



THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

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



AGENDA

- Corporate Overview
- 2019 Annual Results
- Strategy
- Addendum



CORPORATE OVERVIEW

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION





BRINGING THE BACK-OFFICE TO THE MODERN WORLD



DIGITALISATION OF EXCHANGES BETWEEN COMPANIES AND THEIR CLIENTS/SUPPLIERS

ORDER-TO-CASH

Order Management

Accounts Receivable

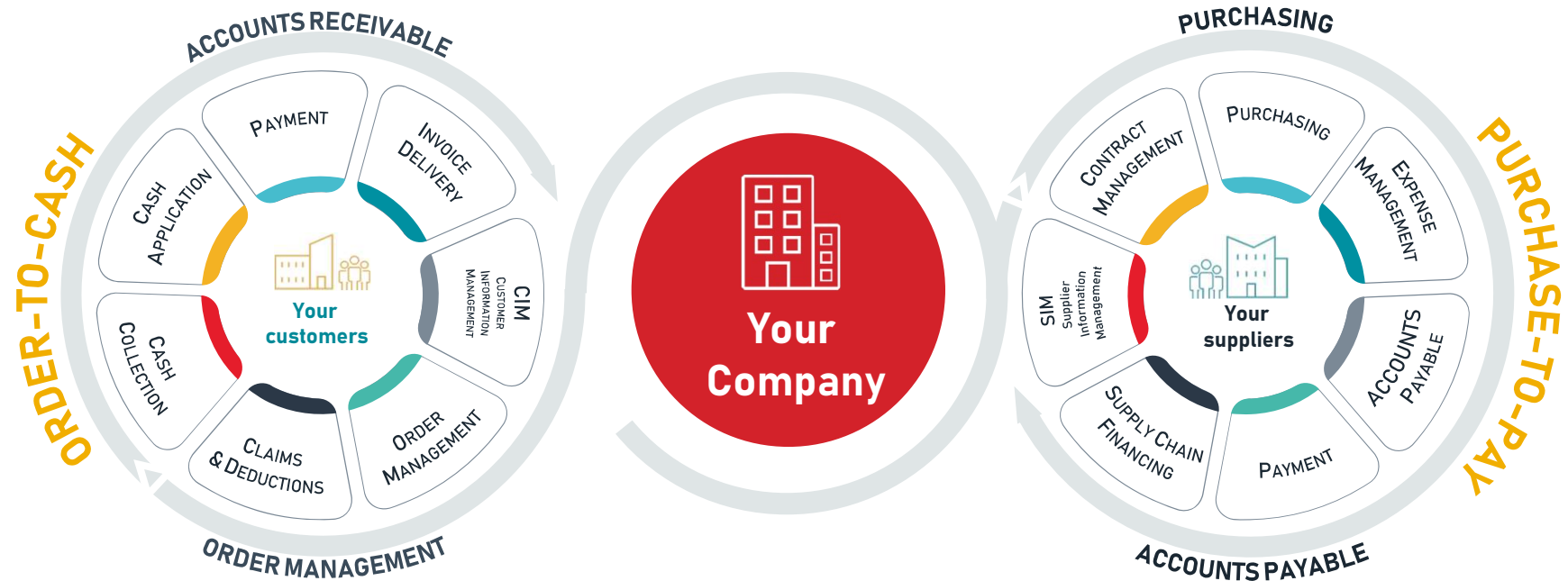
PURCHASE-TO-PAY

Purchasing

Accounts Payable

ESKER®

DRILLING DOWN FURTHER...



