THE CLOUD PLATFORM FOR BACK OFFICE DIGITALIZATION

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

ESKER®

AGENDA

- Corporate Overview
- Business Model
- Strategy
- Addendum

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CORPORATE OVERVIEW

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

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BRINGING THE BACK-OFFICE TO THE MODERN WORLD

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DIGITIZATION OF B2B BACK OFFICE PROCESSES

PROCURE-TO-PAY

Procurement

Accounts Payable

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ORDER-TO-CASH

Order Management

Accounts Receivable

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DRILLING DOWN FURTHER…

TO AUTOMATE
O2C & P2P CYCLES

DIGITAL TRANSFORMATION OF THE BACK OFFICE

Increased business productivity

Enhanced global visibility & analytics

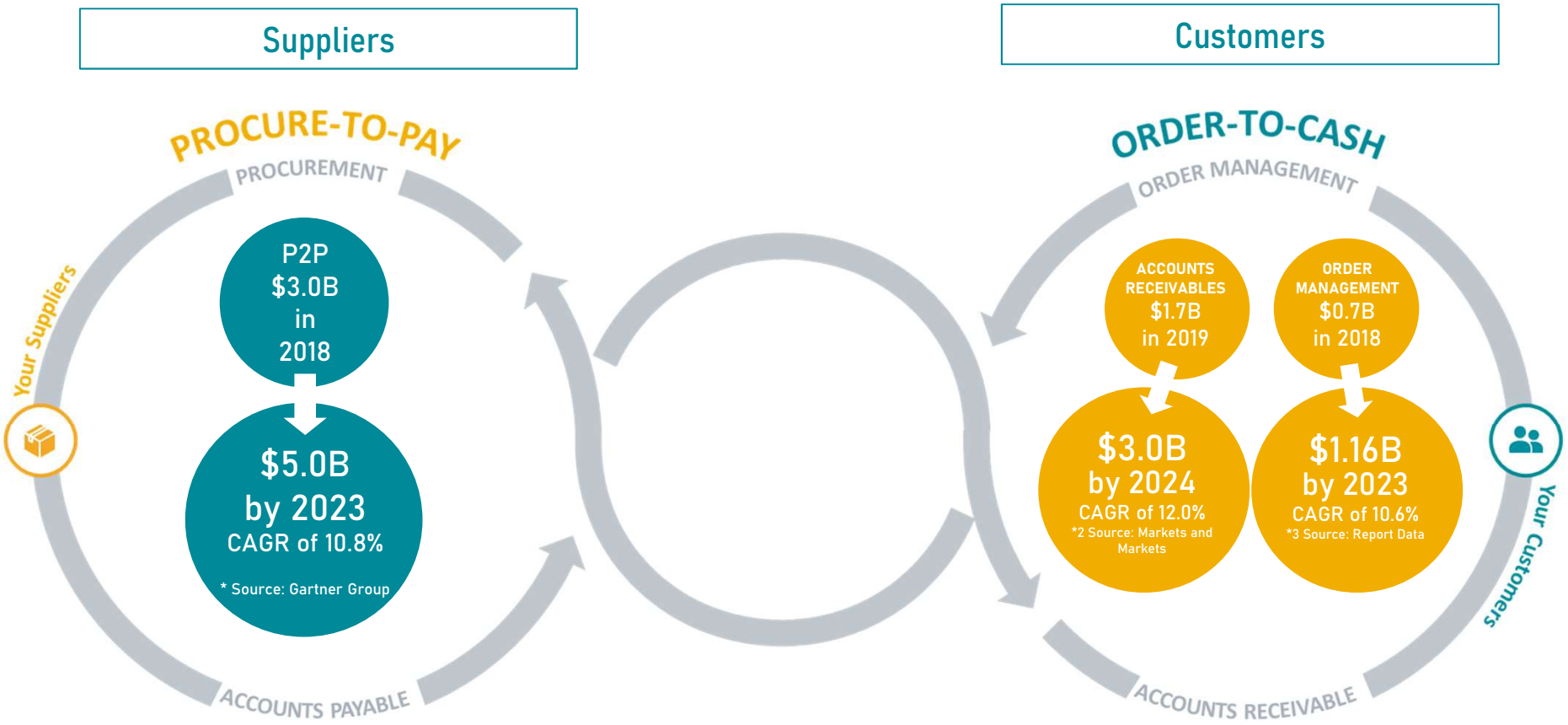
Improved customer satisfaction

Strengthened supplier relationships

Greater employee satisfaction

MARKET DYNAMICS

O2C & P2P AUTOMATION



KEY NUMBERS

Great Place To Work. 2019 Best Workplaces™

#14

€112M
SALES REVENUE
2020

36 years
OF EXPERIENCE

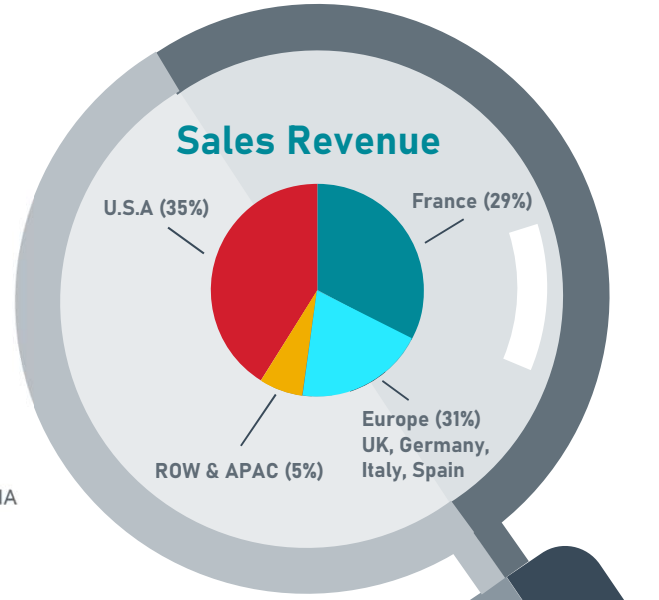
14
SUBSIDIARIES

71%
INTERNATIONAL REVENUE

9%
ORGANIC GROWTH

9%
NET INCOME
2019

GLOBAL PRESENCE



- Lyon, France — HQ
- Paris, France
- Derby, UK
- Munich & Düsseldorf, Germany
- Madrid, Spain
- Milan, Italy
- Brussel, Belgium
- Madison, WI & Denver, CO, U.S.A
- Montreal, Canada
- Buenos Aires, Argentina
- Sydney, Australia
- Singapore
- Hong-Kong
- Kuala Lumpur, Malaysia

RECENTLY SIGNED CUSTOMERS

GE Healthcare
ThermoFisher SCIENTIFIC
pon LOGISTICS
legrand
ISOVER SAINT-GOBAIN
Nexecur Groupe Crédit Agricole
suez
SUNGJOO GROUP
Beiersdorf
Groupama
Bristol-Myers Squibb
DESCOURS & CABAUD
IKKS
INTERNATIONAL SOS WORLDWIDE REACH. HUMAN TOUCH.
CHUBB
TechData
botanic
ZODIAC
muRata INNOVATOR IN ELECTRONICS
Keurig DrPepper
BME
CHAUMET PARIS
KERING
And many more ...

