emmanuel is leading Esker's operations worldwide, covering sales, marketing and consulting activities. He also supervises Esker finances and is in charge of the company's financial communication and investor relations. Emmanuel joined Esker in 1999 as Chief Financial Officer and was promoted to his current role in 2003. Prior to joining Esker, he worked as an audit manager for the international firm Ernst & Young for seven years, including two years in Philadelphia, PA, USA. Emmanuel was awarded a Master's degree in Business Administration in 1991 from the Ecole Supérieure de Commerce of Nice Sophia Antipolis and earned the CPA (Certified Public Accountant) qualification from the state of Pennsylvania.



Jean-Jacques Bérard

Executive Vice President, Research and Development and invited member of the Board of Directors

Jean-Jacques Bérard received his engineer's degree in 1988 from Lyon Institut National des Sciences Appliquées. Before coming to Esker, he was research and development (R&D) team manager at Andersen Consulting in Lyon. He joined Esker in 1995, first as project leader for the SQL team and then advancing to R&D manager in November 1997. In June 1998, he was named Executive Vice President, Research and Development. In this capacity, Jean-Jacques Bérard implements product strategy and oversees product planning and development.



Eric Bussy

Director of Marketing and Product Management and Invited Member of the Board of Directors

Eric Bussy received his master's degree in business administration from the Ecole Supérieure de Commerce IDRAC Lyon, France. Before joining Esker, he spent 3 years as an International Product Manager working on projects for France Air and Melink Corporation in Cincinnati, OH, U.S. He then served as Field Marketing Manager for Seal's and Cdtel in France during 2 years. He joined Esker in 2002 as the Director of Marketing and Communication. His current activities include development of strategic products, services and solutions. In 2005, his responsibilities were expanded as Director of Product Management.





Steve Smith

US Chief Operating Officer and invited member of the Board of Directors

Steve Smith joined Esker in 2003 as the Director of Sales and is currently responsible for all operations in North and Latin America. Upon graduating from the University of Wisconsin with bachelor's degrees in Marketing and in Finance, Steve spent 2 years in sales at Pitney Bowes, and 17 years at Equitrac Corporation where he was the Senior Vice President of Worldwide Sales.



Claire Valencony

Senior Director of Global Strategic Alliances

Claire Valencony coordinates Esker's indirect initiatives at a WW level. Prior to this position, Claire was in charge of business development and strategic alliances for Esker in North America. As Country Manager at Esker France from 2011-2014, Claire was responsible for all operations (sales, marketing and consulting services) in France, Switzerland, Belgium and Luxembourg. Before joining Esker in 2003 as Marketing Manager for France, Claire was Marketing Manager for Logica CMG in the Business Process Outsourcing branch in London U.K. and, prior to that, Marketing Manager for Kremlin, Exel Industry Group, in Chicago, IL (USA). Claire received her Master's degree in Business Administration from EM Lyon, France. From 2015-2018, Claire was also a judge and mentor for the MassChallenge and MIT Sandbox programs in Boston, MA.

2.2. Composition, conditions of preparation and organization of the work of the Supervisory Board

2.2.1. General organization and constitution of the administrative and supervisory bodies

Since the combined Shareholders' Meeting of August 30, 1999, Esker adopted a dual form of corporate governance with responsibilities divided between an Executive Board and a Supervisory Board. It was thus considered that separating the functions of management and oversight, exercised, respectively, by the Executive Board and Supervisory Board, was better adapted to Esker's organization.

This separation of management and supervisory functions, supplemented by the appointment of independent members to the Supervisory Board, also reflects the best practices in corporate governance.

Supervisory Board members

The Supervisory Board's membership, which may consist of a minimum of three and a maximum of eighteen members, is as follows:

- **Marie Claude Bernal:** Chair
- **Nicole Pelletier-Perez:** Vice-Chair
- **Jean-Pierre Lac:** Member
- **Steve Vandenberg:** Member

The members of the Supervisory Board were chosen for their skills and multidisciplinary expertise highlighted by their biographies.



Biographies of Supervisory Board members

• Marie-Claude Bernal

Born on 11/04/1946, Marie-Claude Bernal graduated from the HEC-JF School of Management in 1967, and later received her MBA (finance and computer science) from the University of Chicago in 1971. Marie-Claude Bernal has served as Chair of the Supervisory Board of Esker since 2001. She began her career with Banque de Neuflize where she became one of the first women in France to manage a mutual fund. In 1977, she joined Wellington Management in Boston, one of America's oldest and largest independent investment management firms, where she helped launch and grow the international department of this fund, becoming a partner in 1994. She pursued her collaboration with this company until 2000. Marie-Claude Bernal has also served as a director of a privately held US companies and French public companies. She is currently participating in the asset management for two family offices in France and the US respectively.

• Nicole Pelletier-Perez

Born on 06/11/1952, she has a master's degree in computer science from the University of Lyon 1 and an MBA from IAE Aix-Marseille. Nicole Pelletier-Perez has served as Member of the Supervisory Board since 2017. She began her career at Digital Equipment as a systems engineer, and then technical team manager. In 1989 she joined Oracle France to create the public sector division, and then became manager of Oracle Application. In 1994 she was appointed to SAP France's executive management team. At the end of 1996, she joined Wincap Software as Vice President for Sales, Europe and Japan. In 1999 she was recruited by IBM Europe and in 2011 she joined IBM France's hardware division. She has been a member of France's Women Business Angels network (FBA) since 2016.

• Jean-Pierre Lac

Born on 09/28/1950, Jean-Pierre Lac graduated from the HEC Paris business school in 1974. A member of the Supervisory Board since 2020, Jean-Pierre Lac began his career in the Rhône Poulenc group in 1975. In Paris or in the United States he exercised operational responsibilities in different fields of Finance and Strategy. In 1987, upon returning from the United States, he was appointed CFO of Rhône Poulenc Chimie. In 1991, he joined the Philips group as the Financial Director for France, then as Global Treasurer based in the Netherlands. He returned to Rhône Poulenc in 1997 as CFO of the Agrochemicals division, a position he held after the merger with the equivalent division of Hoechst that created Aventis CropScience. After Aventis CropScience was sold in 2001, he joined the SEB group as CFO and contributed to the Group's strong growth in this position until his retirement in 2014. He has since exercised responsibilities in various not-for-profits in addition to serving as an advisor to the Economic Social Environmental Council of the Auvergne Rhône Alps Region. He is currently still serving on the boards of various industrial and service sector companies.

• Steve Vandenberg

Born on 16/09/1967, graduate of Columbia University (Bachelor of Science in Mechanical Engineering) and the University of Pittsburg (MBA). Steve Vandenberg is an expert in Microsoft security solutions. Steve assists enterprise and government organizations in their digital transformation and in addressing cybersecurity, compliance and personal data protection challenges. He helps companies adopt strategies for creating value by protecting and elevating brands and establishing and strengthening employee and consumer engagement by building a better experience. He led the security teams at BC Hydro, a Canadian utility, where he was responsible for the cybersecurity of power generation plants and smart meter infrastructure. A frequent speaker and writer on cybersecurity and compliance topics, Steve holds numerous certifications including Azure Solutions Architect Expert, Certified Information Privacy Professional, Certified Cloud Security Professional and Certified Information Systems Security Professional.

Offices and functions

The offices and functions exercised, as well as the dates of appointment and reappointment, are presented in [Paragraph 1.1](#) and [1.2](#) of this report.

Terms of office

The terms of office for Supervisory Board members is six years. At the Annual Shareholders' Meeting of June 21, 2023, shareholders will be asked to approve a proposal to extend the terms of office of Board members to 4 years, as recommended by the Middlednext Code. If the resolution is approved, the new 4-year terms will enter into effect as from the date of renewal or reappointment.

Obligation to hold Esker shares

Board members are required to possess at least one Esker share. Each Board member possess the share, which must be held in registered form, within three months of joining the Board.

Independent members of the Supervisory Board

With all members of the Board qualifying as independent during the year ended December 31, 2022, independent members thus accounted for 100% of the total.



2.2.2. Preparation and organization of work

Functioning and work of the Board

The Supervisory Board exercises permanent oversight over the company's management by the Executive Board.

Throughout the course of the year the Supervisory Board carries out whatever checks and controls it feels are appropriate and may request any documentation it feels necessary for the performance of its work. Throughout the lifetime of the company, the Supervisory Board is also provided between Board meeting with all necessary information, including any critical information, in particular through the financial analysis reports.

During the year ended 12/31/2022, the Supervisory Board met five times, on respectively February 10, March 24, June 15, September 14 and December 14, with an attendance rate of 100%. At each Supervisory Board meeting, the schedule is defined for at least the next two meetings, and may be extended to cover the following 12 months.

Meeting notices for these Board meetings are confirmed by email approximately one week in advance. An agenda is systematically included with the meeting notice. In addition, the financial statements to be examined for the half-yearly and annual closings are sent to the Board members around one week before the meeting. Representatives of the Social and Economic Committee on the Supervisory Board are invited to attend all meetings.

The Statutory Auditors are invited to attend Audit Committee meetings to review the annual financial statements, and Supervisory Board meetings to review the half-yearly and annual financial statements.

Each year, the Board examines the negative votes by analyzing, among other things, how the majority of minority shareholders voted. The Board considered whether it would be appropriate, in preparation for the next Shareholders' Meeting, to change the factors which may have prompted negative votes, and whether or not a statement on the subject should be issued.

Committees

To better fulfill its mission, the Supervisory Board meeting of September 9, 2002 approved the creation of two specialized committees, and notably the Audit Committee and the Compensation Committee.

On December 16, 2020, the Supervisory Board renamed the Compensation Committee the Compensation and Nominating Committee and created a new committee, the ESG Committee.

On December 14, 2022, the Supervisory Board created a fourth committee, the Cybersecurity Committee.

Audit Committee

The Audit Committee, chaired by Jean-Pierre Lac, is responsible for ensuring the integrity of the company's financial results and the reliability of its internal control procedures. It selects the two statutory auditors and reviews their fees. The Audit Committee is comprised of the two independent members of the Board and meets at least once a year to review the company's annual financial statements. It met once in 2022 on March 24.

Compensation and Nominating Committee

The primary tasks of the Compensation and Nominating Committee, chaired by Marie-Claude Bernal, is to review the salaries of Executive Board members, the company's stock option and restricted stock unit plans, and the general policy on employee compensation. It met once in 2022 on February 9.

ESG Committee

The primary mission of the ESG Committee, chaired by Nicole Pelletier Perez, is to review Esker's ESG policy (Ecovadis rating, ESG Score, 14001 certification, etc.) and to monitor improvement plans. It met once in 2022 on September 1.

Cybersecurity Committee

The Cybersecurity Committee, chaired by Steve Vandenberg, was created in 2022. Its mission is to review Esker's Cybersecurity policy in order to implement improvement plans. This review is carried out on the basis of reports and key performance indicators currently used by the Information Systems Security Manager (ISSM).

Internal rules of procedure

These internal rules of procedure or charter describe as exhaustively as possible the Board's operating procedures and cover the following areas:

- Purpose of the Board charter
- The Supervisory Board's responsibilities and powers
- The Supervisory Board's members
- The Supervisory Board members' duties and rules of ethical conduct
- The Supervisory Board's operating procedures
- The creation of Supervisory Boards committees
- Rules for setting the compensation of Supervisory Board's members
- Entry into force - Binding nature



2.2.3. Application of the Middelnext corporate governance code

On December 15, 2021, the Supervisory Board adopted as corporate governance code the Middelnext Code published in December 2009 and updated in September 2021. The company has accordingly undertaken to comply with and adopt the recommendations of the aforementioned Code as from January 1, 2022. This Code can be consulted on Middelnext's website (www.middelnext.com). An update on these recommendations is provided in a table at the end of the chapter.

2.3 Compensation of corporate officers

The compensation package for members of the Supervisory Board is set by the Shareholders' Meeting. It is then up to the Supervisory Board to allocate this compensation among its members, by granting fixed and variable portions, based on the participation of members and their actual attendance at Supervisory Board and Committee meetings.

The compensation policy for Supervisory Board members is described below:

- Compensation for the Chair of the Supervisory Board:
 - Fixed compensation: €30,000
 - Variable compensation: €1,500 per scheduled meeting;
- Compensation for the Vice Chair of the Supervisory Board:
 - Fixed compensation: €20,000
 - Variable compensation: €1,500 per scheduled meeting
- Ordinary compensation (for all Board members except the Chair and Vice Chair):
 - Fixed compensation: € 15,000
 - Variable compensation: €1,500 per scheduled meeting
- Additional compensation for Committee membership (for all Supervisory Board members including the Chair):
 - Variable compensation: €1,500 per scheduled meeting

Variable compensation for Supervisory Board and Committee members is adjusted each year based on the number of meetings scheduled and the number of members receiving compensation.

Fixed compensation paid to the Supervisory Board Chair and members was set by decision of the Supervisory Board on October 15, 2001. For the position of Vice Chair, these amounts changed in 2022.

All compensation allocated to Supervisory Board members, i.e., fixed and variable compensation is set by the Annual Shareholders' Meeting. These amounts are reviewed each year.

Supervisory Board members do not receive any other compensation.

Compensation paid to the Chair and Vice-Chair of the Supervisory Board for their offices was set by the Supervisory Board on October 15, 2001 and for the position of Vice Chair was modified in 2022.

Corporate officer	Office or position exercised in Esker S.A.	Company paying the compensation	Compensation paid in 2022 (gross basis)	Nature of compensation paid for fiscal 2022		
				Fixed salary, fees	Benefits in kinds	Variable compensation*
Marie Claude Bernal	Supervisory Board Chair	Esker S.A.	€40,500	€30,000		€10,500
Nicole Pelletier-Perez	Supervisory Board Vice-Chair	Esker S.A.	€30,500	€20,000		€10,500
Jean-Pierre Lac	Member of the Supervisory Board	Esker S.A.	€25,500	€15,000		€10,500
Steve Vandenberg	Member of the Supervisory Board	Esker S.A.	€10,500	€7,500		€3,000
TOTAL			€107,000	€72,500	€0	€34,500

* Variable compensation per scheduled meeting (formerly "attendance fees")



For information purposes, a comparative information of compensation paid for the previous period is presented below:

Corporate officer	Office or position exercised in Esker S.A.	Company paying the compensation	Compensation paid in 2021 (gross basis)	Nature of compensation paid for fiscal 2021		
				Fixed salary, fees	Benefits in kinds	Attendance fees
Marie Claude Bernal	Supervisory Board Chair	Esker S.A.	€40,500	€30,000		€10,500
Nicole Pelletier-Perez	Supervisory Board Vice-Chair	Esker S.A.	€25,500	€15,000		€10,500
Jean-Pierre Lac	Member of the Supervisory Board	Esker S.A.	€25,500	€15,000		€10,500
TOTAL			€91,500	€60,000	€0	€31,500

Compensation of executive corporate officers

The Compensation and Nominating Committee meets once a year to review the compensation of Executive Board members.

A summary of the compensation of the Chair of the Executive Board and the Chief Operating Officer is provided below:

(in €)	2022		2021	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Jean-Michel Bérard – Chair of the Executive Board				
Fixed compensation	260,774	260,774	246,991	246,991
Variable compensation	213,089	236,108	236,108	112,452
Variable compensation (formerly "attendance fees")	None	None	None	None
Benefits in kinds	7,716	7,716	7,716	7,716
TOTAL	481,579	504,598	490,815	367,159
Mr. Emmanuel Olivier, Chief Operating Officer				
Fixed compensation	186,577	243,406	206,647	206,647
Variable compensation	157,828	278,927	250,452	70,000
Variable compensation (formerly "attendance fees")	None	None	None	None
Benefits in kinds	8,268	8,268	7,667	7,667
TOTAL	352,673	530,601	464,766	284,314

The compensation criteria for Executive Board members was approved by the Supervisory Board on February 09, 2022. Since 2017, compensation paid to Mr. Jean-Michel Bérard, Chair of the Executive Board includes a variable portion linked to the achievement of group objectives. This variable compensation was accrued for in the financial statements at December 31, 2022. This variable component also includes ESG criteria and is contingent on the achievement of three objectives:

- Obtaining an Ecovadis rating of at least 74/100
- Having two women among the company's 10 highest-paid employees
- Membership of women on the Executive Committee of at least 20%

Compensation paid to Mr. Emmanuel Olivier in 2022 includes performance-based compensation linked to achievement of commercial objectives relating to fiscal 2021. This variable compensation was accrued for in the financial statements at December 31, 2022.

Since 2017, Mr. Emmanuel Olivier receives compensation as an officer serving on the Executive Board in addition to that received under the terms of his employment contract.

Benefits in-kind concerned the company cars granted to Messrs. Jean-Michel Bérard and Emmanuel Olivier.

Executive Board members are eligible for participating in the restricted stock unit plan. The shares under this plan are not subject to conditions of performance.



The table below provides a summary of compensation, stock options and shares granted to the Chair of the Executive Board and the Worldwide Chief Operating Officer:

(in €)	2022	2021
Jean-Michel Bérard – Chair of the Executive Board		
Compensation due for the year	481,579	490,815
Measurement of options granted in the period	None	None
Measurement of performance shares granted in the period	1,401,600	1,504,000
TOTAL	1,883,179	1,994,815
Mr. Emmanuel Olivier, Chief Operating Officer, Executive Board member		
Compensation due for the year	352,673	464,766
Measurement of options granted in the period	None	None
Measurement of performance shares granted in the period	1,121,280	1,203,200
TOTAL	1,473,953	1,667,966

The company has made no commitments for the benefit of its corporate officers with respect to the commencement, termination or change of their functions, with the exception of the severance payment corresponding to two years of compensation for the benefit of Mr. Jean-Michel Bérard, in the event of the termination of his corporate office, decided by the Supervisory Board on December 10, 2010.

Options to subscribe for or purchase shares granted in the period to each executive officer by Esker S.A. and by Group company

For the fiscal year ended December 31, 2022, no stock options were granted, for valuable consideration or free of consideration, to executive officers of the Company.

Options to subscribe for or purchase shares exercised in the period by each executive officer

For the fiscal year ended December 31, 2022, no stock options were exercised by executive officers of the Company.

Restricted stock units awarded in the period to each company officer

For the fiscal year ended December 31, 2022 respectively 28,800 and 23,040 restricted stock units (*actions gratuites*) were awarded to Messrs. Jean-Michel Bérard and Emmanuel Olivier. It should be noted that this award comprises a series of vesting periods beginning in 2024 and extending over 5 years, with each period providing for the vesting of 25% of the total award.

Restricted stock units vesting in the period for each company officer

In 2022, the number of restricted shares vesting in the period amounted to 8,000 shares for Mr. Jean-Michel Bérard and 6,400 shares for Mr. Emmanuel Olivier.

Summary of stock options awards

Supervisory Board members no longer hold stock options or share warrants that are still exercisable.

Mr. Emmanuel Olivier, Chief Operating Officer no longer hold stock options or share warrants that are still exercisable.

2.3.1. Additional information

Stock options and restricted share awards

For stock options granted as from December 31, 2006, the Supervisory Board decided on June 26, 2009 to impose on Executive Board members the obligation to retain in their name until the termination of their functions a minimum of 200 shares resulting from the options exercised.

Similarly, for restricted share awards, as from June 26, 2009, the Supervisory Board set the quantity of shares that Executive Board members must retain in their own name until the termination of their functions at 200.



Compensation granted to Supervisory Board members

The Annual Shareholders' Meeting of June 16, 2022 set total annual compensation allocated to the Supervisory Board (excluding variable compensation, formerly "attendance fees") at €72,500, for the year ended December 31, 2022 and for each subsequent year until further resolution by the Annual Shareholders' Meeting.

Commitments made by the company for the benefit of its company officers with respect to the commencement, termination or change of their functions or subsequently thereto:

The company entered into two commitments for the benefit of its company officers with respect to the commencement, termination or change of their functions. The payment of compensation representing two (2) years of compensation for the benefit of Mr. Jean-Michel Bérard, should his office be terminated, decided by the Supervisory Board on December 10, 2010. The payment of compensation representing two (2) years of compensation for the benefit of Mr. Emmanuel Oliver, in the event of a hostile takeover, decided during the Compensation Committee on December 10, 2020.

Dealings in shares by the officers within the meaning of article L.621-18-2 of the French monetary and financial code

Mr. Jean-Michel Bérard, Chairman of the Executive Board, did not sell any shares in the period.

Mr. Emmanuel Olivier, member of the Executive Board, sold 2,500 shares during the year.

2.4 Application of Middlednext recommendations

Middlednext Code recommendations (version of September 2021)	Adopted	Will be adopted	Under consideration	Will not be adopted	Recommendations Observations / Issues to be considered
I. "Supervisory" power					
R1: Board member ethics	X				"Each member of the Board observes the rules of professional ethics and must act in the company's corporate interest and takes into consideration the social and environmental issues of its business operations at all times."
R2: Conflicts of interest	X				The Board should ensure that all internal procedures are implemented to disclose and manage conflicts of interest. It should undertake all reasonable investigations to assess the appropriate measures to be taken (clear description of reasons, removal of any individuals involved from the room, etc.) to ensure that the decision taken is consistent with the company's interest.
R3: Composition of the Board - Independent directors	X				The Board should include at least three independent members.
R4: Board member information	X				"The company should provide the "Board members" with all necessary information sufficiently in advance between Board meetings, when developments in the company so justify. The rules of procedure should provide the practical procedures for delivering this information, while at the same time setting reasonable time limits. Board members should also determine if the information supplied to them is sufficient, and demand, when necessary, any additional information that they might consider useful."
R5: Board member training	X				"The Board should provide for a three-year training plan adapted to the company's specific situation. The plan should take into account expertise gained through experience. Each year the Board should assess the progress of the training plan and cover it in the corporate governance report."
R6: The organization of Board and committee meetings	X				"The Supervisory Board meets at least 4 times a year. These meetings are prepared by all parties in advance. The Board gives preference to face-to-face exchanges. When this is not possible, videoconferences are organized. Minutes are drawn up of each Board meeting providing a summary of the discussions."
R7: Creation of committees:	X				"Each Board should decide based on its size, needs and current issues whether or not to adopt an organization including specialized ad hoc committees. The Supervisory Board has set up 4 committees (Audit Committee, Compensation Committee, Cybersecurity Committee and ESG Committee)."
R8: Creation of a specialized CSR committee	X				The Supervisory Board created an ESG Committee to address CSR issues.
R9: Introduction of Board Rules of Procedure	X				The Supervisory Board has established its own rules of procedure that are regularly updated to take account of changes in governance.
R10: Selection of each "Board member"	X				Sufficient biographical information, including in particular the list of offices, the experience and expertise offered by each Board member is available on the company's website. This information is in consequence available before the Shareholders' Meeting voting on the appointment or renewal of the directorship. This information is also included in the corporate governance report and the annual report.



R 11: Board members' terms of office	X				"The Board should ensure that the term of office provided for under the articles of association is adapted to the company's specific situation, within the limits set by the law. The renewal of the terms of office of "Board members" are staggered. The terms of offices are clearly mentioned in the corporate governance report. In addition, a proposal was submitted to shareholders to reduce the statutory term of office to 4 years at the next AGM in 2023."
R12: Compensation paid to Board members for their role	X				Each year, a compensation package is established for Supervisory Board members. The distribution of their compensation should be determined by the Board on the basis of the attendance record of Board members and the time they dedicate to the function, including as applicable, their participation in committees,
R13: Introduction of Board evaluation:	X				Once a year, the Board's chair should ask the directors to provide input on Board and committee practices, as applicable, and also on the preparation of their work. Each member completes a self-evaluation form. This discussion will be recorded in the minutes of the meeting called to adopt the financial statements.
R14: Relations with "shareholders"	X				Above and beyond legal requirements, the Board pays particular attention to negative votes by analyzing, among other things, how the majority of minority shareholders voted. The Board considers whether efforts should be made to change the reasons for negative votes at the next Shareholders' Meeting and whether it should communicate about this issue. The governance report indicates whether this review has taken place. Opportunities are provided outside Shareholders' Meetings for exchanges between significant shareholders.
II. Executive power					
R15: The company's equality and diversity policy	X				Each year, the Compensation and Nominating Committee reviews Esker's gender-balance and equality policy at every level of the company's organization. Each year, the Human Resources department submits a report on this subject to the Supervisory Board. The Board ensures that the company discloses in its Non-Financial Statement (NFS) the policy adopted and the results obtained during the year.
R16: Definition and transparency of the compensation of corporate officers	X				The Compensation and Nominating Committee determines the level and terms of compensation for executive officers each year. This information is disclosed in the annual report.
R 17: Succession planning for managers	X				Management succession planning is discussed each year by the Compensation and Nominating Committee.
R18: Corporate officers and employment contracts :	X				The Board assesses whether or not to authorize managers to have employment contracts when they are corporate officers serving as chair, Chief Executive Officer or Deputy Chief Executive Officer (public limited companies with a Board of directors), chair of the management board (public limited companies with a management board and a supervisory board), or managing partner (partnerships limited by shares).
R19: Termination payments	X				The Supervisory Board ensures that, where a provision has been made for a golden handshake in conditions that comply with the law, its maximum amount, after including any severance payments under the terms of any employment contract or non-compete payment, should not exceed two years of (fixed and performance-related) compensation.
R20: Supplementary pension schemes	X				The manager does not benefit from any supplementary pension plans.
R21: Stock options and restricted stock units (attributions gratuites d'actions)	X				"The Supervisory Board ensures that stock option or restricted stock unit awards are not overly concentrated among managers. The company established a large restricted stock unit program for 2022 for the benefit of almost all Group employees. To date, no performance conditions have been attached to this type of grant"
R22: Reviewing points to be watched	X				"By adopting this Code, the Board undertakes to consider the points to be watched and review them on a regular basis. Companies provide all the necessary information on the points to be watched defined by this Code. The principle of incorporating this review into the adoption of the accounts by the Supervisory Board is currently under consideration."



2.5. Special report of the Statutory Auditors

Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement

Shareholders' Meeting called to approve the financial statements for the financial year ending December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To Esker S.A.'s Shareholders' Meeting:

In our capacity as statutory auditors of your company, we hereby report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or discovered by us during the course of our audit, as well as the reasons justifying that such agreements are in the company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to article R.225-58 of the French commercial code to assess the interest involved in respect of the conclusion of these agreements with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-58 of the French commercial code concerning the implementation, during the year, of the agreements already approved by the Shareholders' Meeting.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement.

Agreements submitted for approval to the Shareholders' Meeting

We hereby inform you that we were not notified of any agreement authorized and concluded during the past financial year to be submitted to the Annual Shareholders' Meeting for approval in accordance with the provisions of Article L. 226-86 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

We inform you that we have not been advised of any agreement already approved by the Shareholders' Meeting remaining in force in the period ended.

Villeurbanne and Lyon, April 28, 2023

*The Statutory Auditors
[French original signed by:]*

ORFIS
Valérie Malnoy

DELOITTE & ASSOCIÉS
Arnauld de Gasquet

² I.S.A. ESKER | Statutory auditors' special report on regulated agreements | Annual General Meeting called to approve the financial statements for the year ended December 31, 2022



2.6. Five-year summary of changes in the share capital

The annual financial statements for the year ended December 31, 2022 and the management report have been submitted to the Supervisory Board within the deadlines provided for by law and regulations.

Key financial aggregates for the year ended December 31, 2022:

Total assets: €162,357,573

Sales: €158,986,828

Profit for the period: €17,863,602

The Supervisory Board was also provided with information on the consolidated financial statements.

In light of the above, we have no matters to report in connection with either the Management Board's Report or the financial statements for the year ended December 31, 2022.

The share capital has been set at ELEVEN MILLION NINE HUNDRED AND ELEVEN THOUSAND FOUR HUNDRED AND EIGHTY EUROS (€11,971,480) and is divided into FIVE MILLION NINE HUNDRED AND EIGHTY FIVE THOUSAND SEVEN HUNDRED AND FORTY (5,985,740) fully paid-up ordinary shares of TWO EUROS (€2) each.

Date	Corporate action	Amount of changes in share capital		Successive capital amounts	Cumulative number of shares	Nominal value per share
		Nominal value	Share premium			
06/20/2017	Capital increase through the capitalization of reserves	85,500		10,874,216	5,437,108	€2
10/13/2017	Capital increase through the capitalization of reserves	3,600		10,877,816	5,438,908	€2
2017	Exercise of stock options and warrants	82,916	304,671	10,960,732	5,480,366	€2
07/01/2018	Capital increase through the capitalization of reserves	125,200		11,085,932	5,542,966	€2
2018	Exercise of stock options and warrants	131,998	403,619	11,217,930	5,608,965	€2
05/04/2019	Capital increase through the capitalization of reserves	97,800		11,315,730	5,657,865	€2
2019	Exercise of stock options and warrants	188,706	743,141	11,504,436	5,752,218	€2
06/24/2020	Capital increase through the capitalization of reserves	92,400		11,596,836	5,798,418	€2
2020	Exercise of stock options and warrants	63,806	778,176	11,660,642	5,830,321	€2
06/24/2021	Capital increase through the capitalization of reserves	104,200		11,764,842	5,882,421	€2
2021	Exercise of stock options and warrants	84,982	1,553,803	11,849,824	5,924,912	€2
05/04/2022	Capital increase through the capitalization of reserves	101,700		11,951,524	5,975,762	€2
2022	Exercise of stock options and warrants	19,956		11,971,480	5,985,740	€2
2022				11,971,480	5,985,740	€2

2.7. Delegations of authority to issue shares and share equivalents in force and in use

According to the Combined Shareholders' Meeting of June 18, 2020:

Resolution No.	Purpose	Authorization period	Maximum amount	Use
9th	Grant of existing or new shares without consideration (restricted stock units or RSUs), with shareholders waiving their preferential subscription rights in the latter case Grants to officers and employees	38 months	2% of share capital on the date of the Executive Board's decision to proceed with the grant	03/05/2021: grant of 61,800 RSUs 04/01/2021: grant of 3,000 RSUs 06/01/2022: grant of 51,840 RSUs

According to the Combined Shareholders' Meeting of June 15, 2022:

Resolution No.	Purpose	Authorization period	Maximum amount	Use
9th	Grant of existing or new shares without consideration (RSUs) for the benefit of employees, with shareholders waiving their preferential subscription rights in the latter case	38 months	1% of share capital on the date of the Executive Board's decision to proceed with the grant	10/01/2022: grant of 59,100 RSUs

At December 31, 2022, the shareholder base was as follows:

Shareholders	As of 12/31/2022			As of 12/31/2021		
	Number of registered shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jean-Michel Bérard	368,615	6.2%	12.1%	360,615	6.1%	10.5%
Marie Claude Bernal	12,000	0.2%	0.4%	13,300	0.2%	0.4%
Emmanuel Olivier	42,900	0.7%	1.1%	39,000	0.7%	0.9%
TOTAL MANAGEMENT	423,515	7.1%	13.7%	412,915	7.0%	11.8%
Treasury shares	143,204	2.4%		147,882	2.5%	
Registered shares	773,522	12.9%	22.6%	756,855	12.8%	19.8%
Free float	4,645,499	77.6%	63.7%	4,607,260	77.8%	68.4%
TOTAL	5,985,740	100.0%	100.0%	5,924,912	100.0%	100.0%

To the best of the company's knowledge, there are no other shareholders other than those mentioned above that held directly or indirectly or in concert more than 5% of the share capital or voting rights at December 31, 2022.

Registered shares held in the name of the same shareholder for at least two years carry double voting rights. Finally, to the best of the company's knowledge, no shareholder agreements exist.

Changes in the shareholder structure in 2022

By letter dated July 22, 2022, AXA Investment Manager S.A. (96, place de la Pyramide, 92800 Puteaux), reported having crossed above the 1% threshold of Esker's share capital and voting rights on July 20, 2022.

By letter dated August 4, 2022, Allianz IARD, Allianz Vie, Génération Vie and Allianz Life Luxembourg S.A. (1 cours Michelet, 92 076 Paris La Défense Cedex) declared having jointly crossed below the threshold of 1% of the voting rights in Esker on July 27, 2022.



2.8. Memorandum of incorporation and articles of association

Corporate purpose

In accordance with article 2 of the Articles of Association, the Company's purpose is:

- The design, development, and operation of information technology products
- The provision of mail services for third parties including printing, envelope stuffing, and postage metering
- Fax, SMS, and email transmission services for third parties
- More generally, any processing (sending, receiving, archiving) of documents or data for third parties, regardless of their format or means of transmission
- All industrial, commercial, financial, securities and real estate activities relating directly or indirectly to the object of the Company or to any similar or related purposes
- Participation through all means in undertakings or companies created or to be created, that relate to its corporate purpose, and notably by the creation of new companies, capital contributions, partnerships, or by way of subscription, or acquisition of shares or ownership rights, mergers, joint ventures or economic interest groups (*groupement d'intérêt économique*) or lease management arrangements

Provisions of the issuer's articles of association with respect to members of corporate governance bodies

The articles of association updated on May 4, 2022 describe the operation of the Company's corporate governance bodies. The rules governing the Executive Board and Supervisory Board are those established by the French commercial code.

The Supervisory Board's rules of procedure (charter) adopted by said Board on February 4, 2021 set forth the conditions for participation by its members in meetings through videoconferencing. On that basis, Supervisory Board members participating in the meeting through videoconferencing are considered present for the purpose of calculating the quorum and majority.

However, except where a special legal exception has been granted, videoconferencing technologies may not be used for decisions relating to the verification and control of annual and consolidated financial statements and, as applicable, those cases prohibited by the articles of association.

Rights, preferences and restrictions attaching to each class of existing shares

All shares belong to the same class. Article 9 of the articles of association stipulates in particular that each share shall entitle its holder to a portion of the corporate profits proportional to the share of the capital that it represents, taking into account any amortized and unamortized, fully paid up or not, of the nominal value of the shares and the rights of shares of different class; and in particular, subject to these conditions, any share grants entitlement, during the company's term, as in the event of liquidation, to the payment of an identical net amount for any distribution or redemption, so that as applicable all tax exemptions or credits and all taxes which can be incurred by the company shall be aggregated among all shareholders.

Actions necessary to change the rights of holders of shares indicating where the conditions are more significant than is required by law

Actions necessary to change the rights of shareholders are those provided by law.

Shareholders' Meetings

According to articles 20 to 22 of the articles of association, Shareholders' Meetings are called and conduct proceedings according to the conditions provided by law. These meetings are to be held at the registered office or at any other venue indicated in the notice of meeting. Shareholders' Meetings are comprised of all shareholders regardless of the number of shares they hold, subject to the provisions of statute. All shareholders are entitled to as many votes as the shares they possess or represented, without restrictions other than those provided for by law. The articles of association also provide for the possibility of double voting rights.

Provisions that would delay, defer or prevent a change in control of the issuer

No provisions exist under the articles of association that would delay, defer or prevent a change in control of the company.

The crossing of an ownership threshold

In accordance with article 13 of the Company's bylaws, in addition to the obligation of notifying the Company and the *Autorité des Marchés Financiers* (AMF), the French financial market authority, of holdings of certain percentages of the capital, any natural person or legal entity, acting alone or in concert, acquiring more than one twentieth, one tenth, three twentieths, one fifth, one quarter, one third, one half, two thirds, eighteen twentieths or nineteen twentieths or one percent of the capital or voting rights, or crosses above or below these thresholds must inform the company of the number of shares or voting rights it possesses within five (5) trading days from the date of this occurrence by registered letter with acknowledgment of receipt.



Failure to inform the Company within five (5) trading days will result in the loss of voting rights for a period of two years after the date on which the requisite disclosure is finally made, on condition that a request to that purpose has been duly made and recorded in the minutes of the Shareholders' Meeting by one or more Shareholders holding at least 3% of the company's share capital or voting rights.

Procedure for changing the capital

The conditions for modifying the share capital provided for by article 10 of the articles of association are those of French law.

2.9. Information about any capital which is under option

Stock options conferring rights to subscribe for or purchase shares

Under the authorizations granted by the Extraordinary Shareholders' Meetings, the Executive Board granted to selected members of the personnel of the Esker Group stock options granting rights to respectively subscribe for or purchase Esker S.A. shares.

Information about these different plans including the grant dates and number of options outstanding and the average exercise price is provided in [Note 11](#) to the consolidated financial statements included in [Paragraph 5.1.](#) of this document. In addition, the following information is available in the Executive Board's special report on options included in Appendix 2 of this document:

- Options issued and exercised in the period
- Options issued before the close of the period ended and not yet exercised
- Options granted and exercised by the executive officers of the company in the period ended
- Options exercised by each of the 10 employee beneficiaries who are not officers of the company granted the largest number of shares

Restricted stock units

Under the authorization granted by the Extraordinary Shareholders' Meeting on June 18, 2020, the Executive Board granted restricted stock units (*actions gratuites* or free shares) to selected personnel of Esker Group.

Information about these different plans including the grant dates number of options outstanding and the average exercise price is provided in [Note 11](#) to the consolidated financial statements included in [Paragraph 5.1.](#) of this document and the Executive Board's special report included in Appendix 2 of this document.

Information relating to the potential dilution of the company's share capital

	Stock options	Stock warrants	Restricted stock units (<i>actions gratuites</i> or RSU)	TOTAL
Number of shares to which instruments issued would confer financial rights	66,541	0	64,800	131,341
Potential dilution of the share capital	1.11%	0.00%	1.08%	2.19%



3

Non-Financial Statement (NFS)



Forward-looking Statement



This Non-Financial Statement contains information on the company's prospects and growth priorities. This is not historical data and should not be interpreted as such, nor as a guarantee that the stated facts and data will occur.

The contents of this document are based on data, assumptions, and estimates considered reasonable by the company and are subject to change due to uncertainties pertaining to related to economic, financial, competitive and regulatory environments.

The forward-looking information in this document refers to the conditions known as of the time of writing.

Unless otherwise required by law or regulations, the company makes no commitment to publish updates to the forward-looking information contained in this document or to reflect any changes affecting objectives or the events, conditions, or circumstances on which the forward-looking information in this document is based.

The company operates in a competitive and rapidly changing environment and therefore may not be able to anticipate all the risks, uncertainties and other factors likely to affect or potentially impact its business, or the extent to which the occurrence of a risk or a combination of risks could have results significantly different from those mentioned in any forward-looking information, it being further understood that none of the forward-looking information constitutes a guarantee of actual results.