Customers

TO AUTOMATE
O2C & P2P CYCLES

Suppliers

DIGITAL TRANSFORMATION OF THE CASH CONVERSION CYCLE



Increased business productivity



Enhanced global visibility & analytics



Improved customer satisfaction

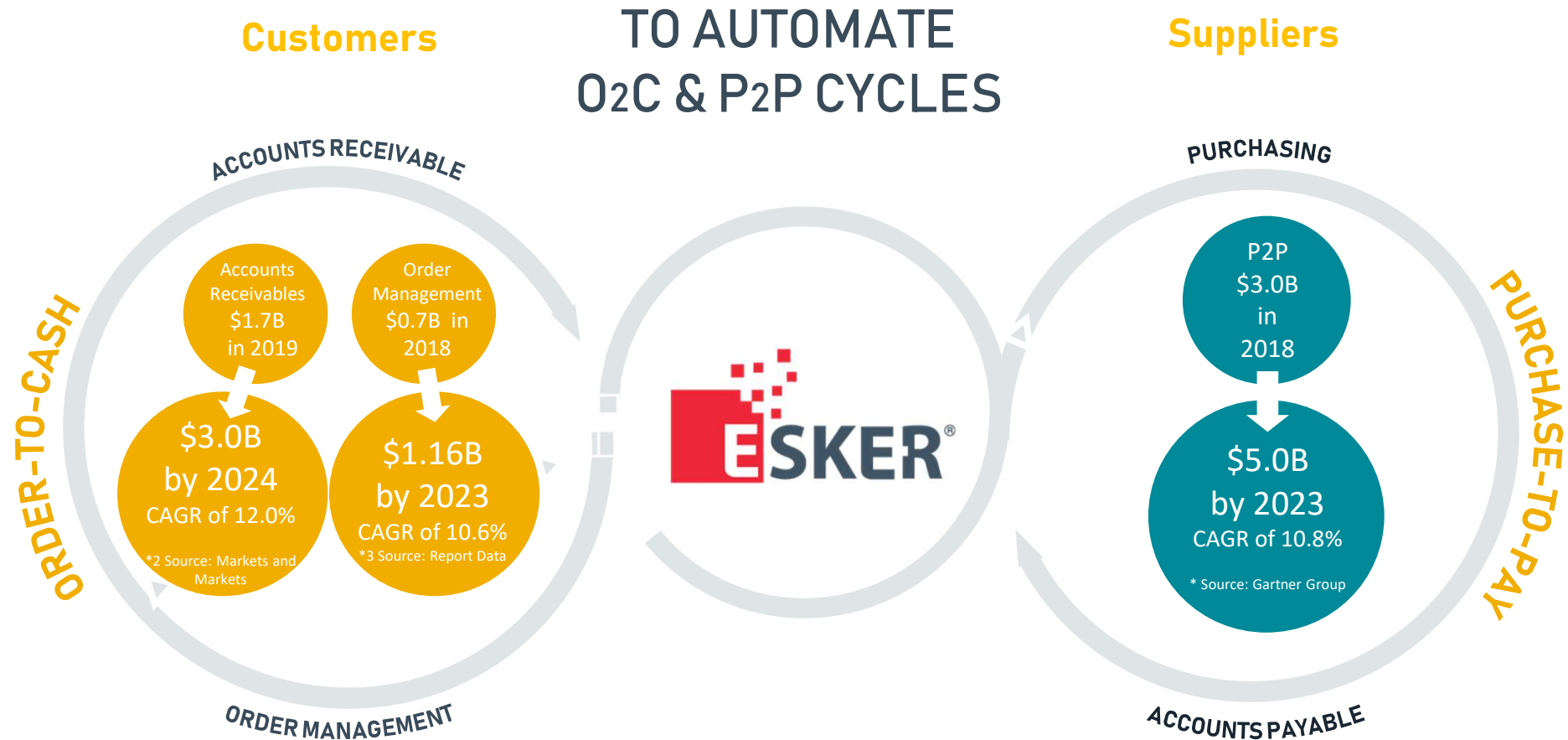


Strengthened supplier relationships



Greater employee satisfaction

MARKET DYNAMICS



KEY NUMBERS



GLOBAL PRESENCE

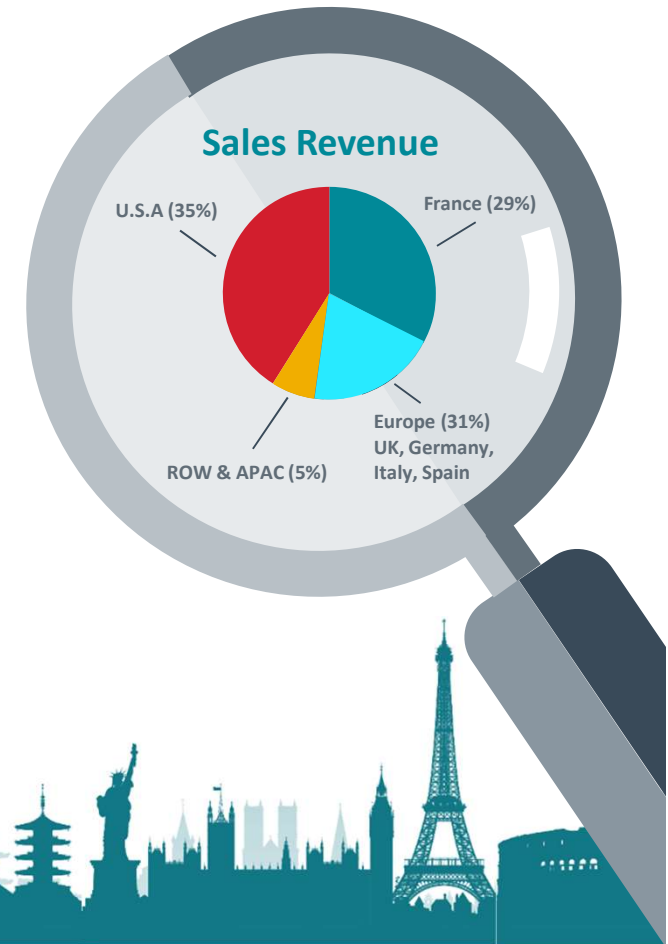


Lyon, France — HQ

- Derby, UK
- Munich & Düsseldorf, Germany
- Madrid, Spain
- Milan, Italy

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

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



RECENTLY SIGNED CUSTOMERS





2019 ANNUAL RESULTS

2019 IN A NUTSHELL

- **Cloud organic growth accelerates...**

- +21% in constant currency rates
- +24% using current rates

- **... and drives company growth overall!**

- +18% in constant currencies
- +20% in current rates

- **Strong increase of bookings value**

- +47% compared to FY18
- Very good performance in the Americas (+75%)