ENVIRONMENTAL, SOCIAL AI
CORPORATE GOVERNANCE

ISO 14001 CERTIFIED

ENVIRONMENTAL DEDICATION
that includes embracing practices that impact global & local environmental health

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

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

SILVER 2019 ecovadis CSR Rating

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

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

UN GLOBAL COMPACT

MEMBER OF THE UNITED NATIONS GLOBAL COMPACT
Promoting the Global Compact's ten principles of human rights, international labor standards, the environment and the fight against corruption

BUSINESS MODEL

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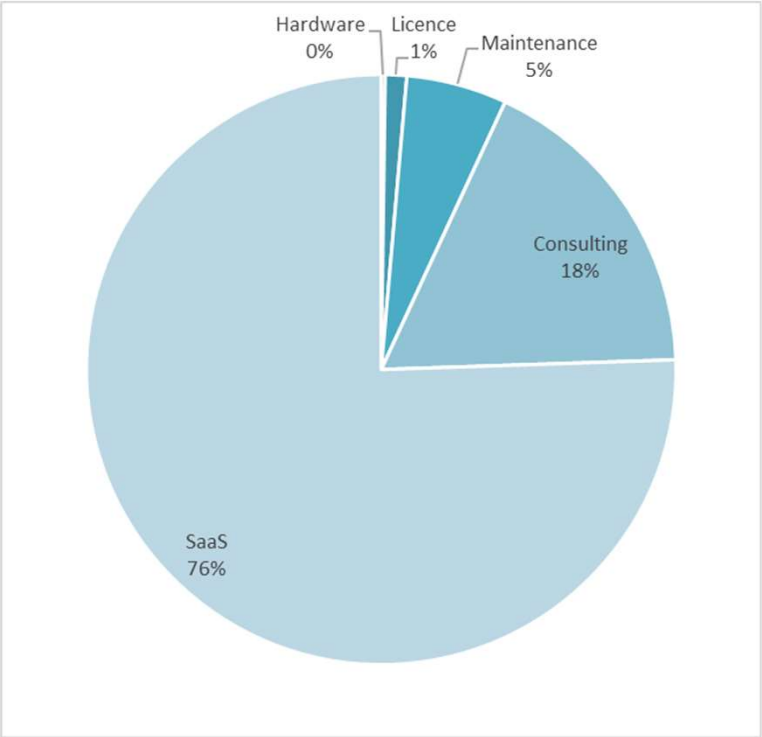
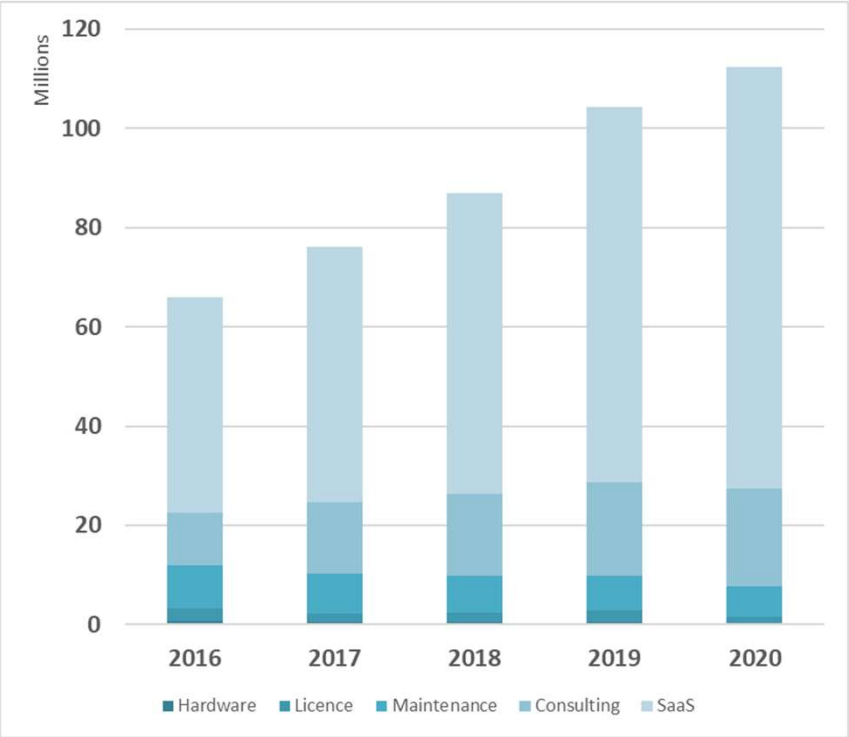
STRONG RECURRING BUSINESS MODEL



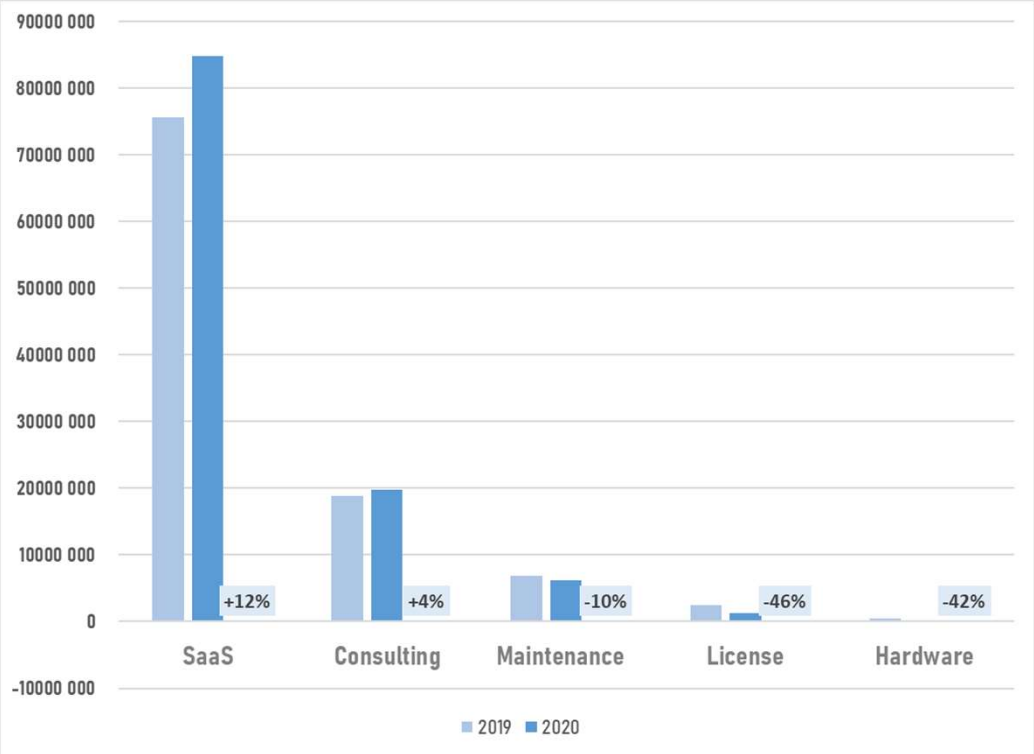


81% recurring revenue in 2020
(SaaS + Maintenance)

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

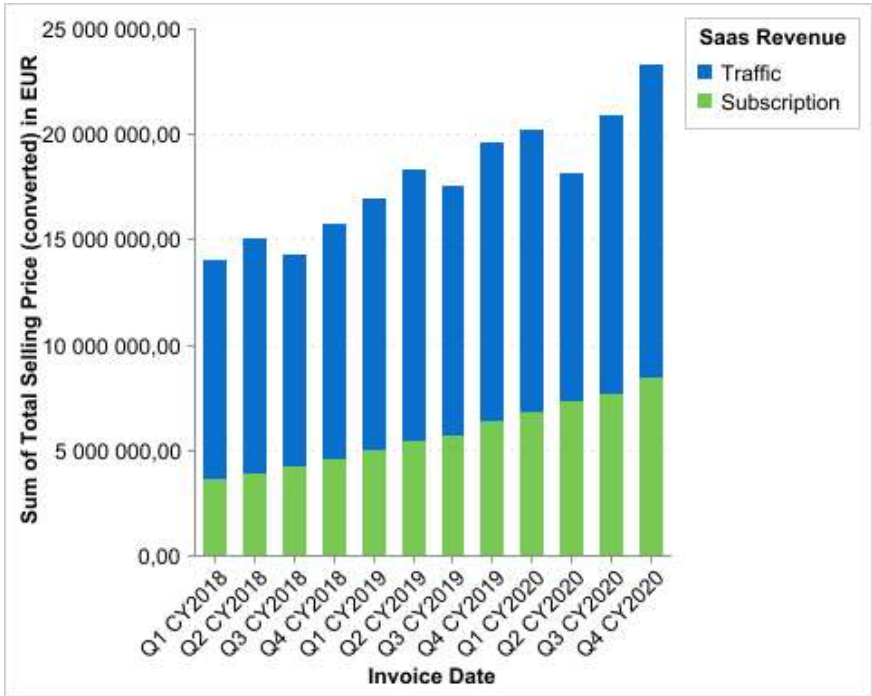
Consulting revenue consists in services associated with the implementation of Esker's solutions