Integrating ESG Into Esker's Business Activities

About Esker

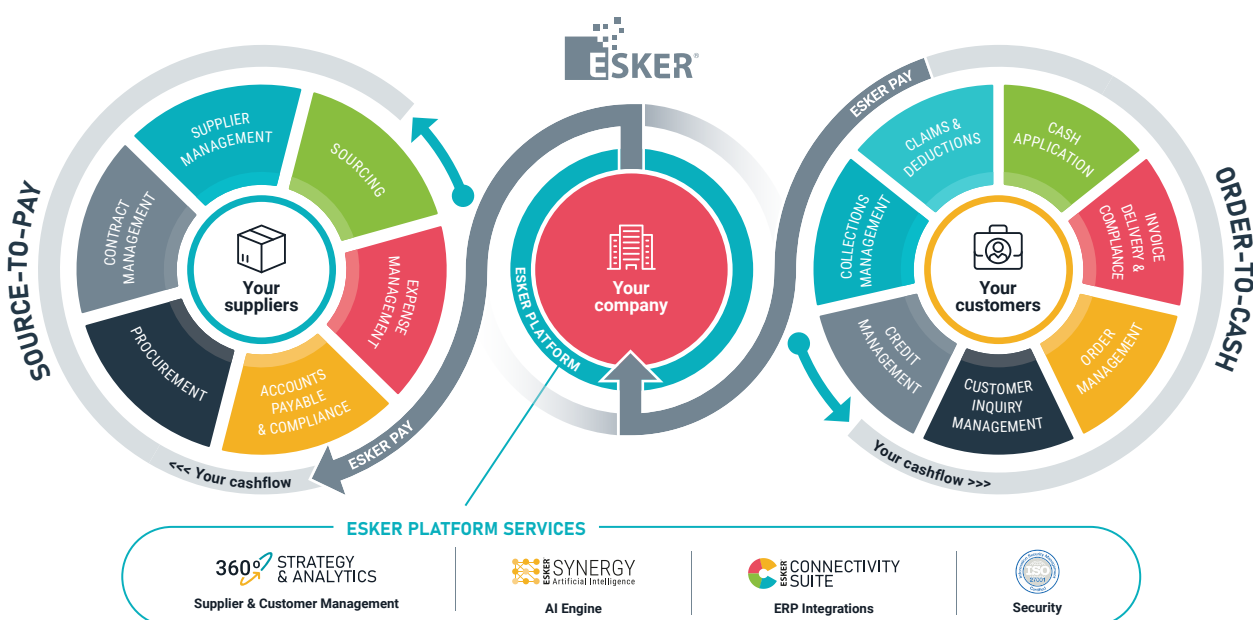
OUR BUSINESS

Esker's business activities are presented in [Chapter 1.4](#) of the annual report.

Esker is a global cloud platform for automating business and financial processes, thereby strengthening relationships between companies and their suppliers, customers, and employees. Esker software products are sold in the form of on demand online services (SaaS: Software as a Service), making up 80% of Esker's revenue in 2022. The remaining 20% correspond to implementation services and revenue from the sale of licenses, maintenance contracts and related support.

The cash conversion cycle

By developing Artificial Intelligence (AI) technologies and automating business documents used for ordering and invoicing, Esker accelerates the Source-to-Pay (S2P) and Order-to-Cash (O2C) business cycles and makes them more fluid.



Esker unlocks strategic value for Finance, Procurement and Customer Service professionals by automating tedious, time-consuming tasks so that they can increase their efficiency and develop new and higher value-added skills.

Esker improves customer relationships by providing faster service with fewer errors and full transparency. Its solutions strengthens supplier ecosystems by providing greater transparency and reducing payment times. Esker reduces the impact on the planet by reducing paper usage and operating its solutions in the cloud.

Esker is a mid-market company headquartered in Lyon, France, with 953 employees in 14 countries, generating €159 M in revenue in 2022, with international sales accounting for 63% thereof. Revenue breaks down as follows:

- €127.7 M from SaaS,
- €25.7 M from consulting services and
- €5.9 M from legacy business.

The analysis of Esker's financial position and business is available in [Chapter 1.3](#) of the annual report.



EMPLOYEE BREAKDOWN

	2022		2021	
France	491	51.52%	432	51.49%
United Kingdom	35	3.67%	25	2.98%
Germany	19	1.99%	14	1.67%
Germany e-Integration	45	4.72%	44	5.24%
Italy	22	2.31%	16	1.91%
Spain	30	3.15%	26	3.10%
Australia	25	2.62%	23	2.74%
Asia	37	3.88%	34	4.05%
Americas	249	26.13%	225	26.82%
TOTAL	953	100%	839	100%

VALUES & CORPORATE CULTURE

Esker's corporate culture is driven by its core values: collaborating at a global level, building relationships based on trust and respect of all parties, achieving progress through innovation, creating a healthy and positive work environment and focusing on satisfaction for all. These values guide our 900+ employees across the globe in their day-to-day actions, influence the way they work and inspire them to build innovative and highly effective solutions.



ONE TEAM BEYOND BOUNDARIES

We encourage open collaboration between departments and countries.
We bring people together and share ideas to grow strong and successful.



MORE GRATITUDE, LESS ATTITUDE

We believe that a successful organization is built on respect and trust.
Appreciation and genuine communication create an environment where people feel truly valued.



DARE TO INNOVATE, INITIATE AND ITERATE

Thinking outside the box is a skill we value greatly.
We start small and adapt along the way to reach ambitious goals – one story at a time.



GOOD VIBES ONLY

A positive work environment promotes better performance.
We make sure everyone finds the right balance by respecting individual needs.



ALL ACTIONS TOWARD SATISFACTION

For our customers and employees, satisfaction isn't just a goal, it's our mission.
Our experience and perseverance allow us to overcome challenges and deliver value.

RESPONSIBILITY & IMPACT OF PRODUCTS

A company's success implies much more than its financial results and cannot be achieved at the expense of its stakeholders. Strengthening ties within corporate ecosystems is a crucial step in building cohesive, sustainable growth. Esker's mission is to build a foundation that promotes positive-sum growth, increased productivity, improved employee engagement and greater trust between organizations. Esker's cloud platform enables companies of all sizes and in all industries to generate growth that benefits all stakeholders: employees, customers, suppliers and the entire ecosystem.

#PositiveSumGrowth



LOOKING TO THE FUTURE WITH PEACE OF MIND

Today's growing uncertainty has shown how resilience is essential to a company's survival. Esker's platform enables businesses to withstand and overcome crises, adapt to change and anticipate risks.

"All our P2P processes were in place digitally via Esker's solution before the pandemic, so we were able to transition to a remote working environment without much hassle."

AIZAT HAMIZAN JOHARI, PROCUREMENT OFFICER, SWINBURNE SARAWAK

"Thanks to Esker, we've managed to eliminate much of our manual work. Automating the AP process was a lifesaver during the pandemic."

ALEJANDRO SUÁREZ, DIGITAL ANALYST, DOMINGO ALONSO

"We started out with people just entering orders all day. Now they have an opportunity to grow within the company and we're going to give them higher-level tasks as we move forward. That's something I think has been very beneficial not only for the company, but for the employees themselves."

CHAD MOLLEN, HEAD OF CUSTOMER SUPPORT, VIEGA

STRENGTHENING TIES WITHIN THE BUSINESS ECOSYSTEM

Esker contributes to the development of a balanced and harmonious business ecosystem in which companies, their customers and suppliers create value together – never to the detriment of one another.

"This project is a huge success. Our teams are on board 100%! Esker's solution is going to revolutionize their accounting jobs. And the benefits go beyond just our company; they also extend to our buyers and suppliers who receive on-time payments."

SYLVIE LUCHIER, PROCESS FINANCE MANAGER, MANUTAN

"We make every effort to make life easier for our customers. From front-end, customer-facing digital tools like the customer portal and the mobile app to the back-office technology, Esker has enabled us to facilitate order processing and increase customer satisfaction."

AMAIA GARAIOETXEA, MANAGER OF CUSTOMER SERVICE, ANGULAS AGUINAGA



"We've improved the whole O2C process and enhanced our collaboration with customers. This has resulted in a very low dispute rate at GBfoods and an order delivery service satisfaction level of over 98% for more than five years."

SUSANA LÓPEZ, FRONT-OFFICE RETAIL CUSTOMER SERVICE MANAGER AT GBFOODS

CREATING A SENSE OF MEANING FOR EMPLOYEES

Esker's solutions clear the back office of time-consuming, automatable tasks, allowing staff to focus on higher-value tasks that help employees thrive.

"Esker's solution has been very helpful in the day-to-day work of accountants. We've updated our job descriptions based on supplier responsibilities, not tasks. This is a new way of working together and no longer beside one another, putting people back at the heart of our business."

ALEXANDRA VLATKOVIC, ACCOUNTING MANAGER, FEU VERT GROUP

"Our objective is to emphasize the value of our employees. We need creative employees who can take us further. By automating tedious and repetitive tasks, they can dedicate their time to more useful things."

MARTON NAGY, GLOBAL SOLUTION EXPERT PROCURE-TO-PAY, GIVAUDAN

"One significant change since implementing Esker's solution is that the Banking team is under much less pressure to complete payment allocations each day. They have more time to focus on their other duties and learn new tasks because Esker is saving us hours every day."

PAMELA ROCHESTER, OPERATIONAL TEAM LEADER, LAMINEX

REDUCING THE CARBON FOOTPRINT BY GOING PAPERLESS

With its paperless solutions, Esker enables its customers to help reduce deforestation, CO2 emissions and IT equipment, and CO2 emissions by using cloud solutions as opposed to on-premise installations. *

"By automating the processing of customer orders and the sending and archiving of electronic invoices we have achieved significant time savings. Thanks to the automation of these two strategic processes, we are moving toward efficient and ecological paper-free handling."

ALBERTO BARBERO, CUSTOMER SERVICE MANAGER, BEL SPAIN

"By outsourcing and automating our workflows with Esker's solutions, we will not only improve productivity but strengthen our billing expertise while contributing to our environmental policy by reducing paper consumption."


BRIGITTE ANDREOLIS-CLAVIER, FINANCIAL DIRECTOR, STACI

"Esker's solutions enable us to take the quality of our customer service to the next level. Instant and transparent interactions are the two keys to achieving our goal of a paperless future."


ALAIN FAVRE, CEO, GÉCITECH

"Esker has helped us make our customers understand the benefits of automation and get them on board our approach to reducing our environmental impact and enhancing the value of our teams."


SYLVAIN CALVIAC, CFO, ISEKI FRANCE S.A.S.



Less paper



Less equipment



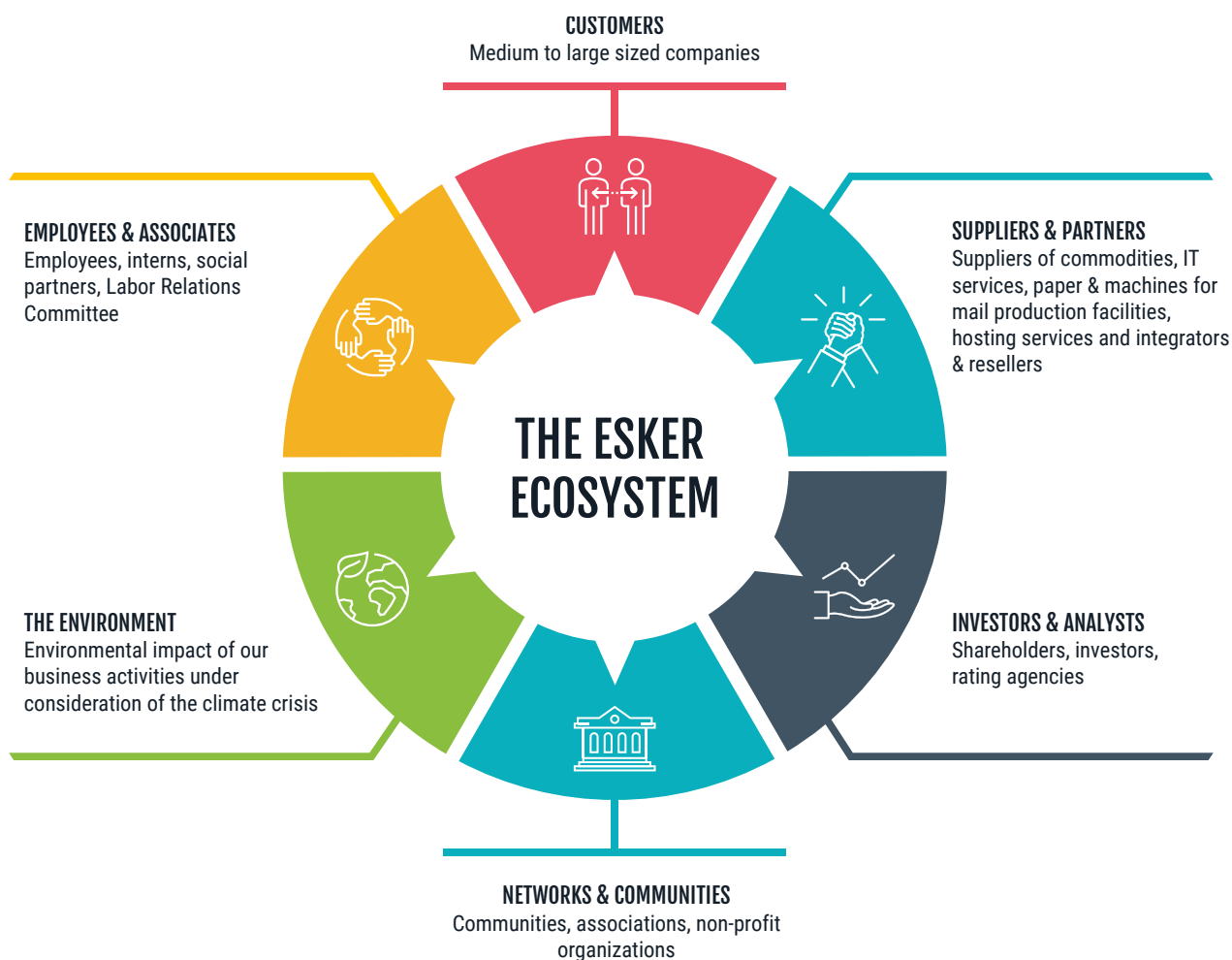
Less carbon

* Source: The Carbon Benefits of Cloud Computing: A Study on the Microsoft Cloud. Microsoft, in partnership with WSP, 2020.



STAKEHOLDERS & ECOSYSTEMS

Being an independent software company naturally means that Esker interacts with different stakeholders within its ecosystem, including employees, customers, suppliers and partners, investors and analysts, public institutions, communities, as well as the environment. The quality of its relationships and the ethical conduct underpinning its operations within this ecosystem represent the foundations of Esker's company values.



BUSINESS MODEL

The infographic below shows the resources that Esker uses and how its business activity impacts its different stakeholders.

Resources & Challenges



Financial & industrial capital

- **Solid financial profile** - *business debt: €10,922 K, treasury: €48,773 K, representing a company-wide net worth of €37,851 M on Dec. 31, 2023*
- **Market confidence** - *Market capitalization of €1 B on Dec. 31, 2022*
- **Robustness of Esker on Demand platform infrastructure & operational performance** - *quality, security & reliability - ISO 27001 Certification*



Human & intellectual capital

- **Recruitment & retention of talent, staff development** - *1,042 employees distributed across 14 countries*
- **Investments in R&D, innovations, partnerships and forecasting of technological advancements** - *R&D spending for 2023: 9.0% of revenue*
- **Strategic partnerships and forecasting of technological advancements** - *developing a network of resellers and integrators*



Social & environmental capital

- **Leading solutions for their respective markets,** *responding to customer needs and societal changes in companies – 2,500 customers and 850,000 users*
- **Ethical behavior & respecting regulations** – *0 complaints received for non-compliance with GDPR regulations*
- **Use of natural resources** - *9,290 t.CO2.e emitted globally in 2023*



Our business



Our mission

In an increasingly uncertain world, companies need to build stronger relationships within their ecosystems to generate positive sum growth. Esker strengthens relationships between suppliers, customers and employees with a single cloud platform that automates processes across Finance, Procurement and Customer Service functions.

#PositiveSumGrowth 




Culture

• 5 key corporate values:

 **One team beyond boundaries**

 **More gratitude, less attitude**

 **Dare to innovate, initiate and iterate**

 **Good vibes only**

 **All actions toward satisfaction**

• Agile methodology

• Commitment to sustainable development



Assets

- Single cloud-based platform for all business cycles
- Global presence
- Adaptation & integration into existing systems
- Dynamic innovation & investment strategies
- Compliance & security



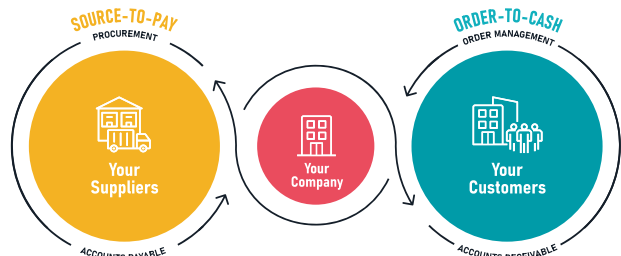
Products

• **Esker on Demand cloud platform users - 850,000+**

• **O2C & P2P solutions - 1B annual transactions on EOD**



Locations



Our governance



Supervisory Board

100%
independent members on
the Supervisory Board

100%
participation in Supervisory
Board meetings

50%
of Supervisory Board
are women



Supervisory Board Committees

Audit Committee

Jean-Pierre Lac, Marie-Claude Bernal

Nomination & Remuneration Committee

Marie-Claude Bernal, Nicole Pelletier-Perez

ESG Committee

Nicole Pelletier-Perez, Jean-Pierre Lac

Cybersecurity Committee

Steve Vandenberg, Nicole Pelletier-Perez



Executive Board

Jean-Michel Bérard - President
Founder & CEO

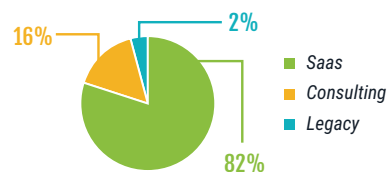
Emmanuel Olivier
Chief Operating Officer



Value Creation & Impact



• **Revenue 2023:** 179M (+12% compared to 2022), 65% of which outside France - 82% SaaS - 16% Consulting - 2% Legacy



Collaborators

- Employee satisfaction rate: 87.9% of employees recommend Esker as a "great place to work"
- Training budget: €1,094 K
- Total payroll: €114,776 M



Customers

- Customer satisfaction rate – transactional NPS: +70.36
- Service uptime: 99.938%
- Benefits for the customer business ecosystem
- Customer recognition program



Environment

- CO2 emissions: 27.73 tCO2.e per €1 M of revenue
- Eco-efficiency of offices & data centers
- Environmental policies for mail production facilities – ISO 14001 certification & 100% of waste is recycled (France only)
- Business travel policies: 54% of vehicle fleet is hybrid or electric



Community engagement

- Business conduct & anti-corruption policies: 98.8% of employees completed training
- Gender equality – Index Penicaud: 91/100 (France only)
- Sponsorship program: €330.4 K supporting culture & educational causes
- Job creation: 52 new employees in 2023



Suppliers & partners

- Supplier Code of Conduct & Responsible Purchasing policy
- Technological partnerships for shared growth



Investors & analysts

- Recurring revenue
- 12% of organic growth in 2023 (compared to 13% in 2022)
- 17.3% profitability (GOI) in 2023 (compared to 21.3% in 2022)
- 10.0% operating margin











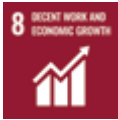

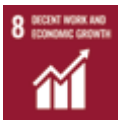





Esker's ESG strategy

Esker's ESG strategy covers four priority areas. These priorities have been defined based on the main global, non-financial risks facing the company and the results of the materiality analysis, including the impact they have on Esker's internal and external stakeholders.

- **Acting ethically and responsibly**, starting with company governance and its supply chains through to the impact on its stakeholders and support for local communities.
- **Building customer trust**, via innovative solutions hosted on a secure cloud platform that is accessible 24/7 from anywhere in the world.
- **Recognizing the value of human capital**, through a strong corporate culture and dedicated managers who support diversity and employee well-being by encouraging professional development while ensuring a secure work environment.
- **Contributing to protecting the planet** by reducing energy consumption and waste, and promoting modes of transport that factor in carbon emissions to minimize Esker's impact on the environment.

The table below illustrates Esker's ESG roadmap for 2022, and how this aligns with the four pillars of the company's ESG strategy. It presents the policies and actions implemented, the results obtained, as well as key performance indicators and goals and objectives to be achieved by 2027.







Issue	Policies & actions	KPIs	Benchmark 2022	Targets & goals 2025	Targets & goals 2027	SUSTAINABLE DEVELOPMENT GOALS
<div>  Acting ethically & responsibly  </div>						
Ethical governance & compliance	Act transparently, set an example at all company levels by promoting a culture of integrity & ethical conduct	Training for all employees regarding the Code of Conduct & the fight against corruption	98.13% (France only)	100% of employees trained (France)	100% of employees trained (whole company)	 
Responsible supply chains	Work with partners & suppliers who adhere to ethics & responsibility standards & take actions that support sustainable development	Company-wide purchasing volume covered by ESG assessment	60 main suppliers in France	50% of purchase volume (France)	50% of purchase volume (whole company)	 
Community engagement	Provide financial & human support to cultural & educational organizations	Number of working hours used by employees to participate in volunteering activities	225 hours (France & U.S.)	500 hours (France & U.S.)	1,000 hours (whole company)	 

Issue	Policies & actions	KPIs	Benchmark 2022	Targets & goals 2025	Targets & goals 2027	SUSTAINABLE DEVELOPMENT GOALS
🤝 Developing & maintaining customer trust 🤝						
Data protection & security	Protect customer data from internal & external threats	ISO 27001 certification	ISO 27001:2013 certification of the EoD platform	Obtain new ISO 27001:2022 certification	Maintain ISO 27001:2022 certification ⁽¹⁾	 
Innovation & customer satisfaction	Offer innovative solutions by investing heavily in R&D & high quality of services, ensure correct user adoption of Esker solutions with dedicated teams	NPS customer score	+67.18	Maintain an NPS score of > 50	Maintain an NPS score of > 53 ⁽²⁾	 
❄️ Recognizing the value of human capital ❄️						
Workplace appeal & talent retention	Attract & retain talent by implementing policies that promote workplace well-being	Percentage of the workforce recommending Esker as a good place to work	91.4%	Maintain a satisfaction rate of > 90%	Maintain a satisfaction rate of > 90%	
Professional development	Offer training & career advancement opportunities	Average number of training hours per employee	25.48 hours	28 hours	33 hours	
Employee health & safety	Ensure a safe work environment with effective risk prevention	Absenteeism rate	1.7%	Maintain an absenteeism rate of < 2%	Maintain an absenteeism rate of < 2%	
Equal opportunity, diversity & inclusion	Promote a culture of diversity & inclusion representing Esker's Equal Opportunity Principles	Percentage of women in the workforce	31.48%	33%	34%	

(1) Maintaining ISO 27001:2022 certification involves continuous improvement while also meeting 21 added requirements as stated in the newest edition of the published standards, all while performing in a strong growth environment.

(2) The NPS ranges from -100 to +100. The Net Promoter Score is a rating given by Esker customers in response to the question "How likely are you to recommend Esker to someone you know?" This question is included in all surveys sent to users after interacting with an Esker employee. The average NPS score for the SaaS sector is +30 (Source: NPS 2020 Benchmark by Retently).



Issue	Policies & actions	KPIs	Benchmark 2022	Targets & goals 2025	Targets & goals 2027	SUSTAINABLE DEVELOPMENT GOALS
💡Contributing to the protection of the planet💡						
Carbon footprint & energy efficiency of measures	Limit environmental impact by reducing energy consumption & greenhouse gas emissions	Total CO2 emissions (t.CO2e)	4,409 t.CO2e	Objective setting in process, results to be published in 2023		 
Employee transportation, commute & remote work	Limit business travel & promote transportation with low environmental impact	Business travel (t.CO2e)	808 t.CO2e	Objective setting in process, results to be published in 2023		 
Waste management & circular economy	Maximize amount of recycled waste, encourage circular economy principles in business activities to reduce environmental footprint	Implementation of waste sorting & recycling systems	13% of sites have already put in place waste sorting & recycling systems (2 of 15)	30%	70%	
Digital carbon footprint	Prolong life cycle of IT hardware, selection of data center hosting based on their commitment to reducing their carbon footprint	Life cycle of IT hardware per employee	5 years (France & Americas)	5 years, 2 months (whole company)	5 years, 6 months (whole company)	

Risks & non-financial challenges

RISKS IDENTIFIED BY STAKEHOLDERS

By creating an ESG Committee within the Supervisory Board, stakeholder perspectives were taken into greater consideration in defining and prioritizing non-financial risks

Investors

Investors are contacted through company performance and shareholder awareness calls, as well as through meetings with investment funds, where the issues most important to them are discussed.

Customers

Through the ESG questionnaires included in the RFP process required by customers or directly by the company's sales staff who report findings to ESG teams, Esker incorporates customer viewpoints and can thereby anticipate future trends.

Employees

Esker conducts surveys of all employees, asking them to identify the issues most important to them in order to ensure that the company's ESG approach is aligned with the values and expectations of its employees.

Partners & suppliers

ESG risks and their ranked importance are also continuously updated according to evaluations submitted by Esker's partners and suppliers. Any new or recurring issues are taken into account, and the ESG action plan is adjusted in accordance with external stakeholder expectations.

Society & public authorities

As ESG regulations are subject to rapid changes, Esker continuously adapts its priorities accordingly.



CONSOLIDATION & MATERIALITY MATRIX

The ESG Committee consolidates non-financial risks in a materiality matrix to identify the importance of these issues for stakeholders and their impacts on the company.

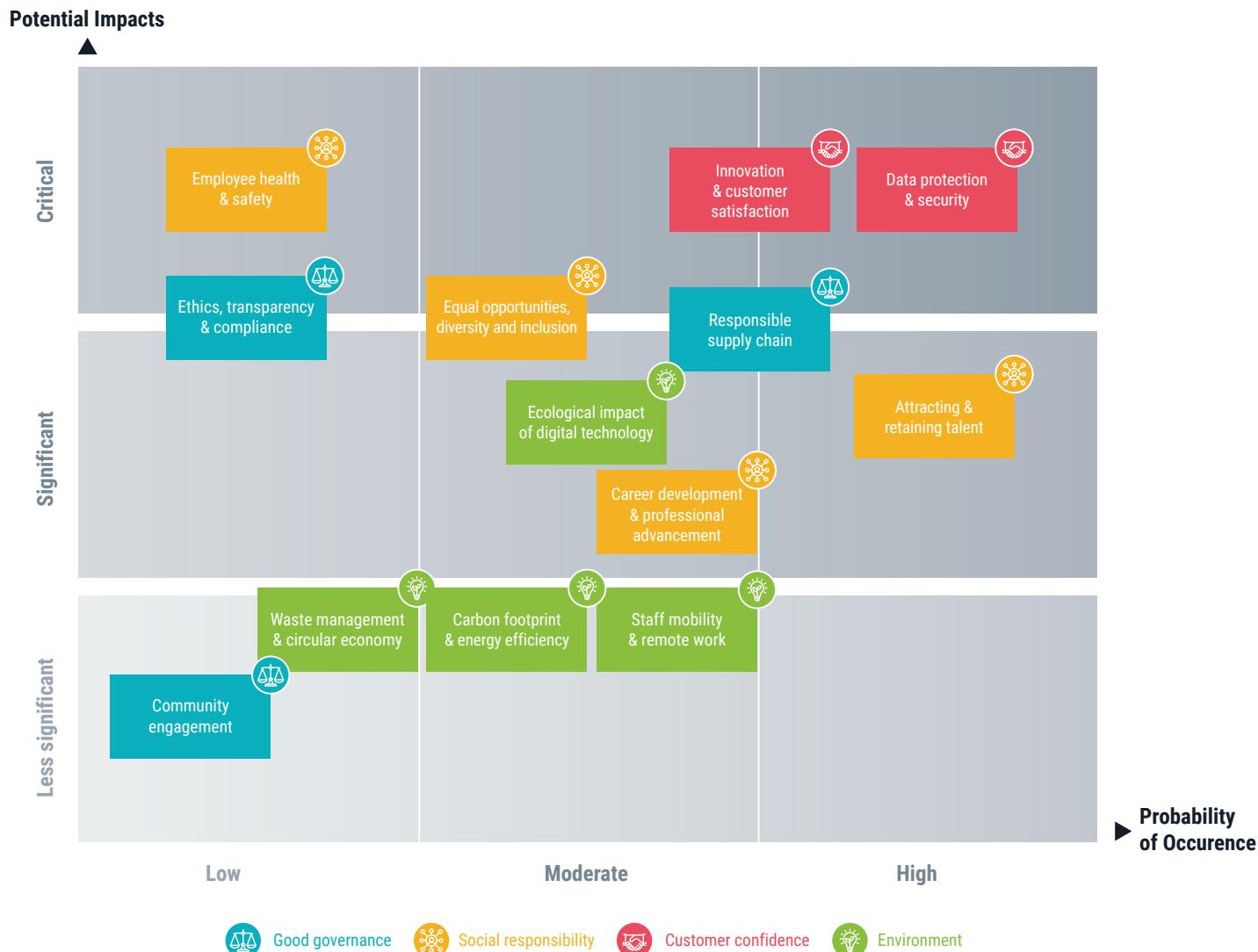
These issues are documented in the materiality matrix below. The y-axis shows the importance of issues for stakeholders, and the x-axis shows the issue impact on the company itself.



This matrix was updated by the ESG Committee in 2021, by grouping together certain closely related issues to create a clearer and simpler materiality matrix. Other risks were specified or developed to cover broader subjects.

MAPPING OF NON-FINANCIAL RISKS

Non-financial risks were mapped out using the same methodology and criteria as presented in [Chapter 4](#) of the *annual report*. The ESG Committee also reviewed this mapping in 2022. The significant risks were assessed based on likelihood of occurrence and potential consequences for Esker. A likelihood scale (Low, Moderate, High), a magnitude scale (Not Significant, Significant, Critical), and weighing factors were used to carry out this analysis. The results appear in the graphic below:



ESG governance

Like all other companies operating in European or North American locations, laws and regulations further motivate Esker to address issues involving ESG. Esker fully embraces this responsibility, as two key issues play an important role in its business activities:

- Regarding environmental factors, data processing operations could raise questions about data center energy consumption. On the other hand, Esker's solutions significantly reduce paper use.
- Regarding fair employment practices, Esker's business is growing fast. The company is therefore recruiting, training and working on retaining staff predominantly involved in R&D, consulting and sales activities.

As a result, several working groups have been set up at all levels of the organization to address ESG matters and implement procedures that improve Esker's ESG performance.



THE SUPERVISORY BOARD'S SOCIAL & ENVIRONMENTAL COMMITTEE

A Social and Environmental Committee was created as a sub-committee of the Supervisory Board in 2021. Like the Supervisory Board, which it assists and advises, this Committee does not handle operational aspects. Its role is to ensure that ESG policies are in place and, if necessary, develop strategies accordingly. It does this by taking into account the opinions and observations of outside auditors and company stakeholders. Every year, the ESG approach, activities and performance are presented to the Committee by the company's ESG Communications Specialist.

Composed of two Supervisory Board members, Nicole Pelletier-Perez and Jean-Pierre Lac, the Social and Environmental Committee helps ensure that ESG policy is implemented according to the guidelines at Esker. This included adding another ESG criterion to the performance objectives for the variable remuneration of the CEO and the Management Committee, up to 15% (compared with 10% in 2021). 50% of the ESG bonus is based on the achievement of an EcoVadis score of 74/100 or higher, and the remaining 50% on the presence of at least two women among the ten highest earners.

THE ESG COMMITTEE

An ESG Committee, comprised of the operational Directors (CIO, CFO and HR Director) and four Management Committee members (Chair of the Executive Board, COO, Global Marketing Director and Director of Global Consulting and Support Services) and coordinated by the ESG Communications Specialist, meets once a month at Esker's head offices in Villeurbanne. The committee has the following responsibilities:

- Review the company's ESG strategy and the deployment of related initiatives
- Review the company's ESG commitments with respect to challenges specific to its activities and objectives
- Assess social and environmental performance risks and opportunities
- Review social and environmental policies with consideration for how they impact economic performance
- Review the annual non-financial performance statement
- Review a summary of scorings by non-financial rating agencies

THE ENVIRONMENTAL & SOCIAL ACTION COMMITTEE

At the head offices, an Environmental and Social Action Committee consisting of the General Services Manager, ESG Communications Specialist, and about 10 highly motivated employee volunteers, proposes and implements concrete actions to raise awareness among staff and reduce Esker's environmental impact by focusing on comprehensive and consistent policies.

The Committee also coordinates ESG Days, a company program in which employees can volunteer with non-profit organizations during working hours.

SUBSIDIARY OFFICERS

Administrative and Marketing Managers at Esker subsidiaries serve as ESG officers, collecting data and information worldwide and mobilizing for the implementation of company-wide initiatives.

Contributions to Sustainable Development Goals (SDG)

WE SUPPORT



Esker signed the UN Global Compact and pledges to comply with its 10 principles on human rights, labor standards, the environment and anti-corruption measures. The Global Compact France is mandated by the UN to support the implementation of the 2030 Agenda and the implementation of the Sustainable Development Goals in French businesses.

Website: <https://www.unglobalcompact.org/>



In line with the priorities cited above, the business model and its commitments, Esker has identified the following areas of value creation aligning with the Sustainable Development Goals. These goals provide an international framework for companies and institutions worldwide. Esker focuses its efforts on the eight most relevant SDGs for which the company sees the ability to have a significant impact and can maximize its contributions.





3 - Good health & well-being

- Promotion of well-being in the workplace
- Social and non-profit advocacy
- Employee health and safety
- Flexibility in the workplace



4 - Quality education

- Initiatives involving educational institutions
- Employee professional development training plan
- Esker University internal training platform



5 - Gender equality

- Promoting gender equality
- Preventing discrimination and harassment



8 - Decent work & economic growth

- Smart work
- Promoting fair economic ecosystems
- Sustainable customer-supplier relations



9 - Industry, innovation & infrastructure

- Digital transformation
- Digitizing and automating document processes



12 - Responsible consumption & production

- Reducing paper consumption and adopting paperless processes
- Reducing travel by providing access to online platforms
- Supplier evaluations and sustainable supply chains
- Promoting environmentally friendly transportation
- Waste reduction and recovery



13 - Climate action

- Reducing the carbon footprint
- Supporting reforestation programs
- Green IT



16 - Peace, justice & strong institutions

- Reducing fraud risks
- Data protection and security
- Ethics and compliance
- Anti-corruption measures



Independent third-party assessments

In 2022, Esker reported a considerable increase in its ESG performance, as attested by top non-financial rating agencies: EcoVadis, MSCI Gaia Research, Vigeo Eiris and Sustainalytics.

	Esker's Score	Min	Max
	A	CCC	AAA
	74/100	0	100
	53/100	0	100
	68/100	0	100
	20.1	40+	0

ECOVADIS

As every year, Esker's ESG performance was evaluated by EcoVadis, an organization that evaluates corporate ESG performance, to promote transparency and trust with both customers and business partners. In 2022, Esker earned a score of 74/100, placing the company in the top 5% of companies evaluated by the platform.

Website: <https://ecovadis.com/>



	2020	2021	2022
Overall Score	68/100	74/100	74/100
Environment	70/100	70/100	70/100
Social and Human Rights	70/100	80/100	80/100
Ethics	70/100	70/100	70/100
Sustainable Purchasing	50/100	60/100	60/100

GAÏA RESEARCH

Gaia Research is the rating agency of the Ethifinance Group, specialized in rating the ESG performance of small and medium-sized companies listed on European markets. Gaia Research evaluates companies according to a reference framework of around 140 criteria divided into 4 pillars: Environment, Social, Governance and External Stakeholders.

Thanks to a 12-point improvement in its overall score over three years, Esker achieved a score of 68/100 this year.

This excellent score puts Esker 14 points ahead of the industry average of 54/100,

Website: <https://www.ethifinance.com/en/services/esg/ethifinance-esg-ratings>



	2019	2020	2021
Overall Score	56/100	63/100	68/100
Governance	48/100	49/100	68/100
Social	69/100	71/100	71/100
Environment	43/100	61/100	59/100
External Stakeholders	63/100	83/100	73/100



VIGEO EIRIS

Vigeo Eiris is an international ESG research and services agency for investors and private and public organizations. It conducts risk reviews and assesses the level of integration of sustainability factors into organizations' strategy and operations. In 2022, Esker achieved a score of 53/100, a significant increase of 20 points compared to the previous year.

Website: <https://esg.moody's.io/>

MOODY'S | ESG Solutions

	2019	2020	2021	2022
Overall score	18/100	20/100	33/100	53/100
Environment			29	52
Social			35	52
Governance			30	55

MSCI

MSCI ESG Ratings* assess the resilience of thousands of companies worldwide to the ESG risks of their sector. In 2022, Esker achieved an MSCI ESG rating of A, on a scale from AAA to CCC.

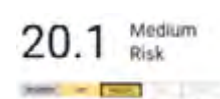
Website: <https://www.msci.com/>



SUSTAINALYTICS

Sustainalytics, Morningstar's partner in the Morningstar Sustainability Rating, monitors around 4,500 companies worldwide. The overall ESG score is rated from 0 to 100 on the basis of an assessment that combines two basic measures, valid for all companies, with more specific criteria for certain business sectors. In 2021, Esker received a score of 20.1, representing an average risk level.

Website: <https://www.sustainalytics.com/corporate-solutions/esg-solutions/esg-risk-ratings>



WEIMPACTINDEX®

Launched by ChooseMyCompany.com, the Impact ESG WelImpact Index® ranking rewards companies whose employees appreciate the business' social and environmental (ESG) practices. Esker ranks 3rd in the WelImpactIndex® 2021 in France, in the "over 100 employees" category, with a score of 7.98/10.