- **Strong level of investment for future growth**

- 98 additional positions compared to FY18 (+18%)
- Mainly in:
 - Consulting (+23%) & customer experience (+ 28%)
 - Sales & marketing (+20%)

- **Operating Income (EBIT) Increase : +7%**

- Personnel cost increase in line with revenue growth
- Non-recurring charges for €0.9M
 - Decrease of WACC used for assessment of retirement bonus reserve: €0.25M
 - Increased bad debt reserve (Italy & France) to cover identified risks: €0.4M
 - Focus on functional features caused lower R&D tax credit and lower R&D expenses capitalization rates (€0.3M)
- Total translation effect +€0.6M (5% of operating income)

- **Current & Net income increase : +10%**

- Positive financial result
- Conservative effective tax rate of 27% vs 26% in FY18
- Increased share of profit in associates reflect success of JV with Quadient

2019 REVENUE

SALES REVENUE	2019 €M	2018 €M	GROWTH ⁽⁴⁾	GROWTH IN CONSTANT CURRENCIES
SaaS-based document process automation ⁽¹⁾	93.7	75.8	+24%	+21%
License and maintenance-based document process automation ⁽²⁾	6.6	7.8	-15%	-18%
Legacy products ⁽³⁾	3.9	3.3	+18%	+16%
TOTAL	104.2	86.9	+20%	+18%

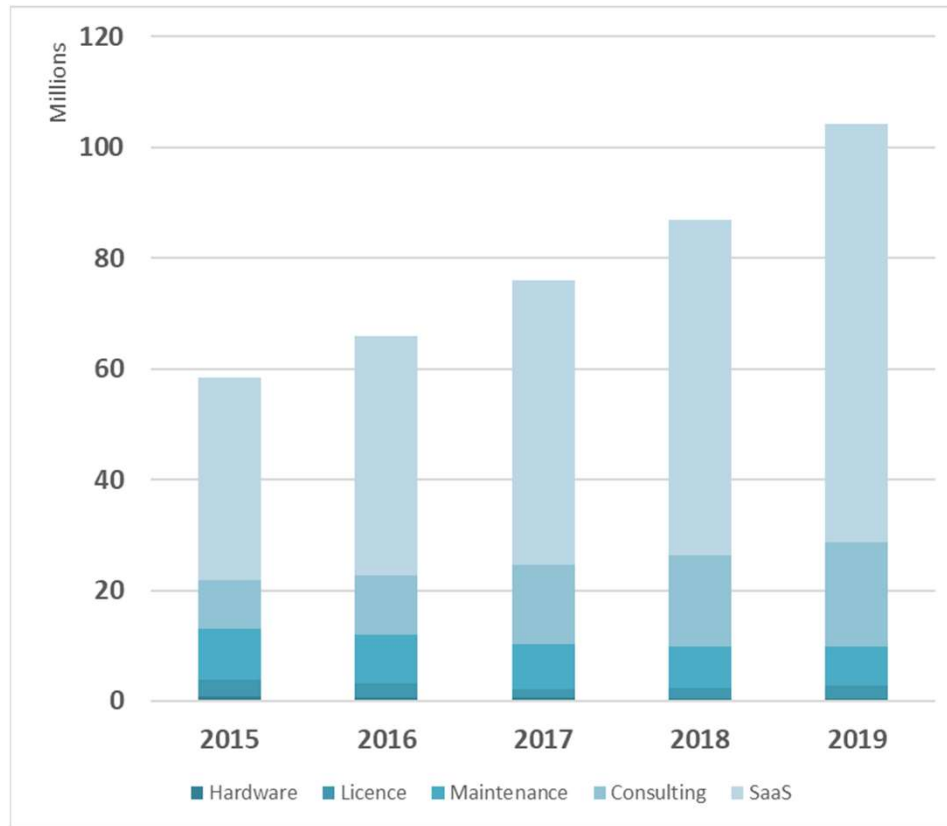
(1) Includes Esker On Demand, FlyDoc, CalvaEDI, TermSync and e-integration GmbH