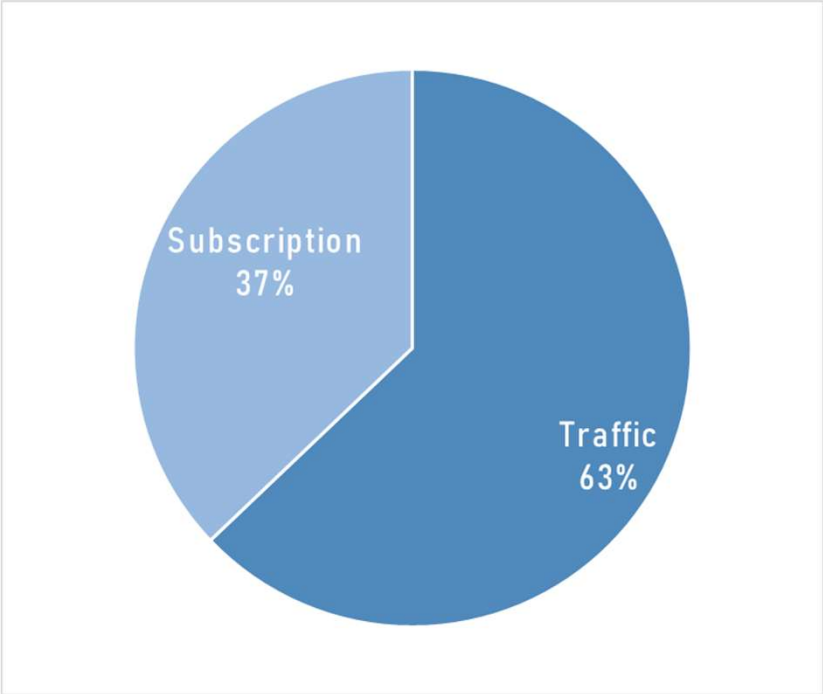
REVENUE GROWTH BY PRODUCT TYPE



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

SAAS REVENUE



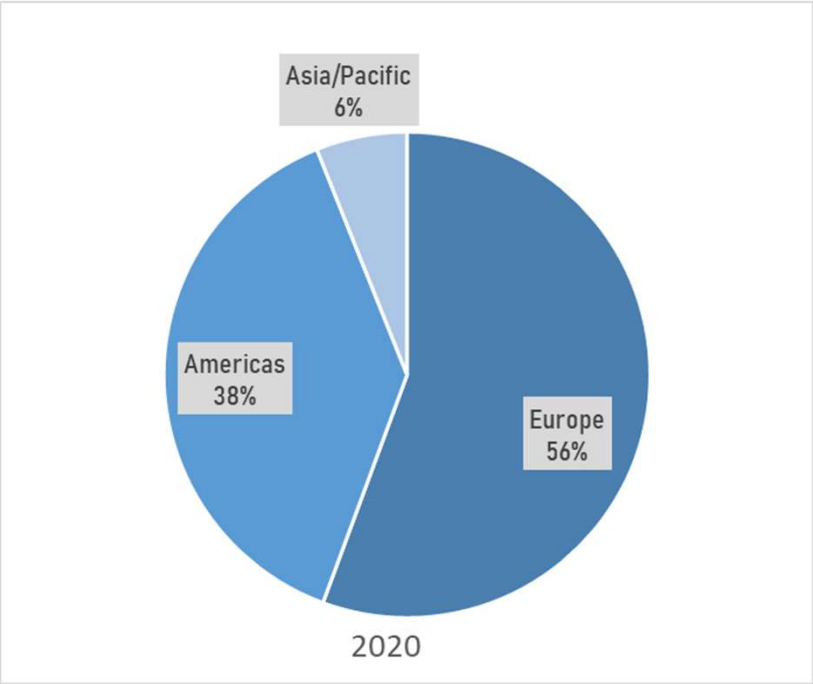


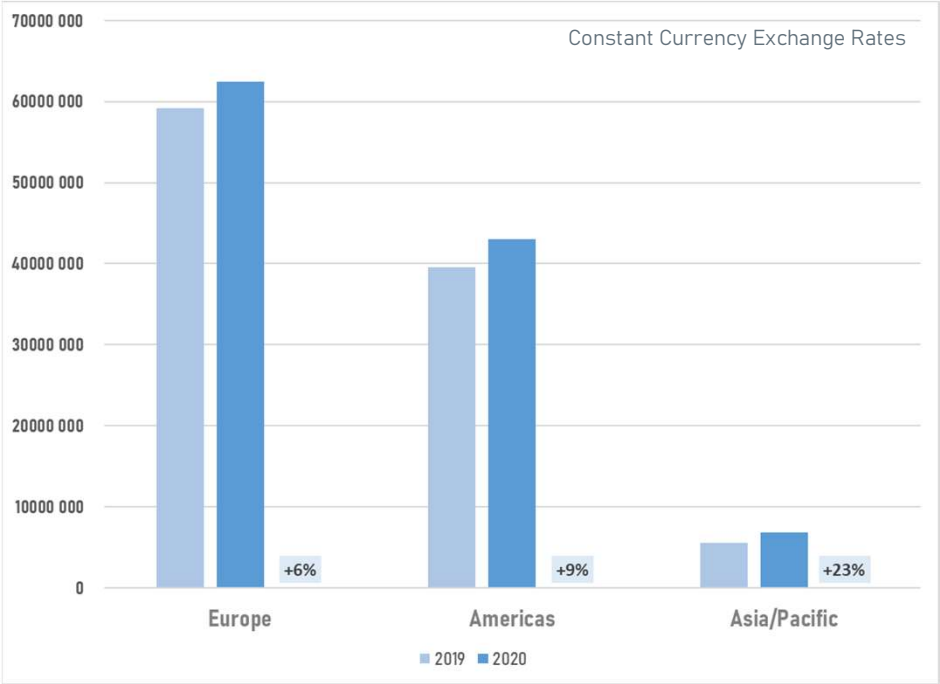
Evolution of SaaS Revenue by type :

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

2020 SaaS Revenue Breakdown by type

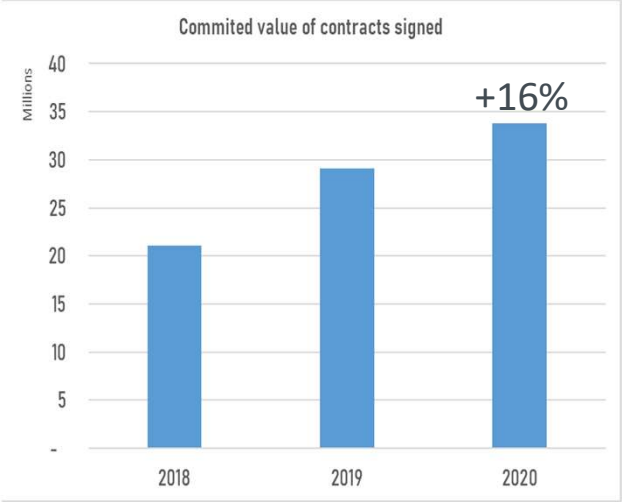
REVENUE GROWTH BY REGION

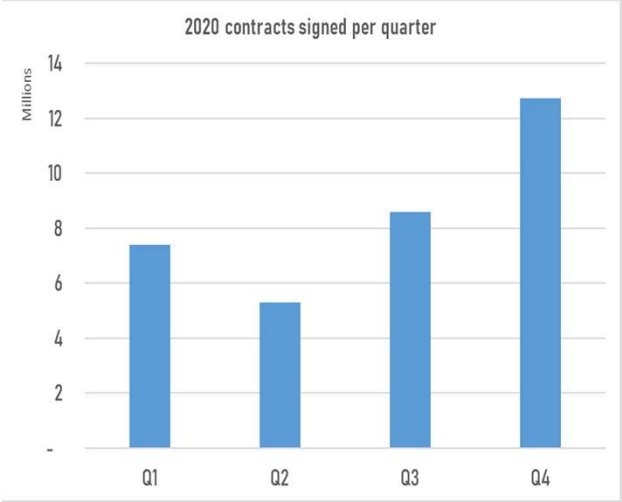




- All regions are growing
- Europe suffers more from economic slowdown
- Asia/Pac remains very dynamic