Website: <https://choosemycompany.com/fr/classements/2021/impact?regionCode=FR&size=100-%2a>



HAPPYINDEX®ATWORK

Initiated in 2015 by ChooseMyCompany, the HappyIndex®AtWork label recognizes companies in which employees are happy to work. The label is based solely on employee opinions. In 2022, Esker was awarded the label and ranked 4th worldwide, in the "more than 25 employees" category, with a score of 76.2/100.

Website: <https://choosemycompany.com/fr/classements/2022/at-work?regionCode=world&size=25-%2>



PARTICIPATION RATE

69%

OVERALL SCORE

4.54/5

RECOMMENDATION RATE

89.7%

* Disclaimer statement: The use by Esker of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Esker by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.





1

Acting Ethically & Responsibly

To safeguard credibility and the trust of its stakeholders, Esker takes conscious steps to maintain responsible and transparent governance. Esker considers ethical business conduct an absolute imperative in its corporate governance, within its organization, and throughout its supply chain. Esker also aims to make a positive contribution to the development of the local communities within which it operates.



Corporate governance aspects



KEY INDICATORS

- 100% of Supervisory Board members are independent
- 100% attendance at Supervisory Board meetings
- 2 out of the 4 Supervisory Board members are women



91.3% of Esker employees agree with the statement that "My company acts ethically in carrying out its business activities" – 2021 ImpactESG Index

COMPOSITION & PRACTICES OF GOVERNANCE BODIES

Beyond compliance with laws and regulations, Esker integrates financial and non-financial best practices into its governance to improve its performance and strengthen the trust given to the company by both its internal and external stakeholders, thereby contributing to the company's sustainability.

The composition and practices of the company's corporate governance bodies are detailed in [Chapter 2: Corporate Governance of the annual report](#).

INDEPENDENCE OF THE SUPERVISORY BOARD

Esker's Supervisory Board consists of three independent members, two of whom are women. Board members are considered independent with no conflicts of interest who, through their knowledge and independent judgment, contribute to the Board's ability to carry out its duties. Five Supervisory Board meetings are held each year and the attendance rate is 100%.

GOVERNANCE CODE

A commitment to comply with and adhere to the MiddleNext Corporate Governance Code was signed on December 15, 2021, to align the company's governance practices with simple, coherent principles. This latest revised version of the Code encourages companies more than ever to incorporate ESG into their strategy.

In 2022, Esker joined the ESG working group launched by MiddleNext.

MiddleNext Corporate Governance Code is available in French [here](#).

DIRECTOR INVOLVEMENT & SUCCESSION PLANS

Esker's HR Director, CFO and CIO are regularly invited to Management Committee meetings to present on the progress of their respective projects and ensure that the operations teams are aligned with the overall strategy of the company.

Each year, the Supervisory Board requires succession plans be drawn up for all board positions as well as for their direct reports. Succession plans are also drawn up for the Management Committee.

INVESTOR RELATIONS

To strengthen dialogue with shareholders and promote a long-term commitment, Esker maintains regular contact with investors. Esker's financial results are presented every six months, in French and English, to an audience comprised of investors, analysts, and all those interested in the activities of the company. Information on quarterly revenue is provided to stakeholders. Esker management also participates in professional investor trade shows. There is also a dedicated website where anyone who is interested can read the latest presentations and contact Esker management to schedule a meeting or obtain more information.

■ ■ ■ "Esker's management has regular, direct contact with its shareholders and the financial community in France and abroad. Our goal is to build long-term relationships based on trust with investors who share our values of innovation and our belief that positive-sum growth benefitting all company stakeholders is achievable. Maintaining quality relationships by offering a sound financial position and profitability, even in times of crisis, helps us make this vision a reality."

EMMANUEL OLIVIER, CHIEF OPERATING OFFICER AT ESKER



Ethics & compliance



KEY INDICATORS

- CEO's salary is <10 times Esker's worldwide median salary
- 98% of employees have obtained awareness training about business conduct and anti-corruption policies

EXECUTIVE COMPENSATION

The annual gross variable compensation of Jean-Michel Bérard, Esker CEO, can reach a maximum of €260,000. This compensation was calculated for 2022 based on three indicators:

- Revenue growth, allocated at 55%,
- Profitability, allocated at 30%
- Growth of certain ESG indicators, allocated at 15%
 - 10% if the EcoVadis score is at least 74/100 or higher
 - 5% if there are at least two women among the top 10 earners

The minimum annual gross variable compensation is €15,000. No variable compensation is paid if the operating margin is negative. The ratio of the total annual compensation of the CEO, the highest paid person in the organization, to the median total annual compensation of all employees worldwide is less than 10.

Since 2021, 10% of the variable compensation of other Management Committee members is based on the same ESG criteria as for the CEO. For 2022, this percentage was increased to 15%

RESPECT & PROMOTION OF HUMAN RIGHTS

Esker is committed to respecting human rights in all countries where the company operates. As a signee of the UN Global Compact, Esker is committed to supporting and respecting human rights. The company ensures that it is not knowingly complicit in human rights violations, including harassment, in any of its subsidiaries and encourages its commercial partners to comply with the principles relating to the environment, human rights, preventing discrimination, abolishing child labor and forced labor, as well as the rules on wage laws and maintaining a safe and healthy work environment. In 2022, all head office managers and employees obtained awareness training about bullying and sexual harassment. This is a mandatory training course for new employees (France).

Protecting the freedom of assembly and speech, and effectively recognizing the right to collective bargaining are key issues for the company, as well as rejecting all forms of forced and compulsory labor. Lastly, Esker supports the UN Convention on the Rights of the Child, which enacts the effective abolition of child labor.

BUSINESS CONDUCT

Compliance with the regulations of France's Sapin II Law has been implemented by the Administrative and Financial Departments. This compliance is an opportunity to support Esker's transformation by strengthening the ethical and exemplary corporate culture introduced under the aegis of the general management.

As part of conducting business responsibly, an internal Code of Conduct "defining and illustrating the various behaviors to be prohibited for their likelihood of characterizing acts of corruption or influence-peddling" was drafted. Additionally, an internal whistleblower system was implemented to prevent and detect acts of corruption and influence-peddling. Esker has mapped corruption risks to closely monitor high-risk locations (Singapore, Malaysia, and Hong Kong). For the US subsidiary, a localized Code of Conduct is regularly reviewed, and employees are expected to know and follow these guidelines.

Additionally, Esker enforces compliance with rules applicable to all countries where the company operates, including regulations designed to prevent tax evasion. To date, none of Esker's entities have been subject to a tax adjustment.





ANTI-CORRUPTION TRAINING

Esker employees are responsible for compliance with and for the prevention of corrupt practices within the organization, and for working with 3rd parties such as customers, suppliers and business partners. As such, and in accordance with current local and international regulations, Esker provides online anti-corruption training session for executives and employees in relevant positions. Employees in positions with less exposure receive mandatory awareness training through e-learning presentations. In all, 98% of employees at the head offices received training or participated in awareness sessions.



ACTIONS IN 2022

- Renewed commitment to the United Nations Global Compact
- ESG criterion of 15% added to the variable compensation of Management Committee members
- Employee awareness training on bullying and sexual harassment
- Anti-corruption training completed for a majority of employees (98%)

Sustainable supply chains



KEY INDICATORS

- Formal Sustainable Procurement Policy at the head offices
- ESG Code of Conduct for suppliers at head offices

SUPPLIER CODE OF CONDUCT

Esker's head offices provide a Code of Conduct for suppliers identified as "significant", which they can sign and adhere to voluntarily, to ensure their commitment to complying with rules regarding the environment, human rights, the prevention of discrimination, abolishing child and forced labor practices, as well as wage regulations and maintaining a safe and healthy work environment. "Significant" is defined as long-term suppliers that meet one of three criteria: high expenditure/low substitutability, specific technology involved, and risks associated with the services provided.

Esker's Supplier Code of Conduct can be found [here](#).

SUSTAINABLE PURCHASING POLICY

Esker's Sustainable Procurement Policy implemented at the head offices is based on the fair treatment and transparent selection of suppliers as well as the consideration for social and environmental criteria in choosing these suppliers. This policy aims to establish healthy business relationships between Esker and its suppliers and to compel the business ecosystem to adopt ethical and responsible ESG practices. This includes compliance with ethics principles covering human rights and working conditions, environmental issues, anti-corruption measures and fair business practices.

Esker identified significant suppliers with a high substitutability risk. These suppliers were then assessed according to several ESG criteria: ISO certifications, adherence to the Code of Conduct and the United Nations Global Compact, and their own ESG commitments and policies. The purchase category, geographical reach of the suppliers and total expenditure were also taken into account. This analysis helps to identify, prevent and reduce environmental and social risks in the supply chains.

To ensure the integrity of supply chains, Esker defined a sustainable purchasing strategy in 2021. This strategy is based on three areas of action:

- Engage in due diligence through the assessment and mapping of supplier risks
- Promote sustainable purchasing practices internally to buyers and opinion leaders
- Urge suppliers to improve their ESG performance

Sustainable purchasing governance falls under the responsibility of the Administrative and Finance Departments and is overseen by the Purchasing Manager, in coordination with Esker's ESG Communications Specialist.

Esker's Sustainable Procurement Policy currently only applies to the head offices (France).



Esker SA (France) is a signatory to the Charter for Responsible Supplier Relations, established by Médiation des Entreprises and the Conseil National des Achats, and is committed to promoting and complying with the 10 principles stated there:

- Guaranteeing fair financial treatment for suppliers
- Promoting cooperation between large contractors and strategic suppliers
- Reducing the risks of mutual dependence between contractors and suppliers
- Involving the large contractors in their sector
- Evaluating the total purchase cost
- Incorporating environmental concerns
- Ensuring corporate regional responsibility
- Purchasing: a function and a process
- Providing a purchasing function tasked with steering the supplier relationship as a whole
- Defining a consistent purchaser remuneration policy



SELECTION OF SUPPLIERS FOR KEY MATERIALS

Choosing environmentally friendly paper suppliers is a priority for Esker's mail production facilities. Since 2017, Stora Enso, the main paper supplier for the France mail production facility, has ranked among the top 1% of companies in its sector, as evaluated by the EcoVadis rating platform.

At the Spanish mail production facility, Distrimaicar was chosen as the paper supplier. All the products offered by the company come from forests with a Responsible Management certification, guaranteeing reforestation. The materials used have been awarded the European Union Ecolabel, which guarantees their low environmental impact throughout their life cycles.

The U.S. subsidiary's mail production facility chose Navigator as its paper supplier. The special feature of Navigator's paper is that it is made from Eucalyptus fiber. Eucalyptus is a fast-growing species, making it highly effective at retaining carbon dioxide and countering greenhouse emissions effects. Navigator was certified in 2007 by the FSC® (Forest Stewardship Council®) and in 2009 by the PEFC™ (Program for the Endorsement of Forest Certification schemes). These certifications guarantee the responsible management of the company's forests, in accordance with international standards.

Navigator is ranked 3rd out of 81 companies in the paper and forestry sector rated by Sustainalytics.



ACTIONS IN 2022

- Creation of a Sustainable Purchasing team
- Internal monthly meetings to discuss implementations of procedures for 2023
- ESG evaluation of the 60 main suppliers for the head offices (France)



Community engagement



KEY INDICATORS

- 0.1% of revenue allocated to sponsorship
- 1 workday annually of paid time off given to employees to volunteer with non-profit causes
- 14.5 days of PTO donated by employees to "Entreprise des Possibles"

SPONSORSHIP STRATEGY

While businesses contribute to the development of local economies by creating jobs and value, their impact can be multiplied by partnering with other local actors to encourage synergies and innovation.

Esker's sponsorship strategy, which was developed by integrating employee input, is centered around three key points: the environment because it is a key issue of high concern to Esker employees; education because working with young people and giving them access to the professions of the future will improve their job opportunities; and outreach in local communities because Esker wants to maintain and strengthen its roots in its home region and stay involved in local concerns. Access to culture and education is key to building an inclusive and just society. Good-quality education ensures the employability of future generations, while access to cultural activities offers everyone the opportunity to develop new perspectives and critical thinking skills and provides the ability to understand the world on a global scale. Esker also strives to highlight the assets of its home region of Rhone-Alpes, enabling Esker's growth and ability to recognize the influential effect of regional characteristics.

EDUCATION

Esker helped create a research chair at the INSEEC to focus on artificial intelligence and continues to actively contribute by offering its expertise. Esker also supports several educational institutions in the Lyon region through financial and personal commitment. Esker employees give presentations at various schools in the region about their profession. Tours of Esker are organized for students, offering an opportunity to learn about business activities. Additionally, the Esker Junior Academy offers students from middle schools in underprivileged priority education districts the opportunity to participate in a one-week program to learn about the software development process, from R&D to the implementation process for the customer. This support for schools promotes access to the job market for students, while simultaneously increases the supply of technical expertise on the job market and positively impacts Esker's reputation among the local population.

CULTURE & THE ARTS

Since 2015, Esker has been involved with the Biennale de Lyon, which calls on members of the local community to support its artistic creations and their implementation. This year Esker donated €12K supporting emerging creators as well as access to cultural events for all.

In 2021, a new sponsorship program was put in place: Esker is partnering with the Institut Lumière and Cinémas Lumières. This partnership, renewed in 2022, brings employees together to enjoy an innovative cultural program highlighting Lyon's heritage. As one of the organizers of Lyon's Lumière Film Festival, Institut Lumière was an obvious choice for Esker to partner with, since it also has roots in Lyon, enjoys an international outlook and embraces the same ESG commitments.

THE LOCAL ECONOMY & OUTREACH

Esker management's involvement with local business associations such as the Digital League (since 2014), supports innovation and the economic development of regional businesses. The Digital League is a regional association of more than 500 companies in the digital industry and seeks to pool efforts to promote best practices between entrepreneurs, schools, laboratories, investors, and institutions, with the goal of creating winning synergies.

Esker also supports the non-profit organization Enjoué, which recycles second-hand toys and games. Employees of EmerJean give a second life to used toys. Enjoué's prioritizes an eco-responsible approach and simultaneously supports job creation in the Saint-Jean district of Villeurbanne.

ESG DAY



Esker offers employees in the U.S. and France one extra day of PTO to participate in community events or to volunteer at an organization with a social or environmental purpose of their choice.

In 2021 Esker France joined Entreprises des Possibles to be able to take concrete actions and demonstrate a sense of community. This group of companies works in the Lyon region to reintegrate underprivileged and unhoused persons into society. This support takes the form of a financial donation from Esker, and also offers employees the opportunity to get involved by carrying out volunteer activities, or by donating PTO, matched 100% by Esker.

15 employees donated
14.5 days
of their PTO

Donations matched
100%
by Esker

Equaling
€8,757
donated

LOCAL COMMUNITY ENGAGEMENT

In addition to the global sponsorship activities, Esker subsidiaries are involved locally with organizations that are important to their employees. Individuals can provide support in the form of volunteering their time for non-profit causes. Below are some of the organizations supported by Esker subsidiaries around the world:



The Spanish subsidiary supports initiatives such as *Pequeño Deseo*, active in over 35 hospitals with children suffering from chronic illnesses or with poor prognoses; the *Balia Foundation*, which fights child poverty; and *Juegaterapia*, dedicated to children suffering from cancer.

In France, Esker organized a toy drive to benefit the *Enjoué* organization, which specializes in reconditioned, cleaned and recycled toys. Their activities promote the circular economy, support the development of local organizations and encourages job creation.

During the holiday season, Esker launched Boîtes solidaires, in partnership with *Entreprise des Possibles*, which organizes the collection of gift boxes that are distributed to people in need.

In the U.K., a fundraising event was organized by Esker for the local charity *Children First Derby*, as well as a charity walk. A Christmas gift drive was also organized for employees, with the aim of collecting gifts for children from disadvantaged families.



ACTIONS IN 2022

- Renewal of a sponsorship agreement with the Institut Lumière
- 225 work hours donated by employees to support non-profit causes
- Educational presentations of employees at local schools (mock interviews, school forums, and more)
- Local community engagement
- €76 K donated to local charities



2

Building Customer Trust

Esker's market is changing rapidly. As such, Esker seeks to ensure the highest levels of service availability and security by designing innovative solutions that create value for its customers and their business ecosystems. Particular attention is given to customer satisfaction and the trust and confidence they place in the Esker on Demand platform.



Data protection & security



KEY INDICATORS

- ISO 27001 certification for the Esker on Demand platform
- Zero complaints for non-compliance with the General Data Protection Regulation (GDPR)
- 99.5% of employees trained on data protection and security



"Cybercrime has become an increasingly common threat in recent years, jeopardizing the security, reliability and continuity of IT systems. The digital technology sector faces growing challenges to protect access, resources and data. With a cloud platform globally available 24/7, IT security is a major issue for Esker. Telecommuting, although now an accepted practice, has only amplified this challenge."

PASCAL HENRY, ISSO AT ESKER

ALLOCATED RESOURCES

Special teams have been assigned to the safety and security of the platform infrastructure. Due to increasing need, these teams have grown in size. A Data Protection Officer (DPO) and an Information Systems Security Officer (ISSO) have been appointed to monitor, along with their teams, the proper application of the rules for ensuring the protection of personal data. Monitoring and technical reports are in place to proactively address security issues, such as annual intrusion testing by an independent external service provider and monthly automated vulnerability scans.

ISO 27001 CERTIFICATION

Esker has an audited, ISO 27001-certified information security management system (ISMS) for its Esker on Demand cloud platform. The ISO 27001 standard is the most recognized for information security management system requirements. Esker also requires its suppliers for the Esker on Demand platform to exhibit complete security maturity by providing ISO 27001, SSAE 18, and SOC1 audit reports, certificates, or certifications. Should this not be possible, they can alternatively complete a security questionnaire.

EMPLOYEE TRAINING & AWARENESS

All employees worldwide undergo data protection and security training each year and must pass a proficiency test at the end. Ultimately, Esker believes that all employees act as a vital link in safeguarding the company, and it is essential that every employee understands and adopts Esker's security policies.

DATA PROTECTION & USER RIGHTS

Since the GDPR (General Data Protection Regulation) came into effect in 2018, Esker has not received any complaints filed with the French data protection authority (CNIL) or equivalent local authority for non-compliance with the legislation.



ACTIONS IN 2022

- ISO 27001 certification renewed for the Esker on Demand platform
- Annual intrusion tests performed by an independent external service provider
- Automated monthly vulnerability scans
- Selection and monitoring of critical suppliers of the Esker on Demand platform
- Reinforcement of the security team
- Organization of a "Security Awareness Week"



Innovation & customer satisfaction



KEY INDICATORS

- Uptime of the Esker on Demand platform: 99.98%
- 9.5% of revenue invested in R&D
- Customer NPS: + 67.18



93.1% of Esker employees state that "We continuously try to create value for our customers" – 2021 ImpactESG Index survey

AGILE METHODOLOGY & INNOVATION

Esker adopted the Agile development methodology many years ago to allow for faster and continuous development of new features for solutions to better tailor to customer expectations. This method of working, originally limited to software development, has since been adopted by all teams at the company, even those at the non-technical level. Tech Days are held on a regular basis, bringing together all of the R&D teams so that employees can attend workshops and presentations on a variety of topics (innovation, security, hackathon, etc.). These events encourage knowledge sharing and innovation within the development teams.

TRUSTESKER & PLATFORM AVAILABILITY

Esker pays particular attention to customer satisfaction and trust in the Esker on Demand platform for their business needs. Esker has implemented business continuity procedures and strengthened its customer experience teams to ensure the highest levels of service availability and trust.

The Esker on Demand platform is monitored 24/7 to ensure operational continuity, and it is set up to fail over to redundant systems to mitigate possible hardware failures and ensure high service availability. Because trust begins with transparency, Esker provides its customers with TrustEsker.com, a dedicated website accessible to all customers around the clock. The site displays the platform's uptime during the previous month, scheduled maintenance, and real-time information on system performance and security. Average uptime of the Esker on Demand cloud platform was 99.95% in 2022.

CUSTOMER SUPPORT

Multilingual support teams centralized at Esker's head offices and covering all company entities respond to customer requests in all time zones and meet service level agreement requirements on response times and ticket resolution. These teams also participate in preventing production incidents by monitoring customer activity and proactively identifying risks.

CUSTOMER EXPERIENCE (CX) PROGRAM

Esker's value creation reflects an ability to ensure that its products and services meet the needs of its customers and are used to their full potential. Esker's CX program is designed to ensure that its customers get the most out of their solutions and are completely satisfied throughout their life cycle.

CX teams are active in all subsidiaries. Through customer training, coaching, and personalized monitoring, the CX program makes it possible to improve user adoption and commitment to the Esker on Demand platform, ensure that customers make the best use of solutions, and improve available solutions through user feedback as part of a continuous enhancement process.

Esker's CX team promise: Valued – Understood – Engaged



VALUED • UNDERSTOOD • ENGAGED

Valued : We will be honest and respectful of your time and do what we promise. We will collaborate together as a unified team.

Understood : We will actively listen, acknowledging your needs and expectations, and continually strive to recognize what truly matters to you.

Engaged : We will make personal connections by being proactive, providing information and always learning more.



ENSURING CUSTOMER SATISFACTION WITH THE NET PROMOTER SCORE

The Net Promoter Score is a score given by Esker's customers in response to the question: "How likely are you to recommend Esker to someone you know?", which is included in all user surveys after an interaction with an Esker employee. The possible responses range from 0 (not at all likely) to 10 (very likely), and the score assigned by the customer determines the category in which they are classified: Promoters (score of 9-10), Passives (score of 7-8), or Detractors (score of 0-6). NPS scores range from -100 to 100 and are calculated by discarding the responses from the Passives category and converting the number of respondents from the other two segments into a percentage. The percentage of Detractors is subtracted from the percentage of Promoters to obtain the final NPS score.

Esker's NPS score is established through systematically conducted surveys sent to Esker on Demand users post-interaction with the Consulting, Support, and Customer Experience teams. The score increases every year and was +67.18 in 2022, which constitutes an increase of +5 points compared to 2021.

STRATEGIC PARTNERSHIPS

Esker and its global network of partners continue to drive innovation so that they can provide companies with the broadest possible range of services, covering all aspects of the Source-to-Pay and Order-to-Cash business processes.

Partners play a key role in the service and benefits provided to customers by combining their expertise with Esker technologies. The diversity and complementary fit of their solutions, their geographic locations, and their industry and technical expertise enhance the value of Esker solutions and are able to meet a greater number of requirements expressed by companies.

Esker is developing a business ecosystem of consulting, distribution and software partners. Through strategic partnership projects, Esker helps its partners grow their solution portfolio while expanding its own geographic coverage and market potential.



ACTIONS IN 2022

- Launch of randomized surveys of Esker on Demand platform users
- CX teams strengthened in all Esker subsidiaries
- Disaster recovery plans strengthened to respond to physical and solution-related risks

A background image showing several hands of different skin tones assembling white puzzle pieces on a dark blue surface. The puzzle pieces are interlocking, and the hands are positioned around them, some holding them in place. The lighting is warm and focused on the hands and puzzle pieces.

3

Recognizing the Value of Human Capital

Esker's employees are its most important resource. Esker must therefore be able to attract, recruit, develop and retain its talent by providing a healthy and inclusive work environment, and guarantee equal opportunities.

Esker strives to give its employees the means to develop their full potential and to meet their performance and development objectives.



Characteristics & workplace behavior



KEY INDICATORS

- 953 employees, 50% in France
- 98.22% have full-time, permanent contracts
- Average age: 38

HUMAN CAPITAL

As of December 31, 2022, Esker has 953 employees in 14 countries, of which 51% are located in France, 16% in the rest of Europe, 26% in the Americas, and 7% in the Asia-Pacific region. Their average age and company affiliation are 38 and 6.3 years, respectively. Of the workforce, 31.48% are women, and 68.52% are men. There are 36 nationalities represented in the workforce worldwide.

ONBOARDING OF NEW EMPLOYEES

In-house trainers organize sessions at the beginning of each month for each incoming group of new hires. A dedicated room is available to accommodate a wide range of training formats. During the training, new hires learn about the history of the company, HR resources, IT tools, corporate culture, ESG policy, and Esker solutions. This training usually lasts one week, starting with one full day followed by half-days. The remainder of the time is spent with the team. This week-long training includes new hires from all departments, so it is also a chance for them to meet one another and people from other subsidiaries.

An online document, called Guide for Eskerians, is available on the company's intranet. It gives employees easy access to all the information they need about their career and life at Esker, including office maps, IT tools, time off and absence regulations, benefits, insurance benefits, local activities near Esker's offices, important contacts, and more.

Throughout the probationary period, new hires are supervised by the HR team. For management-level employees, a review is scheduled by the HR teams with the manager/Scrum Master and, at times, team members, after two months (M+2) of employment. This is done in order to assess the new hire's integration into the team, their skill development and to provide an opportunity for feedback. Another follow-up is scheduled for two months after the initial review, (M+4), in order to either confirm ongoing employment or to extend the probationary period. For non-management-level employees, this process is followed at M+1 and M+2.

CONSIDERATE & ATTENTIVE MANAGEMENT

All Esker management has undergone training for workplace professionalism, etiquette and the importance of making team members feel valued in order to apply these principles in their day-to-day work. The Guide for Eskerians reiterates the training principles, serves as a reminder to managers and describes the scope of a manager's role at Esker. Employees are also made aware of these principles and trained in non-violent communication, so they know how to give and receive feedback constructively.

In 2022, a special training course at the head offices, "Upskill as an Esker Manager", was attended by 65% of management-level employees. This two-day course, co-designed by Country Managers, HR/Admins from various subsidiaries and management-level volunteers, is designed around management guidelines and is inspired by the company values. It helps build the foundations of a strong management culture and provides managers with methods and tools needed to fulfill their mission. This training guides them in acting as a coach for their team. One whole day is dedicated to diversity and inclusion, in order to create a respectful environment where everyone feels at home. The first module of the "Upskill as an Esker Manager" training course was extended this year to Scrum Masters in the R&D and Support departments. As a result, 60 employees were able to benefit from the training dedicated to diversity and inclusion. A final module on employment law will complete the training in 2023.

Launched as a pilot in France, this training program will be gradually adapted to local conditions and rolled out to all Esker subsidiaries. The deployment began in the United States, where managers attended two intensive training sessions in 2022.

A similar initiative was started in the U.S. subsidiary, in partnership with the University of Wisconsin's Madison campus, called "Manager Boot Camp". This week-long course, open to all the subsidiary's directors and managers, trained 60 managers on topics such as feedback, coaching, process management and productivity, trust and communication, conflict management and change management. The course was very well received and provided managers with useful tools.

Similar initiatives are planned for Esker's other subsidiaries for 2023, in order to consolidate the company's management approach.



CORPORATE CULTURE

Esker's values are presented in the [About Esker, Our Values](#) section.

Esker's values and corporate culture were defined in 2017 as the result of nearly 12 months of development and dialogue. Workshops were first conducted in all subsidiaries, with more than 100 staff volunteers sharing anecdotes about life at Esker. The discussions focused on what sets Esker apart from other companies, common elements between employees, how they resemble each other, and what brings them together. These narratives highlighted the attitudes of employees and the values that guide them in their daily work. The next step included a survey sent by the CEO to all employees worldwide, which confirmed the initial findings with a response rate of 75%. The values mentioned by the majority of employees were then summarized by the Corporate Marketing Department and enshrined in displays posted all around the offices and on company websites. They were also distributed on company swag products to encourage internalization by the employees. Esker's company culture efforts continue to enjoy a 90.8% approval rating.

In 2022, Esker France competed in the "Employer Brand and QWL" category at the Sustainable Growth Summit, winning a special mention from the jury for its presentation of Esker culture and the initiatives to make them come alive on a daily basis.



ACTIONS IN 2022

- Presentation of Esker's values and corporate culture on Day One of New Hire training
- Management training provided for all head office management and Scrum Masters
- Talks led by Laura Lange regarding the five Esker core values



90.8% of employees agree with Esker's values and culture – Source: 2023 Annual Employee Satisfaction Survey for 2022

Employer appeal & talent retention



KEY INDICATORS

- 234 employees recruited in 2022
- Staff turnover rate 2022: 13.1%
- 91.4% of employees recommend Esker as a great place to work
- 6.2 years average company affiliation
- Employee profit-sharing plans
- 75% of eligible employees have signed up for the employee savings plans (France only, excluding CalvaEDI)



"To ensure the continuity and development of the company's activities, Esker needs to be able to attract and retain employees with specialized and complementary expertise. This challenge is all the more difficult in the competitive IT sector, where the number of job offers far exceeds demand. This means providing a human, material and professional environment that is fulfilling and stimulating, and that encourages employees to express their talents in the service of the company, and to recommend Esker as a great place to work."

AURÉLIE GUIMERA, WORLDWIDE DIRECTOR OF HUMAN RESOURCES

PROFIT-SHARING & EMPLOYER CONTRIBUTIONS TO COMPANY SAVINGS PLAN

Esker's compensation policy includes optional and company-backed mutual fund and an Esker employee stock ownership plan in France, incentivized by matching employer contributions.

The optional profit-sharing plan was initiated by company management in 1989 to reward employees for their efforts contributing to Esker's growth. The plan agreement is renewed every three years. At Esker, profits are shared equally: each employee, regardless of their position or salary, will receive the same amount, in proportion to the time worked during the reporting year. Employees are eligible after one month of service at the company. The profit-sharing bonus is about three times higher than the average in France*.

* Source: most recent DARES report in August 2021 on 2019 data: <https://dares.travail-emploi.gouv.fr/publication/participationinterressementet-epargne-salariale-en-2019>

Whether on a fixed-term or open-ended contract, employees are required to serve the company for at least three months to qualify for the employer contribution scheme. Esker matches 100% of employee contributions to its corporate mutual fund, with an annual cap of €1,000 for employees with 0 to 6 years of service, €1,500 for employees with 6 to 11 years of service and €2,000 for employees with over 11 years of service. Employer contributions cannot exceed 25% of the employee's pay per calendar year. On December 31, 2022, 369 active employees had signed up for the employee savings plan out of 488 eligible employees, representing 75.61% of employees in France.

Echoing Esker's "All actions toward satisfaction" and "One team beyond boundaries" values, Esker management decided to launch a share allocation program for all employees at the end of 2022. Each employee under contract on 31/12/N-1 has been allocated 10 free Esker shares to support the creation of employee loyalty. These shares are subject to a 3-year vesting period. After this period, the shares belong fully to the employee and can be sold or retained. This also means that the employees become shareholders in the company, and gives them voting rights at General Shareholder Meetings. This transaction will be submitted to the Annual General Meeting each year, and will be repeated with the authorization of the shareholders.

EXCEPTIONAL "PURCHASING POWER" BONUS

Since 2019, employees have received an exceptional bonus, exempt from tax and social security contributions, known as the "Macron bonus". This exceptional purchasing power bonus is paid voluntarily by the employer., Esker has paid this bonus in 2018, 2019, 2021 and 2022.

EMPLOYEE CULTURAL FIT

Esker employees are counted on to share their support for an agile corporate culture based on prioritizing customer and team satisfaction, regular feedback and continuous improvement. This means that they readily accept feedback, can think critically, give their opinion, and know how to challenge themselves. Also, they do not hesitate to ask for or offer help or get out of their comfort zone if necessary. Teamwork is a given, and they are all capable of showing empathy and kindness to their fellow team members, while also being able to work independently.

As an example, in job interviews, recruitment managers emphasize individual personality in addition to technical skills and professional experience to select applicants that will best fit Esker's corporate culture. Personality and Preference Inventory (PAPI) tests are routinely conducted. Candidates also spend time with their team in relaxed, informal discussions, to better understand what awaits them and learn more about the company and its culture.

THE HR SCRUM TEAM

Esker's hiring policy, prepared by an internal HR scrum team of hiring managers, an HR communications officer, scrum masters and employee volunteers, revolves around a number of key points: the development of Esker's employer brand by highlighting the company's culture, expertise and areas of differentiation; valuing different professions and the work of external teams; and simplifying the hiring process, diversifying sourcing to facilitate applications of different profiles and promoting an attractive referral program.

This team is particularly active when Esker needs to recruit a large number of developers at short notice.

TRANSPARENCY & VISIBILITY

In addition to presenting key figures, solutions, and technologies, the HR webpage for candidates presents the journey of an Esker employee beginning at orientation all the way to their advancement in the company. Esker's values and benefits offered are described as well, with the aim of being as transparent as possible. To provide more background information for job postings, video testimonials illustrate the variety of Esker's job offers and are regularly published on social media. Technical articles are also regularly published on the company blog.

"Esker Labs" is a forum to share feedback about different projects or issues the teams are working on. Related resources (articles, videos, etc.) are summarized at the bottom of the job offer for the position concerned, to help potential hires better understand the work environment.

EMPLOYEE RECOMMENDATION & REFERRAL PROGRAM

The annual employee satisfaction survey found that over 91% of employees would recommend working at Esker to a friend or colleague. With a median employee turnover rate of 10.5%, these results show that the vast majority is satisfied with their experience at Esker.

An employee referral bonus is offered to encourage employees to spread the word about Esker and share job offers with their network. It is paid in two instalments, one on hiring and another a few months later. Once or twice a year, the corporate HR team also organizes an employee referral happy hour open to acquaintances of Esker employees, enabling them to see the offices and talk with employees or recruitment managers. The employee referral program has been very successful for several years, accounting for almost a quarter of all new hires (51 employees recruited by employee referral in 2022).



RELATIONSHIPS WITH EDUCATIONAL INSTITUTIONS

As Esker hires a large number of young graduates, it attaches particular importance to developing its relations with schools. The goal is to provide them with academic support, introduce the company to future graduates, and make it easier to attract talent. Esker sponsored the INSA (National Institute of Applied Sciences) IT Department graduating class of 2021, and is also a sponsor of the 42 Lyon programming school and a partner to the EDEN and CPE engineering schools. The School Ambassador Program encourages Esker volunteers to represent the company at their alma maters. They attend job fairs and give presentations to students about their jobs.

These partnerships involve Esker both financially and in terms of human resources, through sponsorship programs or by giving priority to these establishments when paying the Apprenticeship tax (France). This also involves making employees available to lead themed conferences on Esker's areas of expertise, such as agility or artificial intelligence, organizing coaching sessions for job interviews, or taking part in events dedicated to bringing Esker employees and students together.

As cofounder of a research chair at the INSEEC, Esker is involved in the development of future generations. The company is committed to raising the profile of the digital professions, by making them accessible to as many people as possible, from secondary school onwards. This is reflected, for example, in the sponsorship of students from the Eden School, which trains developers after 9th or 10th grade. The "Esker Junior Academy" initiative, created entirely by Esker volunteers, welcomes groups of 9th grade trainees from underprivileged neighborhoods and gives them an immersive introduction into the software development professions. This approach was rewarded in 2022 with a silver trophy in the ESG category at the *Victoires des Leaders du Capital Humain* event.



MIDDLE & HIGH SCHOOL STUDENTS:
Esker Junior
Academy Program



UNIVERSITY STUDENTS:
Job awareness
& internships



YOUNG GRADUATES:
Job offers
& mentoring

OFFICE LAYOUT

By actively listening to its employees, Esker provides workplace conditions that match their expectations. The office layout was designed in consultation with employees and their elected representatives. Many spaces were configured to meet the diverse needs of the teams, such as flexible think tank spaces, sit-stand desks, triple screens, and ergonomic equipment. To promote work-life balance, a relaxation room is available for free access, as well as games consoles and board games in shared areas, and regular sports or theater sessions are offered in the multi-activity room. Coffee machines, fresh fruit, snack products and a connected fridge offering full meals are also available on a self-service basis in the cafeterias.

Satellite offices have also been created at the Décines mail production facility, to offer an alternative to the Villeurbanne premises and to reduce commuting distances. 16 shared workstations have been created, helping to forge links between employees at the two sites.

GOOD ATMOSPHERE & INTER-TEAM ACTIVITIES

In France and the U.S. subsidiary, Fun@Work committees, which are made up of about 15 employee volunteers, organize activities in the offices on a regular basis meant to strengthen team spirit: These include outings, music quizzes, Halloween dress-up days, Easter egg hunts, tastings and photo competitions. Every quarter, Esker management organizes an internal event called a "Company Meeting". These regular events are an opportunity to get together on the premises for a drink and celebrate Esker's big and small successes. Within Esker's various departments, seminars are regularly organized to enable employees from different subsidiaries to get together and share their thoughts and best practices. In 2022, Esker created a new position and recruited a person dedicated to organizing internal events. An internal resource is now fully dedicated to organizing team-building events and seminars. Each subsidiary also regularly organizes social events to unite teams around their latest news, or major highlights such as the traditional "Food Truck Party" in France, or the end-of-year party.

PRESENTING THE ESKER HISTORY & VISION

Because the search for meaning contributes to the well-being at work, having a shared vision and understanding each team member's part in making it a reality are integral to the duties of Esker management. Every quarter, Jean-Michel Bérard, CEO at Esker, shares the company's achievements and upcoming projects at company-wide meetings, which all Esker employees can attend.

Esker's CEO also hosts new employees at the head offices for a one-hour meeting to present Esker's history and the company vision or by videoconference two or three times a year for employees joining subsidiaries. Employees then have an opportunity to interact with him and ask any questions they may have. This time is highly appreciated among new Esker employees, and it helps strengthen their sense of belonging to the company and proximity to management.

INDIVIDUAL PERFORMANCE

At least once a year, the individual performance of all employees is assessed with the "Employee Xperience" program. This annual exchange of views enables managers to define objectives that will enable each employee to understand his or her role in the company's mission and vision.

A peer-to-peer reward scheme, called "Osker", has also been set up to recognize a colleague's exceptional contribution in line with one of Esker's five values. Participation is open to all, whether to give an Osker or to receive one. If an Esker employee would like to thank a colleague for a strategic and extraordinary contribution, he or she simply needs to submit a request to the validation committee made up of Esker's HR Director and the department's director, specifying the context of the project and the contribution made by the Esker employee concerned. A trophy is then created in the employee's honor, mentioning the achievement, and a surprise presentation of the Osker is organized with the team and the people behind the initiative with a small celebration. This highlighting of involvement and commitment by peers is a powerful means of recognizing individual and collective performance. In 2022, 8 Oskers were presented.