(2) Includes Esker DeliveryWare

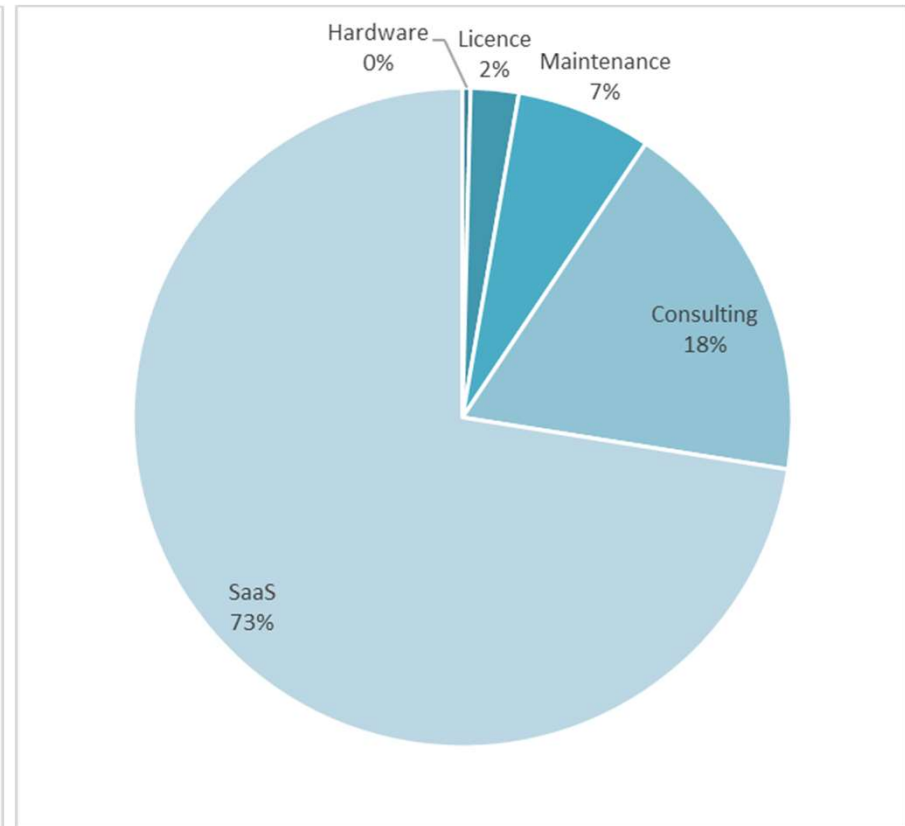
(3) Includes Fax Servers and Host Access

(4) Growth expressed with no currency effect: 2019 exchange rates applied to 2018 figures

STRONG RECURRING BUSINESS MODEL

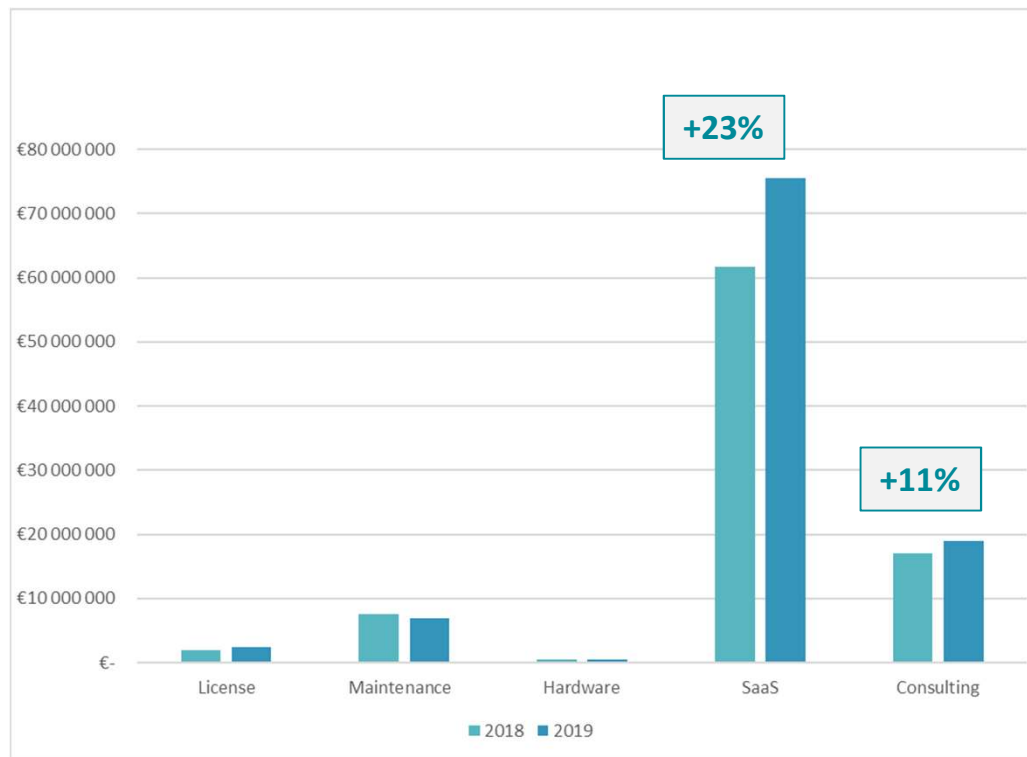


In 2019, the SaaS revenue increased by 23% representing 73% of the total revenue



80% recurring revenue in 2019 (SaaS + Maintenance)