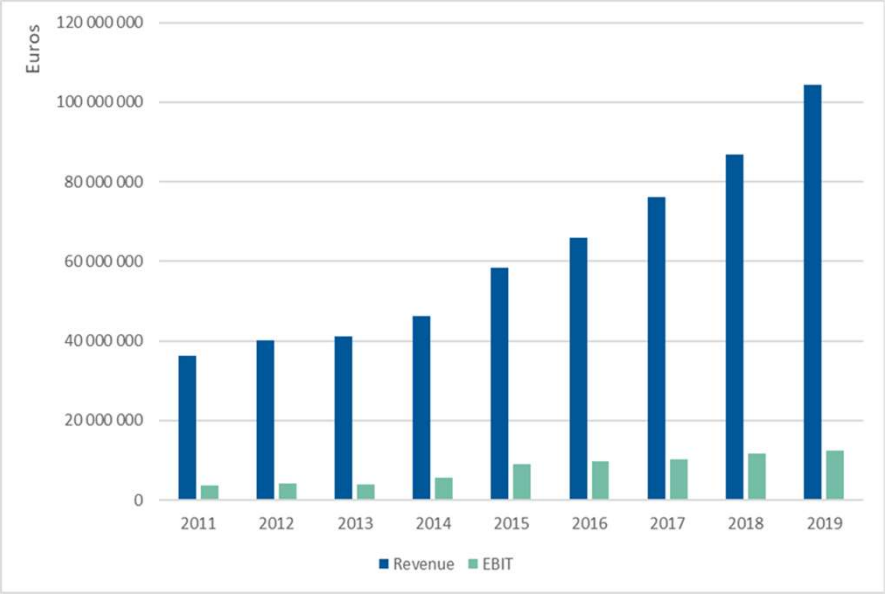
DYNAMIC SALES PERFORMANCE
(BOOKINGS)

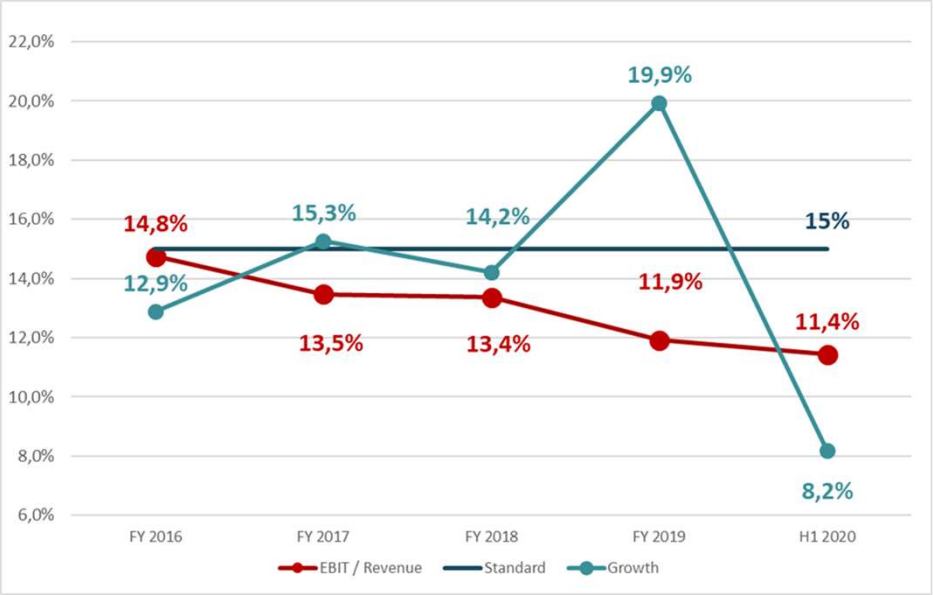




- Bookings (order intake) include only the fixed part of a signed contract (subscription fee).
- This represents the guaranteed revenue to Esker for a contract
- Typical contract: 3 years
- Committed value signed in 2020: +16% vs 2019
- Will be recognized over the life of the contract
- Acquisition cost (sales & marketing mainly) charged to income statement in the year on contract closing. No deferral
- Committed value of contract is estimated to be approximately 50% of total value at contract renewal

BUSINESS MODEL COMBINES PROFITABILITY AND STRONG INVESTMENTS

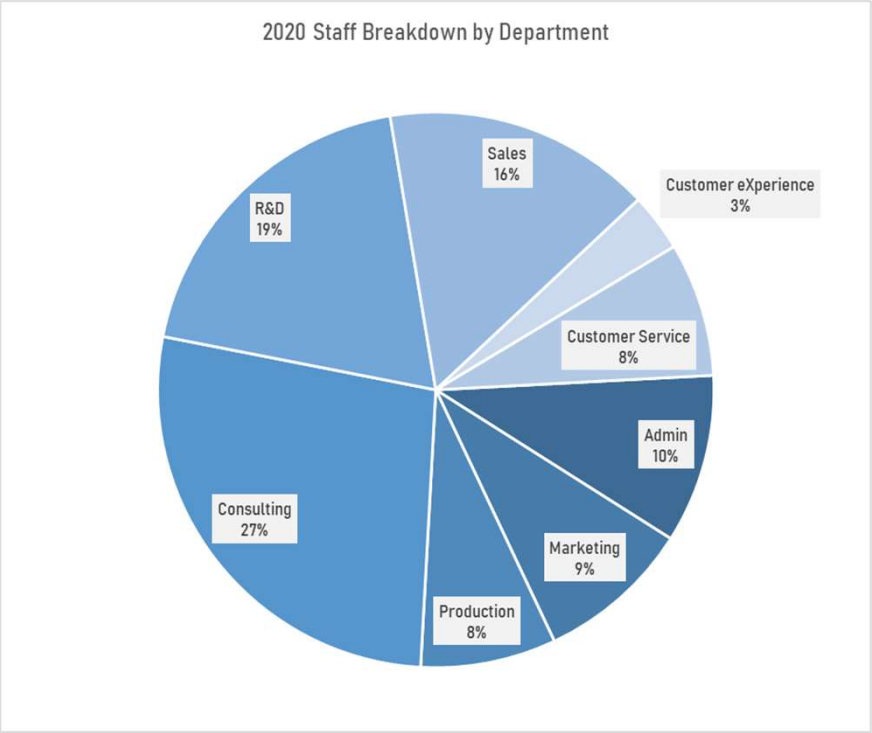


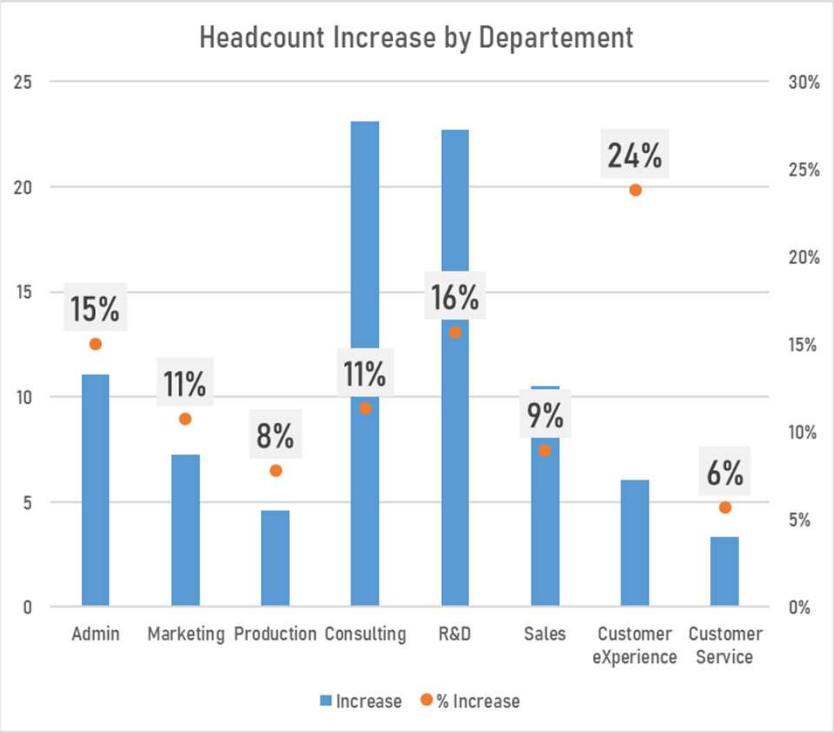


2020 – H1 Operating Income: 11.4%

We aim at 15% EBIT to combine profits and investments for future growth
Profitability remained stable despite COVID impact on revenue