SOCIAL DIALOGUE

Each of the company's subsidiaries have its own system for the representation of employees through the bodies defined by local laws and regulations. Beyond the measures taken to comply with legal provisions and regularly organized meetings, the company attaches considerable importance to social dialogue, which contributes to Esker's performance. In this context, employee representatives may be consulted for matters not included in the mandated areas.

Esker's results are shared with employee representatives before the entire company. This presentation is also available in English, so that all Esker employees are informed about the quarterly performance as well as achievements and upcoming projects.

In France, the Social and Economic Committee and senior management meet regularly to negotiate company agreements, such as agreements regarding:

- gender equality
- remote work
- the right to disconnect
- supplementary health insurance
- and profit-sharing



ACTIONS IN 2022

- Payment of an equal profit-sharing bonus to all employees (head offices)
- Opening of satellite offices on the Décines site for head office employees
- Distribution of 10 bonus shares per employee
- 51 employee referrals worldwide/26 employee referral bonuses paid in 2022 (France)
- Workshops on artificial intelligence & agile methodology in schools and on Esker premises
- Partnerships with Ecole 42 Lyon & CPE Lyon, participation in INSEEC research chair projects
- Formalization of the teleworking policies in France, independent of the public health context: max. 2 days of teleworking per week + 2 additional days per month. In all subsidiaries, teleworking policies are also independent of the public health context
- 14 meetings organized between the CSE and management
- International HR team strengthened: 5 new employees in France, 1 in Spain, 1 in Germany, 2 in the United States and 1 in Australia
- Group-wide internal satisfaction survey conducted with ChooseMyCompany®: all subsidiaries awarded label



Career management & skills development



KEY INDICATORS

- 100% of employees took part in an annual performance review
- Percentage of staff receiving external training: 48.16%
- 25 hours average of professional development, per employee, per year



70% of employees surveyed agreed with the statement "My company has an active policy for training and employee development" – Source: 2023 Annual Employee Satisfaction Survey for 2022

DEFINITION OF NEEDS

Esker's success relies fundamentally on the experience and expertise of its employees. Supporting them through training is crucial to ensuring their employability both internally as well as outside of Esker.

The training policy consists of strategic focus areas defined on a yearly basis by management, new work methods or tool training needs, and per request of employees seeking to develop professionally or retrain. The budget amounts are allocated according to these focus areas and their priority levels. Needs expressed during reviews are collected and prioritized according to the focus areas mentioned above. Trainings organized by external service providers are subject to an assessment of the acquired knowledge, feeding directly into skills management.

In 2022, Esker has decided to implement a training management tool (called Training Management Solution) through the 3rd party provider "Place de la Formation". This project was carried out at the end of 2022, to be launched in 2023. It enables employees to submit their requests and managers to supervise their team's skills development plan.

DEDICATED TRAINING TEAM & LEARNING CULTURE

A growing training team consisting of 12 people throughout France and the United States handles team and partner company skills development on the company's software solutions and the main tools used on a daily basis. The team's role is to promote training activities, adapt to the needs of the learners, offer effective and innovative learning solutions and boost commitment. The overall objective of the training team is to foster the development of the Learning Culture at Esker, which conforms naturally into the agile culture already in practice.

ESKER UNIVERSITY PLATFORM

Esker has an in-house training platform (Learning Management System), "Esker University", with numerous online modules accessible to all employees worldwide. Operational implementation is executed through a training schedule supervised by managers. Esker employees can also sign up for specific training modules throughout their career, to deepen their knowledge of a particular Esker solution, for example. A number of mandatory courses have also been set up through Esker University to make it easier to communicate with employees and track their participation, such as courses about anti-bullying and sexual harassment awareness, anti-corruption or social media use best practices.

TRAINING GAMIFICATION

To make it even easier to learn about Esker products, the in-house training team has implemented the gamification of the training material. A role-playing activity was developed to help new employees obtain a better understanding of the solutions that Esker develops and markets, the corporate cycles for customers and suppliers, customer challenges and the advantages that Esker solutions provide. The processes and problems they encounter during the game are then replicated and explained directly in the solution software. Fun quizzes also assist in the validation of knowledge at the end of each training module.

INTER-DEPARTMENTAL & INTER-SUBSIDIARY EXCHANGES

Exchanges were set up between departments to establish a link between the various subsidiaries and departments. In addition to the obvious sharing of knowledge, these exchanges give employees a chance to spend time with one another. Esker also encourages all new developers to train with the Consulting or Support teams after they've been with Esker for one year, as these are teams with whom they will have to work on a daily basis. In this way, developers are brought into contact with customers, enabling them to experience real-life application of the solutions, and giving more meaning to their work.

INTERNAL MOBILITY

A career at Esker is not limited to the initial job. Depending on experience and motivation, employees can move into team management positions such as manager or Scrum Master, develop technical expertise on a specific technology, or join another department to develop new skills.

As a French software publisher with an international presence, with 15 subsidiaries on 4 continents, there are plenty of opportunities for international mobility. In 2022, 107 employees made use of the internal mobility policy.

In 2022, the internal mobility process for France was set up and shared with all employees to inform them of the possibility for internal career development and the steps that it includes.



ACTIONS IN 2022

- Offering of new non-technical & personal development training courses over the Esker University platform
- Creation & publication of a structure for the internal mobility process in France
- Organization of four HR conferences, offered to all employees in France

Health & safety in the workplace



KEY INDICATORS

- Frequency rate of occupational accidents: 0.58%
- Severity rate of occupational accidents: 0.0006%
- Absenteeism rate: 1.7%
- 13.33% of employees trained in first aid (France only, excluding CalvaEDI)
- 94% of employees work remotely

RISK PREVENTION

Preventive actions are carried out each year in France in multiple areas and are detailed in the occupational risk assessment document. Also, a manager is assigned to each site with the delegated authority to implement actions concerning workplace health and safety policies for employees. Esker looks after the health and safety of employees by providing a collaborative, friendly, and functional workplace and by implementing preventive measures. All employees in the head offices and the U.S. subsidiary are equipped with height-adjustable desks to limit the risk of musculoskeletal disorders (MSDs).

Employees at the mail production facility in France have the appropriate safety equipment for their work, such as safety shoes and ear plugs. In 2022, Esker replaced the safety footwear for all personnel, and also invested in new gowns to protect against the risk of chemical splashes when cleaning print heads. 1/3 of hearing protectors have also been replaced. Staff participated in an activity on MSDs and sleep in relation to their specific schedules. The ISO 45001 certification of the mail production facility in France reflects Esker's efforts to continuously improve its performance of safety and risk prevention.

In the U.S., employees are educated on the "Run, Hide, Fight" principle, which provides instructions to follow in the event of an attack or active shooter.

ENCOURAGING PHYSICAL ACTIVITY

In France, one-and-a-half-hour lunch breaks allow employees to take part in athletic activities. Communities have been created on the initiative of Eskerites based on their athletic interests, and group sessions are organized on a regular basis. Employees can have their athletic membership and certain sports equipment reimbursed. Additionally, awareness-raising campaigns are regularly carried out to encourage the use of low-carbon mobility, notably through the "mobilités durables" package, which rewards employees who use their personal bicycles to get to work.

THE RIGHT TO DISCONNECT

Esker regularly reaffirms the importance of respecting rest and vacation times, as well as the balance between employees' private and professional lives, via the Right to Disconnect policy. This policy is integrated into the company's internal regulatory framework. Esker tries to schedule meetings exclusively during working hours. Late-night or early-morning meetings are to be avoided as much as possible, and planned well in advance. Reminders of the right to disconnect are regularly issued, mainly in HR newsletters and other meetings between managers, Scrum Masters and HR.

Esker has launched the ISO 45001 certification process for the Décines mail production facility. This international standard provides a framework for identifying, controlling and reducing occupational health and safety risks. The certification allows for the integration of procedures with the Quality and Environmental Management System under ISO 9001: 2015 and ISO 14001: 2015.



85.4% of Esker employees agreed with the statement "I am satisfied with the work-life balance (work hours, flex-time, workload, etc.)." – Source: 2023 Annual Employee Satisfaction Survey for 2022



HEALTH PROTOCOLS

The beginning of 2022 was still marked by the COVID-19 pandemic, and employee health remained a priority for Esker. The health situation has been closely monitored, and management has implemented all recommended or required government measures. Informational messages are regularly sent to employees to keep them informed of the latest updates to health protocols. An online document was created to list all measures and related updates. Meeting sessions were launched to respond to employee questions and concerns. The right to work remotely was also extended in order to provide support for employees during the transitions between public health procedures.

As the health situation is a source of anxiety and stress, awareness training was provided for all managers so that they can offer better guidance and be more attentive to the needs and concerns of their teams. An external helpline managed by health professionals was also set up to offer psychological support to employees who feel the need for it.



ACTIONS IN 2022

- Exceptional bonus paid to cover employee expenses during government-mandated remote work (France only)
- 32 employee volunteers trained in first aid & fire evacuation
- ISO 45001 certification obtained for the France mail production facility
- Seasonal flu vaccination campaign launched (France)



Equal opportunity, diversity & inclusion



KEY INDICATORS

- 31.48% of the workforce are women
- 32.35% of management are women
- 3.96% gender pay gap
- 36 nationalities represented in the workforce
- 14 nationalities represented in management



86.9% of employees agreed with the statement "At Esker, everyone benefits from the same opportunities for recruitment, remuneration and career development (regardless of age, national origin, education, disability, religious belief, gender identity & expression, sexual orientation, etc.)" – Source: 2023 Annual Employee Satisfaction Survey for 2022

GENDER EQUALITY

Convinced that gender diversity fosters innovation, creativity and collaboration within teams, Esker respects equal opportunities for men and women and promotes equal access to positions of responsibility within the company.

Designed to promote equal pay for men and women within companies, the Gender Equality Index enables companies to transparently measure gaps and highlight areas for improvement. The 100-point Index is calculated on the basis of 5 indicators: the gender pay gap, the gap in the distribution of individual pay raises, the gap in the distribution of promotions, the number of employees receiving pay raises upon their return from maternity leave, and parity among the 10 highest earners. The Index ensures that corrective measures are put in place for the following year.

In 2022, Esker obtained a feedback score of 91/100 for France, broken down into the following 5 indicators:



Pay gap



Pay raise gap



Promotion gap



Return from
maternity leave



High
compensation

REPRESENTATION OF WOMEN

Esker's workforce includes 31.48% women worldwide and 32.35% women among managers, demonstrating a representative proportion of the workforce in management positions. Of the four members of the Supervisory Board, two are women, and the ratio is 1 in 8 on the Executive Committee.

A working group dedicated to integrating women into digital professions was set up at the end of 2021 in France, to start at the beginning of 2022. It is made up of 17 Esker women volunteers, with a dual objective: to introduce Esker's technical professions to a female audience, and to ensure that women feel comfortable within in the technical teams and the company.

To promote IT professions among women, several testimonial videos of Esker employees have been filmed and broadcast on social networks. The aim is to help change mentalities about jobs that are predominantly held by men, and to encourage female applicants.

Esker organizes events to mark International Women's Rights Day, which takes place every year on March 8. In 2022, several activities were organized at Esker headquarters: the display of an exhibition on women in tech, a presentation of the Eskud "integration women into digital professions". A post on social networks was also published to summarize the various activities to foster equality between men and women.

Esker signed the international Women's Forum Manifesto on gender equality and has pledged to participate in Forum meetings. These events provide the opportunity to share best practices on gender diversity. Esker also supports the Professional Women's Network, an international organization of women leaders that promotes gender balance in the business world, by regularly providing venues for their events.

ANTI-DISCRIMINATION POLICIES & CODE OF CONDUCT

Several policies and a Code of Conduct were put in place for all Esker entities to guarantee equal hiring and promotion opportunities, to fight against sexual harassment and discrimination, and to ensure a healthy and respectful work environment.

By 2021, all managers in France have been trained in the prevention of sexual harassment and discrimination. Managers also received a full day training on this subject as part of the "Upskill as an Esker Manager" training course in 2022. All employees in France have also been made aware of this issue. This training program is intended to be gradually extended to all Esker subsidiaries. As a signatory of the Diversity Charter, Esker's Human Resources Department is committed to regularly considering new initiatives, as part of a continuous improvement process in this area.



87.5% of employees surveyed agreed with the statement "In my company, we encourage and respect diversity: attitude towards women, respect for different backgrounds, beliefs and gender identities, LGBTQ, and people with disabilities" 2022 Happy@Work® survey



PARENTHOOD

Aware that parenthood is an integral part of corporate social responsibility, Esker is committed to supporting parents by offering them solutions designed to preserve the balance between their professional and personal lives. Pregnant women can take advantage of additional teleworking arrangements that go beyond the current policies. To facilitate the return from maternity leave, a breastfeeding room has been made available in the French offices in 2022, as well as in the American subsidiary. Esker is also committed to using the term "co-parent" in France to encompass all forms of family structures, and the minimum seniority required to benefit from co-parent leave is set at one year (compared to two years in the Syntec collective bargaining agreement). Finally, in France, one paid day off per year per employee is offered to care for a sick child. Emergency childcare is made available through a local partner, to provide an alternative in the event of the usual childcare arrangements being unavailable.

GENDER IDENTITY

To meet the needs of transgender people who have not had their first name changed at the civil registry office, Esker enables and facilitates the use of their customary first name. The HR department assists them in using their customary first name in all non-legal systems and documents, and offers communication support if the need arises. Employees also have the option of adding their preferred pronoun(s) to the internal directory and to their external email signature.

DIVERSITY

Esker considers a broad range of diversity to be an asset, and encourages it by promoting international collaboration and the development of talent worldwide. Diversity initiatives focus in particular on recruitment and international career development. Various initiatives are undertaken to develop intercultural exchanges, such as inter-subsiary language exchanges to develop language skills. Employees from certain multi-localized teams are also required to travel regularly to meet their international peers, and share experiences and best practices.

Esker is proud to support the JeNeSuisPasUnCV initiative, which aims to put candidates in touch with each other on the basis of their skills alone, rather than their past experience or qualifications.

In the U.S. subsidiary, a newsletter is sent out every month to raise awareness of "DEI" (diversity, equity and inclusion). Awareness-raising sessions have also been organized for employees around the themes of "Allyship" (inclusive behaviors designed to promote diversity within teams) and "Juneteenth" (a national day that serves as a symbol in the fight against racial inequality).

In France, a working group dedicated to Diversity and Inclusion was created in July 2022, to address various themes such as gender identity, disability, parenthood or job stereotypes, to make Esker an ever more inclusive company.



85.4% of employees agree with the statement: "I find that Esker promotes diversity and inclusion." - Source: 2023 Annual Employee Satisfaction Survey for 2022

ACCESSIBILITY & DISABILITY

Through one of its service providers Esker promotes the professional integration and job retention of people with disabilities. As part of the European Week for the Employment of People with Disabilities, a quiz was organized to raise awareness about the challenges people with disabilities face. Nearly 200 employees in France took part in the Handipoursuite challenge, created by Agefiph. An additional aim was also to inform employees about the various steps involved in obtaining the RQTH (Reconnaissance de la qualité de travailleur handicapé - recognition of disabled worker status), and to support them in this process if necessary. Esker also offers two days of PTO to all those who apply for or need to renew their status.



ACTIONS IN 2022

- Support for the JeNeSuisPasUnCV initiative
- Creation of "Eskuads" dedicated to integrating more women into the digital professions as well as diversity and inclusion awareness
- Training managers & raising employee awareness of sexual harassment and gender-based discrimination
- Raising awareness of disabilities among head office employees through the "Handipoursuite" online challenge & online training on this topic in the U.S.
- Raising awareness of LGBTQIA+ inclusion in the US subsidiary
- Diversity & inclusion training for managers & selected Scrum Masters, presented by Pete Stone
- Monthly internal communications on diversity & inclusion issues in the U.S. subsidiary
- Raising awareness of inclusion and diversity issues among U.S. subsidiary employees



4

Contributing to the Protection of the Planet

In the face of IT activities contributing to climate change through energy consumption, CO2 emissions and pressures scarce raw materials, Esker is strongly committed to reducing its carbon footprint. We hope to achieve this by investing in energy efficient measures for the offices, and by recovering the waste produced by its mail production facilities. Esker encourages the use of low-carbon transport for commuting and facilitates remote work wherever possible. Esker regularly carries out training for employees with the aim of developing their commitment to environmental protection. IT equipment at the end of its life cycle is handled responsibly, and the energy efficiency of data centers that host Esker's cloud platform is regularly monitored. Esker also remains committed to the continuous renewal of its ISO 14001 certification.



Carbon footprint & energy efficiency



KEY INDICATORS

- ISO 14001 certification (France mail production facility & offices)
- Global carbon emissions: 4,409 t.CO2e
 - Scope 1: 212 t.CO2e
 - Scope 2: 686 t.CO2e
 - Scope 3: 3,510 t.CO2e
- Offices and facilities: 2,975 t.CO2e
- 27.73 t.CO2e per €m of revenue
- 4.63 t.CO2e per employee



68.2% of Esker employees agree with the statement "I feel that my company takes sufficient account of current environmental issues." – Source: 2023 Annual Employee Satisfaction Survey for 2022

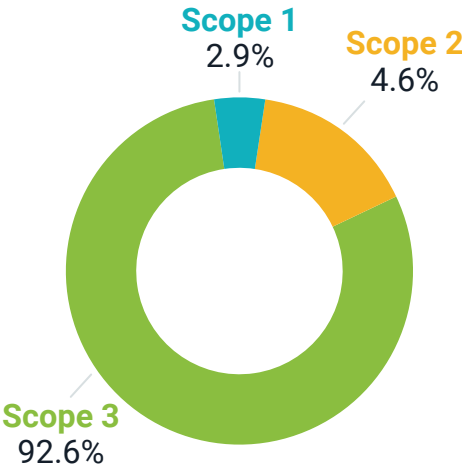
ANNUAL CARBON REPORT

Esker is strongly committed to reducing its environmental footprint and investing in the energy efficiency of its offices and mail production facilities. Esker has proactively established a Carbon Report, which has been published annually for the locations in France since 2018. This was gradually extended to Esker's subsidiaries, identifying improvements needed in the company's energy performance as a whole.

In 2022, Esker's emissions covering Scopes 1, 2, and 3 for its worldwide operations were 4,409 metric tons of CO2e. That comes out to 4.63 t.CO2e per employee.

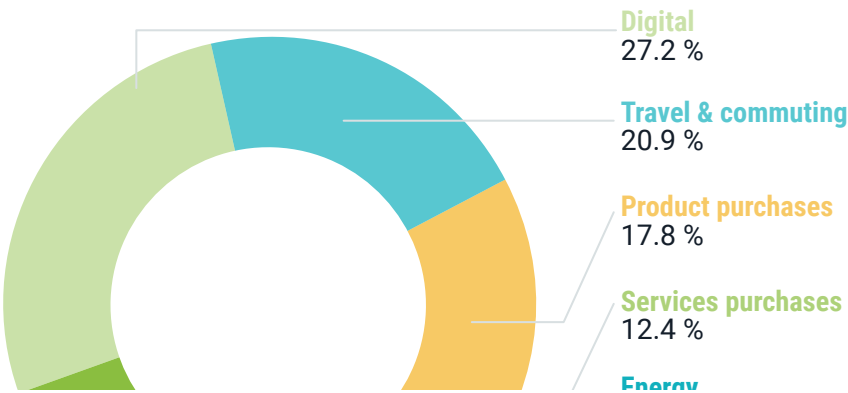
These emissions are 23% higher than in 2021. This increase is largely due to the resumption of business travel, particularly air travel (at its lowest in 2020 and 2021).

Breakdown of emissions (% tCO2e)



Scope 1: 266 tCO2e
Scope 2: 426 tCO2e
Scope 3: 8,565 tCO2e

Categories scope 3 (% tCO2e)



**SCORE
CARBONE®
AXYLIA**

In 2022, Esker was awarded Score Carbone® A by [Axylia](#).

The Axylia Carbon Score® assesses, on a scale from A to F, a company's ability to pay its carbon bill. It tells investors and private individuals "whether a company is truly profitable and responsible, after accounting for the cost of the CO2 it emits".



IMPLEMENTATION OF SALESFORCE SUSTAINABILITY CLOUD

Since 2021, Esker implemented the Salesforce Sustainability Cloud solution to facilitate environmental data collection for all its subsidiaries. The tool analyzes sources of emissions and can be used to implement an action plan derived from historical and real-time data on the company's carbon footprint. Updatable reports and dashboards are expected to help fine-tune the monitoring of the environmental performance of each region in 2022 and identify the most significant emissions sources.

ISO 14001 CERTIFICATION

ISO 14001 defines the criteria for an environmental management system and provides a framework that companies and other organizations can apply in order to establish effective management of the environmental footprint. Esker began certifying the France mail production facility in 2019 and the French offices in 2020, paving the way for the implementation of additional improvements to reduce Esker's environmental footprint. In 2022, the ISO 14001 certifications for the offices and mail production facility in France were renewed.

SUSTAINABLE OFFICE LAYOUT

At all of its sites, Esker chooses sustainable options for the layout of its offices, including LED light bulbs and motion detectors in public areas. Esker optimizes the resources used to develop business and closely monitors the environmental impacts associated with its mail production facilities. Means of production are continuously optimized in a continuous effort to reduce electrical consumption. The purchasing and depreciation policy also includes environmental criteria for IT equipment (purchases of EPEAT Bronze and Gold workstations and servers, and Energy Star-certified screens).

EMPLOYEE AWARENESS

Esker has implemented several initiatives to raise employee awareness about environmental issues and encourages them to actively engage in environmentally responsible behaviors. Internal communications are also distributed on a regular basis to share Esker's strategy, commitments and accomplishments through newsletters and events.

In France, a 100% vegetarian FoodTruck event was organized to inform employees about the carbon impact of food production. A refrigerator with zero-waste prepared meals was also installed in the head offices, with the aim of reducing food packaging waste.

In Lyon, a group of employees took part in a waste collection organized by the CleanInLyon organization.

Employees at Esker's Asian subsidiary were able to take part in a range of activities designed to raise awareness of the need to protect the environment, from kayaking and hiking to waste collection.

In particular, the Esker Malaysia team took part in the clean-up of the Sepang river marsh to preserve the mangrove ecosystem and the river's wildlife habitat. Employees learned about the need to preserve the mangrove ecosystem, which is home to thousands of fish and birds, absorbs carbon and ranks among the top three carbon capture ecosystems in the world.

As part of its efforts to preserve local flora and fauna, the Spanish subsidiary is involved in bird sponsorship with GREFA, collaborating to help protect birds of prey by fitting them with GPS devices. Other organizations the Spanish subsidiary worked with include the SEO Birdlife and the DeVerde de El Escorial associations, and participated in mountain clean-ups and environmental awareness training.

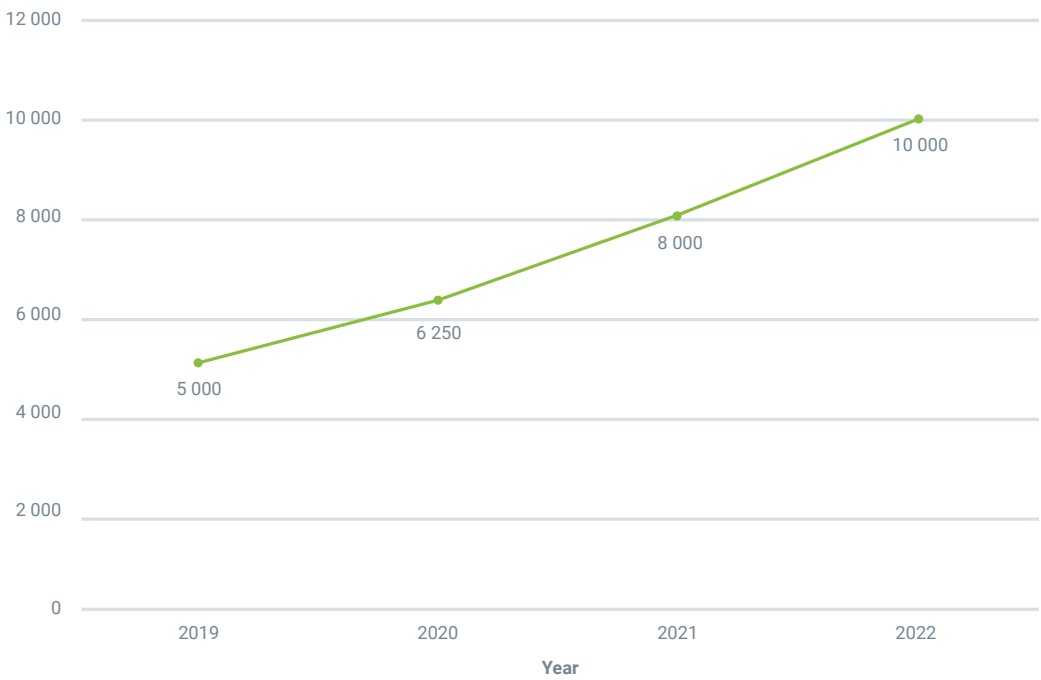
★ 78.8% of employees have adopted "eco-responsible attitudes that guide them on a daily basis" according to the 2021 ImpactESGIndex survey



REFORESTATION PROJECTS

While Esker prioritizes reducing its emissions over offsetting them, other actions have been implemented with the aim of having a positive impact on the environment. Planting various species of trees to reforest the planet is a vital challenge in the fight against climate change and the protection of biodiversity. Esker has partnered with Reforest'Action to plant 5,000 trees in Haiti in 2019, 6,250 trees in Tanzania in 2020, 8,000 trees in India in 2021 and 10,000 trees in Peru in 2022. Esker's support has resulted in a total of 29,250 trees planted, which represents 4,387 metric tons of CO2 stored, according to Reforest'Action. More information on Esker's action is available here: <https://www.reforestaction.com/en/esker> Esker employees are also involved in tree planting activities each year, particularly in the Spanish subsidiary, which supports the [Deverde](#) organization.

Number of trees planted through the support of Reforest'Action



ACTIONS IN 2022

- 10,000 trees planted with Reforest'Action
- Renewal of ISO 14001 & ISO 9001 certifications for France mail production site and head quarter offices
- Awareness-raising activities in all Esker subsidiaries



Employee mobility & remote work



KEY INDICATORS

- Emissions related to business travel: 808 t.CO2e
- Emissions related to commuting: 626 t.CO2e
- 43% of employees use environmentally friendly modes of transportation to commute to work
- 54% hybrid or electric vehicles in the fleet
- 94.5% of employees eligible for remote work

BUSINESS TRAVEL POLICY

A business travel policy has been rolled out in France, with the aim of reminding employees of environmentally-friendly travel practices. A progressive deployment of this travel policy is also planned for all subsidiaries, as part of a continuous improvement and standardization of our practices.

To reduce its CO2 emissions and to encourage the use of low-carbon modes of transportation, Esker is developing a number of incentive programs to promote other mobility options, such as favoring rail over air travel whenever possible or promoting low-carbon or electric vehicles in its fleet.

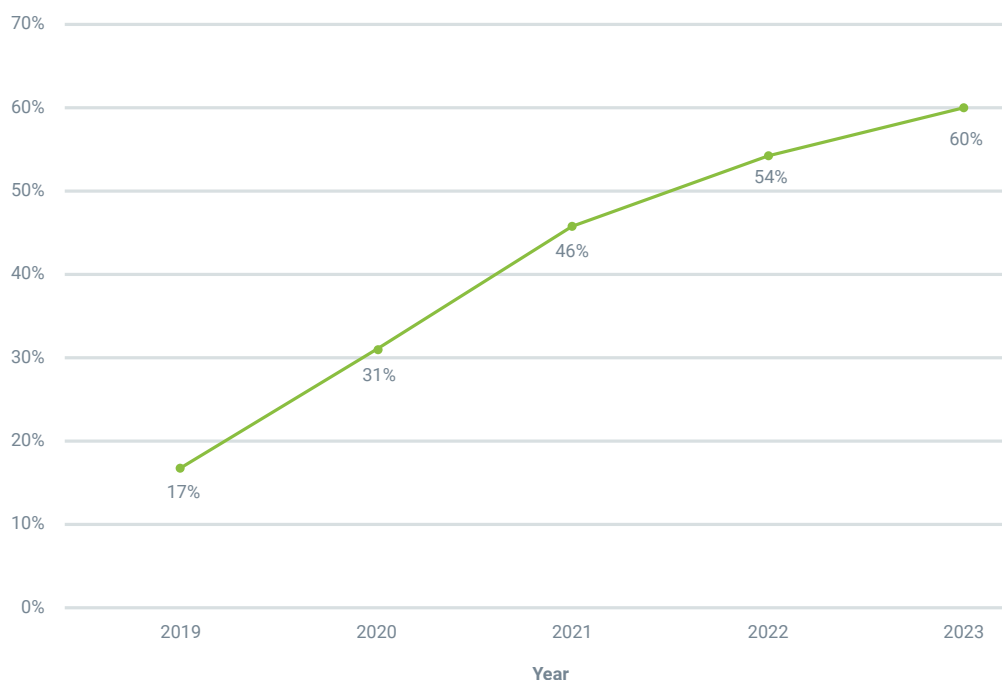
The travel department, which manages travel reservations for head office employees, has included environmental criteria in its policy for choosing airlines and hotels. The carbon emissions generated by employee travel are indicated on the reservation materials to inform them about the environmental impact of their trip. To further reduce the impact of business travel, environmental criteria have been integrated into the choice of airlines. In 2021, the Travel Department, which manages travel bookings for head office employees, participated in a training course titled "Integrating ESG Into Your Travel and Mobility Program".

The main supplier of a seat reservation tool (Selectour Bleu Voyages) was awarded the Positive Workplace® ESG label in 2022. It is the first travel company to obtain this label.

VEHICLE FLEETS

54% of Esker's fleet is made up of hybrid or electric vehicles. The entire company fleet is in the process of gradually being replaced with either hybrid or electric vehicles, as the automotive service provider is offering increasingly environmentally-friendly options. The rate of replacement is currently at 87.5% in the U.K. and 100% in Spain. In France, employees with company vehicles are incentivized to select a hybrid or electric car, by increasing the expense budget for each employee by €100 per month for electric cars and by €55€ per month for hybrids.

Percentage of hybrid or electric cars in the company fleet



COMMUTING

In France, employees are encouraged to use environmentally-friendly transportation to get to their place of work, through the payment of a sustainable mobility reimbursement for employees who use their personal bicycle to get to work. This reimbursement is capped at €200 per year per employee, or €16.66 per month. Secure bicycle storage facilities and recharging points for electric bikes have been installed at head offices. Employees of the U.S. subsidiary are also encouraged to cycle to work. In 2022, 74% of employees responded to the survey (707 respondents).

105 KM

Average distance
travelled per week

655 kg.CO2e

Average carbon
footprint per
employee per year
for commuting to
and from work

43%

Percentage of employees using public
transport or low-emissions transport
to get to their place of work (including
bicycles, electric scooters and walking)

However, travel increased significantly in 2022, mainly due to the end of COVID-19 pandemic lockdowns and travel restrictions.

As a result, emissions have increased by more than 50% compared with 2021. In addition to growth in the overall workforce (+13%), the lifting of travel restrictions linked to lockdowns plays a major role in this increase.

As commuting has been largely impacted by the COVID-19 crisis, the evolution of Esker's environmental performance through its carbon footprint compared to 2019/2020 therefore seems difficult to assess.

REMOTE WORK POLICY

Launched in early 2020 to give its employees greater flexibility and accelerated by the COVID-19 pandemic, Esker's remote work policy allows employees to work remotely two days per week, plus two "floating" days during the month, for a total of 50% of their work time. Esker has adapted to new forms of work organization and to employees' need for greater flexibility by introducing a teleworking policy. Today, employees can work remotely in most subsidiaries, and in France up to 50% of their working time.



ACTIONS IN 2022

- Increase in the number of hybrid & electric vehicles in the company fleet
- Installation of two additional charging points for 100% electric vehicles in the head offices parking lot (excluding company vehicles).
- Installation of additional charging points for electric bicycles in the head offices parking lot

Waste management & circular economy



KEY INDICATORS

- Recovery of 100% of waste from the mail production facility in France excluding non-hazardous industrial waste
- 57% of waste recycled from France offices

WASTE REDUCTION & RECOVERY AT MAIL PRODUCTION FACILITIES

Esker aims to cut down on the amounts of raw materials used in its mail processing, as these activities are of course linked to waste production. A high-priority goal is to reduce waste by minimizing it through an ISO 9001 quality management system and increasing the rate at which waste is reused. Esker's main mail production facility is in France. It recovers 100% of its waste. Other facilities are in the process of implementing more accurate waste monitoring systems to reach the same waste recovery rate.

WASTE SORTING

Raising employee awareness and encouraging waste sorting enable Esker to maximize waste reuse and thereby minimize its environmental impact. Sorting bins are made available throughout the premises, and regular workshops are held to encourage sorting, such as a quiz on the life cycle of waste and an introduction to the concept of zero waste. Since May 2022, the French subsidiary has been able to track all its non-hazardous industrial waste, thanks to the integration of this new indicator by its waste management service provider ELISE.

THE CIRCULAR ECONOMY

A collection of toys and games was organized for the head offices, benefiting the Enjoué organization. This local non-profit specializes in reconditioned, cleaned and recycled toys. Enjoué is an EBE (Entreprise à But d'Emploi), a business that focusses on job creation, especially in areas with high long-term unemployment.

By supporting this organization, Esker promotes the circular economy, supports local organizations and job creation efforts.



ACTIONS IN 2022

- 92kg of toys collected during the toy drive organized with the "Enjoué" non-profit at headquarter offices
- Addition of a DIB collection indicator by sorting service provider ELISE (France only)

The digital carbon footprint



KEY INDICATORS

- 29% of customers hosted on Microsoft Azure (up 9.92 points from 2021)
- Power Usage Effectiveness (PUE) of the data centers:
 - Colt : 1.52
 - CDW : 1.2
 - Azure : 1.18
 - AWS: information not available

LIFE CYCLE EXTENSION OF IT EQUIPMENT

As an economic performance factor, conserving resources contributes significantly to lowering carbon emissions, and waste recovery supports the development of a circular economy. Esker strives to extend the life cycle of the company's IT equipment and electronic devices as much as possible. This is achieved through an internal maintenance service, the aftersales service of suppliers, and electronic equipment buyback programs benefiting charities chosen by the employee. Various organizations are responsible for the collection, dismantling, and professional disposal of end-of-life equipment. Waste from electrical and electronic equipment (WEEE) amounted to 1,132 kg in 2022.

In France, Fairphone mobile phones have been added to the in-house cell phone catalog. This enables employees to choose a sustainable, repairable and fair-trade cell phone.

ENERGY EFFICIENCY OF DATA CENTERS

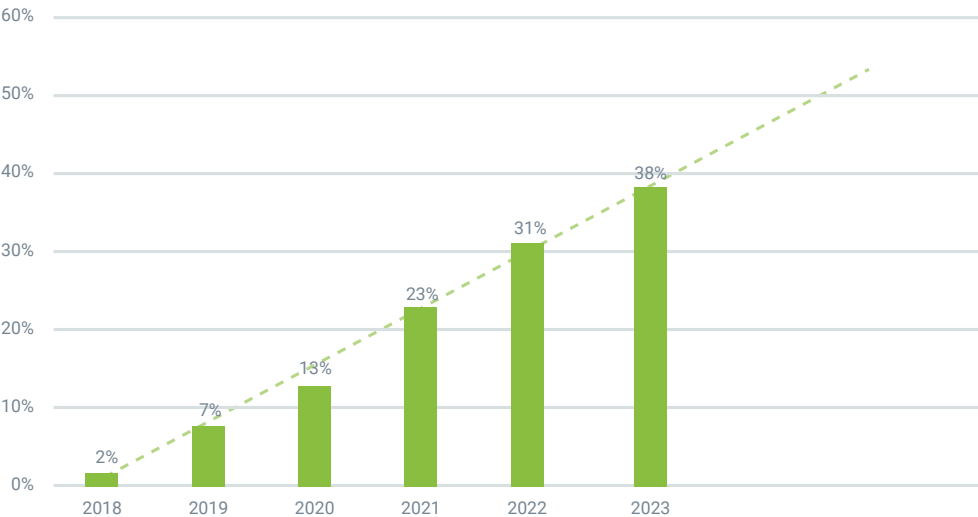
The exponential growth of digital technology, with the processing and hosting of an increasing amount of data, is leading to a sharp increase in global energy demand for data centers. Developed by the Green Grid, PUE is the standard industry metric used to measure and monitor the energy efficiency of data centers. PUE is a standard calculation: total kWh used by all site infrastructure divided by the kWh used by IT infrastructure. As a result, Esker obtains the PUE of its major data center providers every year (except AWS, which does not report the metric). This guides the selection of future data centers based on company needs.

USE OF MICROSOFT AZURE

Whenever possible, to reduce its own environmental footprint, Esker chooses suppliers that are committed to sustainability practices. Therefore, the majority of new Esker customers are hosted by default on Microsoft Azure, which uses a significant amount of renewable energy for its data centers and whose server-based billing model—the more servers you use, the higher the price—encourages moderation.

In 2022, 56% of new Esker on Demand customers were hosted on Microsoft Azure.

Number of EoD customers hosted on Microsoft Azure data centers



Microsoft has pledged to move to 100% renewable energy in its buildings and data centers by 2025, and to have a negative carbon footprint by 2030.

According to a study on the benefits of cloud computing, migrating from local data centers to the Microsoft Cloud would significantly reduce the company's carbon footprint*.

Within five years, Esker aims to have 60% of its new customers hosted on Microsoft Azure.

ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

Esker also ensures that the R&D teams are attentive to the digital footprint of the software, encourages the optimizations of services and limits energy consumption.



ACTIONS IN 2022

- 56% of new Esker on Demand customers are hosted on Microsoft Azure
- 1,132kg of WEEE recovered (France only)
- Integration of the Fairphone in the choice of mobile phones (France only)
- €4,821 raised for associations through internal resale of IT equipment





Report details

Non-financial reporting covering all ESG indicators at the corporate level was initiated in 2019. This approach highlights a positive dynamic and will result in the gradual extension of the scope for these indicators and their adoption by all subsidiaries, or at least the two main Esker subsidiaries—France and the United States—when the information is not available for the other subsidiaries. Esker's ESG reporting is managed by the ESG Committee and a network of contributors in all Esker subsidiaries.