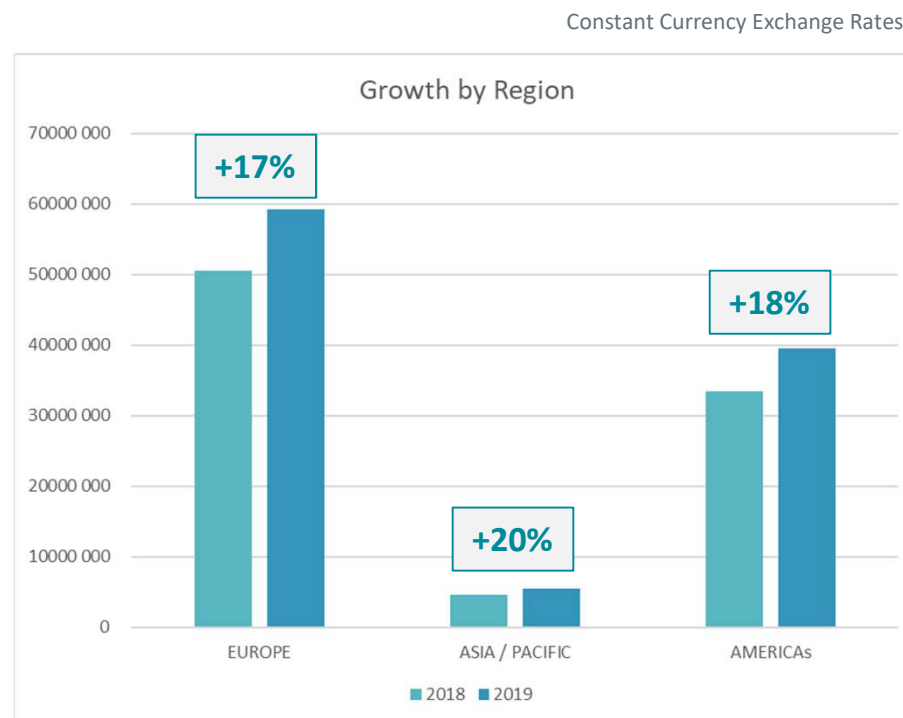
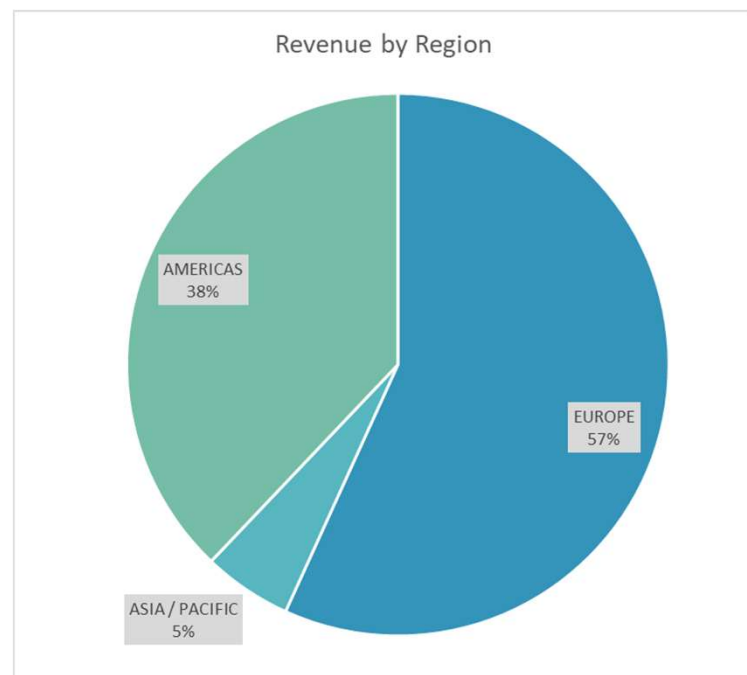
REVENUE GROWTH BY PRODUCT TYPE



Constant Currency Exchange Rates

- Dynamic growth of SaaS shows implementation of past wins
- Softer consulting revenue growth reflects investments to onboard new resources (internal & external) in order to increase implementation capabilities in future periods.