DYNAMIC INVESTMENTS FOR FUTURE GROWTH





Staff @ 12/31/20: 764

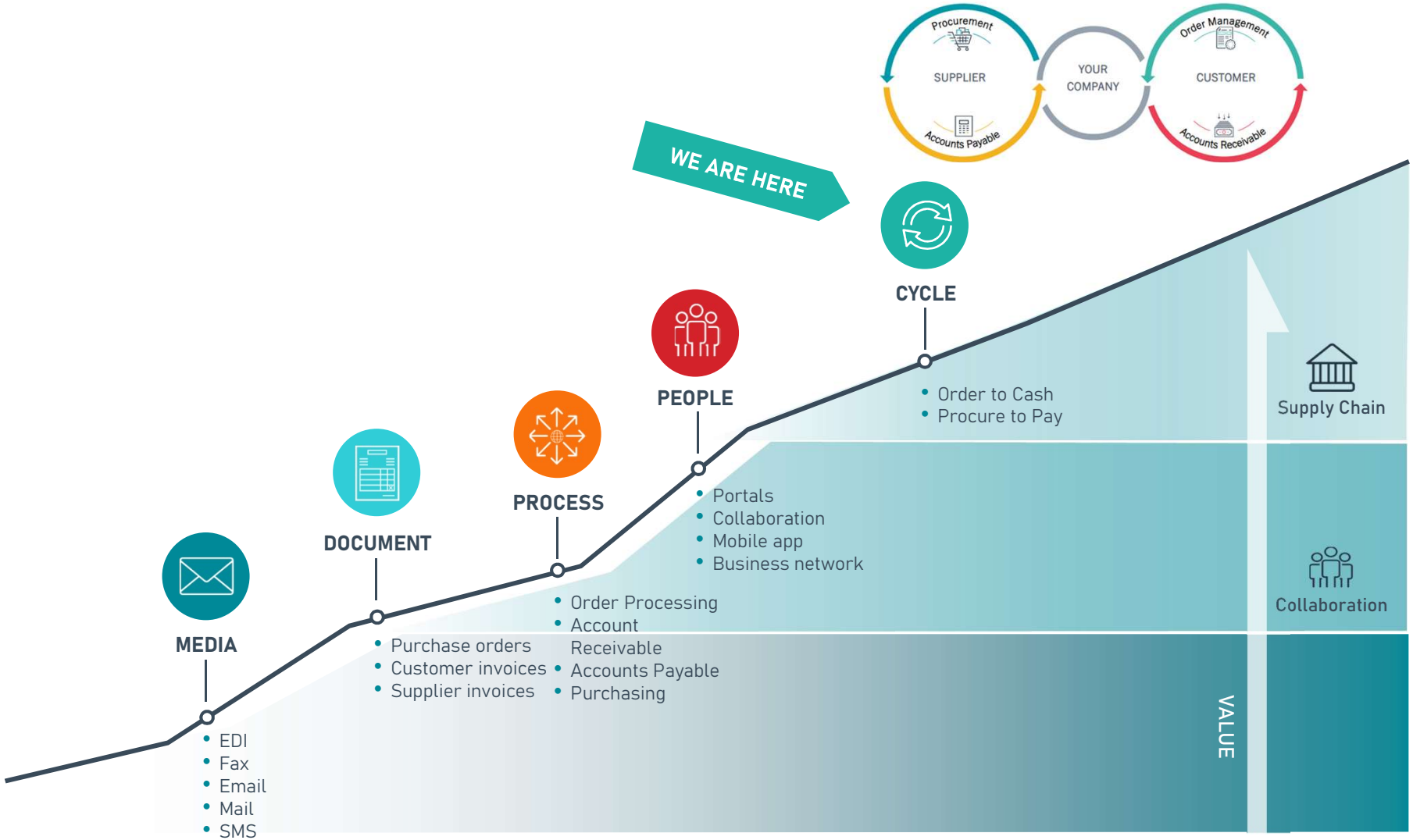
2020 – Staff increase:
vs. 2019: +71 FTE (+10%)