The majority of the ESG data is collected through individual discussions with representatives in the subsidiaries, a dedicated ESG reporting tool, and other internal reporting mechanisms. The data provided by the individual contributors is then consolidated at the global level.

The reporting covers the period from January 1 to December 31, 2022, for all indicators, and the scope is the same as for financial reporting, i.e., all Esker subsidiaries (except where reported).

The Market Dojo subsidiary, which was integrated into the Esker family of companies on June 1, 2022, will be fully taken into account in our extra-financial reporting for 2023.

TOPICS EXCLUDED FROM THE NON-FINANCIAL STATEMENT

Considering the nature of Esker's activities as presented in this document and, in particular, its business model, it would appear that the implications of regulations on sustainable food (combating food insecurity, respecting animal welfare, responsible, fair and sustainable food practices, and combating food waste) are limited for the company.

METHODOLOGICAL EXPLANATIONS & LIMITATIONS

The process for collecting information and indicators will be routinely updated, notably in light of the change of scope, and awareness among contributors will be raised in order to reinforce the quality and applicability of the information.

Reporting on certain indicators may have limitations due to:

- The absence of national and/or internationally recognized definitions
- The necessary estimation, representativeness of the measures, or limited availability of external data required for calculations
- The practical procedures for collecting and recording this information

For that reason, whenever possible, definitions, methodologies, and, where applicable, the associated margins of uncertainty, are specified for the corresponding indicators.



Details & Methods Used for Calculating Key Indicators

Governance indicators

Indicators	Scope	2020	2021	2022	GRI standards
Corporate governance aspects					
Percentage of independent directors on the Supervisory Board	Group	75%	100%	100%	GRI 102-22
Average rate of attendance at Supervisory Board meetings	Group	100%	100%	100%	
Percentage of women on the Supervisory Board	Group	50% (2 out of 4)	66% (2 out of 3)	50% (2 out of 4)	GRI 102-22, GRI 405-1
Number of Board meetings	Group	4	5	5	
Total number of special Board committees	Group	3	3	4	
Existence of an audit committee	Group	Yes	Yes	Yes	
Existence of a compensation & nominating committee	Group	Yes	Yes	Yes	
Existence of an ESG committee	Group	Yes	Yes	Yes	
Existence of a cybersecurity committee	Group	No	No	Yes	
Percentage of women on the Management Committee	Group	29% (2 out of 7)	25% (2 out of 8)	18.75% (1,5 out of 8)	
Percentage of share capital owned by founders, their families & executives	Group	7.9%	6.7%	10%	
Monitoring of share capital (ownership >=34% of shares) by one shareholder or group of shareholders	Group	No	No	No	
Existence of double or multiple voting rights	Group	Yes	Yes	Yes	
Existence of shareholder' agreement(s)	Group	No	No	No	
Publication of Board Rules of Procedure on website	Group	No	Yes	Yes	
Governance structure	Group	Dual (Supervisory Board)	Dual (Supervisory Board)	Dual (Supervisory Board)	
Effective tax rate	Group	21.13%	22.4%	23.6%	
Percentage of fees for audits in auditor fees	Group	89.61%	88.01%	77%	
Number of meetings to present financial results	Group	2	2	2	
Number of visitors to Investors website	Group	4,584 (FR) 8,225 (EN)	4,717 (FR) 8,713 (EN)	7,039 (FR) 10,859 (EN)	



Indicators	Scope	2020	2021	2022	GRI standards
Ethics & compliance					
United Nations Global Compact Member	Group	Yes	Yes	Yes	
CEO's salary relative to the world median salary	Group	9.54 times the median salary	8.77 times the median salary	9.17 times the median salary	<i>GRI 102-38</i>
Presentation of ESG strategy to the Supervisory Board	Group	-	Yes	Yes	
Formal policy on business conduct and anti-corruption measures	France (excluding CalvaEDI) & U.S.	Yes	Yes	Yes	
Percentage of employees with awareness training on business conduct & anti-corruption policies	France (excluding CalvaEDI)	-	96%	98%	<i>GRI 205-2</i>
Number of violations of the internal code of conduct	France (excluding CalvaEDI)	-	0	0	<i>GRI 205-3, GRI 206-1</i>
Existence of an ethics whistleblowing system	France	Yes	Yes	Yes	
Number of incidents reported by a whistleblower	France	-	0	0	
Number of harassment reports	France	1	1	0	<i>GRI 205-3, GRI 206-1</i>
Sustainable supply chain					
Formal Sustainable Purchasing Policy	France	-	Yes	Yes	
Adherence to the Sustainable Supplier Relations Policy	France	-	Yes	Yes	
Integration of social & environmental criteria into purchasing practices	France	-	Yes	Yes	
Integration of supplier location into purchasing practices	France	-	Yes	Yes	
Existence of an ESG Code of Conduct for suppliers	France	Yes	Yes	Yes	
Analysis of supplier ESG risks	France	-	Yes	Yes	
Number of targeted suppliers covered by a ESG assessment	France	-	50	60	<i>GRI 308-1, GRI 414-1</i>
Average supplier payment deadline (in days)	France	28	30	32.5	
Identification of economically dependent suppliers	France	Yes	Yes	Yes	
Existence of a quality management system	France	Yes	Yes	Yes	
Percentage of business with ISO 9001 certification	Group	<50%	<50%	<50%	
ESG score of the main paper supplier of the mail production facility (Stora Enso)	France	EcoVadis: Platinum MSCI: AA	EcoVadis: Platinum MSCI: AAA	EcoVadis: Platinum MSCI: AAA	

Indicators	Scope	2020	2021	2022	GRI standards
Community engagement					
Amount benefitting education	France	€50,000	€55,000	€140,000	
Amount benefitting cultural activities	France	€50,000	€200,000	€37,000	
Percentage of annual revenue allocated to sponsorships	Group	0.1%	0.2%	0.1%	
Employee work hours donated to nonprofit causes	Group	34 h (France)	462 h (France)	225 h	
Employee PTO days donated to "l'Entreprise des Possibles"	France	-	-	14.5	

Governance aspects

Percentage of independent directors on the Supervisory Board: Independent directors are members of the Board with no conflicts of interest who, through their knowledge and independent judgment, contribute to the Board's ability to carry out its duties.

Percentage of women on the Supervisory Board: Claire Valencony and Anne Grand-Clément were members on Esker's Supervisory Board in 2022. Anne Grand-Clément left the company on 30/6/2022.

Percentage of share capital owned by founders, their families and executives: Jean-Michel Bérard, President of the Board and company founder, held 3% of the share capital and 10.6% of voting rights on December 31, 2022. This information is indicated in a document provided monthly by the corporation's bank, titled: "Shareholder Voting Rights (Securities Detail)".

Monitoring of share capital (ownership $\geq 34\%$ of shares) by one shareholder or group of shareholders: No shareholder holds more than 34% of the share capital. Share capital is monitored based on a document provided by the corporation's banks. Esker does not have stock ownership information for a significant portion of the share capital (bearer shares).

Existence of double or multiple voting rights: Existence of double voting rights for registered shares held for more than two years.

Existence of shareholder agreement(s): The Shareholder Agreement is a private agreement. Currently, corporate management is not aware of the existence of any shareholder agreements.

Publication of Board Rules of Procedure on website: The Rules of Procedure of the Supervisory Board are available on this web page: <https://www.esker.com/investors/shareholders-meeting/>

Governance structure: Esker is a corporation with an Executive Board and a Supervisory Board

Effective tax rate: Esker SA (France) is subject to a tax rate of 10%. The Group's effective tax rate is 23.6%.

Number of meetings to present financial results: Management holds half-yearly meetings with investors.

Ethics & compliance

United Nations Global Compact Member: Esker has been a signatory to the Global Compact France since 2019.

CEO's salary relative to the world mean salary: The ratio of the total annual compensation of Esker's CEO to the median total annual compensation of all employees worldwide. The calculation takes into account open-ended contracts, fixed term contracts for increases in activity, work-study contracts and apprenticeships, but excludes internships. Total annual compensation includes both fixed and variable compensation.

Presentation of ESG strategy to the Supervisory Board: the Group's ESG & Communications Officer presented the strategy, actions and results of the ESG policy at the Supervisory Board meeting in September 2022.

Formalization of a business conduct and anti-corruption policy: In accordance with the Sapin II law, a Code of Conduct "defining and illustrating the various behaviors to be proscribed as likely to characterize acts of corruption or influence peddling" has been drafted and implemented within the company. CalvaEDI (Paris site) is excluded from the indicators linked to the internal code of conduct.

Percentage of employees aware of the code of ethics (business conduct and anti-corruption policy): All employees, as well as all new recruits in France, are required to take an online training course to inform them about the internal code of conduct. Those considered to be "at risk" (department managers, sales, marketing and consulting teams) have taken a 2-hour training course provided by an external, independent organization. Other employees follow an online training course.



Responsible supply chain

Formal Sustainable Purchasing Policy: Esker's Sustainable Procurement Policy is available on this link:

https://cloud.esker.com/fm/others/sustainable_procurement_policy-en.pdf

Existence of a Code of Conduct for suppliers: The Supplier Code of Conduct is available here:

https://cloud.esker.com/fm/others/esker_supplier_code_of_conduct-co.pdf

Identification of economically dependent suppliers: The list of suppliers was reviewed by Esker management while taking into consideration the volume and type of purchases as well as the size and economic soundness of these entities. This review found no significant supplier dependence on Esker. This situation is consistent with the company's business, which involves less the purchase of materials and services than skilled human resources.

Existence of a quality management system: ISO 9001 certification, which sets out the criteria for a Quality Management System, was obtained and renewed for the Décines mail production facility and the Villeurbanne office.

Business indicators

Indicators	Scope	2020	2021	2022	GRI standards
Data protection & security					
ISO 27001 certification of the Esker on Demand platform	Group	Recertified	Monitored	Monitored	
Number of complaints for non-compliance with the GDPR	Group	0	0	0	GRI 418-1
Existence of an internal IT charter	Group	Yes	Yes	Yes	
Percentage of employees who have successfully completed online training on data protection and security	Group	100%	99.8%	99.5%	
Existence of IT system penetration tests	Group	Yes	Yes	Yes	
Presentation of IT risks to the governance bodies at least once a year	Group	Yes	Yes	Yes	
Innovation & customer satisfaction					
Uptime of the Esker on Demand platform	Group	99.878%	99.980%	99.953%	
Amount invested in R&D	Group	€12,633,000	€14,075,000	€15,175,000	
R&D spending (% of annual revenue)	Group	11.3%	10.5%	9.5%	
Customer satisfaction survey	Group	Yes	Yes	Yes	
Customer NPS	Group	+60.84	+61.83	+67.18	
Formalized Business Continuity Plan	Group	Yes	Yes	Yes	



Data protection & security

ISO 27001 certification of the Esker on Demand platform: ISO 27001:2013 certification obtained for Esker on Demand services.

Existence of an internal IT policy: Esker's IT policy is signed by each new employee and is available on the company's intranet.

Number of complaints for non-compliance with GDPR: Number of complaints received for non-respect of GDPR regulations, consisting of an official request to the CNIL or local equivalent.

Percentage of employees who have completed online training on data protection and security: Training conducted through the internal training tool, Esker University, which tracks the number of employees trained and who have passed the test following the online training on data protection and security. Each employee is required to complete this training within two months after joining the company or otherwise lose access to their Esker account. This percentage reflects the number of employees who have taken this training out of the number of employees registered for the training and serving the company as of December 31, 2021. It excludes people on long-term sick leave (over 12 months).

Existence of IT system penetration tests: Penetration tests are performed regularly by an external service provider to assess the vulnerability of the Esker's IT systems.

Presentation of IT risks to the governance bodies at least once per year: Esker's ISSO is regularly asked to report on the identified risks and actions implemented by teams to the Management Committee and the Supervisory Board. Security is a priority issue for Esker and is discussed at most meetings of the governance bodies.

Innovation & customer satisfaction

Uptime of the Esker on Demand platform: The Esker on Demand platform is available 24/7 in real time on the TrustEsker site, which Esker on Demand platform customers can access.

Amount invested in R&D: This amount includes R&D expenses over the period.

R&D spending out of annual revenue: Percentage of R&D spending over the period out of revenue for the same period.

Customer satisfaction survey: Surveys are sent to Esker on Demand platform users on a random basis or following actions from customer-facing staff.

Customer NPS score: Customer satisfaction rate based on surveys sent to Esker on Demand users following interactions from the Consulting, Support and eXperience team members. Each survey contains the question "Would you recommend Esker?". The findings from these surveys are processed and monitored by the U.S. CX Manager.

Formal Business Continuity Plan: Esker's Business Continuity Plan describes the strategy to be implemented in dealing with identified risks, based on their probability of occurrence and severity of impact, and defines the related procedures and resources.



Social indicators

Indicators	Scope	2020	2021	2022	GRI standards
Characteristics & social policy					
Total workforce at year-end	Group	765	839	953	GRI 102-7
	France	405	432	488	
FTE employees at year-end	Group	755.33	827.76	940.4	
Average number of FTE employees	Group	765	804	900.1	
FTE permanent employees at year-end	Group	749.36	826.76	893.37	
Percentage of permanent employees at year-end	Group	99.21%	99.9%	98.22%	
Number of departures	Group	67	77	120	
- resignation	Group	5.54% (40)	5.77% (47)	8.29% (79)	
- termination	Group	0.83% (6)	0.86% (7)	0.63% (6)	
- other reasons for departure	Group	2.22% (16)	2.08% (17)	3.04% (29)	
- end of fixed-term contracts	Group	0.69% (5)	0.61% (5)	0.52% (5)	
Number of departures of FTE permanent employees	Group	63.50	75	115.15	
Restructuring that has led to collective layoffs over the year	Group	No	No	No	
Percentage of total workforce located in the country of the registered office	Group	52.94%	51.43%	51.21%	
Percentage of permanent workforce located in the country of the registered office	Group	52.70%	51.43%	49.89%	
Percentage of workforce operating in sensitive countries in terms of fundamental	Group	28.49%	30.48%	29.70%	
Average age of employees	Group	37.9	38	38.3	
Share of managers	France	86%	89.77%	88.11%	
Payroll (€ thousands)	Group	68,712	84,139	94,061	
Median salary (€ thousands)	Group	50,328	53,520	56,381	
Average salary (€ thousands)	Group	61,017	64,922	69,857	

Indicators	Scope	2020	2021	2022	GRI standards
Employer appeal & talent retention					
Staff turnover rate	Group	9.1%	9.4%	13.1%	GRI 401-1
	France	-	-	11.44%	
Number of jobs created (excluding acquisitions)	Group	90	75	114	
Number of employees hired	Group	154	150	234	
Percentage of permanent contracts among new hires	Group	95%	98%	91.81%	
Number of new employee referrals	Group	21	28	51	
Number of subscribers to LinkedIn page	France	8,178	10,396	13,897	
Number of new interns	Group	14	18	29	
Percentage of interns hired at the end of their internship	Group	29% (4/14)	16.6% (3/18)	20% (5/25)	
Number of employees on work-study programs & apprenticeships	France	-	2	11	
Percentage of new hires under the age of 28	Group	37.7%	35%	36.64%	GRI 401-1
Number of new employees aged 55 and over	Group	-	-	5	
Employee stock ownership plan	France	Yes	Yes	Yes	
Existence of a profit-sharing plan	France	Yes	Yes	Yes	
Percentage of eligible employees who have signed up for the employee savings plans	France	-	83%	80.39%	
Percentage of labor disputes	France	-	0	0	
Completion of employee satisfaction surveys	Group	Yes	Yes	Yes	
Employee adoption of Esker culture	Group	87.6%	92.4%	90.8%	
Employee satisfaction rate	Group	88%	90%	91.3%	
Percentage of employees who recommend Esker as a great place to work	Group	84%	90%	91.4%	
Average company affiliation (years)	Group	6.8	6.3	6.2	
Percentage of part-time employees	Group	4.8% (37)	4.6% (39)	5.25% (50)	
Percentage of workforce covered by a collective agreement	Group	53.99%	50.36%	50.37%	
Number of meetings with staff representatives	France	10	16	18	
Occasional childcare (emergency & planned)	France	-	Yes	Yes	

Indicators	Scope	2020	2021	2022	GRI standards
Career management & skills development					
Percentage of employees taking part in an annual performance review	Group	100%	100%	100%	GRI 404-3
Development of an individual career plan for all employees	France	Yes	Yes	Yes	
Number of employees completing internal professional training during the year	Group	815	892	1,043	GRI 404-1
Number of employees completing external professional training during the year	Group	283	441	459	
Percentage of staff taking internal training	Group	100%	100%	100%	
Percentage of staff taking external training	Group	36.99%	52.6%	48.16%	
Total number of training hours completed by employees	Group	13,862	15,347	26,607	
Internal training	Group	8,003	9,726	16,576	
External training	Group	5,859	5,621	10,030	
Average number of training hours per employee	Group	18.12 hours	18.83 hours	25.48 hours	
External training budget	Group	€180,383	€140,791	€461,896	
	France	€106,474	€115,754	€166,033	
Training budget (including trainer pay)	Group	€596,580	€693,810	€1,146,610	
Share of contribution to training (training budget/payroll)	Group	0.87%	0.82%	1.22%	
Number of internal changes	Group	75	85	107	
Internal mobility rate	Group	9.80%	10.13%	11.23%	
Health & safety in the workplace					
Frequency rate of occupational accidents	Group	-	1.2%	0.583%	GRI 403-9
Severity rate of occupational accidents	Group	-	0.2%	0.0006%	GRI 403-9
Absenteeism rate	Group	1.36%	1.47%	1.7%	GRI 403-9
Percentage of employees trained in first aid	France (excluding CalvaEDI)	14.2%	12.97%	13.33%	GRI 403-5
Percentage of employees covered by ISO 45001 certification	Group	-	-	2.62%	
Percentage of employees covered by health and social insurance benefits	Group			51.21%	

Indicators	Scope	2020	2021	2022	GRI standards
Equal opportunity, diversity & inclusion					
Distribution of employees by gender	Group	Women: 30.59% Men: 69.41% Non-binary: 0%	Women: 31.1% Men: 68.9% Non-binary: 0%	Women: 31.48% Men: 68.52% Non-binary: 0%	GRI 405-1
	France			Women: 29.71% Men: 70.29% Non-binary: 0%	
Percentage of women in management positions	Group	31.53%	30.65%	32.35%	
	France	-	-	30.49%	
Percentage of women among new hires	Group	31.17%	34%	36.75%	GRI 401-1
Gender equality index	France	91/100	91/100	91/100	
Pay gap between men and women	France	3.3%	-4%	3.96%	
Percentage of female employees given raises in the year after their return from maternity leave	Group	100%	100%	100%	
Adaptation of working conditions for exceptional family/health situations to retain employees	Group	Oui	Oui	Oui	
Percentage of (> age 55) in the workforce	Group	15.29%	8.21%	7.24%	
Percentage of (> age 55) by gender	Group			Women: 30.43% Men: 69.57%	
Percentage of disabled employees in the workforce	Group	0.5%	0.36%	0.52%	
Breakdown of disabled employees by gender	Group			Women: 4/5 Men: 1/5	
Number of nationalities represented in the workforce	Group	31	32	36	
Number of nationalities represented in management	Group	12	12	14	
Number of purchases from adaptive organizations (ESAT,EA, TIH)	France	-	-	€7,755.5	

Scope, data collection & processing

The scope includes: All Group subsidiaries with the exception of Market Dojo, which was integrated on June 01, 2022 and will be fully taken into account in our reporting for the year 2023.

Contributors and tools used: As Salesforce is the HR database, the headcount is consolidated by the Human Resources department, and each subsidiary's HR admin has submitted a report to head office. All these contributors interact according to HR policies, which include harmonizing practices. HR reporting is based on each month's "Position History", i.e. an employee history at the end of each month, which makes it possible to refine reporting on previous months.



Characteristics & social policy

Total headcount at year-end: The total headcount at year-end includes employees with an employment contract with Esker at the end of the period. Each employee counts as one unit, regardless of the number of hours worked.

FTE employees at year-end: This figure is for the scope specified above. Each employee is counted as a full-time equivalent based on their work time percentage.

Average number of FTE employees: Reflects the average number of employees over the year, i.e., the average headcount for each month.

FTE permanent employees at year-end: Only Full-Time Equivalent employees on an open-ended contract with Esker at year-end are taken into account.

Percentage of permanent employees at year-end: Represents employees on an open-ended contract with Esker, therefore excluding fixed-term contracts (temporary contracts, professional training contracts, and apprenticeships), among all employees with an employment contract with Esker on 31/12.

Number of departures: Shows the number of employees whose employment contract ended during the year. The breakdown of departures by reason shows the percentage and number of departures for each reason worldwide during the reporting year out of the average number of employees over the same period.

- Resignations are contract terminations at the initiative of the employee
- Dismissals are at the initiative of the company, and apply to permanent contracts only (fixed-term contracts can only be terminated by mutual agreement)
- The termination of fixed-term contracts also covers apprenticeship contracts
- Other reasons for termination include the end of trial periods and termination by mutual agreement between the employee and the company for all contracts (permanent, fixed-term, apprenticeship and professional training), as well as retirement and invalidity.

Number of departures of FTE permanent employees: Takes into account the number of permanent contract employees in the reporting year based on their work time percentage up until the day of departure.

Percentage of total workforce located in the country of the registered office: Includes the employees of Esker France and CalvaEDI out of the total workforce at year-end.

Percentage of workforce operating in sensitive countries in terms of fundamental labor rights (Asia and U.S.): Covers the entire workforce of the subsidiaries Esker Hong Kong, Esker Singapore, Esker Malaysia and Esker USA out of the total workforce at year-end.

Payroll: Total of accounting item 64, which includes compensation and social security expenses at year-end.

Median salary: Shows the salary at the middle point within the data set of all workforce salaries. The salary used to determine the median is the hypothetical annual salary of the period and of the total workforce at year-end. The conversion rate used is the average annual rate for the reporting year.

Average salary: The salary used to determine the average is the hypothetical annual salary of the period and of the total workforce at year-end. The conversion rate used is the average annual rate for the reporting year.

Employer appeal & talent retention

Staff turnover rate: Equals the number of departures relative to the average over the reporting year.

Number of jobs created (excluding acquisitions): Equals the increase in the number of employees from the previous year.

Number of employees hired: Covers employees hired over the reporting year on open-ended contracts, fixed-term contracts for increases in activity, professional training contracts and apprenticeships.

Percentage of permanent contracts among new hires: Number of new employees with an open-ended or permanent contract, company-wide, in the reporting year, compared to the number of new employees hired over the reporting period.

Employee stock ownership plan: Presence in France of a company savings plan, capped for contributions to the Esker corporate mutual fund

Existence of a profit-sharing plan: The profit-sharing plan was initiated by management in 1989 to reward employees for their efforts to contribute to Esker's growth. At Esker, profits are shared equally: each employee, regardless of their position or salary, will receive the same amount, in proportion to the time worked during the reporting year.

Percentage of eligible employees who have signed up for the employee savings plans: This figure reflects the number of active employees who have invested in the mutual fund as of December 31 of the reporting year, divided by the number of employees on September 30 of the reporting year (bearing in mind that employees are required to serve for at least three months before investing in the corporate mutual fund).

Employee adoption of Esker culture: Number of employees who gave 4 or 5 stars to the question "I agree with Esker's values and culture" out of the total number of employees who participated in the internal satisfaction survey conducted at the beginning of 2023 for the year 2022. 5 stars correspond to "strongly agree" and 4 stars correspond to "somewhat agree".

Employee satisfaction rate: Number of employees who gave 4 or 5 stars to the question "I am satisfied with working at Esker" out of the total number of employees who participated in the internal satisfaction survey conducted at the beginning of 2023 for the year 2022. 5 stars correspond to "completely agree" and 4 stars correspond to "somewhat agree". For 2021, this is the overall score for the ChooseMyCompany.com survey.

Percentage of employees who recommend Esker as a great place to work: Number of employees who gave 4 or 5 stars



to the question "I would recommend Esker to someone in my network to come and work here" out of the total number of employees who took part in the internal satisfaction survey conducted at the beginning of 2023 for the year 2022. 5 stars correspond to "completely agree" and 4 stars correspond to "somewhat agree". In 2021, this is the overall score for the survey conducted by ChooseMyCompany.com survey.

Percentage of part-time employees: Percentage of employees working less than full time out of all employees worldwide as of December 31.

Percentage of workforce covered by a collective agreement: Covers the total number of employees of Esker France, excluding the CalvaEDI and employees located in Belgium. The workforce taken into account is based on the same scope as the total workforce at year-end.

Career management & skills development

Percentage of employees taking part in an annual performance review: Performance reviews take place during an annual meeting with the direct manager at least once a year for all Esker employees.

Development of an individual career plan for all employees: In France, the career plan review takes place every year rather than every two years as required by French law. In addition, an assessment is conducted every six years during the career plan review to check that all annual reviews have been carried out.

Number of employees completing external professional training during the year: Includes employees completing training provided by an external organization.

Average number of training hours per employee: Calculated by dividing the average number of employees during the reporting period by the number of training hours completed over the reporting year (includes both internal and external training).

Share of contribution to training: Reflects the training budget (including the gross salaries of French and U.S. trainers) in proportion to total payroll.

Number of internal changes: Equals the number of employees who changed positions within Esker in 2022. Changes between subsidiaries are also taken into account.

Employee health & safety

Frequency rate of occupational accidents: Number of accidents with injury-related sick leave (including commuting accidents) X 1,000,000/total number of theoretical hours worked, company-wide. An occupational accident is defined as a sudden event which, for whatever reason, causes the employee physical or psychological injury and occurs in the course of their work. A commuting accident is a sudden and unforeseen event that causes physical injury and occurred during the journey between the employee's home and the place of work, or between the place of work and a food service location during their lunch break. The first day of absence due to an accident at work or on the way to work is excluded from the calculation. As the calculation method was changed in 2022, data from previous years have been recalculated accordingly.

Severity rate of occupational accidents: Number of days lost due to accidents at work and commuting accidents (including X 1,000) / number of theoretical hours worked worldwide. Number of days of sick leave validated by social security during the reference period. The first day of sick leave is excluded from the calculation, as it often corresponds to the day of the accident, i.e. the same work day. As the calculation method was changed in 2022, data from previous years have been recalculated accordingly.

Absenteeism rate: Number of hours not worked (company-wide), including all absences, divided by the theoretical number of hours worked. Includes absences due to illness/accidents, family events and sabbaticals and other unpaid absences. Days are calculated in working days. For the Esker USA, PTO is not counted as absences but as leave. Maternity leave is excluded from the number of absences. The calculation method and scope (excluding maternity leave and PTO) having been updated in 2022, the absenteeism rate for previous years has been recalculated to comply with the new formula.

Equal opportunity, diversity & inclusion

Gender equality index: Score obtained, for France only, based on five criteria and a legally defined scope. The first criterion relates to the gender pay gap (including variable compensation), the second measures the gap in the distribution of individual raises, the third measures the gap in the distribution of promotions, the fourth relates to raises upon returning from maternity leave, and the fifth establishes the number of women among the top 10 earners.

Pay gap between men and women: Remuneration based on the number of full-time equivalents (taking into account the employee's length of presence during the annual reference period, and any part-time calculation of average FTEs)

Adaptation of working conditions for exceptional family/health situations to retain employees: Consideration for and attention given to each request by the HR department in consultation with the manager and/or the team, and potentially the occupational physician (e.g., approval of part-time work for a temporary period, additional days of remote work granted exceptionally, approval of part-time work medical leave).

Percentage of disabled employees in the workforce: Percentage of employees identified with a disability among all Esker employees. This information is confidential and restricted in Esker's HRIS.



Environmental Indicators

Indicators	Scope	2020	2021	2022	GRI standards
Carbon footprint & energy efficiency					
Number of ISO 14001 certified sites	Group	2	2	2	
Percentage of employees covered by ISO 14001 certification	Group	-	51%	51%	
Assessment/review of greenhouse gas emissions	Group	Yes	Yes	Yes	
Total CO2 emissions (t.CO2e)	Group	3,399	3,580 ⁽¹⁾	4,409	
	France	1,157	1,310	1,735	
Amount of CO2 emitted per employee (t.CO2e)	Group	4.69	4.27	4.63	
Intensity of CO2 emissions (amount of CO2 per million euros of revenue)	Group	30.27 t.CO2e/M€	26.8 t.CO2.e/M€	27.73 t.CO2.e/M€	
Amount of CO2 emitted by source:					
- Offices & factories (t.CO2e)	Group	2,696.8	2,877	2,975	GRI 305-1, GRI 305-2
	France	945	1,064	1,221	
- Business travel (t.CO2e)	Group	343.1	290	808	GRI 305-3
	France	120	125	354	
- Commuting (t.CO2e)	Group	348.7	412	626	GRI 305-3
	France	92	121	160	
	Per employee	0.45	0.49	0.65	
Amount of CO2 emitted by scope:					
- Direct GHG emissions: Scope 1 (t.CO2e)	Group	381	212	212	GRI 305-1
	France	120	106	103	
- Indirect GHG emissions: Scope 2 (t.CO2e)	Group	629	659	686	GRI 305-2
	France	40	43	44	
- Other indirect GHG emissions: Scope 3 (t.CO2e)	Group	2,390	2,728	3,510	GRI 305-3
	France	997	1,161	1,589	
Power consumption (kWh)	Group	1,756,855	1,994,013 ⁽²⁾	2,131,382	GRI 302-1
	France	696,229 (excluding common areas)	1,064,053	1,128,584	
Percentage of renewable energy purchased or produced	Group	-	-	7.1%	
Consumption of petroleum (in liters)	Group	-	57,310	72,382	
Consumption of gas (MWh)	Group	-	370.8	172.8	
Consumption of water (m3)	Group	-	-	3,696	
Energy audit conducted	France	-	Yes	No	
Employee awareness training regarding the climate emergency	France	Yes	Yes	Yes	
Number of trees planted with Reforest'Action	Group	6,250	8,000	10,000	
Amount allocated to Reforest'Action projects (in €)	Group	4,967.5	7,950	7,850	



Indicators	Scope	2020	2021	2022	GRI standards	
Employee mobility & remote Work						
Percentage of hybrid or electric cars in the vehicle fleet	Group	31%	46%	54%		
Number of employees receiving transportation allowance	France	176	196	201		
Total amount reimbursed through the transportation allowance	France	€36,490	€28,963	€54,666		
Number of employees receiving sustainable transportation bonus	France	81	104	143		
Total amount reimbursed through the sustainable transportation bonus	France	€13,563	€17,683	€25,549		
Percentage of employees who use environmentally friendly modes of transportation to commute	Group	-	42%	43%		
	France	-	74%	75%		
Percentage of employees who can work remotely	Group	93%	93%	94.54%		
Amount paid to employees to facilitate remote working	France	€36,920	€114,410	€12,190		
Waste management & circular economy						
Mail production facilities (France and U.S. only)						
Amount of recycled waste (excluding nonhazardous industrial waste)	France	124.79 metric tons	100.7 metric tons	93 metric tons	GRI 306-4	
	U.S. ⁽³⁾	7.1 metric tons	7.1 metric tons	7.1 metric tons		
Recycling rate (excluding non-hazardous industrial waste)	France	100%	99%	100%		
	U.S.	86%	86%	75%		
Offices (France only)						
Amount of recycled waste	France	1,821 kg	2,770 kg	3,473 kg	GRI 306-4	
Amount of non-recycled waste	France	20 kg	56 kg	2,648 kg		
Waste recycling rate	France	99%	98%	57%		
The digital carbon footprint						
Percentage of revenue from EoD customers hosted on Microsoft Azure data centers	Group	12.68%	22.6%	29%		
Power Usage Effectiveness (PUE) of the data centers	Group	Colt: 1.55 CDW: 1.23 Azure: 1.125 Equinix: 1.29-1.40 AWS: no information available	Colt: 1.55 CDW: 1.23 Azure: 1.125 Equinix: 1.29-1.40 AWS: no information available	Colt: 1.52 CDW: 1.2 Azure: 1.18 AWS: no information available	GRI 302-5	
Amount of recovered WEEE	France (without Calva EDI)	167 kg	764 kg	1,132 kg		
Percentage of IT/electronics equipment recycled	France (without Calva EDI)	-	-	100%		
Average lifecycle of a computer	France & Americas	-	-	5 years		
Lifecycle of a computer	France	4 years	4 years	4 years		
Lifecycle of mobile/smart phone	France	24 months	24 months	24 months		
Lifecycle of servers	France	5-7 years	5-7 years	5-7 years		



(1) Several adjustments and corrections were made when calculating the carbon footprint in 2022, resulting in a change in the data for the 2021 carbon footprint. These mainly concern modifications to certain emissions factors (notably monetary ratios), as well as data corrections (missing and/or erroneous data). These corrections result in an increase of around 2.5% in emissions for 2021 compared with data published in 2022.

(2) An error was detected in the data provided in 2021 for the UK subsidiary's electricity consumption. This error has been corrected for 2022.

(3) The quantity of waste recycled in the United States is calculated on the basis of an estimated weight.

Scope, data collection & processing

The scope of study for Esker's Carbon Report and environmental indicators includes the following subsidiaries: France, Germany (two sites), the United States (including TermSync), the United Kingdom, Spain, Italy, Asia (including Hong Kong, Singapore, and Malaysia), and Australia. The subsidiaries in France, United Kingdom, United States, Spain, Singapore, and Australia have a mail production facility. Business in the Netherlands, Belgium, Argentina and Canada, as well as CalvaEDI (site in Paris) and Neotouch Cloud Solution (Ireland) were excluded from the scope because they account for less than 2% of Esker employees, do not have a mail production facility, and employees mostly work remotely. Their impact is therefore deemed insignificant.

Data was collected based on information requested from the subsidiaries by the head office and entered in the Salesforce Net Zero Cloud. A data collector was appointed for each subsidiary to collect, analyze, and transmit data. A brief training session was conducted for the collectors to present and explain how the data should be collected.

The Market Dojo subsidiary, which was integrated on 01/06/2022, will be fully taken into account in Esker's non-financial reporting for 2023.

Emissions were reported based on the Bilan Carbone® method.

All data collected was analyzed using the Salesforce Net Zero Cloud digital application. Each subsidiary's data was individually tallied before the results were consolidated. The emission factors used to convert source data to CO₂ equivalent (kgCO₂e or t.CO₂e) are from the ADEME Base Carbone® database V22.00 (updated on June 24, 2022). The exhaustive list of emission factors is presented in the appendix.

Carbon footprint & energy efficiency

Amount of CO₂ emitted by source:

- **Offices and production facilities:** Emissions from offices and production facilities including energy bills for the entire site, waste, facility raw materials purchased and their inbound transport, purchased office services and supplies, and fixed assets.
- **Business travel:** Emissions related to business travel include the fuel consumption by company vehicles and business travel by any other means of transport (personal vehicle or rental, plane and train).
- **Commuting:** Emissions related to commuting are based on the responses to an internal survey and have been extrapolated to the total number of employees. The survey response rate was 74%.

Amount of CO₂ emitted by scope:

- **Scope 1:** Includes emissions from stationary combustion sources (gas and generators), direct emissions from mobile heat engine sources (fuel consumption by company fleet vehicles). It should be noted that employees can use company vehicles to commute to and from work. Esker has chosen to include these emissions in Scope 1 because the company can have a direct impact on reducing them. Direct fugitive emissions (leaks from cooling equipment) are excluded. Esker is not affected by direct emissions from non-energy processes and biomass (soils and forests).
- **Scope 2:** Includes indirect emissions related to power consumption (lighting and usage). Esker is not affected by indirect emissions from purchased steam, heat, or cooling (consumption from heating or cooling distribution networks).
- **Scope 3:** Includes all other types of emissions. Esker takes into account:
 - Purchased products and services:
 - Purchased raw materials for mail production facilities (mainly paper, envelopes and ink); and purchases calculated using monetary ratios: office supplies, telecommunication, insurance and bank fees, subcontracting of printer maintenance; use of a security service to monitor sites or servers; food service, etc.)
 - Upstream freight transport (routing of raw materials)
 - Business travel by non-operated means of transport (business travel by employees with their personal vehicle; business trips by air/rail)
 - Employee commuting (obtained through an internal survey and extrapolated to all employees)
 - IT equipment (computers, screens, printers), operated vehicles (fleet or under long-term lease) and buildings owned
 - Waste (for the France, Spain, Italy, U.K. and U.S. sites). Data provided by the various collection service providers. Waste collected that is not weighed (e.g. in the case of collection by a local authority) is not taken into account, as it is difficult to estimate. They are negligible in relation to the other flows already traced. Emissions related to energy not included in categories 1 and 2 (mainly emissions associated with the transmission and distribution of electricity) were taken into account, applying an 8.91% average percentage for line losses (ratio observed in France)
 - Esker is not affected by emissions related to upstream leasing assets, investments, transportation of visitors and customers, transport of downstream goods, use of products sold, end-of-life of products sold, downstream franchise, or downstream leasing.



Total electricity consumption: Power consumption is calculated based on supplier invoices and does not include consumption by Esker-contracted data centers.

Percentage of renewable energy purchased or produced: Indicator calculated on the basis of the % of renewable energies expressed for each energy supplier. In 2022, a total of 151 MWh of electricity will be counted as coming from renewable sources. It should be noted that this information is sometimes not known or provided (notably for the Australia, Asia and United States sites, and for the common areas of the Villeurbanne site, etc.).

Employee transportation

Number of hybrid/electric cars in the vehicle fleet: The number of hybrid or electric cars in the vehicle fleet is determined by the vehicle details provided in long-term lease agreements. This includes vehicles actually delivered during the period and not merely made available by the provider (there is sometimes a slight discrepancy between the two figures). The U.S., German (excluding e-Integration), Asia, and Australian subsidiaries do not have a fleet of company vehicles.