REVENUE GROWTH BY REGION



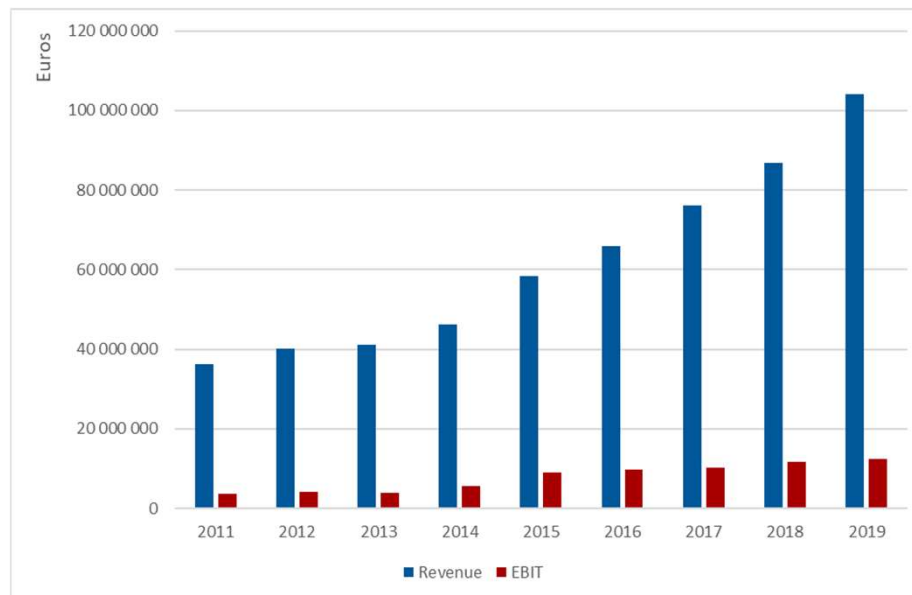
- All regions are growing
- Partnership with Fuji Xerox in APAC expected to show first results in 2020 / 2021
- Growth for the Americas has accelerated thanks to investments made in sales & marketing resources over the last two years. It now surpasses European growth and is expected to accelerate again in 2020

STRONG SALES PERFORMANCE (BOOKINGS)

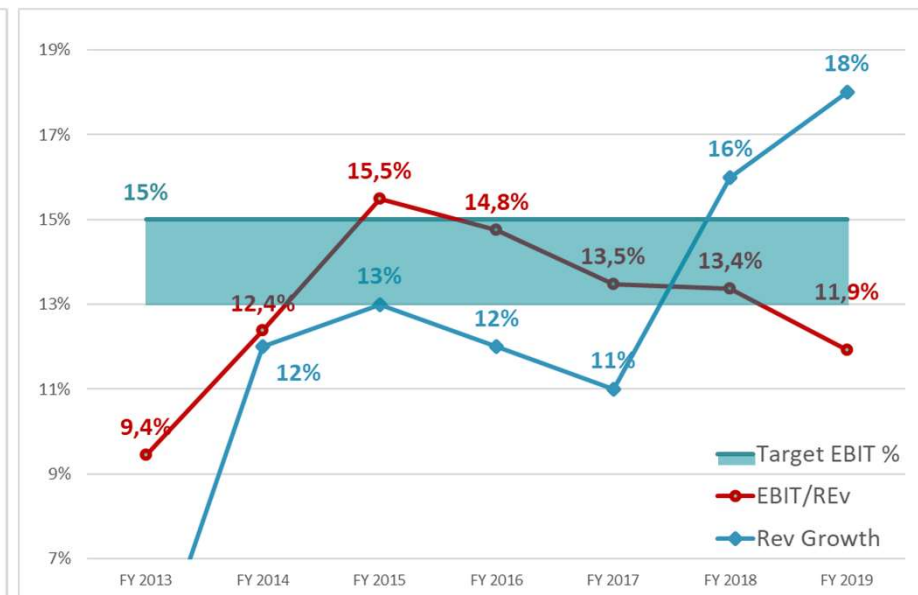


- Typical contract: 3 years
- Includes :
 - ✓ Fixed part: subscription fee
 - ✓ Variable part: per document fee
- WW committed value signed
 - ✓ €27,2M in 2019
 - ✓ +47% vs 2018
- Bookings growth by region
 - ✓ Americas 75%
 - ✓ APAC 59%
 - ✓ Europe 47%
 - ✓ France 13%
- Will hit the revenue line over the next 3 years
- Acquisition cost (sales & marketing mainly) charged to income statement immediately
- Committed value of contract is approx. 50% of total value at contract renewal