COVID-19 IMPACTS

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

STRATEGY

PRODUCT STRATEGY



PRODUCT ROADMAP 2020-2023

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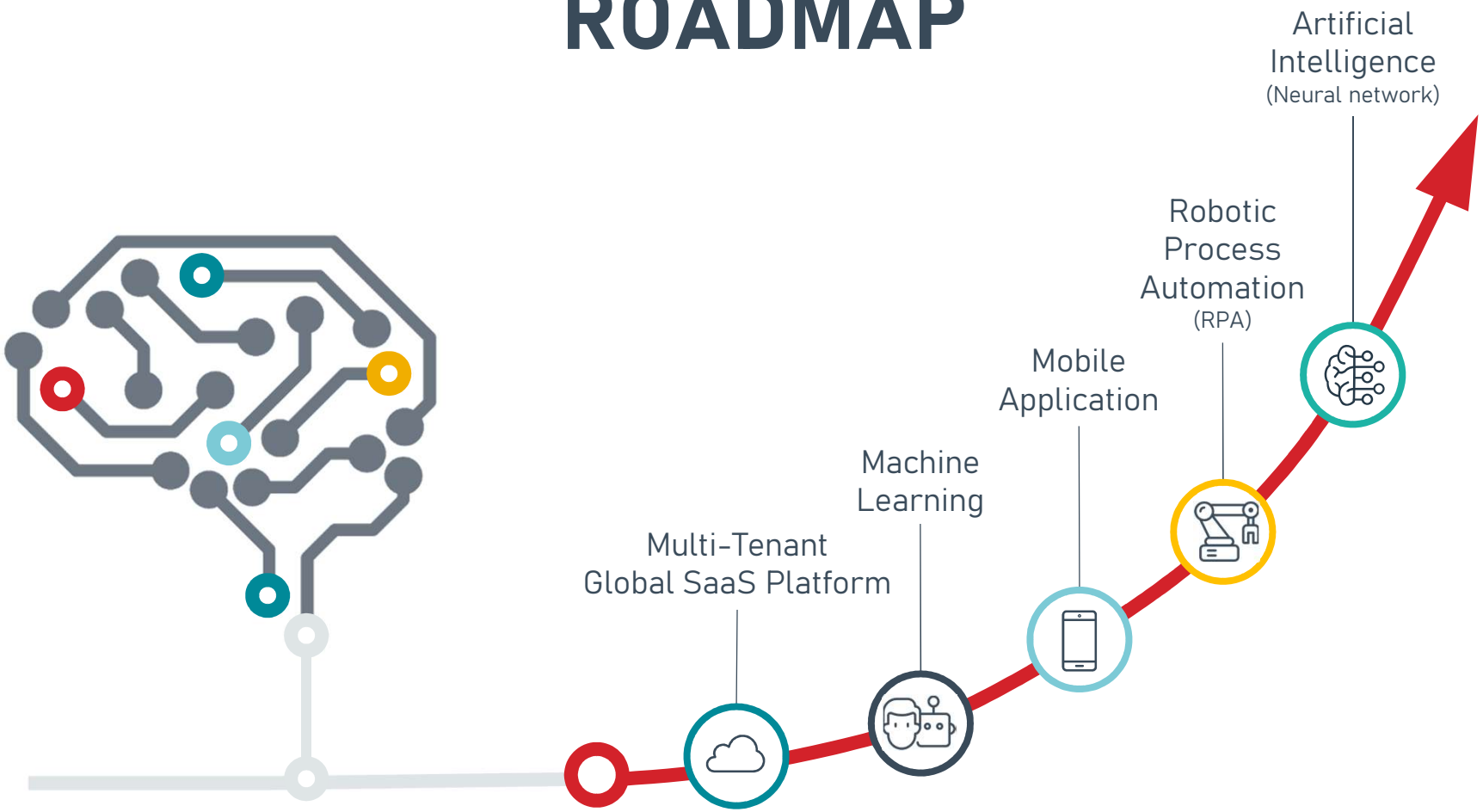
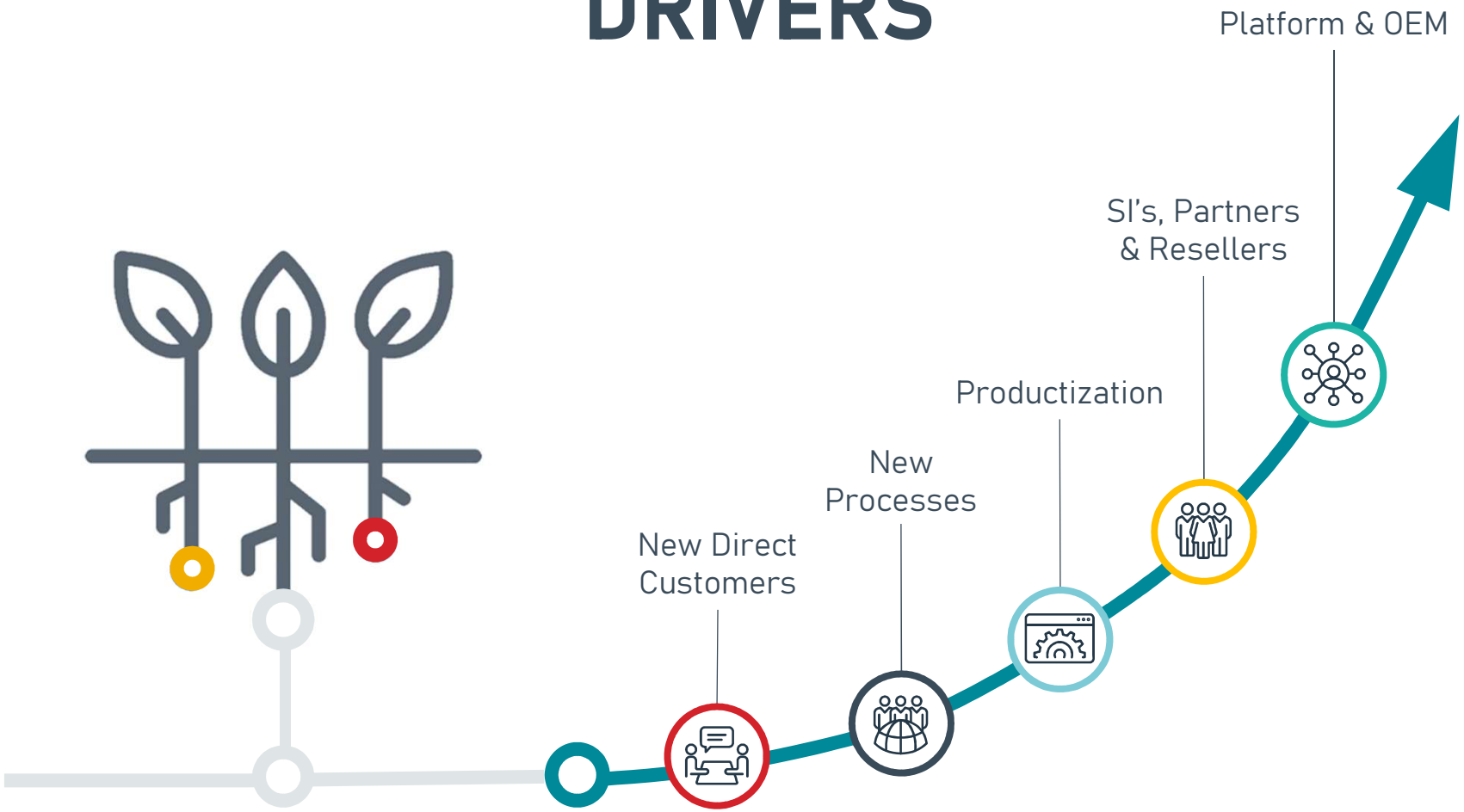
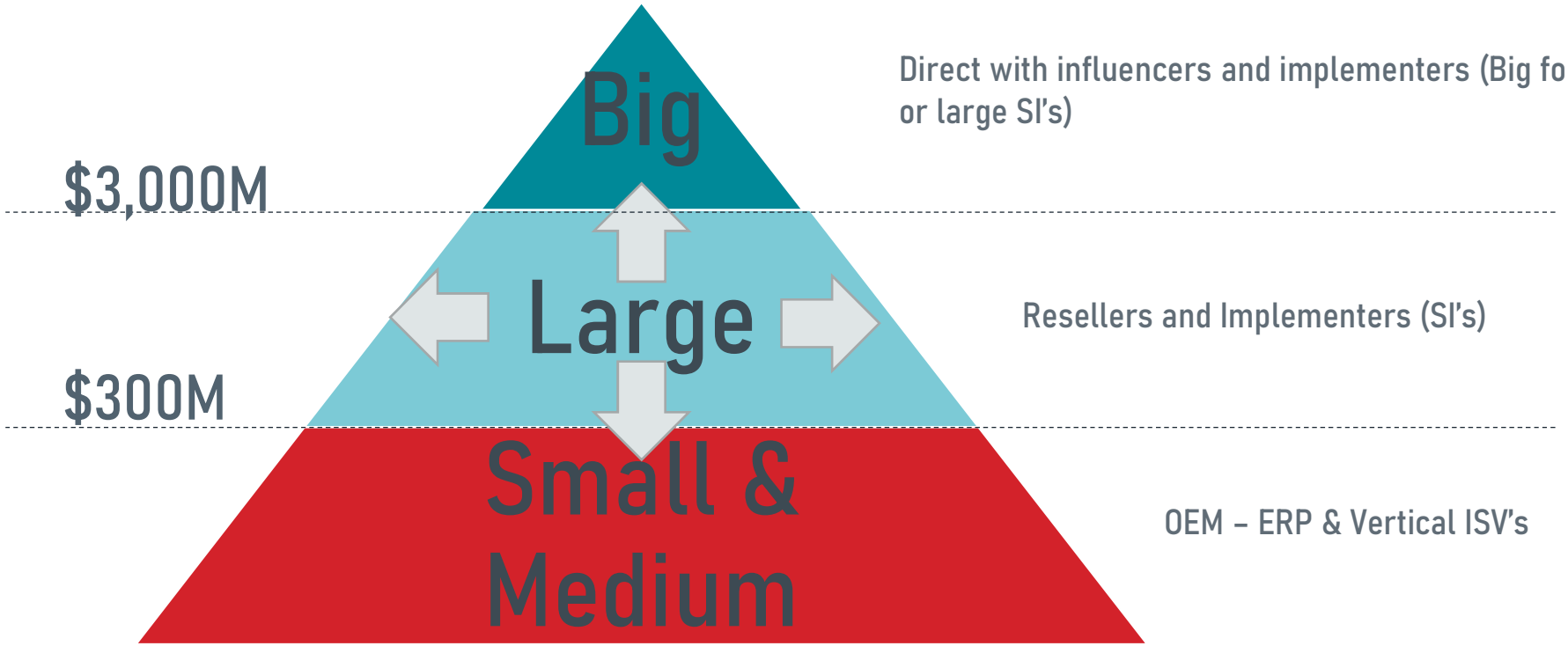
TECHNOLOGY ROADMAP



GROWTH DRIVERS



SALES STRATEGY



Direct with influencers and implementers (Big four or large SI's)

Resellers and Implementers (SI's)