Subsidiary	2018	2019	2020	2021	2022
France	2 / 39	4 / 44	12 / 47	18 / 47	25 / 50
U.K.	1 / 8	1 / 8	3 / 8	7 / 8	7 / 8
Germany (e-Integration)	0 / 7	1 / 6	1 / 6	1 / 5	1 / 5
Spain	2 / 5	6 / 6	7 / 7	9 / 9	10 / 10
Italy	0 / 4	0 / 6	0 / 6	0 / 7	0 / 7
TOTAL	5 / 63	12 / 70	23 / 74	35 / 76	43 / 80

Number of employees benefiting from the transport bonus: Number of employees in France benefiting from reimbursement of their monthly or annual public transport season tickets such as: TCL (Lyon public transport), SNCF, Vélov and E-Velov, and for CalvaEDI the RATP season ticket.

Number of employees benefiting from the sustainable mobility package: Number of employees in France benefiting from the mobilités durables package. The sustainable mobility package, corresponding to compensation for the use of a personal bicycle, is capped at capped at €200 per calendar year per employee (i.e. €16.66 per month).

Percentage of employees using a low-emission mode of transport for their commute: A survey of employees' commute was carried out as part of Esker's carbon footprint survey. All employees who replied that they travel to work on foot, by bicycle, electrically-powered vehicles (excluding cars) or by public transport were taken into account. The proportions are estimated on the basis of all respondents (including those working remotely).

Amount paid to employees to facilitate working from home: Bonuses paid when telecommuting was compulsory.

Waste management & the circular economy

Mail production facilities: Esker has mail production facilities in France, the United Kingdom, the United States, Spain, Singapore and Australia. The data included in the carbon footprint calculation concerns all mail production facilities, except those in Singapore and Australia. For DPEF reporting purposes, only the waste management of plants in France and the United States, which account for 97% of the activity of all of Esker's mail production facilities, is considered. It should be noted that these plants generate waste (paper, cardboard and ink scraps), compared with office waste.

Offices (France only): The waste recycling service provider for Esker's offices in Villeurbanne supplies quarterly activity reports indicating the quantity of waste recycled. The annual quantity corresponds to the sum of these quantities. Since April 2022, CIW (common industrial waste) has been weighed and included in the the balance sheet.

Quantity of waste recycled: Includes recycling of waste paper, cardboard, wood, plastic and ink. For France, data comes from reports provided by the waste management service provider (Chimirec for ink and Paprec for paper/cardboard/plastic). For the United States, the service provider establishes an average weight in relation to the size of containers used by the plant, applies this average to the number of containers collected over the year, and estimates the weight of waste collected at the mail production facility.

The digital carbon footprint

Percentage of sales generated by customers hosted on Microsoft Azure data centers: Percentage of sales generated for customers with contracts hosted on Microsoft Azure towers, out of total annual sales. Subscription and traffic are included, service is excluded.

Power Usage Effectiveness (PUE) of data centers: The data center energy efficiency indicators provided were found on websites, official statements, or provided directly by suppliers.



Quantity of WEEE recycled: Used or end-of-life WEEE is collected and appropriately disposed of, including computer servers, network switches, computers (laptops and desktops), monitors, printers, battery chargers, adapters and electrical appliances.

Recycling rate for digital/electronic equipment: Percentage of digital or electronic equipment collected and recycled by external company Elise - Meleze.

Average lifespan of computers: Average lifespan of a discarded asset at Esker, for computers (laptops and desktops) decommissioned between 01/01 and 12/31 of the reference year. Included: Esker France (Décines and Villeurbanne) and Esker Americas (USA + Canada + Latin America + remote employees).



N.F.S. Attestation

Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial statement

Year ended December 31, 2022

To the Shareholders,

In our capacity as statutory auditor of Esker ("entity"), appointed as independent third party ("third party") and accredited by COFRAC under number 3-1048 (French Accreditation Committee registration, No. 3-1048, scope available at www.cofrac.fr), while in the process of adapting our management system as part of the update to our accreditation procedures as required by Cofrac (transition from ISO 17020 to ISO 17029), we conducted procedures with the aim of expressing a reasoned opinion with a limited assurance conclusion on the historical information (reported or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures ("Guidelines"), for the year ended December 31, 2022 ("Information" and "Statement" respectively), presented in the Esker management report pursuant to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (Code de Commerce).

Conclusion

Based on the procedures we implemented, as described in the section "Nature and Scope of Procedures", and the information we collected, no material misstatements have come to our attention that cause us to believe that the Statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Preparation of the statement

As no generally accepted and widely used standards or established practices exist that we can apply to assess and measure the Information, we can use different but acceptable measurement techniques that may affect comparability between entities and over time.

Consequently, the Information should be interpreted and understood with reference to the Guidelines, the material items of which are presented in the Statement and available on the entity website or on request from its headquarters.

Limitations inherent in preparing the information for the statement

The Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data. Some information is sensitive to the methodological choices, assumptions or estimates used in preparing the Statement and presented therein.

Entity responsibility

The Management is responsible for:

- selecting or setting appropriate criteria to be applied in preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with respect to these risks as well as the outcomes of these policies, including key performance indicators, as well as information set forth in Article 8 of Regulation (EU) 2020/852 on the Green Taxonomy;
- and implementing the internal control procedures deemed necessary to produce Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the entity's Guidelines, as referred to above.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a reasoned opinion with a limited assurance conclusion on:

- the Statement's compliance with Article R.225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R.225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not authorised to be involved in preparing this Information, as it could compromise our independence.



It is not our responsibility to provide any conclusion on:

- the entity's compliance with other applicable legal and regulatory provisions, particularly with regard to the information required by the duty of vigilance plan or concerning the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

Regulatory provisions & applicable professional standards

We performed the procedures described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional standards issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement in lieu of an audit, and the International Standard on Assurance Engagements (ISAE) 3000 (Revised).

Independence & quality control

Our independence is defined by Article L.822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de Déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable laws and regulations, ethical requirements, and professional standards of the French Institute of Statutory Auditors relating to this engagement.

Means & resources

Our work engaged the skills of five people and was carried out between February and April 2022 over a total of 12 weeks. To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement, representing the Finance, Human Resources, Environment, Marketing and Purchasing departments.

Nature & scope of procedures

We planned and performed our work taking into account the risk of material misstatement in the information.

It is our belief that the procedures that we applied in exercising our professional judgment allow us to draw a conclusion of moderate assurance.

- We familiarized ourselves with the activities of all entities in the consolidation scope and the description of the principal risks.
- We assessed the appropriateness of the guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in Section III of Article L.225-102-1 governing social and environmental affairs, as well as respect for human rights and the fight against corruption and tax evasion.
- We also verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225 102-1 III, paragraph 2.
- We verified that the Statement presents the business model and the main risks relating to the activities of all entities included in the consolidation scope, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators on the main risks.
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important¹ by conducting procedures at the consolidating entity.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L.233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures and assessed the data collection process to ensure the completeness and fairness of the Information.
- For the key performance indicators and other quantitative results that in our judgment were of most significance², we carried out:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sampling basis, or other selection techniques that consisted in verifying the proper application of definitions and procedures and in reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities³ and covered between 36% and 100% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entity.

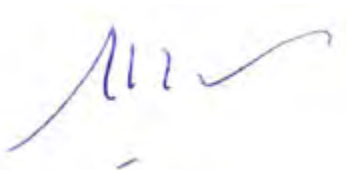


The procedures we have performed to provide a basis for a limited assurance conclusion are less extensive than those required for reasonable assurance performed in accordance with the professional standards of the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, April 28, 2023

One of the statutory auditors

DELOITTE & ASSOCIÉS



Arnauld De Gasquet
Associé

¹ Existence of an anti-discrimination policy and a code of conduct, implementation of a system for monitoring the energy efficiency of data centers, existence of a business travel policy, implementation of a process for measuring customer satisfaction via the Net Promoter core.

² Ratio of CEO's salary to median salary, proportion of employees aware of the code of business conduct and the fight against corruption (France), rate of employees who have successfully completed online security and data protection awareness training, headcount (total/gender/contracts/full-time/part-time), resignations, turnover rate, number of recruitments (total/gender/contracts), recommendation rate, external training rate, frequency rate, severity rate, absenteeism rate, M/F pay gap, total amount of CO2 emissions scope 1/2/3, CO2 emissions/sales, electricity consumption, amount of waste recycled/not recycled (mail plant France and USA), amount of WEEE recovered in France.

³ Entities: Esker France, Esker USA, Esker Australia.

4

Risk management

In accordance with Prospectus Regulation (2017/1129, "PD III") applicable as of July 21, 2019, significant risks specific to the Company are presented in this chapter.

The risk mapping process enabled the company to present seven main categories of risks without any order of importance.

In each of these five aforementioned categories, risks have been classified on the basis of a twofold approach combining:

- The potential impact on the company's operations (which continues to be designated under the term "criticality"), classified according to three levels: critical risk, significant risk, low risk; and
 - The probability of occurrence of the risk also classified according to three levels: high, moderate or low;
- it being specified that the risks with the highest probability of occurrence and the highest potential negative impact are ranked first in each category.

Risks are assessed as a "net risk", i.e., after taking account the risk management measures adopted by the Company.

This risk mapping thus reflects the specific exposure of Esker Group.

4.1. Technological risks

4.1.1. Risks relating to a malfunction of the production platform

Documents processed by the Esker on Demand service are received, recorded and stored in a technical platform consisting of all infrastructure hardware and software enabling this service to function.

The company has implemented a prevention plan integrating notably:

- The identification of the main risks associated with the platform
- Measures in place to prevent these risks
- Procedures for dealing with incidents

The company decided to host this platform either through colocation data centers operated by certified suppliers or through the cloud-based environment provided by Microsoft Azure. This choice ensures a high level of security for the platform. In addition, the company performed a risk analysis, updated annually, in connection with its Information security management system (ISMS), audited and certified ISO 27001.

To identify potential weaknesses, the platform is monitored 24/7 by dedicated teams.

The company has ranked the probability of this risk as **low**.

The company considers the impact of this risk as **critical**.

4.1.2. Risk relating to the malicious penetration of our systems

IT security is a major priority for the Esker Group. For several years, we have observed an increase in potential weaknesses as an increasing number of companies and employees are connected.

The storage of data and business processes belonging to third-party entities maintenance may incite the interests of ill-intentioned persons seeking to take advantage of this trend.

In order to prevent any risks of malicious penetration, a technical audit is conducted by the company once a year (penetration test). This audit is completed by automated monthly audits (vulnerability scans). The purpose of these audits is to identify potential areas of vulnerability. These vulnerabilities are ranked by order of criticality and result, if required, in a remediation plan which is included and the development plans.

In addition to these technical audits, the company also adopts a policy to raise awareness about the risks and security policies in place. All employees receive training every year on the security rules to be followed which is validated by a test of their knowledge. The best practices which are promoted are tested during annual social engineering audits to evaluate human behavior and detect areas for improvement.

Finally, in the event of a catastrophic event, Esker Group is continuing to develop a Disaster Recovery Plan for the production platform accompanied by a Crisis Management Plan.

In addition, a Cybersecurity Committee, chaired by Steve Vandenberg (whose biography can be found on page 31 of this report), was set up in 2022, tasked with evaluating Esker's Cybersecurity policy with a view to implementing improvement plans.

The company has ranked the probability of this risk as **high**.

The company considers the impact of this risk as **significant**.



4.2. Risks relating to the market in which the Group operates

4.2.1 Loss of competitiveness

Within an extremely competitive environment, the ability to innovate and adapt solutions to the needs of our customers is a major priority for the Group.

The market in which the Esker Group is positioned is characterized by rapid technological changes. This means that in order to meet demand and maintain its market position, it needs to regularly launch new products (modules and software) responding to these new criteria.

Software development is a long and complex process requiring significant investments in research and development. Developing at a slower pace than its competitors will impact the company's competitive position in its market.

In addition, the introduction of radically new and disruptive solutions by new market entrants or existing competitors could render all Esker's solutions obsolete.

To minimize this risk, for a number of years, Esker has been collecting on a regular basis the recommendations, opinions and needs of its customers with respect to its solutions. Customer conventions are organized on a regular basis in the Group's main market. The marketing teams are in regular contact with the customer base and monitor the developments of competitors. The new Customer Experience (CX) teams monitor the actual use of the solutions by the customer to ensure their satisfaction.

The company has ranked the probability of this risk as **low**.

The company considers the impact of this risk as **critical**.

4.2.2 A dependency on third parties

The company has a diversified customer base in terms of accounts and industries.

The Group's largest customer is its joint venture with the Quadient group which accounted for 8.3% of Group sales in 2022. It should be noted that this entity ensures, through the operational entities of Quadient, the distribution of Esker packaged solutions to more than 2000 end customers, mainly in France, the U.S and the U.K.

After Quadient, Esker's most important customer accounts for 1.3% of sales and the 20 top customers 20.3% of sales. In 2021, we reported that Esker Group's top 20 customers accounted for 11% of total sales. The sharp rise of this metric between these two periods reflects a change in the methodology used to categorize customers. In 2021, customers were identified as legal entities, while in 2022 they are identified as a Group comprising several legal entities.

The Esker Group sells horizontal solutions generally used by a very diverse range of sectors of the economy. The customer portfolio in consequence has no particular or significant degree of concentration.

The company has ranked the probability of this risk as **low**.

The company considers the impact of this risk as **significant**.

4.3. Litigation and regulatory risks

Risks relating to personal data protection

The Group is subject to different international and local regulations governing personal data protection. The increase in projects linked to process automation of key activities of its customers leads the latter to be more demanding regarding guarantees against the risks of data protection breaches to be provided by the Group. This is even more the case as regulations in this area are increasing, not only following the introduction of the European General Data Protection Regulation in May 2018, but also because of the adoption of laws in this area in a number of countries outside the European Union.

In the event of non-compliance with rules applicable to data protection or a voluntary or involuntary disclosure of all or part of personal data belonging to a customer or third-party, the Group's liability may be incurred. A financial penalty could also be applied by the personal data protection authorities, exposing the Group to both financial and reputational risks.

In order to comply with data protection regulations, the Group has updated its personal data protection policies and implemented procedures and tools to comply with European regulation in this area.

The company has ranked the probability of this risk as **low**.

The company considers the impact of this risk as **significant**.



4.4. Human resources risks

Difficulty in attracting, developing and retaining talent

Successfully recruiting highly qualified technical personnel is critical to the Group's development. The current market for new technologies is characterized by an abundant supply of jobs and insufficient demand which mechanically pushes the market price upward.

Recruiting adequate personnel while maintaining the criteria in terms of requirements and quality and preserving a balanced wage policy is in consequence an important Group priority.

From a short-term perspective, the Group is also exposed to a potential risk of high turnover.

In order to take measures to reduce the inherent risks, the Group has developed an effective recruitment process, equipped with tools adapted to the Group's needs and notably facilitating contacts with candidates. In addition, the Group also has an attractive human resources management policy, based notably on a strong corporate culture, a young population, an attractive compensation policy, a range of training plans in addition to stock option plans.

The company has ranked the probability of this risk as **moderate**.

The company considers the impact of this risk as **significant**.

4.5. Financial risks

Foreign exchange risks and analysis of sensitivity

The Group's foreign subsidiaries invoice customers in their local currency. In consequence, 50% of Group sales are in euros. Foreign exchange risks incurred by Esker concern primarily intercompany transactions (invoicing of products, services, royalties) in USD, GBP and AUD. Most of the transactions between subsidiaries are carried out with the parent company that in consequence incurs the foreign exchange risk.

The existing procedure for hedging foreign exchange risks is based on the analysis and monitoring of:

- Medium-term currency and economic trends,
- Existence of an established date for the collection of receivables and settlement of payables,
- The volatility of the relevant currencies.

An estimation of foreign exchange risk from an unfavorable increase of one euro cent (the currency used for the preparation of financial statements) against the USD, GBP and AUD (for example with the exchange risk for USD determined on the basis of an increase in the exchange rate of €1.06 for one dollar to €1.07) is provided below:

As of December 31, 2022 (in foreign currency)	USD	GBP	AUD	SGD
Current assets	728,303	2,901,362	5,606,958	2,535,707
Current liabilities	(1,351)	(450,884)	0	(533,188)
Position before hedging	726,952	2 450,478	5,606,958	2 002,519
Hedging instruments	None	None	None	None
Net position after hedging	726,952	2,450,478	5,606,958	2,002,519
FOREIGN EXCHANGE RISK ON THE BASIS OF A NEGATIVE CURRENCY EFFECT OF 1 EURO CENT	(6,331)	(30,804)	(22,623)	(9,725)

As of December 31, 2021 (in foreign currency)	USD	GBP	AUD	SGD
Assets	1,236,422	585,968	860,053	850,657
Liabilities	0	0	0	0
Position before hedging	1 236,422	585,968	860,053	850,657
Hedging instruments	None	None	None	None
Net position after hedging	1,236,422	585,968	860,053	850,657
FOREIGN EXCHANGE RISK ON THE BASIS OF A NEGATIVE CURRENCY EFFECT OF 1 EURO CENT	(9,554)	(8,201)	(3,505)	(3,620)

Sales in the U.S. accounted for close to 42% of this total and contributed approximately €18,943,000 to the Group's operating income before corporate expenses incurred by France.

The main foreign exchange risk of the Group in consequence concerns this contribution. Any significant change in the US dollar reduces the US contribution for the coverage of corporate expenses stated in euros. In fiscal 2022, the negative impact on Group operating profit of a 10 cent decline in the US dollar in relation to the euro would be €1,569,000 (€1,489,000 in 2021).

The company has ranked the probability of this risk as **high**.

The company considers the impact of this risk as not **significant**.



4.6. Insurance and risk management

The Company has implemented a policy to cover the main insurable risks for amounts that it considers compatible with the nature of its business. In consequence, insurance policies have been obtained by the different entities to cover the following risks:

- Business civil liability
- Professional civil liability and cyber risks
- Operating loss
- Property damage

All these guarantees are destined to cover the significant risks and assets, even though it is not possible to anticipate the consequences and potential losses that may be incurred by the company.

No significant claims were reported by the Group in 2022 and 2021.



5

Consolidated financial statements



5.1. Consolidated financial statements for the year ended December 31, 2022

Consolidated balance sheet

Assets (€ thousands)	Notes	12/31/2022	12/31/2021
Intangible assets	3	47,651	33,644
<i>Of which goodwill</i>	2	16,266	6,138
Property, plant and equipment	4/5	8,986	9,896
Financial assets	5	10,754	10,928
Equity-accounted investments		4,259	2,761
Non-current assets		71,650	57,229
Inventories		512	341
Trade receivables		37,157	28,870
Deferred tax assets		1,114	667
Other receivables and accruals		9,038	6,678
Cash and marketable securities	8	42,887	34,978
Current assets		90,708	71,534
TOTAL ASSETS		162,358	128,763

Shareholders' equity and liabilities (€ thousands)	Notes	12/31/2022	12/31/2021
Share capital		11,971	11,850
Additional paid-in capital		23,227	22,756
Consolidated income (loss)		17,864	14,280
Reserves and retained earnings		45,578	31,508
Shareholders' equity	9	98,641	80,394
	<i>Attributable to the parent</i>	<i>98,641</i>	<i>80,394</i>
	<i>Attributable to non-controlling interests</i>	<i>-</i>	<i>-</i>
Provisions for contingencies and expenses	12	3,114	2,497
Borrowings and financial liabilities	13	15,034	1,169
Trade payables		9,839	9,485
Tax and employee-related payables		22,690	23,538
Deferred tax liabilities		1,434	757
Other payables and accruals	14	11,607	10,923
Payables		60,603	45,872
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		162,358	128,763

Consolidated income statement

(€ thousands)	Note	12/31/2022	% of sales	12/31/2021	% of sales
Sales	15	158,987	100%	133,580	100%
Own production of goods and services capitalized	16	10,163	6%	8,641	6%
Other operating income		1,629	1%	1,534	1%
Cost of sales		(2,651)	(2%)	(2,075)	(2%)
Change in inventory		127	0%	93	0%
Other operating expenses		(39,573)	(25%)	(29,928)	(22%)
Staff costs	17	(94,398)	(59%)	(84,139)	(63%)
Tax and similar expenses		(1,756)	(1%)	(1,533)	(1%)
Net allowances for amortization and depreciation		(11,924)	(7%)	(9,072)	(7%)
Net allowances for provisions		805	1%	(520)	(0%)
Operating income before depreciation, amortization and impairment of goodwill		21,409	13%	16,580	12%
Allowances for goodwill amortization		-	-	-	-
Operating income after depreciation, amortization and impairment of goodwill		21,409	13%	16,580	13%
Net financial income / (expense)	18	272	0%	202	0%
Current operating income of consolidated operations		21,681	14%	16,782	13%
Net exceptional items	19	(299)	(0%)	403	0%
Income taxes	20	(5,016)	(3%)	(3,907)	(3%)
Share of income from equity-accounted associates		1,497	1%	1,002	1%
Net income (loss)		17,864	11%	14,281	11%
Attributable to the parent		17,864		14,281	
Attributable to non-controlling interests		-		-	
Basic earnings per share in euros	21	3.04		2.44	
Diluted earnings per share in euros		2.97		2.39	

(*) Net income includes the share of minority interests in Market Dojo (see paragraph 2: Significant accounting policies, basis of consolidation).

Consolidated statement of changes in shareholders' equity

(€ thousands)	Capital stock	Additional paid-in capital	Translation difference	Annual profit/(loss)	Reserves and retained earnings	Equity attributable to the parent
Balance as of December 31, 2020	11,661	21,202	(1,372)	11,562	22,359	65,412
Retained earnings/(accumulated deficit)				(8,665)	8,665	-
Annual profit/(loss)				14,280		14,280
Currency translation adjustments			1,771			1,771
Stock options	189	1,554				1,743
Treasury shares						-
Dividends				(2,897)		(2,897)
Change in Group structure						-
Other changes					85	85
Balance as of December 31, 2021	11,850	22,756	399	14,280	31,109	80,394
Retained earnings/(accumulated deficit)				(5,458)	5,458	-
Annual profit/(loss)				17,864		17,864
Currency translation adjustments			945			945
Stock options	17	472				489
Treasury shares				796		796
Dividends				(3,805)		(3,805)
Change in consolidation scope				24		24
Other changes					1,934	1,934
Balance as of December 31, 2022	11,867	23,228	1,344	23,701	38,501	98,641

Consolidated statement of cashflows

(€ thousands)	12/31/2022	12/31/2021
Consolidated net income	17,864	14,280
Adjustments to reconcile non-cash items to cash generated from operations :		
Net allowances for depreciation and provisions	11,004	9,326
- Carrying value of assets sold	529	10
- Proceeds from the disposal of assets	(818)	(10)
Cashflows after net financial expense	28,579	23,606
- Tax liabilities	5,016	3,907
- Taxes paid	(4,459)	(3,823)
- Interest expense and income	(46)	51
- Dividends received from equity-accounted companies	1,800	-
Change in operating working capital	(10,401)	1,936
Net cash provided by operating activities	20,489	25,677
Acquisition of intangible assets	(14,675)	(11,150)
Acquisition of property, plant and equipment	818	10
Proceeds from the disposal of PPE and intangible assets	2,954	(4,874)
Change in consolidation scope (Market Dojo)	(8,346)	
Investment in affiliates	(1,497)	(1,002)
Net cash used in investing activities	(20,746)	(17,016)
Dividends paid to shareholders of the parent company	(3,555)	(2,897)
Capital increases or contributions		-
Issuance costs for capital increases		-
Amount received from the exercise of stock options	592	1,743
Change in treasury shares		-
Repayment of borrowings – finance leases	(3,135)	(13,975)
Change in borrowings	17,000	-
Net cash provided by financing activities	10,902	(15,129)
Net change in cash and cash equivalents	10,644	(6,468)
Effect of exchange rate changes on cash	(2,736)	1,026
Cash and cash equivalents at beginning of year	34,978	40,421
Cash and cash equivalents at end of year	42,885	34,978

Notes to the consolidated financial statements

1. Annual highlights

Acquisition of 50.1% stake in Market Dojo

On June 1, 2022, Esker Group acquired 50.1% of the capital and voting rights of Market Dojo. The remaining shares will be acquired, under certain conditions, at the end of a 4-year period.

Based in Bristol, England, Market Dojo is a provider of procurement solutions that enable users to centralize information, negotiate the best value for goods and services, and select the right suppliers – all without requiring a complex and costly implementation process.

Market Dojo's eSourcing cloud solution was created to address the need for structured and digitized processes in procurement. In a world where supply chain management is a key factor for success, but can also often contain strategic risks, control of the sourcing process is critical for companies of all sizes. The merger offers Market Dojo significant international development opportunities for its solutions. It also increases Esker's competitiveness in its traditional markets by integrating eSourcing, an important new functionality that includes reverse auctions, request for quotations (RFQ), request for proposals (RFP) management, supplier onboarding, etc.

Market Dojo was included in the Group's consolidated scope as from June 1, 2022, the date Esker acquired a controlling interest in Market Dojo. The impact on the 2022 financial statements relates to seven months of activity.



Consolidation of the TermSync entity by Esker Inc.

TermSync was integrated into the accounts of the U.S. subsidiary Esker Inc. on 12/31/2022.

Russian-Ukrainian conflict

The Group has no direct exposure to the conflict between Russia and Ukraine, as it is not present in either country.

Increase in the dividend distribution

This year, the distributed dividend was increased to 0.75 euro per share (up from 0.60 euro in 2021).

2. Significant accounting policies, basis of consolidation

Adoption and approval of the accounts

The consolidated financial statements of Esker Group at December 31, 2022 were adopted by the Executive Board and submitted for approval to the Supervisory Board on March 22, 2023.

Accounting policies and compliance statement

The consolidated financial statements have been prepared in accordance with French GAAP, and notably in accordance with the provisions of Regulation 2020-01 of the French Accounting Standards Authority (*Autorité des Normes Comptables* or ANC) on consolidated financial statements.

The accounts of consolidated companies outside France, prepared in accordance with the rules in force in their respective countries, are thus restated to comply with Esker Group accounting principles.

Basis of consolidation

Companies in which the Group directly or indirectly exercises exclusive control are fully consolidated. Exclusive control is defined as an ability to exercise directly or indirectly authority in managing the financial and operating policies of a company so as to obtain benefits from its activities.

Equity interests in companies in which Esker Group does not have a controlling interest but exercises a material influence are recognized according to the equity method.

Intercompany receivables, payables, income and expenses of fully consolidated subsidiaries are eliminated.

The list of consolidated companies is presented in the notes to the consolidated financial statements.

Minority interests

The Group has undertaken to cover the share of minority interests. As a result, following the losses incurred by Market Dojo in 2022, the share attributable to minority interests was included under majority interests, i.e., in Esker Group's results.

Foreign currency translation methods

Income statement items of foreign companies outside the euro area are translated at the average rate for the period and balance sheet accounts are translated at the corresponding year-end rate. Currency translation differences are presented as a distinct line item under equity.

Preferred methods

The following preferential methods have been applied:

- Recognition of pension obligations and other employee benefits
- Restatement of finance leases
- Capitalization of development expenditures

Use of estimates

In preparing the financial statements, management has recourse to estimates and assumptions that have an impact on the financial statements.

The main Management estimations concern assumptions relating to:

- The measurement and depreciation of property, plant and equipment and intangible assets (*Notes 3 and 4*)
- The calculation of deferred taxes (*Note 20*)
- The measurement of pension obligations (*Note 12*)
- The measurement of provisions (*Note 12*)

These estimations are based on the best information available to management on the closing date.

Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of consideration transferred over the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. Goodwill is measured in the currency of the acquired company. Goodwill is initially recognized as an asset at cost, and subsequently measured at cost less accumulated impairment losses.

Goodwill and fair value adjustments resulting from the acquisition of a foreign company are considered as assets and liabilities of the latter and consequently stated in the functional currency of the entity at the closing rate.



The useful life of goodwill is considered to be indefinite.

The methodology used to test for impairment is based in part on the discounted cashflow method, and in part on use of the market value based on Esker's market capitalization.

Cashflows are calculated on the basis of 5-year forecasts. A perpetual growth rate is applied from the sixth year onwards. The cashflows derived from these forecasts are then discounted to present value.

The key assumptions used to test for impairment are as follows:

- A perpetual growth rate of 2.2% considered acceptable in relation to the performance of the relevant business sector (technology and IT services)
- A discount rate of 8.1%. This rate takes into account the 10-year risk-free rate, a market risk premium and the beta coefficient

Intangible assets

■ Development expenditures

Under the preferred method, development expenditures are recorded as intangible assets when the company can demonstrate that the following criteria have been met:

- Intention by the company and technical and financial feasibility of completing the asset;
- The asset will generate probable future economic benefits for the company.
- The cost of the asset thus created can be reliably measured.

Development expenditures incurred by Esker Group concern mainly application developments and are destined to be tracked on an individual basis. These expenditures consist primarily of staff costs.

Group development activities are divided into two categories:

- **Developments to create new products or introduce new functionalities to existing products.** Criteria for capitalizing expenditures under IAS 38 are determined by the marketing and R&D teams when these projects are launched.
- **Development to extend the life of existing products** (adaptation to new operating systems, corrective maintenance, etc.). Such expenditures do not meet the criteria of the standard and are consequently not capitalized.

Capitalized development expenditure is amortized on a straight-line basis over its useful life of 5 years. The corresponding expenditures of projects not yet completed on the closing date are recorded as intangible assets and tested for impairment (see below the note on the impairment of fixed assets).

Other research and development expenditures that do not meet the criteria of the standard defined above are expensed in the period incurred.

■ Other intangible assets

Software acquired is recognized as intangible assets and amortized on a straight-line basis over useful lives defined as five years.

Property, plant and equipment

■ Property, plant and equipment

The gross value of property, plant and equipment represents the historical acquisition cost. This cost comprises directly attributable costs of transferring the asset to its place of operation and bringing the asset to working condition for its intended use.

Depreciation of property, plant and equipment reflects the pattern of consumption of the expected economic benefits on the basis of the acquisition cost, after deducting when applicable the residual value (as a general rule considered as zero). The straight-line method is applied over the following useful lives:

- Land.....unlimited
- Buildings..... 20 years
- Fixtures, improvements, fittings5 to 8 years
- Transport equipment3 to 5 years
- Office and computer equipment2.5 to 8 years
- Furniture5 years

■ Leases

In compliance with the preferred method, leases that transfer to Esker the risks and rewards incidental to ownership (finance leases) are recorded as fixed assets with the corresponding financial liability recognized at fair value or, if lower, the present value of the minimum lease payments.

The corresponding fixed assets are depreciated according to the procedures described above.

The cost of repairs and maintenance are expensed when incurred except where they serve to increase productivity or to prolong the asset's useful life.



Impairment of fixed assets

Intangible and tangible fixed assets are subject to impairment tests once there is an indication of loss in value. Indefinite life fixed assets and intangible assets in progress (development projects) are tested for impairment at least once a year.

Intangible assets and property, plant and equipment are tested for impairment when, in connection with events or circumstances occurring in the period, it is considered that the recoverable amount over a sustained period will remain lower than the carrying value.

The recoverable amount of an asset is measured at the higher of its fair value less costs to sell and value in use. Value in use is determined on the basis of the present value of future operating cashflows expected over a five-year period and a terminal value based on a perpetuity growth rate for cashflow.

For the purpose of this test, the values of assets are aggregated on the basis of Cash-Generating Units (CGU). CGUs represent profit centers providing the basis of the organization of Group operations and the analysis of results for internal reporting purposes. As a general rule, these profit centers represent legal entities.

When the recoverable value of the CGU is lower than the carrying value an impairment loss is recognized in the income statement.

Inventory and work in progress

Inventory is measured at the lower of acquisition cost determined according to the method of weighted average cost per unit or the net realizable value.

Trade receivables

Trade receivables are recognized on transfer of title that as a general rule corresponds to the delivery for the sale of goods and completion for services.

A provision for impairment is recognized when the carrying value of these trade receivables is subject to a risk of non-collection.

Treasury shares

Long-term shares of the parent company held directly or indirectly through consolidated subsidiaries are deducted from shareholders' equity at their purchase price, after deducting acquisition expenses. Changes in fair value during the period treasury shares are held are not recognized. Gains and losses from the disposal of the shares are recognized directly under equity and do not impact profit or loss.

Cash and marketable securities

Cash comprises cash at banks and on hand.

Marketable securities have short-term maturities, are readily convertible to cash and subject to an insignificant risk to changes in value.

Securities held for trading are measured at fair value and resulting losses and gains recognized in the income statement.

Changes in cash and cash equivalents are analyzed in the statement of cashflow presented on the basis of the indirect method.

Provisions

Provisions are recorded when Group management considers that it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation without receiving equivalent consideration in exchange and the amount of the obligation can be reliably measured.

Provisions for lawsuit contingencies may be recorded notably in connection with litigation known to the Group to which it is a party. A review of this litigation is undertaken on the balance sheet date by management and outside counsel, if necessary, to determine the amount required to cover these estimated risks.

Employee benefits

■ Retirement Plans

In most subsidiaries, the Group has an obligation to finance employee pensions through the payment of contributions calculated on the basis of salaries to pension fund entities. Such contributions are expensed when incurred. No other commitments exist related to these contributions.

In addition, under French law, the Group is required to pay employees on retirement an end-of-career severance benefit. The corresponding commitments are calculated annually using the projected unit credit method. This calculation is made in accordance with the provisions provided for under the applicable collective bargaining agreement (SYNTEC) according to the following criteria:

- Estimated age of retirement
- Seniority of personnel on retirement date
- Probability of continued presence at retirement age
- Salary escalation rate
- Discount rate

No other commitments have been recognized for retirement benefits for other subsidiaries of the Group because they are not material or there does not exist a legal obligation.



■ Other long-term benefits

In accordance with local laws and regulations, the Italian subsidiary must pay employees a severance benefit when leaving the company regardless of the reason (resignation, retirement, etc.). This benefit is calculated on the basis of annual salary and seniority and subject to annual increases indexed on the rate of inflation issued by the Italian government.

Income taxes and deferred taxes

Temporary differences between the tax base of consolidated tax assets and liabilities are recognized as deferred taxes according to the liability method.

Deferred taxes are recognized when recovery is considered probable within a reasonable period. Reductions in future taxes resulting from the use of tax loss carryforwards (including amounts that can be carried forward indefinitely) are recognized only if their recovery is considered probable.

Deferred tax assets and liabilities are not discounted and are offset within the same tax entity. Deferred taxes calculated allocated to equity items are recognized under shareholders' equity.

Research tax credit

Manufacturing and trading companies taxed according to the actual regime that incur research expenditure may benefit from a tax credit in France.

The tax credit is calculated for each calendar year and utilized against the tax payable by the Company for the year in which the research expenditure was incurred.

Because research tax credits are by nature definitively acquired independently of the Group's tax situation, it was decided that they be classified under "Other operating income".

Revenue

As a general rule revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably, notably on the date the significant risks and rewards of ownership of the goods are transferred to the buyer.

Group sales originate primarily from the sale of licenses, maintenance services and related services (training and installation assistance), on-demand services available online (outsourcing of fax and mail services) and equipment (fax boards).

- Sales of licenses and hardware are recognized on the date of delivery
- Income from maintenance contracts is recognized on a straight-line basis over the term of the contract. For contracts concerning the period in progress and future periods, deferred revenue is recognized at year-end for the portion of contracts corresponding to future periods
- Services related to software sales are recognized according to the percentage-of-completion method

Other services are recognized on the date of performance.



Consolidated companies

Market Dojo, 50.1%-owned by Esker S.A. since June 1, has been fully consolidated like all Esker subsidiaries.

Information on consolidated companies at December 31, 2022 is presented below

Company	Head office	2022		2021		Consolidation method (1)
		Controlling interest (%)	Ownership interest (%)	Controlling interest (%)	Ownership interest (%)	
Esker	Lyon (France)	Parent company				
Esker GmbH	Essen (Germany)	100.0%	100.0%	100.0%	100.0%	F
Esker Ltd	Derbyshire (United Kingdom)	100.0%	100.0%	100.0%	100.0%	F
Esker Srl	Milan (Italy)	100.0%	100.0%	100.0%	100.0%	F
Esker Iberica SI	Madrid (Spain)	100.0%	100.0%	100.0%	100.0%	F
Esker Inc.	Madison (United States)	100.0%	100.0%	100.0%	100.0%	F
Esker Australia Pty Ltd	Sydney (Australia)	100.0%	100.0%	100.0%	100.0%	F
Esker Documents Automation Asia Pte Ltd	Singapore	100.0%	100.0%	100.0%	100.0%	F
Esker Documents Automation (M) Sdn Bhd	Kuala Lumpur (Malaysia)	100.0%	100.0%	100.0%	100.0%	F
Esker Solution Canada Inc.	Montreal (Canada)	100.0%	100.0%	100.0%	100.0%	F
Esker Document Automation (HK) Ltd	Hong Kong	100.0%	100.0%	100.0%	100.0%	F
CalvaEDI	Paris (France)	100.0%	100.0%	100.0%	100.0%	F
TermSync	Madison (United States)	100.0%	100.0%	100.0%	100.0%	F
e-integration	Ratingen (Germany)	100.0%	100.0%	100.0%	100.0%	F
Market Dojo	Stonehouse (United Kingdom)	100.0%	50.1%			F
Neotouch Cloud Solution	Dublin (Ireland)	30.0%	30.0%	30.0%	30.0%	E.M.

(1) F.C.: Full consolidation
E.M.: Equity method

3. Notes to the balance sheet, income statement and statement of cashflows

NOTE 1: Segment information

■ Segment information relating to products and services

In thousands of euros	2022		2021	
	Amount	%	Amount	%
Licenses	1,140	1%	1,468	1%
Hardware	88	0%	142	0%
Contracts for product updates and maintenance	4,682	3%	5,338	4%
Services	25,626	16%	23,148	17%
SaaS	127,451	80%	103,484	77%
NET SALES	158,987	100%	133,580	100%



■ Information relating to geographical areas

Esker Group has chosen to apply geographical segmentation as its sole criteria for segment reporting. According to this criteria, business is broken down into six main segments: France (of which CalvaEDI), Germany (of which Esker EDI Services), the United Kingdom, Southern Europe, Asia-Pacific and the Americas.

As of December 31, 2022 In thousands of euros	France	Germany	United Kingdom	Southern Europe	Australia, Asia	Americas	TOTAL Group
External sales	58,086	7,213	9,128	8,228	9,886	66,446	158,987

As of December 31, 2021 In thousands of euros	France	Germany	United Kingdom	Southern Europe	Australia, Asia	Americas	TOTAL Group
External sales	51,714	7,219	7,528	7,164	8,151	51,804	133,580

■ Information relating to key customers

In fiscal 2022 the largest customer represented 8.3% of total Group revenue.