BUSINESS MODEL COMBINES PROFITABILITY AND STRONG INVESTMENTS

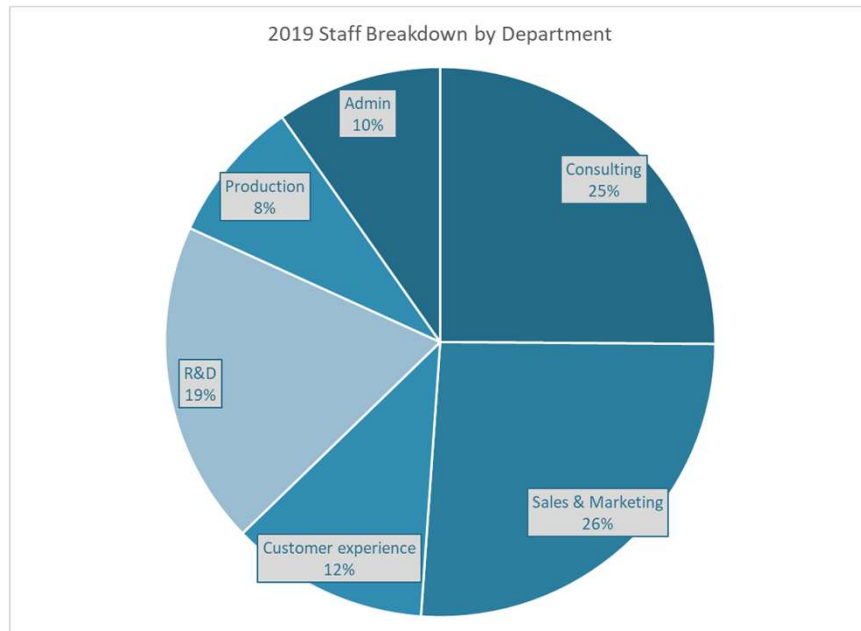


2019 - EBIT €12,4M - 12% of revenue

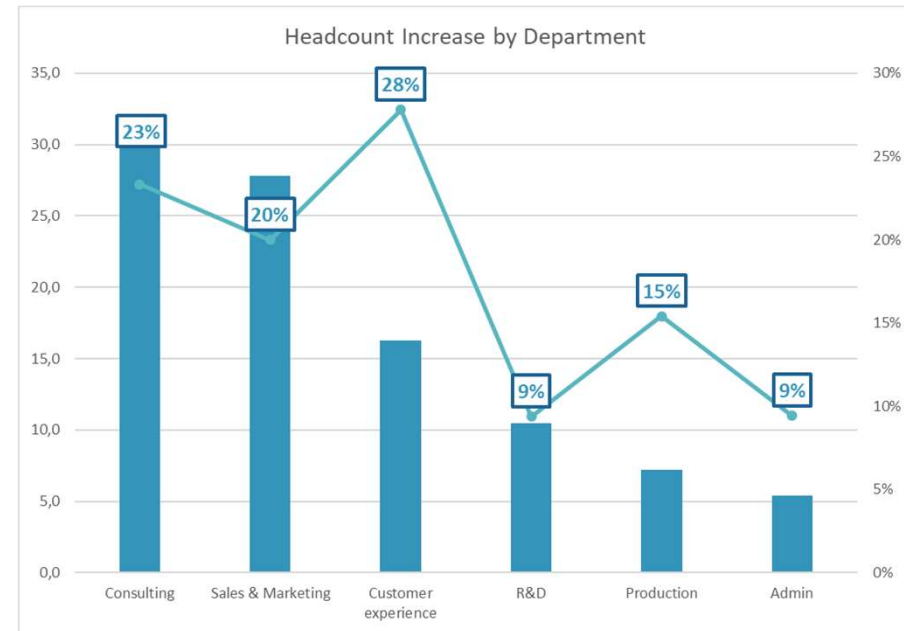


Growth requires investments but Esker still aims at maintaining profitability in the 13 – 15% range

DYNAMIC INVESTMENTS FOR FUTURE GROWTH



Staff @ 12/31/19: 681



2019 - Staff increase:
VS. 2018: 98 FTE (+18%)

CURRENCY EFFECT (USD)

Rate USD/EURO	Effect on Revenue	%	Effect on Operating Income	%
1.1195	0	0.0%	0	0.0%
1.00	€4,646k	4.5%	€1,183k	9.5%
1.10	€688k	0.7%	€175k	1.4%
1.179 (2018)	-€1,975k	-1.9%	-€503k	4.1%
1.25	-€4,062k	-3.9%	-€1,034k	8.3%

Global translation Effect (all currencies) compared to FY 18:

- Sales: +€2.1M
- Operating Income: +€0.6M (5% of Operating income)