OEM – ERP & Vertical ISV's

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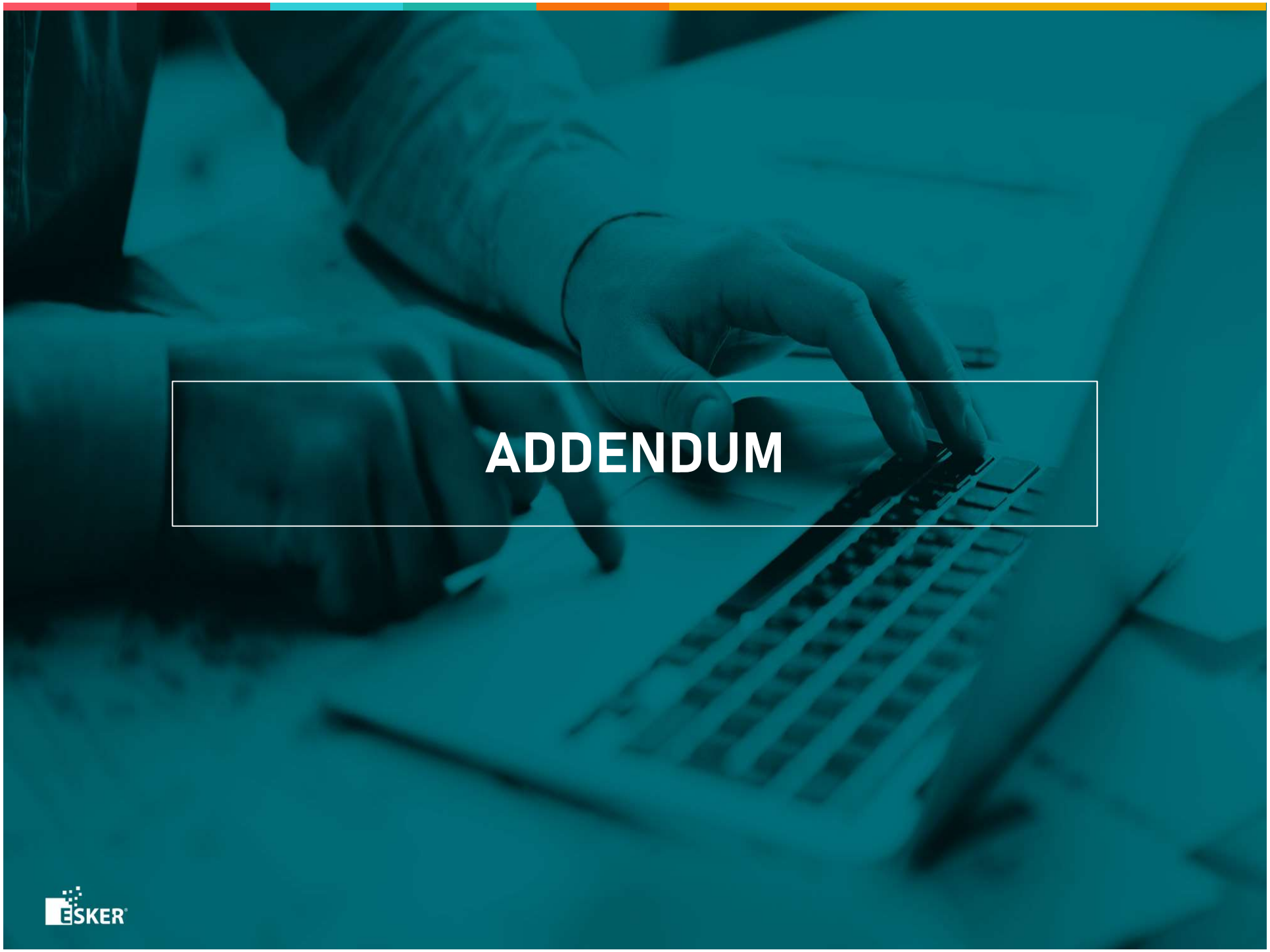
TARGET 2021 & BEYOND

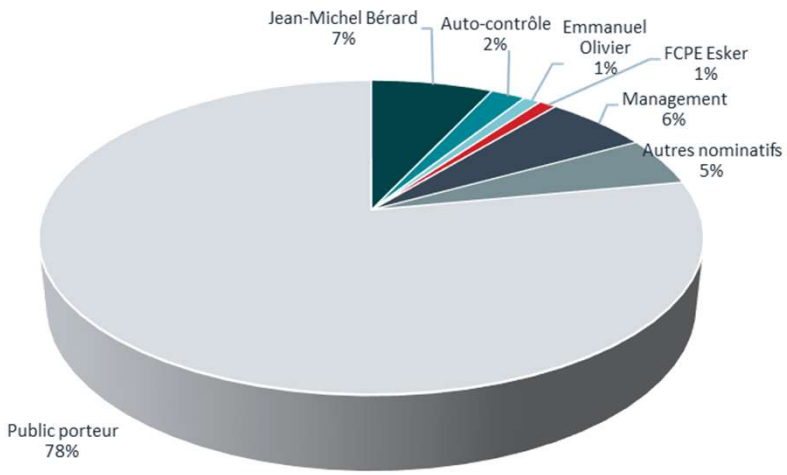
- 2021 will be influenced by the evolution of the pandemic
- 2021 growth performance should approach pre-COVID levels
- Esker expects organic growth of around 15% for 2021
- Profitability is expected to be stable, subject to growth and sales performance
- Esker will continue to strengthen its solutions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


ADDENDUM

STOCK MARKET

STOCK PRICE EVOLUTION OVER 5 YEARS

CAPITAL BREAKDOWN AS OF DECEMBER 31, 2020 (ESTIMATED)



EURONEXT GROWTH PARIS

ISIN Code: FR0000035818 ALESK

Market capitalization Jan 4 , 2021: €1 024M

Number of shares: 5,829,097

FINANCIAL ANNOUNCEMENTS:

Q4 2020: January 12, 2021*
FY 2020: March 25, 2021*
Q1 2021: April 13, 2021*

* After stock market closing

BOARD OF DIRECTORS

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

Emmanuel Olivier (53)
COO – General Manager
Board Member

Eric Bussy (46)
WW Corporate Marketing and Product Management Director

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

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

Eric Thomas (54)
Vice President of Business Development

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

2020 REVENUE

SALES REVENUE	2020 €M	2019 €M	GROWTH (4)
SaaS-based document process automation (1)	104,1	93,7	+11%
License and maintenance-based document process automation (2)	5,6	6,6	-14%
Legacy products (3)	2,6	3,9	-31%
TOTAL	112,3	104,2	+9%

(1) Includes Esker On Demand, FlyDoc, CalvaEDI, TermSync and e-integration GmbH
(2) Includes Esker DeliveryWare
(3) Includes Fax Servers and Host Access
(4) Growth expressed with no currency effect: 2020 exchange rates applied to 2019 figures

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CURRENCY EFFECT (USD)

RATE USD/EURO	EFFECT ON REVENUE	%	EFFECT ON OPERATING INCOME	%
1.00	€2,198K	4%	€695K	11%
1.05	€1,080K	2%	€342K	6%
1.103	€0K	0%	€0K	0%
1.1195 (2019)	-€308K	-1%	-€97K	-2%
1.1347 (H1 2019)	-€531K	-1%	-€168K	-3%
1.20	-€1,716K	-3%	-€543K	-9%

Global translation Effect (all currencies) compared to H1 2019:

- **Sales:** -€0.5M
- **Operating Income:** -€0.2M (3% of Operating income)

P&L BY FUNCTION

JUN 30ST 2020

(in thousands of euros)	06/30/20	% net sales	06/30/19	% net sales	Var	Var %
REVENUE	**54 240**	**100%**	**50 135**	**100%**	**4 105**	**8%**
Cost of goods sold	-16 968	-31%	-14 755	-29%	-2 213	15%
Research and development expenses	-6 005	-11%	-5 106	-10%	-899	18%
Selling expenses	-15 223	-28%	-13 787	-27%	-1 436	10%
Marketing expenses	-4 752	-9%	-4 604	-9%	-148	3%
General and administrative expenses	-5 086	-9%	-4 660	-9%	-426	9%
INCOME FROM OPERATION	**6 206**	**11,4%**	**7 223**	**14,4%**	**-1 017**	**-14,1%**
Financial income (loss)	-204	0%	116	0%	-320	-276%
OPERATING INCOME	**6 002**	**11,1%**	**7 339**	**14,6%**	**-1 337**	**-18,2%**
Exceptional items	852	2%	139	0%	713	513%
Income tax	-1 605	-3%	-2 279	-5%	674	-30%
Share of Profit of Associates	174	0%	251	1%	-77	-31%
NET INCOME	**5 423**	**10,0%**	**5 450**	**10,9%**	**-27**	**-0,5%**
Earnings per share in Euros	*0,96*		*1,02*		*-0,06*	*-5,9%*
Diluted earnings per share in Euros	*0,96*		*1,00*		*-0,04*	*-4,0%*

- Average number of employees for H1 20: 706 (+14% vs H1 19)
- Cost of goods sold include cost of consulting services (€8.8M, + 20%)
- Cost generally in line with headcount increase
- Marketing expense stable due to COVID situation (cancellation of large trade shows and marketing events)
- CIR (tax credit on R&D): €387K vs 380 for H1 19
- Financial loss due to realized and unrealized exchange losses (€108K) as well as reserves for unrealized losses on financial investments of company cash
- Exceptional income include effect of Patent Box system on 2019 income tax
- Income tax rate decreased due to Patent Box on 2020 results
- Share of profit in associates decreased in line with slowdown of JV with Quadient related to the pandemic