In fiscal 2021 the largest customer represented 10.5% of total Group revenue.

NOTE 2: Goodwill

The main components of goodwill can be analyzed as follows:

In thousands of euros	12/31/2022			12/31/2021
	Gross	Amortization	Net	Net
TermSync	5,423	100	5,323	5,014
CalvaEDI	137	2	135	135
e-integration	989	-	989	989
Market Dojo	9,820	-	9,820	-
TOTAL GOODWILL	16,369	102	16,266	6,138

Business combinations are recorded on the basis of the purchase method of accounting. The assets, liabilities and contingent liabilities of the acquiree are recognized at acquisition date fair value. Goodwill arising from consolidation is recognized under the line items of the corresponding assets and liabilities.

The excess cost of the business combination over the Group's share of the net fair value of the acquiree's assets and liabilities on the date of acquisition is recognized under goodwill.

The increase or decrease in the net value of the goodwill of the subsidiary TermSync reflects foreign exchange fluctuations.

Goodwill arising in 2022 from the acquisition of shares in Market Dojo represents €9,820,000.

The value of goodwill was confirmed by the impairment tests conducted on the basis of the underlying assumptions.

NOTE 3: Other intangible assets

In thousands of euros	12/31/2022			12/31/2021
	Gross	Amortization	Net	Net
Goodwill	16,369	100	16,268	6,138
Development expenditures	64,673	45,531	19,141	15,980
Trademarks	1,878	116	1,762	1,633
Software	1,914	1,689	225	241
Customer-related intangible assets	7,410	2,357	5,053	5,315
Intangible assets in progress	5,204	-	5,204	4,337
TOTAL INTANGIBLE ASSETS	97,447	49,795	47,651	33,644

Development expenditures recorded under intangible assets include:

- Costs incurred for the development of document process automation applications,
- Costs for the development of on-demand services for our complete offering of solutions.



■ Changes in the fiscal year ended December 31, 2022

As of 12/31/2022 In thousands of euros	Opening balance	Increases	Decreases	Changes in con- solidation scope (1)	Reclassification	Other changes	Closing balance
Goodwill	6,233			9,820		316	16,369
Development expenditures	55,135	238	(2,247)	1,896	9,547	103	64,673
Trademarks	1,633				217	27	1,878
Software	1,973	222	(59)		(279)	57	1,914
Customer-related intangible assets	7,365				45		7,410
Intangible assets in progress	4,337	10,389	-		(9,531)	8	5,203
INTANGIBLE ASSETS – GROSS VALUE	76,676	10,850	(2,306)	11,716	-	511	97,447
Goodwill	95					5	100
Development expenditures	39,155	6,746	(1,446)	984	16	75	45,531
Software	-				117	(1)	116
Customer-related intangible assets	1,687	151	(59)		(134)	44	1,689
INTANGIBLE ASSETS – AMORTIZATION	2,095	262					2,357
INTANGIBLE ASSETS – NET VALUE	33,644	3,690	(802)	10,732	-	387	47,651

(1): first-time full consolidation of Market Dojo.

Changes recorded concern development expenditures capitalized in the period and mainly expenditures incurred in connection with our SaaS solutions.

Reclassifications reflect the transfer of intangible assets in progress to development expenditures and account adjustments made in 2022.

■ Changes in the fiscal year ended December 31, 2021

As of 12/31/2021 In thousands of euros	Opening bal- ance	Increases	Decreases	Other changes	Closing balance
Goodwill	5,840			393	6,233
Development expenditures	46,787	0		8,348	55,135
Trademarks	1,595			38	1,633
Software	1,732	175		66	1,973
Customer-related intangible assets	7,365				7,365
Intangible assets in progress	3,856	8,641		(8,160)	4,337
INTANGIBLE ASSETS – GROSS VALUE	67,175	8,816	0	685	76,676
Goodwill	88			7	95
Development expenditures	32,900	6,156		99	39,155
Software	1,568	66		53	1,687
Customer-related intangible assets	1,832	263			2,095
INTANGIBLE ASSETS – AMORTIZATION	36,388	6,485	0	159	43,032
INTANGIBLE ASSETS – NET VALUE	30,787	2,331	0	526	33,644

NOTE 4: Property, plant and equipment

In thousands of euros	12/31/2022			12/31/2021
	Gross	Amortization	Net	Net
Land	1,077		1,077	1,077
Buildings	1,179	289	890	949
Office and computer equipment	8,030	5,830	2,200	3,148
Fixtures and improvements	6,027	2,842	3,184	3,370
Equipment and tooling	9,339	8,308	1,031	772
Transport equipment	12	10	2	11
Furniture	1,610	1,008	602	569
TOTAL PROPERTY, PLANT AND EQUIPMENT	27,275	18,288	8,987	9,896

■ Changes in the fiscal year ended December 31, 2022

As of 12/31/2022 In thousands of euros	Opening balance	Increases	Reductions	Changes in con- solidation scope (1)	Reclassification	Other changes	Closing balance
Land	1,077						1,077
Buildings	1,179						1,179
Office and computer equipment	8,886	902	(327)	39	(1,604)	134	8,030
Fixtures and improvements	5,447	543	(12)			49	6,027
Equipment and tooling	7,683	55	(8)		1,604	6	9,339
Transport equipment	61	-	(49)				12
Furniture	1,330	246	(21)	9		46	1,610
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	25,663	1,747	(417)	48	-	234	27,275
Buildings	230	59					289
Office and computer equipment	5,738	1,206	(323)	19	(895)	85	5,830
Fixtures and improvements	2,077	743	-			22	2,842
Equipment and tooling	6,911	510	(9)		895	1	8,308
Transport equipment	50	2	(42)			-	10
Furniture	761	238	(15)	1		24	1,008
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	15,767	2,758	(389)	20	-	132	18,288
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT BEFORE IMPAIRMENT	9,896	(1,012)	(28)	29	-	102	8,987
PROPERTY, PLANT AND EQUIPMENT – NET VALUE	9,896	(1,012)	(28)	29	-	102	8,987

(1): first-time full consolidation of Market Dojo.

Reclassifications reflect the transfer of certain fixed assets formerly classified under IT office equipment to machinery and equipment.



■ Changes in the fiscal year ended December 31, 2021

As of 12/31/2021 In thousands of euros	Opening balance	Increases	Decreases	Other changes	Closing balance
Land	1,077				1,077
Buildings	1,179				1,179
Office and computer equipment	7,323	1,792	(404)	175	8,886
Fixtures and improvements	4,920	454	(32)	105	5,447
Equipment and tooling	7,704		(54)	33	7,683
Transport equipment	62	2	(3)		61
Furniture	1,189	87	(2)	56	1,330
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	23,454	2,335	(495)	369	25,663
Buildings	171	59			230
Office and computer equipment	4,804	1,220	(395)	109	5,738
Fixtures and improvements	1,318	755	(32)	36	2,077
Equipment and tooling	6,549	388	(55)	29	6,911
Transport equipment	40	9	(3)	4	50
Furniture	536	196	(2)	31	761
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	13,418	2,627	(487)	209	15,767
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT BEFORE IMPAIRMENT	10,036	(292)	(8)	160	9,896

NOTE 5: Financial assets

In thousands of euros	Opening balance	Increases	Decreases	Changes in consolidation scope (1)	Other changes	Closing balance
Non-consolidated equity investments	4,682	22	(177)		273	4,800
Fixed securities	4,780		(67)			4,713
Loans, guarantees and other receivables	1,466		(225)			1,241
NET FINANCIAL ASSETS	10,928	22	(467)	-	273	10,754

(1): first-time full consolidation of Market Dojo. Market Dojo held no financial assets in 2022.

NOTE 6: Finance leases

In thousands of euros	Gross	Accumulated amortization	Net
As of December 31, 2020	7,082	(6,141)	941
Increase		(319)	(319)
Decrease			0
Translation difference			0
As of December 31, 2021	7,082	(6,460)	622
Increase	-	(126)	(126)
Decrease			0
Translation difference			0
As of December 31, 2022	7,082	(6,586)	496

Finance lease commitments for the periods ended December 31, 2022 and 2021 break down as follows:

In thousands of euros	12/31/2022				12/31/2021			
	Less than 1 year	2-5 years	More than 5 year	TOTAL	Less than 1 year	2-5 years	More than 5 year	TOTAL
Total value of future minimum lease payments	227	111		338	228	339		567
Discounted value of future minimum lease payments	226	107		333	225	333		558



NOTE 7: Other receivables and accruals

In thousands of euros	Net 12/31/2022	Net 12/31/2021
Tax receivables	3,051	2,648
Other tax receivables	376	448
Other receivables	179	281
Prepaid expenses	5,432	3,301
TOTAL OTHER RECEIVABLES AND ACCRUALS	9,038	6,678

NOTE 8: Cash and marketable securities

At December 31, 2022, cash included the following items:

In thousands of euros	Net 12/31/2022	Net 12/31/2021
Marketable securities	8,355	3,456
Cash and cash equivalents	34,531	31,522
TOTAL CASH AND MARKETABLE SECURITIES	42,887	34,978

Marketable securities correspond to shares in Sicav money market funds and time deposits not subject to a risk of loss in value.

NOTE 9: Shareholders' equity

	Amount (in thousands of euros)	Number of shares
Capital stock at 12/31/2020	11,661	5,830,321
Capital increase	104	52,100
Exercise of stock options and warrants	85	42,491
Capital stock at 12/31/2021	11,850	5,924,912
Capital increase	102	50,850
Exercise of stock options and warrants	20	9,978
CAPITAL STOCK AT 12/31/2022	11,971	5,985,740

The Company is subject to no specific regulatory or contractual obligations in respect to the share capital. The Group does not have a specific policy concerning share capital. The balance between recourse to external financing and equity financing through capital increases by the issue of new shares is assured on a case-by-case basis according to the transactions under consideration. Share capital monitored by the Group includes the same components as consolidated shareholders' equity.

A dividend of €0.60 per share was paid for the period.

NOTE 10: Treasury shares

Changes in treasury shares held by the Group in fiscal 2022:

	FY 2022	FY 2021
Opening balance	147,882	148,477
Purchase of own shares (liquidity agreement)	27,288	12,610
Sale of own shares (liquidity agreement)	(26,473)	(13,205)
Purchase of own shares (for external growth transactions)		
Sales of own shares (for external growth transactions)	(5,493)	
Closing balance	143,204	147,882



NOTE 11: Stock option and restricted stock unit plans

Highlights of plans for stock options, stock purchase options and warrants outstanding at December 31, 2022 are presented below:

Type	Dates		Exercise price in euros	Number of options			Balance
	Grant	Expiry		Granted	Exercised	Matured or forfeited	
Stock option plan	04/10/2012	04/09/2022	8.26	19,750	14,918	4,832	0
Stock option plan	10/01/2012	09/30/2022	9.44	56,000	48,000	8,000	0
Stock option plan	04/19/2013	09/18/2023	13.04	27,500	24,937	1,000	1,563
Stock option plan	04/01/2014	03/31/2024	16.32	12,000	9,874	1,626	500
Stock option plan	04/01/2015	03/31/2025	19.62	24,500	20,624	563	3,313
Stock option plan	07/01/2016	06/30/2026	32.92	23,800	14,937	1,813	7,050
Stock option plan	05/04/2017	05/03/2027	46.55	20,750	14,259	1,313	5,178
Stock option plan	06/01/2018	05/31/2028	57.49	23,000	11,477	2,126	9,397
Stock option plan	06/24/2019	06/23/2029	79.75	28,750	7,338	4,125	17,287
Stock option plan	05/04/2020	04/03/1930	99.60	28,750	5,122	1,375	22,253
TOTAL STOCK OPTION PLANS				264,800	171,486	26,773	66,541
Restricted stock units	03/05/2021	03/04/2023		61,800			61,800
Restricted stock units	04/01/2021	03/31/2023		3,000			3,000
Restricted stock units (*)	06/01/2022	06/01/2024 (*)		51,840			51,840
Restricted stock units	10/01/2022	10/01/2025		59,100			59,100
TOTAL RESTRICTED STOCK UNITS				175,740	-	-	64,800

(*) The award of these restricted stock units (actions gratuites) is based on a seven-year plan with successive vesting and holding periods as follows:

- An initial vesting period of 24 months (i.e., from June 1, 2022 to May 31, 2024 inclusive), at the end of which the Beneficiary only acquires 25% of the grant, with the vested shares remaining subject to lock-up restrictions for a further period of 24 months
- From the 25th month, the Beneficiary then acquires 1/4 of the grant every 24 months, with this 25% amounts remaining subject to lock-up restrictions for an additional 24 months on each occasion
- Each vested portion thus becomes available at the end of a 24-month holding period, with the last portion of the grant becoming available on June 1, 2029

Changes in the number of stock options, restricted stock units and warrants granted to Group employees in the period break down as follows:

	Stock options		Restricted stock awarded, not issued	
	Quantity	Weighted average exercise price in €	Quantity	Weighted average exercise price in €
Balance exercisable at 12/31/2021	79,382	66.56	115,650	147.14
Granted	-	-	110,940	132.26
Exercised	(9,978)	49.26	(50,850)	101.00
Matured or forfeited for reason of departure	(2,863)	31.54	-	-
BALANCE EXERCISABLE AT 12/31/2022	66,541	59.38	175,740	151.10

NOTE 12: Provisions

In thousands of euros	12/31/2021	Increases, allowances of the period	Payments in the period	Reversals of provisions unused in the period	Other changes	12/31/2022
Provisions for contingencies and expenses	-					-
Pension liabilities	2,496	642	(25)			3,113
TOTAL PROVISIONS	2,496	642	(25)	-	-	3,113

■ Provision for contingencies and expenses

No provisions for prior contingencies were recorded in the Group's consolidated financial statements for 2022. Only provisions for retirement benefit obligations have been recognized as presented below.

■ Pension liabilities

Pension liabilities consist of commitments relating to retirement severance payments for employees of Esker France and contributions payable to employees of Esker Italia.

■ Retirement scheme in France

Retirement severance benefits in France for employees of the company are measured using the same method as in the previous year with the application of a turnover table based on the employee's length of service. In fact, employee turnover decreases as length of service increases.

On that basis, assumptions used to estimate pension obligations at December 31, 2022 were as follows:

Assumptions for the measurement of pension obligations in France	
Discount rate	3.60%
Salary escalation rate	4.37%
Rate of social security charges	45%
Retirement age	65 years
Turnover rate	7.75%

In addition, in 2016, a portion of the pension obligations had been partially covered by an external plan destined to be gradually increased through premium payments. These premium payments were included in expenses of the period and amounted to €350,000.

The commitments are described below:

In thousands of euros	12/31/2021	Increases, allowances of the period	Payments in the period	Other changes	12/31/2022
Esker S.A. pension obligations	2,074	551			2,625
Esker Italia pension obligations	422	92	(25)		489
TOTAL POST-EMPLOYMENT OBLIGATIONS	2,496	642	(25)	-	3,114

NOTE 13: Borrowings

In thousands of euros	12/31/2022	12/31/2021
Finance leases	387	563
Bank debt	14,647	606
TOTAL BORROWINGS	15,034	1,169

■ Finance leases

Borrowings recognized represent the reverse entry of capitalized finance leases as described above in [Note 6](#).

■ Bank borrowings

Esker S.A. obtained a loan of €17 million in 2022 to provide it with the resources to make potential acquisitions.

NOTE 14: Other payables and accruals

In thousands of euros	12/31/2022	12/31/2021
Deferred revenue	7,134	7,554
Customer deposits and guarantees	3,303	3,333
Other payables	1,169	35
TOTAL OTHER PAYABLES AND ACCRUALS	11,607	10,922

Deferred revenue concerns primarily maintenance contracts for which sales are recognized on a straight-line basis over the duration of the contract.



NOTE 15: Revenue

In thousands of euros	12/31/2022	12/31/2021
Software sales	1,140	1,468
Fax card sales	88	142
Contracts for product updates and maintenance	4,682	5,338
SaaS	25,626	23,148
Traffic	127,451	103,484
NET SALES	158,987	133,580

NOTE 16: Research and development expenses

In thousands of euros	12/31/2022	12/31/2021
R&D expenses for the period	(15,175)	(14,075)
Capitalized development expenditures	10,164	8,641
Amortization of capitalized development expenditures	(6,930)	(6,156)
RESEARCH AND DEVELOPMENT EXPENSES NOT CAPITALIZED	(11,941)	(11,590)

An analysis of development expenditures recorded under intangible assets in the fiscal period ended December 31, 2022 is presented in [Note 3](#).

NOTE 17: Staff costs

In thousands of euros	12/31/2022	12/31/2021
Employee compensation	74,348	60,824
Social security expenses	20,050	23,316
STAFF COSTS	94,398	84,140

Breakdown of personnel by country:

	France	Germany	United Kingdom	Southern Europe	Australia, Asia	United States, Canada	TOTAL
Headcount at 12/31/2022	474	63	60	53	69	253	972
Headcount at 12/31/2021	426	56	23	44	64	228	840
Headcount at 12/31/2020	405	53	23	37	54	193	764

NOTE 18: Net financial income / (expense)

In thousands of euros	12/31/2022	12/31/2021
Financial income	564	78
Net currency gains/(losses)	185	148
Financial expenses	(124)	(24)
Net provision	(353)	-
NET FINANCIAL INCOME / (EXPENSE)	272	202

NOTE 19: Net exceptional items

In thousands of euros	12/31/2022	12/31/2021
Exceptional income from non-capital transactions	(555)	(47)
Exceptional income from capital transactions	256	350
Exceptional allowances and reversals	-	100
NET EXCEPTIONAL ITEMS	(299)	403



NOTE 20: Income taxes

■ Analysis of tax expenses

In thousands of euros	12/31/2022	12/31/2021
Current tax income / (expense)	(4,564)	(3,769)
Deferred tax income / (expense)	(452)	(138)
TOTAL TAX EXPENSES/INCOME	(5,016)	(3,907)

■ Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities break down as follows:

In thousands of euros	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Balance at December 31, 2020	800	(698)
Deferred taxes in the period recognized under profit or loss	(136)	1
Effect of exchange rate fluctuations	3	(60)
BALANCE AT DECEMBER 31, 2021	667	(757)
Deferred taxes in the period recognized under profit or loss	436	(673)
Effect of exchange rate fluctuations	11	(4)
BALANCE AT DECEMBER 31, 2022	1,114	(1,434)

■ Reconciliation of tax

In thousands of euros	12/31/2022	12/31/2021
Net income (loss)	17,864	14,280
- Share of income in equity-accounted associates	1,497	1,002
- Tax expense/income recognized (-/+)	(5,016)	(3,907)
Net income before tax	21,382	17,185
Ordinary tax rate of the parent company	10%	10%
Theoretical tax expense/income (-/+)	(2,138)	(1,719)
Permanent tax differences	(577)	(37)
Tax savings on loss carryforwards	27	(89)
Non-recognition of deferred tax assets from loss carryforwards	192	(170)
Temporary tax differences	128	(68)
Tax base differences	(2,278)	(1,784)
Other	(370)	(40)
TAX EXPENSE/INCOME RECOGNIZED (-/+)	(5,016)	(3,907)

NOTE 21: Basic earnings per share

Basic net earnings per share and diluted net earnings per share are calculated by dividing the portion of net income reverting to the Group by the appropriate number of shares. For basic net earnings per share, this is the weighted average number of ordinary shares outstanding after excluding treasury shares held by the company. For diluted net earnings per share, the calculation is based on the weighted average number of potential shares outstanding in the period. This includes notably shares taken into account to calculate basic net earnings per share plus dilutive stock options, warrants and restricted stock units (*actions gratuites*).

	12/31/2022		12/31/2021	
	Net earnings (in euros)	Weighted average number of shares	Net earnings (in euros)	Weighted average number of shares
Basis of calculation for basic earnings per share	17,863,602	5,881,324	14,280,000	5,853,250
Dilutive stock options		42,161		58,880
Dilutive bonus shares		90,156		52,140
Basis of calculation for diluted earnings per share	17,863,602	6,013,641	14,280,000	5,964,270
BASIC EARNINGS PER SHARE	3.04		2.44	
DILUTED EARNINGS PER SHARE	2.97		2.39	

NOTE 22: Transactions with related parties

■ Commercial relations between majority-owned Esker Group companies

In connection with commercial relations between Esker Group member companies, amounts are invoiced for the following:

- Sales of solutions by the parent company to subsidiaries
- Royalties
- Marketing expense chargebacks
- Staff costs chargebacks

All these transactions are carried out on an arms-length basis and fully eliminated in the consolidated financial statements.

■ Other transactions with related parties

Compensation and benefits of any nature paid to corporate officers considered as related parties are presented below.

As of 12/31/2022 (In thousands of euros)	Compensation paid (gross basis)	Nature of compensation paid			
		Fixed salary, fees	Variable compen- sation	Benefits in kinds	Compensation granted *
Executive Board members	1,036	501	520	16	0
Supervisory Board members	97	65			32
TOTAL	1,133	566	520	16	32

* formerly attendance fees

No advances or loans were granted to corporate officers during the year.

NOTE 23: Off-balance sheet commitments

Off-balance sheet commitments and contingent liabilities are presented below.

Contractual obligations (€ thousands)	TOTAL	Payables by maturity			
		Less than 1 year	1-5 years	More than 5 years	Expense of the period
Long-term debt	-				
Lease finance obligations		Information disclosed in Note 4			
Operating leases	18,473	3,450	9,776	5,247	3,514
Irrevocable purchase obligations	-				
Other long-term obligations	-				
TOTAL	18,473	3,450	9,776	5,247	3,514

Most lease agreements concern premises occupied by Group companies. Lease terms (from three to ten years), price index clauses and renewal conditions are specific for each country.

Other leases concern inserting and postage machines in France and a fleet of vehicles.

Other commitments given and received (€ thousands)	TOTAL	Commitments by period		
		Less than 1 year	1-5 years	More than 5 year
Credit lines(*)	0			
Letters of credit	-			
Guarantees	-			
Put options written over non-controlling interests	-			
Pledges, mortgages and collateral	-			
Other commitments given	-			
TOTAL COMMITMENTS GIVEN				
Other commitments received				
TOTAL COMMITMENTS RECEIVED				

* Undrawn authorized credit lines: €500,000



NOTE 24: Fees paid to auditors and members of their network incurred by the Group

	Deloitte & Associés				Orfis Advolis				Other			
	2022		2021		2022		2021		2022		2021	
	€ ex-VAT	%	€ ex-VAT	%	€ ex-VAT	%	€ ex-VAT	%	€ ex-VAT	%	€ ex-VAT	%
AUDIT												
External audit, certification, review of separate and consolidated accounts												
- for the Issuer	62,500	52%	50,250	47%	57,500	48%	56,750	53%	0	0%	0	0%
- for fully consolidated subsidiaries	0	0%	2,250	2%	0	0%	11,550	12%	88,546	100%	85,989	86%
Ancillary assignments												
- for the Issuer												
- for the Fully consolidated subsidiaries	13,000	100%	9,500	100%								
Subtotal / Audit	75,500	34%	62,000	29%	57,500	26%	68,300	32%	88,546	40%	85,989	40%
OTHER SERVICES												
Legal, tax, employee-related assignments												
- Issuer												
- Fully consolidated subsidiaries									49,673	100%	18,667	100%
Other												
- Issuer												
- Fully consolidated subsidiaries												
Subtotal / Other Services	0		0		0		0		49,673	100%	18,667	100%
TOTAL	75,500	28%	62,000	26%	57,500	21%	68,300	29%	138,219	51%	104,656	45%

NOTE 25: Subsequent events**Creation of the Benelux entity**

Esker Benelux, based in Brussels, was created in January 2023 to develop the Group's business in Belgium, the Netherlands and Luxembourg.



5.2. Statutory auditors' report on the consolidated financial statements

Sixth-month period ended December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To Esker S.A.'s Shareholders' Meeting:

OPINION

In compliance with the engagement entrusted to us by the annual Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Esker S.A. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the Group for the year then ended and of its financial position and its assets and liabilities as at December 31, 2022 in accordance with French accounting principles.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2022 to the date of our report.

Justification of our assessments

In accordance with the requirements of articles L.823-9 and R.823-7 of the French commercial code ("*code de commerce*") relating to the justification of our assessments, we bring to your attention our assessments that, in our professional judgment, were of most significance in the audit of the consolidated financial statements for the period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

- The paragraph "Goodwill" of [Note 2](#) hereto describes the accounting rules and methods for the measurement, recognition and amortization of goodwill. We analyzed the appropriateness of these rules and methods and assessed the data and assumptions on which these estimates were based.
- The paragraphs "Intangible assets" of [Notes 2 and 3](#) hereto describe the accounting rules and methods for recognition, amortization and measurement of development expenditures. With respect to our assessment of the accounting policies adopted by your company, we analyzed the appropriateness of these rules and methods and their implementation and the disclosures provided in the notes.
- The paragraphs "Income tax and deferred tax" of [Note 2](#) and "Income tax" of [Note 20](#) describe the accounting rules and methods for recognizing deferred tax assets arising from tax loss carry-forwards. We analyzed the appropriateness of these rules and methods and assessed the data and assumptions on which these estimates were based.

Specific verifications

As required by French law and regulations, we also performed the specific verifications, in accordance with professional standards applicable in France, of the information provided on the Group presented in the Executive Board' management report.

We have no matters to report with respect to the fair presentation of this information and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code is included in the report on the Group's management, it being specified that, in accordance with the provisions of Article L. 823-



10 of said Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein which should be reported on by an independent assurance services provider

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

These consolidated financial statements were approved by the Executive Board.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Our role is to issue a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code ("code de commerce"), our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Villeurbanne and Lyon, April 28, 2023

*The Statutory Auditors
[French original signed by:]*

ORFIS
Valérie Malnoy

DELOITTE & ASSOCIÉS
Arnaud de Gasquet

6

**Separate
financial statements**



6.1. Separate parent company financial statements for the period ended December 31, 2022

Balance sheet

ASSETS (€ thousands)	Gross amounts	Accumulated depreciation and provisions	Net amounts at 12/31/2022	Net amounts at 12/31/2021
Intangible assets	66,253,473	44,558,680	21,694,793	18,734,879
Property, plant and equipment	12,762,622	7,034,335	5,728,287	6,168,188
Equity investments and investment-related receivables	61,175,486	5,372,512	55,802,974	47,225,013
Other financial assets	7,945,214	2,599	7,942,615	8,269,319
Total non-current assets	148,136,795	56,968,126	91,168,669	80,397,399
Inventories of raw materials, supplies	396,533		396,533	265,349
Trade receivables and related accounts	23,816,156	53,271	23,762,885	18,873,185
Suppliers with a debit balance				1,049
Other receivables	4,852,945		4,852,945	4,307,476
Marketable securities	6,669,074		6,669,074	2,618,837
Cash and cash equivalents	4,892,905		4,892,905	10,636,288
Total current assets	40,627,614	53,271	40,574,343	36,702,185
Prepaid expenses	2,306,787		2,306,787	2,381,343
Translation differences (assets)	476,076		476,076	369,999
Total adjustment accounts	2,782,863		2,782,863	2,751,342
TOTAL ASSETS	191,547,271	57,021,397	134,525,875	119,850,925

SHAREHOLDERS' EQUITY AND LIABILITIES (€ thousands)	12/31/2022	12/31/2021
Share capital	11,971,480	11,849,824
Additional paid-in capital	23,269,875	22,798,315
Legal reserve	1,184,982	1,166,064
Other reserves	45,856,588	41,511,467
Retained earnings		
Net income	4,477,160	8,023,543
Regulated provisions	393,965	333,478
Total Equity	87,154,051	85,682,691
Other equity		
Provisions for contingencies and expenses	3,101,063	2,444,343
Borrowings and financial liabilities	17,614,634	3,566,964
Trade payables and related accounts	8,006,643	7,882,115
Tax and employee-related payables	16,458,716	18,099,490
Other payables	29,903	35,470
Total payables	42,109,897.10	29,584,039
Deferred revenue	1,845,170	1,931,119
Unrealized gains on foreign exchange	315,694	208,733
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	134,525,875	119,850,925

Income statement

(in euros)	12/31/2022	12/31/2021
Sales of goods	13,541	13,190
Sale of services	63,742,369	56,939,904
Sales	63,755,911	56,953,095
Own production of goods and services capitalized	9,338,084	8,069,793
Operating grants	14,000	19,833
Reversals of provisions, expense reclassifications	434,456	747,898
Other income	7,950,208	8,313,817
Operating income	81,492,659	74,104,436
Purchase of trade goods, raw materials and other supplies	1,746,055	1,352,454
Change in inventory	(131,184)	(88,667)
Other purchases and external expenses	23,671,435	17,840,660
Taxes, duties and similar payments (other than on income)	1,367,981	1,266,452
Wages and salaries	30,760,769	27,596,570
Social security expenses	11,629,526	16,899,698
Allowances for depreciation and reserves	8,690,007	7,855,087
Other expenses	410,989	116,637
Operating expenses	78,145,578	72,838,892
OPERATING PROFIT	3,347,081	1,265,544
Financial income	4,220,810	7,097,658
Financial expenses	3,581,731	1,038,411
Net financial income / (expense)	639,079	6,059,247
CURRENT INCOME BEFORE TAX	3,986,160	7,324,791
Non-recurring income	944,931	872,102
Exceptional expenses	1,037,383	942,404
Net exceptional items	(92,452)	(70,302)
Income taxes	583,453	769,053
NET PROFIT	4,477,160	8,023,543

Notes to the consolidated financial statements

The separate annual financial statements of Esker S.A. at December 31, 2022 were adopted by the Executive Board and submitted for approval to the Supervisory Board on March 22, 2023.

1. Annual highlights

Waiver of debt in favor of Esker Italia Srl:

A waiver of debt was granted to Esker Italia in the amount of €406,000 corresponding to Group trade receivables.

Conflict in Ukraine

While the company is not directly impacted by the geopolitical crisis involving Ukraine and Russia, it remains attentive to its effects on the global economy.

Acquisition of Market Dojo shares

On June 1, 2022, the company acquired 50.1% of the shares of Market Dojo, which represents €10,059,797.28 in fixed securities recorded under assets in the accounts of Esker S.A..

Impairment of e-integration shares

After remeasuring the shares of its subsidiary e-integration using the future cashflow method, a provision for impairment was recorded in Esker S.A.'s financial statements in the amount of €2,527,803.



2. Significant accounting policies and statement of compliance

The annual financial statements for the period ending December 31, 2022 were prepared in accordance with French law and French GAAP, and notably articles L.123-12 to L.123-28 of the French commercial code, regulation No. 2016-07 of the French accounting standards authority (*Autorité des Normes Comptables* or ANC) of November 4, 2016 and on the French General Chart of Accounts (*Plan Comptable Général*) of France's Accounting Regulations Committee (*Comité de Réglementation Comptable* or "CRC")

Following the transposition of the 2013/34 UE European accounting directive changes were made to the French regulation ANC No. 2014-03 with the adoption of regulation 2015-06 relating to:

- The definition of goodwill
- The measurement of property, plant and equipment, intangible assets and goodwill after their initial recognition
- The treatment of negative goodwill

The Company has not been impacted by these changes at the level of the separate annual financial statements.

Pursuant to the new ANC Regulation 2015-05 of July 2, 2015 foreign exchange gains and losses may be recognized under operating profit or financial income or expense depending on the nature of the transaction from which they are derived. On that basis, foreign exchange gains and losses on trade payables and receivables are recognized under operating results. Exchange rate risks on these items are linked to operating activities in the same way as, for example, the impairment of trade receivables already registered under operating results. For that purpose, a class 65 subaccount (other operating expenses) and its equivalent in class 75 were created.

Currency gains and losses presented under financial income or expense are reserved for activities of a financial nature (foreign currency bank borrowings or cash balances).

The accounting methods applied remain unchanged in relation to those used to prepare the annual financial statements established on December 31, 2021.

Use of estimates

In preparing the financial statements, management has recourse to estimates and assumptions that have an impact on the financial statements.

The main Group estimations concern assumptions relating to:

- The measurement and depreciation of property, plant and equipment and intangible assets
- The measurement of pension obligations
- The measurement of provisions

These estimations are based on the best information available to management on the closing date.

Intangible assets

■ Research and development expenses

In accordance with French GAAP (CRC regulation 99-02) on assets applicable as from January 1, 2006, research costs are expensed when incurred and development expenditures recorded as intangible assets when the company can demonstrate that the following criteria have been met:

- Intention by the company and technical and financial feasibility of completing the asset.
- The asset will generate probable future economic benefits for the company.
- The cost of the asset thus created can be reliably measured.

Development expenditures incurred by Esker concern mainly application developments and are destined to be tracked on an individual basis. These expenditures consist primarily of staff costs.

The company's development activities are divided into two categories:

- Developments to create new products or introduce new functionalities to existing products. Criteria for capitalizing expenditures under CRC regulation 2004-06 are determined by the marketing and R&D teams when these projects are launched.
- Developments to extend the life of existing products (adaptation to new operating systems, corrective maintenance, etc.). Such expenditures do not meet the criteria of the regulation and are consequently not capitalized.

Development expenditures recorded as intangible assets are amortized over useful lives estimated at five years. The corresponding expenses of projects not yet completed on the closing date are recognized under intangible assets in progress and tested for impairment.

■ Other intangible assets

Software acquired is recognized as intangible assets and amortized on a straight-line basis over useful lives defined as five years. Under special tax derogations, accelerated amortization rates may be applied to this software.



Property, plant and equipment

The gross value of property, plant and equipment represents the historical acquisition cost. This cost comprises directly attributable costs of transferring the asset to its place of operation and bringing the asset to working condition for its intended use.

The depreciation of property, plant and equipment is determined on a straight-line basis over the assets' estimated useful lives:

- Land:unlimited
- Buildings:20 years
- Fixtures, improvements, fittings:5 to 10 years
- Plant, machinery and equipment:4 to 5 years
- Transport equipment:3 to 4 years
- Office and computer equipment:2 to 4 years
- Furniture:5 years

■ Equity interests and other financial assets

The gross value of financial assets represents their purchase price excluding incidental expenses. A provision for impairment is set up when value in use is lower than the carrying value.

The company uses different methods to measure the value in use of equity securities held, based on each particular case. The methods of measurement used are as follows:

- Net book assets of the companies. In the case of negative net equity, the value of securities is fully written down and the share in negative net equity reverting to Esker is fully or partially recognized as an impairment charge on receivables supplemented, as the case may be, by a provision for contingencies and expenses.
- Present value of future cashflows

■ Treasury shares

Treasury shares acquired by the company through the different share buyback programs approved by the French financial market authority, the AMF, and authorized by the company's Shareholders' Meeting, are recognized at acquisition cost. On the closing date, a provision for impairment is recorded if their fair value corresponding to the average share price for the last month preceding the end of the reporting period is lower than the purchase price.

Treasury shares allocated to stock options destined for employees are classified under marketable securities. Shares acquired in connection with a liquidity contract and shares without a specified purpose are classified as fixed securities.

■ Inventories

Inventory is measured at acquisition cost according to the weighted average cost per unit method.

A provision for the impairment of inventory is recognized when the gross value is lower than the probable resale value after deducting the proportional selling costs.

■ Receivables

Accounts receivable are recorded at face value and subject to impairment based on a case-by-case assessment of the risk of default.

■ Marketable securities

Marketable securities are measure according to the "First in First out" (FIFO) method, and an impairment is recognized when the market price falls below the carrying value.

■ Regulated provisions

Regulated provision include special depreciation allowances which are allocated and reversed in accordance with applicable tax rules.

■ Foreign currency transactions

Income and expense items expressed in foreign currencies are converted into euros according to the exchange rate on the transaction date; Payables, receivables, cash balances in foreign currency are translated at year-end exchange rates. Translation differences resulting from the measurement of payables and receivables in foreign currency are recorded in the accrual accounts under assets in the case of an unrealized foreign exchange loss and a liability or in the case of an unrealized foreign exchange gain. Provisions for contingencies are recorded for hedged foreign exchange losses;

■ Disputes and provisions for contingencies and charges

As a general rule, each dispute known in which the company is a party is evaluated by management on the closing date, after obtaining an opinion from outside counsel, and as applicable, the necessary provisions are recorded to cover estimated risks.



■ Retirement severance benefits

Under French law, the company is required to pay employees on retirement an end-of-career severance benefit. The corresponding commitments are calculated annually using the projected unit credit method. This calculation is made in application of the provisions provided for under the applicable collective bargaining agreement (SYNTEC) according to the following criteria:

- Estimated age of retirement
- Seniority of personnel on retirement date
- Probability of continued presence at retirement age
- Salary escalation rate
- Discount rate

The obligations calculated in this manner are then recognized under a provision for contingencies and expenses. Gains and losses from changes in actuarial assumptions are recognized under income or expense when incurred. Retirement severance benefits are recognized under expenses when actually incurred.

■ Revenue

Revenue of the company is derived primarily from the sale of licenses, maintenance services and related services (training and installation assistance), on-demand services available online (outsourcing of fax and mail services) and equipment (fax boards).

- Sales of licenses and hardware are recognized on the date of delivery
- Income from maintenance contracts is recognized on a straight-line basis over the term of the contract. For contracts concerning the period in progress and future periods, deferred revenue is recognized at year-end for the portion of contracts corresponding to future periods.
- Services related to software sales are recognized according to the percentage-of-completion method
- Other services are recognized on the date of performance

3. Notes to the balance sheet and income statement

NOTE 1 Intangible assets

As of 12/31/2022 (In thousands of euros)	Opening balance	Increases	Decreases	Transfers	Closing bal- ance
Development expenditures	52,143,752	4,581,377		4,062,737	60,787,866
Software	547,947	103,501	(937)		650,511
Other intangible assets	58,389				58,389
Intangible assets in progress	4,062,737	4,756,707		(4,062,737)	4,756,707
INTANGIBLE ASSETS GROSS VALUE	56,812,825	9,441,585	(937)	-	66,253,473
Development expenditures	37,516,395	6,410,514			43,926,909
Software	503,162	71,157	(937)		573,382
Other intangible assets	58,389				58,389
INTANGIBLE ASSETS AMORTIZATION	38,077,946	6,481,671	(937)		44,558,680.03
INTANGIBLE ASSETS – NET VALUE	18,734,879	2,959,914	-	-	21,694,793

Changes involve mainly development expenditures recognized as assets in the period and concern namely SaaS solutions (Esker on Demand), capitalized every six-month period.

€104,000 was also invested in SAP licenses, in connection with the migration to S/4HANA.



NOTE 2 Property, plant and equipment

As of 12/31/2022 (In thousands of euros)	Opening balance	Increases	Decreases	Closing balance
Plant, machinery and equipment	5,067,983	431,706		5,499,689
Transport equipment	10,567			10,567
Office and computer equipment	4,763,852	719,719	(87,223)	5,396,348
Building and land	1,856,018			1,856,018
Property, plant and equipment in progress				
PROPERTY, PLANT AND EQUIPMENT GROSS VALUE	11,698,420	1,151,425	(87,223)	12,762,622
Plant, machinery and equipment	2,207,432	731,850		2,939,282
Transport equipment	10,567			10,567
Office and computer equipment	3,123,430	813,613	(85,032)	3,852,012
Building and land	188,802	43,671		232,473
Property, plant and equipment in progress				
PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	5,530,232	1,589,134	(85,032)	7,034,334
PROPERTY, PLANT AND EQUIPMENT - NET VALUE	6,168,187	(437,710)	(2,191)	5,728,287

The main acquisitions during the period were €437,000 for computer hardware (renewal of equipment for existing employees and equipment for new employees) and €188,000 for investments in the Esker on Demand platform (mainly servers, storage devices and machines for the Décines mail plant).

Installations and improvements carried out during the year amounted to €0.4 million, including €299,000 at the company's headquarters with the acquisition of new premises and €74,000 at the Décines mail plant.

Finally, capital expenditures for furniture amounted to €87,000, in line with the increase in the number of employees.

NOTE 3 Financial assets

As of 12/31/2022 (In thousands of euros)	Opening balance	Increases	Decreases	Closing bal- ance
Equity investments	44,740,489	10,091,375		54,831,864
Investment-related receivables	6,396,657	1,870,371	(1,923,406)	6,343,621
Esker shares	2,378,792		(78,140)	2,300,653
Bonds	4,779,918	1,083,463	(1,150,062)	4,713,319.80
Other*	1,110,609	4,266,626	(4,445,993)	931,242
FINANCIAL ASSETS – GROSS VALUE	59,406,465	17,311,836	(7,597,601)	69,120,700
Equity investments	589,218	2,522,681		3,111,899
Investment-related receivables	3,322,915	60,874	(1,123,177)	2,260,613
Esker shares				
Bonds		2,599		2,599
Other*				
FINANCIAL ASSETS – DEPRECIATION	3,912,134	2,586,154	(1,123,177)	5,375,111
FINANCIAL ASSETS – NET VALUE	55,494,331	14,725,682	(6,474,424)	63,745,589

* including the liquidity account, deposits and guarantees

■ Equity investments

Information on equity securities (gross and net) is provided in the table of "subsidiaries and associates" in [Section 4](#). "Other information".

The main changes concerned provisions in the period estimated according to the method described in [Section 2](#) of these notes under significant accounting policies;

As in previous years, impairment tests were conducted at December 31, 2022 for the shares of Esker Inc., CalvaEDI and Esker EDI Services. These tests led to the recognition of a provision for impairment of e-integration shares in the amount of €2,523,000 at December 31, 2022.

Impairment tests determine the recoverable value of the cash generating unit (CGU) or CGU group defined as the higher of value in use and the carrying value. In practice, value in use is applied, determined on the basis of the present value of future operating cashflows expected over a five-year period and a terminal value.



The assumptions adopted for this purpose, i.e., a terminal value with respect to growth (2.2%) and a discount rate (8.1%) are in line with the data available on the market and conservative assumptions.

Tests were conducted to assess the sensitivity of the recoverable value to changes in certain actuarial assumptions, and mainly the discount rate, the perpetuity growth rate and the level of operating profit.

■ Investment-related receivables

Changes in investments-related receivables reflect mainly the following items:

- A €840,000 decrease in the Esker Australia receivable linked to the €796,000 decrease in long-term receivables and the negative foreign exchange impact from the Australian dollar of €44,000
- A €69,000 decrease in the Esker Hong Kong receivable resulting from fluctuations in the Hong Kong dollar
- An increase of €645,000 in the Esker Asia receivable, including €102,000 arising from the change in the Singapore dollar exchange rate
- An increase of €209,000 in a long-term receivable with the subsidiary Esker EDI Services at 12/31/2022

■ Esker treasury shares

The change in treasury shares is presented below in [Note 4](#).

■ Bonds

At year-end, Esker S.A.'s total bond holdings amounted to €4,713,000.

NOTE 4 Treasury stock

The number and value of treasury shares held by the company changed as follows in 2022:

Number of treasury shares	Fixed securities	Transferable securities	FY 2022
Number of treasury shares held at 01/01/2022	144,196	3,686	147,882
Transfers			
Purchase of own shares (liquidity agreement)		27,288	27,288
Sale of own shares (liquidity agreement)	(5,493)	(26,473)	(31,966)
Exercise of options			
Number of treasury shares held at 12/31/2022	138,703	4,501	143,204

Treasury shares (in euros)	Fixed securities	Transferable securities	FY 2022
Gross balance at 01/01/2022	2,378,730	605,944	2,984,674
Provision			
Net balance at 01/01/2022	2,378,730	605,944	2,984,674
Transfers			
Purchase of own shares (liquidity agreement)		4,445,993	4,445,993
Sale of own shares (liquidity agreement)	(78,141)	(4,640,159)	(4,718,300)
Exercise of options			
Gross balance at 12/31/2022	2,300,589	411,778	2,712,367
Provision			
Net balance at 12/31/2022	2,300,589	411,778	2,712,367

The change in treasury shares recorded under securities corresponds to shares purchased and sold in connection with the liquidity contract. Treasury shares held in connection with the liquidity contract, previously recognized under financial assets, were reclassified under investment securities in light of the purpose of the liquidity contract which does not provide for share price stabilization measures.



NOTE 5 Trade receivables

In euros	12/31/2022			12/31/2021		
	Gross	Provision	Net	Gross	Provision	Net
Trade receivables - non-Group	18,124,728	(53,271)	18,071,457	13,327,161	(26,731)	13,300,430
Trade receivables - Group	5,691,428		5,691,429	5,572,755		5,572,755
TOTAL CURRENT RECEIVABLES	23,816,156	(53,271)	23,762,885	18,899,916	(26,731)	18,873,185

NOTE 6 Maturity of receivables and payables

■ Statement of receivables

In euros	Gross amount	Up to 1 year	More than one year
Investment-related receivables	6,343,621		6,343,621
Other financial assets	3,231,894.66		3,231,895
Doubtful and disputed trade receivables	73,591		73,591
Other trade receivables	23,742,565	23,742,565	
Social security and related receivables	11,805	11,805	
Other taxes and similar items	3,261,060	3,261,060	
Group current accounts	1,516,128	1,516,128	
Sundry debtors	63,952	63,952	
Prepaid expenses	2,306,787	2,306,787	
TOTAL	40,551,403	30,902,297	9,649,106

■ Statement of payables

In euros	Gross amount	Up to 1 year	Between 1 and 5 years	More than 5 year
Conditional advance				
Miscellaneous borrowings	17,614,635	6,849,998	10,764,637	
Trade payables and related accounts	8,006,643	8,006,643		
Employee payables and related accounts	8,365,196	8,365,196		
Social security and related receivables	6,019,797	6,019,797		
Value-added tax	1,719,383	1,719,383		
Other taxes and similar items	354,341	354,341		
Amounts payable to Group companies and share-holders				
Other payables	29,903	29,903		
Deferred revenue	1,845,170	1,670,175	174,995	
TOTAL	43,955,067	33,015,435	10,939,632	

NOTE 7 Translation of payables and receivables in foreign currency

In euros	Translation differences (assets)	Unrealized gains on foreign exchange
Investment-related receivables	0	315,694
Operating receivables	476,076	0
Operating payables	0	0
TOTAL	476,076	315,694

A provision for the balance of translation differences was allocated at December 31, 2022.



NOTE 8 Accrued income and expenses

In euros	2022
Trade receivables and related accounts	483,795
Other receivables	
- Accrued credit notes - Suppliers	25,909
- Employees - accrued income	
- Social security and equivalent - accrued income	11,805
- Misc. - accrued income	
TOTAL ACCRUED INCOME	521,509
Trade payables and related accounts	5,986,667
Tax and employee-related payables	
- State, other accrued liabilities	177,222
Personnel - provision for paid leave, bonuses and profit-sharing	8,226,463
- Social security agencies	4,526,787
- Taxes on wages	
Other payables:	
- Accrued credit notes	
- Misc. - accrued liabilities	
TOTAL ACCRUED EXPENSES	18,917,139

NOTE 9 Prepaid expenses and deferred income

Prepaid expenses include mainly current operating expenses.

Deferred income concerns:

- Maintenance contracts sold by the company. The corresponding revenue is recognized on a straight-line basis over the total term of the contracts.
- Subscriptions invoiced in advance with revenue recognized on a monthly basis.
- Services for projects where revenue recognized on a percentage of completion basis is less than the amount invoiced.

NOTE 10 Share capital and changes in shareholders' equity

	Value (in euros)	Number of shares
Capital stock at December 31, 2021	11,849,824	5,924,912
Capital increase	101,700	50,850
Exercise of stock options	19,956	9,978
Capital stock at December 31, 2022	11,971,480	5,985,740

In euros	Capital stock and additional paid-in capital	Net income	Reserves	Retained earnings	Regulated provisions	Closing balance
Balance as of December 31, 2021	34,648,139	8,023,543	42,677,531	-	333,478	85,682,691
Capital increase	121,656		(104,286)			17,370
Stock options	471,560					471,560
Other changes			4,449,407	(5,458,333)	60,487	(948,439)
Appropriation of net income for the year		(8,023,543)	18,918	5,458,333		(2,546,291)
Annual profit/(loss)		4,477,160				4,477,160
Balance as of December 31, 2022	35,241,355	4,477,160	47,041,570	-	393,965	87,154,051

9,978 stock options were exercised in fiscal 2022, generating a €19,956 increase in share capital and €471,560 in share premium. The nominal value and share premium of the new shares in the amount of €491,516 were fully paid up.

Treasury shares at 12/31/2022 represented 2.39% of the company's share capital or 143,204 shares (compared to 2.50% at 12/31/2021). Excluding these shares which do not carry voting rights, there were 5,842,536 voting rights attached to the share capital at 12/31/2022.



On May 4, 2022, the Executive Board recorded the vesting of 50,850 shares awarded on May 4, 2020 under the restricted stock unit plan and decided to increase the share capital by €101,700 by creating 50,850 new shares of €2 per share, without share premium, deducted from "other reserves".

A dividend was distributed to shareholders in the period in the amount of €3,555,000.

NOTE 11 Stock option and warrants plans

Changes in the number of stock options, warrants and restricted stock units granted to Group employees in the fiscal year ended December 31, 2022 break down as follows:

	Stock options		Bonus shares granted, not issued	
	Quantity	Weighted average exercise price in €	Quantity	Weighted average exercise price in €
Balance exercisable at 12/31/2021	79,382	66.56	115,650	147.14
Granted	-	-	110,940	132.26
Exercised	(9,978)	49.26	(50,850)	101.00
Matured or forfeited for reason of departure	(2,863)	31.54	-	-
Balance exercisable at 12/31/2022	66,541	59.38	175,740	113.20

Restricted shares granted during the period will vest at the end of the 3-year vesting period for the October 1, 2022 plan, and for a period of 7 years comprising successive vesting and holding periods in accordance with the following schedule:

An initial vesting period of 24 months (i.e., from June 1, 2022 to May 31, 2024 inclusive), at the end of which the Beneficiary only acquires 25% of the grant, with the vested shares remaining subject to lock-up restrictions for a further period of 24 months,

From the 25th month, the Beneficiary then acquires 1/4 of the grant every 12 months, with this 25% amounts remaining subject to lock-up restrictions for an additional 24 months on each occasion,

Each vested portion thus becomes available at the end of a 24-month holding period, with the last portion of the grant becoming available on June 1, 2029.

NOTE 12 Provisions for contingencies and expenses

In euros	Provisions at the beginning of the period	Increases in the period	Amounts used in the period	Reversals of provisions unused in the period	Provisions at the end of the period
Provisions for unrealized foreign exchange losses	369,999	744,262		(638,185)	476,076
Provisions for financial risk	1			(1)	0
Other provisions for contingencies	0		0		0
Provisions for retirement severance payments	2,074,343	550,644			2,624,987
TOTAL	2,444,343	1,294,906	0	-638,186	3,101,063

Provisions for retirement severance benefits are analyzed below.

NOTE 13 Retirement severance benefits

Retirement severance benefits in France for employees of the company are measured using the same method as in the previous year with the application of a turnover table based on the employee's seniority. In fact, employee turnover decreases as length of service increases.

On that basis, assumptions used to estimate pension obligations at December 31, 2022 were as follows:

Assumptions for the measurement of pension obligations in France	
Discount rate	3.60%
Salary escalation rate	4.37%
Rate of social security charges	45%
Retirement age	65 years
Turnover rate	7.75%

A portion of the pension liabilities in the amount of €350,000 has been transferred to an outside fund since 2016.



NOTE 14 Breakdown of revenue

■ By business sector

In euros	12/31/2022	12/31/2021
Hardware sales	7,937	10,279
License sales, maintenance contracts	575,551	644,702
Services	16,215,993	15,169,118
Activity on Demand	46,956,430	41,128,996
NET SALES	63,755,911	56,953,095

■ Geographic segments

In euros	12/31/2022	12/31/2021
France	38,720,402	33,400,589
International	25,035,509	23,552,506
NET SALES	63,755,911	56,953,095

NOTE 15 Expense transfers

In euros	12/31/2022	12/31/2021
Daily allowances for payments for social security and other entities	189,222	167,753
Benefits in kind for employees	195,526	178,279
Insurance reimbursements	1,246	26,200
Reimbursements of training expenses for continuous vocational training		10,758
SME recruitment aid - French Ministry of Labor	6,444	37,678
Misc.		3,941
TOTAL	392,438	424,610

16 Net financial income (expense)

In euros	12/31/2022	12/31/2021
Allowances for the impairment of financial assets	2,583,555	135,688
Allowances for foreign exchange losses	744,262	877,977
Provisions for impairment of marketable securities	160,187	0
Allowances for contingencies and expenses	0	0
Other financial expenses	35,469	8,432
Foreign exchange losses	58,259	16,314
FINANCE EXPENSES	3,581,731	1,038,411
Reversal of provisions for foreign exchange losses	638,185	1,111,519
Reversal of provisions for financial assets	1,123,177	247,956
Reversal of provisions for marketable securities	157,588	
Reversals of provisions for contingencies and expenses	0	0
Net proceeds from the disposal of marketable securities and other investments	13,070	9,688
Income from equity investments	2,050,000	5,649,741
Other income	44,289	9,011
Foreign exchange gains from group purchases and sales	194,502	69,743
FINANCIAL INCOME	4,220,810	7,097,658
NET FINANCIAL INCOME / (EXPENSE)	639,079	6,059,247

An unrealized foreign exchange loss was recorded in the period of €106,000 compared to a gain of €234,000 for the prior period. This amount resulted primarily from the reversal of provisions for foreign exchange losses.

The company's foreign exchange exposure concerns primarily inter-company transactions in U.S. dollars, pound sterling, Singapore dollars, Australian dollars, Malaysian ringgit and Canadian dollars.

The company received dividends from Neotouch Cloud Solutions (€1,800,000) and Esker GmbH (€250,000).

Reversals of provisions receivables from equity investees were recorded for Australia (€916,000) and Singapore (€207,000). Provisions for the subsidiary e-integration amounted to €2,553,000.

Net financial income (expense)

In euros	12/31/2022	12/31/2021
Debt waivers	405,951	492,553
Allowances for special depreciation allowances	63,002	57,784
Net carrying values of assets sold	23,770	7,437
Capital losses from the sale of treasury shares	496,565	0
Allowances for exceptional contingencies and expenses	21,851	367,855
Donations and gifts	0	0
Exceptional expenses for prior periods	2,984	16,775
Other miscellaneous exceptional expenses	23,260	0
EXCEPTIONAL EXPENSES	1,037,383	942,404
Reversal of special depreciation allowances	0	0
Reversal of the provision for impairment of treasury shares	21,851	0
Gains from the sale of treasury shares	796,072	350,143
Proceeds from disposals of fixed assets	22,665	11,733
Exceptional income from prior periods	2,343	31,841
Reversals of provisions for contingencies and expenses	0	468,385
Other misc. exceptional income	102,000	10,000
EXCEPTIONAL INCOME	944,931	872,102
NET EXCEPTIONAL ITEMS	-92,452	-70,302

In November 2022, the customer Mars was billed €102,000 in penalties for early contract termination.

The sale of treasury shares in connection with the acquisition of Market Dojo generated a capital gain of €718,000.

Esker Italia was granted a debt waiver in the amount of €406,000.

NOTE 18 Analysis of income taxes

Tax recognized for the period ended 12/31/2022 is analyzed as follows:

In euros	Tax recognized
Research tax credit	893,301
Additional tax contribution	0
Corporate income tax	(309,846)
TOTAL TAX (EXPENSES) / INCOME	583,453

The breakdown of tax is analyzed below:

In euros	Pre-tax income	(Tax due) / savings	Net income
Current operating income	3,986,160	(1,474,979)	5,461,138
Research tax credit		893,301	(893,301)
Net exceptional items	(92,452)	23,113	(115,565)
ACCOUNTING PROFIT	3,893,708	(583,453)	4,477,160



NOTE 19 Changes in future tax liabilities at the standard tax rate

In euros	12/31/2021		Change in results	12/31/2022	
	Assets	Liabilities		Assets	Liabilities
CERTAIN OR POTENTIAL TIMING DIFFERENCES					
1. Temporary disallowed deductions					
Paid leave	3,414,395		187,656	3,602,051	
French social solidarity contribution	50,237		(5,067)	45,170	
Provisions for retirement severance benefits	2,074,343		550,644	2,624,987	
2. Deductible expenses or taxable income not yet recognized					
Unrealized gains on foreign exchange	208,733		106,961	315,694	
TAXES TO BE ALLOCATED					
Loss carryforwards	0		0	0	
Long-term capital loss			0		
Long-term capital loss - change in tax regime			0		
TOTAL	5,747,708	0	840,194	6,587,902	0
Tax rate	26.5%	26.5%	25.0%	25.0%	25.0%
DECREASE / NCREASE AND FUTURE TAX LIABILITIES	1,523,143	0	210,048	1,646,975	0

NOTE 20 Financial commitments

■ Leases

In euros	Value at inception	Total financing cost	Residual value of the purchase option	Charges from prior periods	Charges of the period	Commitments remaining due	Maturity of commitments remaining due		
							< 1 year	Between 1 and 5 years	> 5 years
Equipment and tooling	1,139,658	1,139,755	11,397	558,229	227,951	353,576	227,951	125,625	
TOTAL	1,139,658	1,139,755	11,397	558,229	227,951	353,576	227,951	125,625	0

■ Other commitments

None.

4. Other information**Subsequent events**

The company has no direct exposure to the conflict between Russia and Ukraine, as it has no operations in either country. In January 2023, a new company was created in Belgium to support development in the Benelux region.

Executive compensation

As of 12/31/2022	Compensation paid (gross)	Nature of compensation paid			
In euros		Fixed salary, fees	Variable compensation	Benefits in kinds	Attendance fees
Executive Board members	1,034	504	515	16	
Supervisory Board members	97	65			32
TOTAL	1,131	569	515	16	32

Average headcount

	12/31/2022	12/31/2021
Managers	412	367
Office staff and workers	49	54
TOTAL AVERAGE HEADCOUNT	461	421

Identity of the company preparing the consolidated financial statements

113 Boulevard de la Bataille de Stalingrad
69100 Villeurbanne

Lyon Companies Register (RCS) No: B 331 518 498
www.esker.fr

Subsidiaries and associates

In euros	Capital stock	Share capital including earnings	Percentage of capital held (%)	Gross book value of shares held	Net book value of shares held	Loans and advances granted by the company	Guarantees and pledges given by the company	Revenue excluding taxes for the year ended	Earnings of the year ended	Dividends received	Observation
Subsidiaries (more than 10%-held)											
Esker Inc.	1,937	33,981,420	100%	33,390,187	33,390,187			67,114,061	8,827,949		
Esker Software GmbH	26,000	1,099,427	100%	26,334	26,334			4,688,053	576,632		
Esker Ltd	113	6,179,218	100%	135	135	1,245,301		8,773,694	2,516,742		
Esker Italia SRL	10,400	10,400	100%	15,985				2,760,059	(405,961)		
Esker Ibérica SL	3,004	688,595	100%	3,087	3,087			5,648,658	(127,000)		
Esker Australia Pty Ltd	223029	(1,362,966)	100%	249,125		2,503,825		5,422,866	996,341		(1)
Esker Asia Pte Ltd	(1)	(1)	100%	62,656							(2)
ESKER Document Automation Asia Pte Ltd	209,790	(229,370)	100%	186,012		1,371,414		2,913,161	219,457		(1)
Esker Document Automation Malaysia Pte Ltd	63,852	(569,809)	100%	75,440		698,030		1,938,151	(54,955)		
Esker Solution Canada	1	1,899,803	100%	1	1			2,040,130	575,147		
CalvaEDI	42,000	3,099,698	100%	6,042,045	6,042,045			2,565,952	777,375		
Esker EDI Services GmbH	100,000	(1,598,244)	100%	4,588,918	2,061,115	2,025,051		3,586,661	(1,358,901)		
Esker Document Automation Hong Kong Ltd	1,202	372,599	100%	1,126	1,126			896,967	(5,547)		
Market Dojo	333	(141,021)	50.1%	10,059,797	10,059,797			822,335	(687,980)		(3)
Neotouch Cloud Solution	30,000	8,637,785	30%	9,000	9,000			177,825,206	49,317,575		(4)
Axeleo				30,303	30,303						
Cygogn/BUM				81,713	81,713						
TOTAL				54,821,865	51,704,844	7,843,620		286,995,953	61,166,864		

(1): Certain loans and advances granted were subject to impairment charges. See [Note 3](#) of the financial statements.

(2): The subsidiary Esker Asia Pty Ltd has been dormant since December 31, 1997.

(3): Acquisition of the Market Dojo subsidiary on June 1, 2022.

(4): Neotouch Cloud Solution's financial reporting period ends on January 31. The amount indicated are not audited.



6.2. Statutory Auditors' report on the annual financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Fiscal year ended December 31, 2022

To Esker's Shareholders' Meeting:

OPINION

In accordance with the terms of our engagement as auditors entrusted to us by your annual Shareholders' Meeting, we have audited the accompanying annual financial statements of Esker for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2022 to the date of our report.

Justification of our assessments

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French commercial code ("*code de commerce*") relating to the justification of our assessments, we bring to your attention our assessments that, in our professional judgment, were of most significance in the audit of the annual financial statements for the period.

These assessments were made as part of our audit approach for the annual financial statements taken as a whole, and therefore contributed to our opinion expressed above. We do not provide a separate opinion on specific items of the annual financial statements.

- "Equity securities and other financial assets" in [Section 2](#) "Significant accounting policies" of the notes describes the rules and methods for the impairment of financial assets, and notably equity securities. As part of our assessment of the accounting principles and rules followed by your company, our work has consisted in following the appropriateness of these rules and methods, examining the information and assumptions underlying the estimates used and verifying the calculations as well as the disclosures provided in the notes.
- The paragraph "Research and development expenditures" of [Section 2](#) "Significant accounting policies" describes the rules and methods for the recognition, amortization and measurement of development expenditures. With respect to our assessment of the accounting policies adopted by your company, we analyzed the appropriateness of these rules and methods and their implementation and the disclosures provided in the notes.

Specific verifications

We have also performed the other specific procedures required by French law and regulations, in accordance with professional practice standards applicable in France.

Information given in the management report and other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Executive Board adopted on March 19, 2020 and the other documents addressed to the shareholders in respect of the financial position and the annual financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to the terms of payment mentioned in Article D.441-6 of the French Commercial Code.



We attest that the non-financial statement required by article L.225-102 of the French Commercial Code is included in the information presented in the Group management report, it being specified that, in accordance with the provisions of article L.823-10 of this code, we have not verified the fair presentation and the consistency with the annual financial statements of the information contained therein which should be reported on by an independent third-party.

Report on corporate governance

We certify that the Supervisory Board's report on corporate governance includes the information required by article L.225-37-4 of the French Commercial Code.

Other information

Pursuant to the law, we have verified that the management report contains the appropriate disclosures about the identity of holders of capital or voting rights.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The annual financial statements were adopted by the Executive Board.

Statutory Auditors' responsibilities for the audit of the annual financial statements

Our role is to issue a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code ("*code de commerce*"), our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements.
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, we issue a qualified opinion or no opinion at all.
- Evaluate the overall presentation of the annual financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Villeurbanne and Lyon, April 28, 2023

The Statutory Auditors
[French original signed by:]

ORFIS

Valérie Malnoy

DELOITTE & ASSOCIÉS

Arnaud de Gasquet



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**Additional
information**



7.1. Person responsible for the French version of the annual report

Responsibility statement for the French version of the annual report

"I declare that to the best of my knowledge the information in this annual report is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and consolidated companies and that the management report, faithfully presents business trends, the results and financial position of the company and describes the main risks and uncertainties."

Jean-Michel Bérard
Chair of the Executive Board

7.2. Statutory auditors

Principal statutory auditors

S.A. Deloitte & Associés - represented by Arnaud de Gasquet
106 Cours Charlemagne 69286 Lyon Cedex 2

- **Date of appointment:** June 19, 2000, reappointed June 28, 2006, June 14, 2012 and June 21, 2018
- **Expiration of appointment:** Shareholders' Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2023

S.A Orfis – represented by Valérie MALNOY
149 boulevard Stalingrad
69100 Villeurbanne

- **Date of appointment:** June 26, 2009, reappointed on June 16, 2015 and June 16, 2021
- **Expiration of appointment:** Shareholders' Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2026

Alternate auditors

SARL B.E.A.S.
7/9 Villa Houssaye 92200 Neuilly sur Seine

- **Date of appointment:** June 19, 2000, reappointed June 28, 2006, June 14, 2012 and June 21, 2018
- **Expiration of appointment:** Shareholders' Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2023

Jean-Louis Fleche
149 boulevard Stalingrad 69100 Villeurbanne

- **Date of appointment:** June 26, 2009, reappointed on June 16, 2015 and June 16, 2021
- **Expiration of appointment:** Shareholder's Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2026

7.3. Documents on display

For the period that of validity of this document,, the following documents (or copies thereof) may, as applicable, be consulted and are available to any person who so requests from the company's registered office:

- Memorandum of incorporation and articles of association of the company,
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the annual report,
- The historical financial information of the company and subsidiaries for each of the two financial years preceding the publication of the annual report.

This document is also available for consultation at the following websites.

- Company website: <https://www.esker.com/investors>
- Euronext website: <http://www.euronext.com>

7.4. Information on holdings

Information about companies in which Esker holds an equity interest is presented in [Section 1.2.2.](#) of this document as well as the Note "Consolidated companies" to the consolidated financial statements and [Paragraph 5.1.](#) of this document.



7.5. Table of concordance with the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019

The following table of concordance facilitates the identification in this annual report those disclosures required in Appendix I and II of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council.

According to the Section provided for by the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019:	Section of the annual report
1. Responsibility statement	
1.1. Persons responsible for information given in the annual report.....	7.1
1.2. Responsibility statement	7.1
2. Statutory auditors	
2.1. Name and addresses of the auditors	7.2
2.2. Changes in statutory auditors	N/A
3. Risk factors	Chapter 4
4. Information about the issuer	
4.1. Legal and commercial name.....	1.2.1
4.2. Place of registration and registration number	2.6
4.3. Date of incorporation and term	1.2.1
4.4. Domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office.....	1.2.1
5. Business overview	
5.1. Principal activities	
5.1.1. Nature of operations.....	1.4.1
5.1.2. Important new products and services	N/A
5.2. Principal markets.....	1.4.1
5.3. Important events	N/A
5.4. Strategy and objectives.....	1.3.1
5.5. Dependency of the issuer on patents, licenses, contracts or processes	N/A
5.6. Statement on the issuers' competitive position	1.3.1
5.7. Investments.....	1.3.3
5.7.1. Significant investments completed	1.3.3
5.7.2. Material investments in progress or for which firm commitments have already been made by its corporate governance bodies and the method of financing	1.3.3
5.7.3. Joint ventures and commitments for which the issuer holds a significant percentage of the capital.....	N/A
5.7.4. Environmental issues	Chapter 3
6. Organizational structure	
6.1. Summary describing the Group.....	1.2
6.2. Significant subsidiaries	1.2.3
7. Operating and financial review	
7.1. Financial condition	
7.1.1. Change in results and the financial position involving key performance indicators of a financial and, as applicable, non-financial nature	1.3, 1.4, Chapters 5 and 6
7.1.2. Forecasts of future R&D developments and activities.....	1.3.2
7.2. Operating profit	
7.2.1. Significant factors, unusual or infrequent events or new developments.....	1.4.4
7.2.2. Reasons for material changes in net sales all revenues	N/A



8. Capital resources

8.1. Information concerning the issuer's capital resources.....	1.4.5
8.2. Net change in cash.....	1.4.5
8.3. Borrowing requirements and funding structure	1.4.5
8.4. Restrictions on the use of capital resources.....	N/A
8.5. Anticipated sources of funds	1.4.5

9. Regulatory environment..... 1.3**10. Trend information**

10.1. Description of significant changes in the financial performance of the Group since the end of the last financial period.....	1.4.4
10.2. Events likely to have a material effect on the issuer's prospects	1.4.4

11. Profit forecasts or estimates N/A**12. Administrative, management and supervisory bodies and senior management**

12.1. Information concerning Executive Board and Supervisory Board members	Chapter 2
12.2. Administrative, management and supervisory bodies and senior management conflicts of interests ...	Chapter 2

13. Compensation and benefits

13.1. Compensation paid and benefits in-kind	2.3
13.2. Provisions for pension and retirement benefits	5.1 and 6.1

14. Practices of corporate governance bodies

14.1. Date of expiration of current terms of office	2.1.1
14.2 Information about service contracts between directors and officers with the issuer	2.1.2
14.3 Audit committee and compensation committee.....	2.2.3
14.4 A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s).....	2.2.4

According to the Section provided for by the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019:

Section of the annual report

15. Employees

15.1. Number of employees.....	Chapters 3, 5.1, 6.1
15.2. Shareholdings and stock options.....	2.3, 2.7
15.3. Employee profit-sharing plans.....	6.1

16. Major shareholders

16.1. Shareholders holding more than 5% of the capital on the date of the annual report	2.6
16.2. Existence of different voting rights	2.5
16.3. Direct or indirect control	N/A
16.4. Arrangement whose execution would result in acquiring control	N/A

17. Related party transactions 7.4**18. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**

18.1. Historical financial information	
18.1.1. Historical financial information covering the last three financial years and the audit report	Chapters 5 and 6
18.1.2. Change of accounting reference date.....	N/A
18.1.3. Accounting standards.....	Notes to the annual consolidated financial statements
18.1.4. Change of accounting reference.....	N/A
18.1.5. Financial information in accordance with French GAAP.....	Chapter 6
18.1.6. Consolidated financial statements.....	Chapter 5
18.1.7. Age of the latest financial information	N/A



18.2. Interim and other financial information	N/A
18.2.1. Quarterly and half yearly financial information	N/A
18.3. Auditing of historical annual financial information	
18.3.1. Independent audit of the historical annual financial information	Chapters 3.2, 5.2, 6.2
18.3.2. Other audited information	N/A
18.3.3. Sources and reasons for which the information was not audited	N/A
18.4. Pro forma financial information	N/A
18.5. Dividend policy	
18.5.1. Description of the policy on dividend distributions and any restrictions thereon	1.4.7
18.5.2. Amount of the dividend per share	1.4.7
18.6. Legal and arbitration proceedings	N/A
18.7. Significant change in the issuer's financial or trading position	1.4.4

19. Additional information

19.1. Capital stock	2.5
19.2. Memorandum of Incorporation and Articles of Association	
19.2.1. Register and the issuer's objects and purposes	2.7
19.2.2. Rights, preferences and restrictions attaching to each class of existing shares	2.7
19.2.3. Provisions that would delay, defer or prevent a change in control of the issuer	2.7

20. Material contracts 1.4.2

21. Documents on display..... 7.3

7.6. Table of concordance of the management report

This annual report contains all information of the management report of the Esker Group provided for by articles L.225-100 and L.225-100-2 the French commercial code.

The sections of the annual report corresponding to the different sections of the Group's management report are presented below.

■ Information	Sections and the document
■ Business and financial position	1.41, 1.43
■ Recent events, trends and outlook	1.4.4
■ Activities in the field of research and development	1.3.2
■ Description of the main risks and uncertainties	Chapter 4
■ Internal control and risk management procedures	Chapter 4
■ Use of financial instruments	NA
■ Corporate social and environmental responsibility	Chapter 3
■ Subsidiaries and associates	Chapter 6
■ Dividends paid for the last three fiscal years	1.4.7
■ Capital resources	1.4.5
■ Information on previous dividend distributions	1.4.7
■ Proposal to appropriate net income	1.4.6

7.7. Table of concordance with the report on corporate governance

This annual report includes all items of the report on corporate governance.

The sections of the document corresponding to the different sections of the report on corporate governance are presented below.

■ Information	Sections and the document
■ Corporate officers	2.1
■ Compensation of corporate officers	2.3
■ Regulated agreements	2.4



7.8. Table and concordance with the information required in the Non-Financial Statement (NFS)

	Subject	Table of concordance with the annual report	Pages
	Governance of Environmental, Social & Governance	The three pillars of our ESG approach Involvement in the ecosystem	55-57
	Presentation of Esker	Our business Our values Business model Stakeholders and ecosystem	46-54
	Main risks and issues	Identification of risks Key performance indicators	58-63
EMPLOYMENT-RELATED INFORMATION	Employment	Total workforce and breakdown of employees	78-86
		Recruitment and dismissals	78-86
		Compensation and compensation trends	78-86
	Work organization	Working time organization	78-86
		Absenteeism	78-86
	Health and safety	Occupational health and safety conditions	78-86
		Occupational accidents and illnesses	78-86
	Labor relations	Organization of employee-management dialogue	78-86
		Information on collective agreements	78-86
	Training	Policy adopted in the area of training, notably with respect to environmental protection Total number of training hours	78-86 78-86
ENVIRONMENTAL INFORMATION	Equal opportunity	Measures adopted to promote gender equality	78-86
	General environmental policy	Measures adopted to promote employment and integration of disabled persons	88-93
		Combating discrimination	88-83
		The company's organizational structure to take into account environmental issues	88-93
		Environmental risk and pollution protection measures	88-93
	Pollution	The amount of provisions and guarantees for environmental risks, subject to the condition that its disclosure would not constitute a serious prejudice to the company with respect to litigation in progress	NA
		Measures to prevent, reduce or repair serious adverse effects on the environment from the release of waste into the atmosphere, water and soil	88-93
		Measures taken into account to reduce noise pollution and other forms of pollution specific to an activity, notably with respect to noise and light sources	88-93
	Sustainable use of resources	Pollution and waste management	88-93
		Sustainable use of resources	88-93
	Climate change	Land use	NA
		Significant sources of greenhouse gas emissions resulting from the company's business, and notably resulting from the use of the goods and services it produces	88-93
		Measures taken to adapt to the consequences of climate change	88-93
		Voluntary targets set for the medium and long-term to reduce greenhouse gas emissions and measures implemented for the purpose	88-93
	Protection of biodiversity	Measures taken to preserve or develop biodiversity	88-93
EMPLOYMENT-RELATED INFORMATION	Regional, economic and social impact of the company's activity	Impact of the company's activity on local employment and development	68-72
		Impact of the company's activity on neighboring or local populations	68-72
		Partnerships or corporate sponsorship initiatives	68-72
	Subcontracting and suppliers	Taking into account social and environmental issues in the purchasing policy	68-72
		The manner in which relations with suppliers and subcontractors are taken into account in the company's social and environmental responsibility	68-72
	Fair practices	Measures for preventing corruption	68-72
		Consumer health and safety measures	68-72
	Other actions undertaken in favor of human rights		68-72



Appendix 1. Calendar of publications and other financial events of the Esker Group in 2023

Upcoming press releases :

- Q2 2023 quarterly information: July 18, 2023 after the close of trading
- H1 2023 results: September 13, 2023 after the close of trading
- Q3 2023 quarterly information: October 17, 2023 after the close of trading

Appendix 2. Glossary

Mail on Demand

Mail sent online in the form of an electronic file to the Esker Mail on Demand service, then printed, inserted in an envelope, automatically metered and received by its recipient as a traditional letter (including the option of being sent as registered letter)

Terminal emulation

A software application reproducing the behavior of a keyboard type terminal + screen. A terminal emulation software thus makes it possible to connect to and use of the applications of one computer from another.

Host Access

A category of software enabling a group of PCs to communicate with a host system (IBM Mainframe or AS/400, Unix server, etc.), to share peripherals or access the associated databases.

Linux

A free open source operating system developed in the 1980s by a student: Linus Tordwal. Similar to the Unix operating system, Linux has become very popular both because it is free but also robust.

Software

All programs, processes, rules necessary for processing data by a hardware device to meet the needs of a user.

Mainframe

A large computer (frequently under the IBM trademark) with significant calculation and storage capabilities capable of servicing a number of users.

PDF

Portable Document Format (PDF) is a file format developed by Adobe to present documents.

SaaS

Software as a Service (SaaS) is a software application provided as a service through a subscription rather than purchasing a license.

UNIX

A portable operating system designed in the 1970s capable of being installed on many types of hardware platforms. As the first open operating system, it has been adopted by nearly all computer manufacturers and in the field of departmental servers has become an industry reference.

Fax server

A software application or equipment designed to receive or transfer documents in facsimile form (or photocopies).



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