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P&L BY EXPENSE TYPE

JUN 30ST 2020

(in thousands of euros)	H1 2020	%	H1 2019	%	Var. €	Var. %
REVENUE	**54 240**	**100%**	**50 135**	**100%**	**4 105**	**8%**
Development costs capitalized	3 961	7%	3 192	6%	769	24%
Other income	766	1%	562	1%	204	36%
Purchase and external expenses	-14 649	-27%	-14 178	-28%	-471	3%
Personnel and related taxes	-33 372	-62%	-27 883	-56%	-5 489	20%
Other expenses	-769	-1%	-668	-1%	-101	15%
Depreciation & reserve expenses	-3 971	-7%	-3 937	-8%	-34	1%
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Diluted earnings per share in Euros	*0,96*		*1,00*		*-0,04*	*-4,0%*

- Capitalization of R&D expenses flat in percentage
- Net effect slightly increases compared to H1 19 as R&D expenditures and headcount increase

R&D Capitalization	HY2020	HY2019	Var.
	K€	K€	
Dev costs capitalized	3 961	3 192	769
Amortization	-2 574	-2 272	-302
Net	1 387	920	467
R&D Expenditures	-6 276	-5 077	-1 199
% Capitalized	-63%	-63%	

- Personnel expenses increase reflect investments as described

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CONSOLIDATED BALANCE SHEET

ASSETS *(in thousands of euros)*	06/30/20	12/31/19
Goodwill	6 194	6 178
Intangible assets	24 302	23 145
Property, plant and equipment	10 429	10 434
Financial assets	6035	6 177
Shares accounted for under the equity method	1441	1 267
Total assets	**48 401**	**47 201**
Inventory and work in progress	233	185
Account receivable	22 276	24 884
Deferred tax assets	465	465
Prepaid exp. and other assets	5 517	5 131
Cash and equivalent	33 798	21 357
Total current assets	**62 289**	**52 022**
TOTAL ASSETS	**110 690**	**99 223**

LIABILITIES *(thousand of euros)*	06/30/20	12/31/19
Capital stock	11642	11504
Additional paid-in capital	20821	20424
Net Income	5423	9745
Retained Earnings	22533	14974
Total shareholders' equity	**60 419**	**56 647**
Reserves	1 909	1 760
Financial liabilities	16 577	6 516
Account payable	7 615	8 772
Tax and employee related liabilities	15 133	15 919
Other liabilities	9 037	9 609
Total current liabilities	**48 362**	**40 816**
TOTAL LIABILITIES	**110 690**	**99 223**

Solid financial structure :

- Cash & cash equivalents: €33.8M
- Cash net of financial debt: €17.2M
- Total Equity: €60.4M
- Long term investments: €4.9M

  (could be mobilized as needed)

Financial debt:

- Capital lease agreements €1.1M
- Government guaranteed Loans €11.5M
- Bank Loans: €4.0M

Other liabilities

- Mainly consist of deferred maintenance revenue (€5.7M) and customer deposits (€3.2M)

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CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	H1 2020	H1 2019
Consolidated net income (loss)	5 423	5 450
Depreciation and amortization	4 066	3 676
Capital gains and losses	-21	-4
Cash Flow after net financial expenses	9 468	9 122
Interest paid and received	14	25
Income tax , including defferred taxes, due and paid	498	392
Variance in working capital	-448	-3 035
NET CASH GENERATED BY OPERATING ACTIVITIES	9 532	6 504
Investments intangible and tangible assets	-5 242	-5 939
Change in other financial assets	15	-80
Investments in associate company	-190	-282
NET CASH FLOW FROM INVESTING ACTIVITIES	-5 417	-6 301
Dividend paid	-1 896	-2 237
Amount received from the exercise of stocks options	535	554
Repayment of borrowings - finance leases	-1 453	-2 177
Change in borrowings	11 500	
NET CASH FLOW FROM FINANCING ACTIVITIES	8 686	-3 860
Effect of exchange rate changes on cash	*-360*	*110*
Cash at the beginning of the period	21 357	22 794
Cash at the end of the period	33 798	19 247

- **Cash flow before change in working capital increases in line with operations**
- **Variance in working capital is consistent with Q2 revenue**
- **Positive cash flow generated by operations: +€9.5M covers**
  - ✓ Capital expense needs (R&D capitalized mainly)
  - ✓ Dividend paid
  - ✓ Repayment of financial debt
- **New government loans: €11.5M**
  - ✓ One year maturity
  - ✓ Low interest rate (0.5%)

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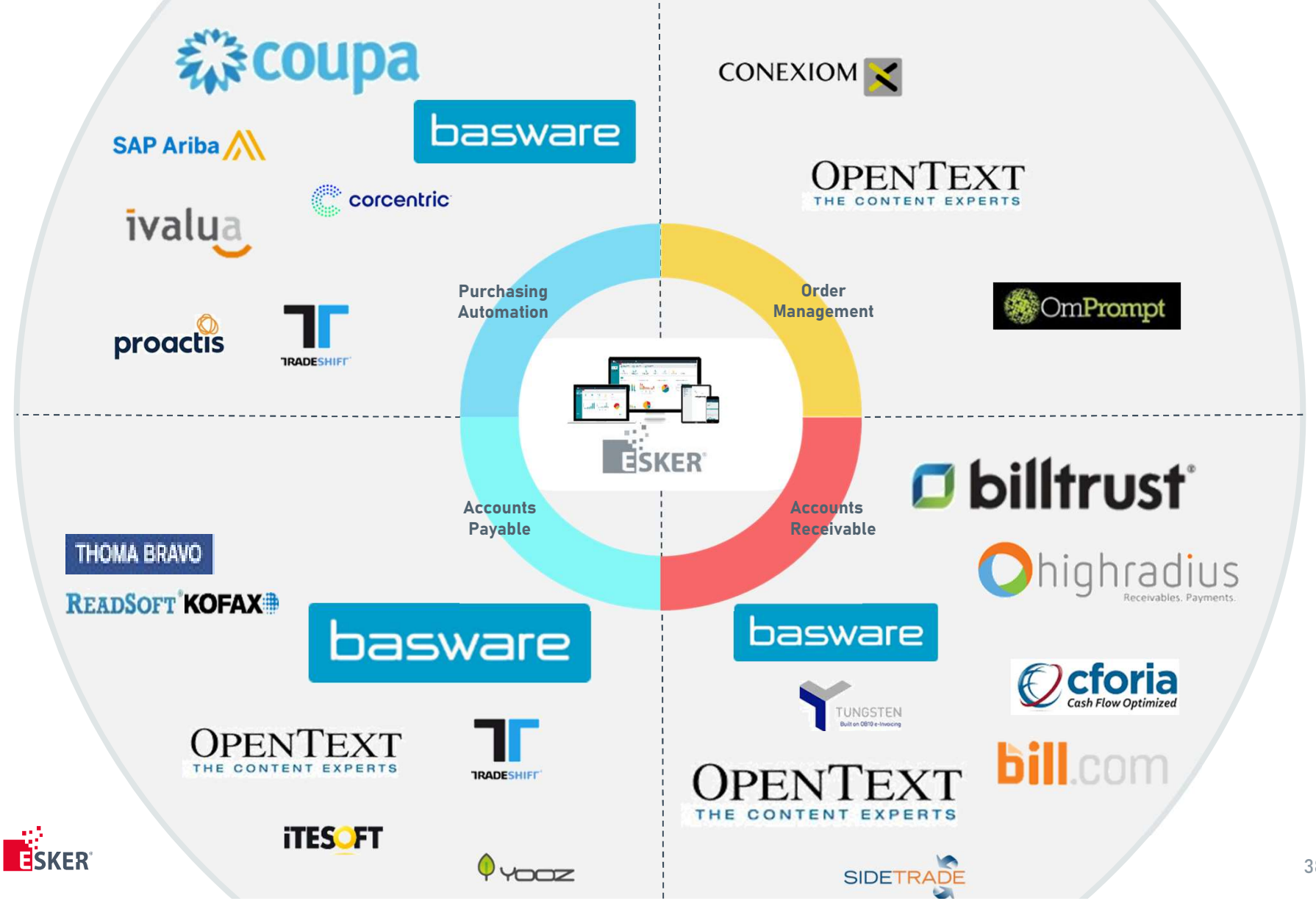
COMPETITION



THANK YOU FOR YOUR ATTENTION

ESKER®