P&L BY FUNCTION–DEC 31ST 2019

<i>(in thousands of euros)</i>	2019	%	2018	%	Var. €	Var. %
REVENUE	104 188	100,0%	86 871	100,0%	17 317	19,9%
Cost of Goods Sold	-15 237	-14,6%	-12 936	-14,9%	-2 301	17,8%
Research and Development Expenses	-11 019	-10,6%	-9 337	-10,7%	-1 682	18,0%
Selling & Consulting	-46 298	-44,4%	-36 638	-42,2%	-9 660	26,4%
Marketing Expenses	-9 695	-9,3%	-8 111	-9,3%	-1 584	19,5%
General and Administrative Expenses	-9 521	-9,1%	-8 238	-9,5%	-1 283	15,6%
INCOME FROM OPERATIONS	12 418	11,9%	11 611	13,4%	807	7,0%
Financial Income (Loss)	268	0,3%	-57	0,0%	325	-570,0%
OPERATING INCOME	12 686	12,2%	11 554	13,3%	1 132	9,8%
Exceptional Items	-62	-0,1%	-88	-0,1%	26	-29,7%
Income Tax	-3 402	-3,3%	-2 940	-3,4%	-462	15,7%
Share of Profit in Associates	523	0,5%	317	0,4%	206	65,0%
NET INCOME	9 745	9,4%	8 843	10,2%	902	10,2%
Earnings per share	1,80		1,64		0,16	9,8%
Diluted earnings per share	1,72		1,59		0,13	8,2%

- Average number of employees for FY 19: 642 (+18% vs FY 18)
- Cost generally in line with headcount and revenue increase
- Selling and consulting expenses increase at a higher rate due to:
 - ✓ Investment in headcount (+23% in consulting, 19% in sales)
 - ✓ Faster increase in bookings (Americas) generate higher commission expenses
 - ✓ Customer experience functions enhanced in all regions (€1M investment compared to FY 18)
 - ✓ One off bad debt reserve increase for France and Italy (€0.4M)
- R&D expenses appear in line with revenue growth but
 - ✓ Capitalization of R&D cost increase by 9% only
 - ✓ CIR (tax credit on R&D) decrease from 0.8 to €0.6M
 - ✓ Due to focus on functional developments in 2019
- Financial income improves due to immaterial impact of realized & unrealized currency gains and losses
- Effective income tax rate increased conservatively at 27% vs 26% in FY18
- Share of profit in associates increase in line with development of JV with Neopost

P&L BY EXPENSE TYPE–DEC 31ST 2019

<i>(in thousands of euros)</i>	2019	%	2018	%	Var. €	Var. %
REVENUE	104 188	100,0%	86 871	100,0%	17 317	20%
R&D Capitalized	6 281	6,0%	5 742	6,6%	539	9%
Other Expenses	-28 316	-27,2%	-22 856	-26,3%	-5 460	24%
Personnel Expenses	-59 961	-57,6%	-50 015	-57,6%	-9 946	20%
Taxes	-1 281	-1,2%	-1 213	-1,4%	-68	6%
Depreciation and Amortization	-7 593	-7,3%	-6 626	-7,6%	-967	15%
Reserves and Provisions	-900	-0,9%	-292	-0,3%	-608	208%
TOTAL OPERATIONS	-91 770	-88,1%	-75 260	-86,6%	-16 510	22%
INCOME FROM OPERATIONS	12 418	11,9%	11 611	13,4%	807	7%
Financial Income (Loss)	268	0,3%	-57	-0,1%	325	570%
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- Capitalization of R&D expenses decrease in percentage of cost
- Net effect flat compared to FY18 as past capitalized expenses get amortized (table below)

	2019	2018	Var €	Var %
R&D Cost Capitalized	6 281	5 742	539	9,4%
Amortization	- 4 739	- 4 137	- 602	14,6%
Net	1 542	1 605	- 63	-3,9%
Total R&D expenditures	10 478	9 331	1 147	12,3%
% Capitalized	59,9%	61,5%	-1,6%	-2,6%

- Personnel expenses increase reflect investments as described and advance payment of sales bonuses for new contracts
- External (other) expenses increase due to higher headcount (offices, overheads, etc.) and higher marketing investments
- Increase in reserves and provisions include
 - ✓ €0.25M increase in reserve for retirement bonuses linked to lower cost of capital used to compute liability
 - ✓ €0.4M for doubtful customer accounts (France & Italy)

CONSOLIDATED BALANCE SHEET

ASSETS (thousand of euros)	12/31/19	12/31/18
Goodwill	6 178	6 082
Other Intangible assets	23 145	22 014
Property, Plant and Equipment	10 434	7 050
Financial Assets	6 177	3 745
Investments in Affiliates (Equity Method)	1 267	744
Total Fixed Assets	47 201	39 635
Inventories	185	147
Accounts Receivable	24 884	20 516
Deferred Tax Assets	465	524
Prepaid Expenses and Other Current Asset:	5 131	5 035
Cash and Equivalents	21 357	22 794
Total Current Assets	52 022	49 016
TOTAL ASSETS	99 223	88 651

Solid financial structure :

- Cash & cash equivalents: €21.4M
- Financial Assets (cash invested for more than one year) €6.2M
- Cash (total) net of financial debt: €21.1M
- Total Equity: €56.6M

LIABILITIES (thousand of euros)	12/31/19	12/31/18
Capital stock	11 504	11 218
Additional Paid-in Capital	20 424	19 681
Net Income	9 745	8 843
Consolidated Reserves	14 974	8 027
Total Shareholders' Equity	56 647	47 769
Reserves	1 760	1 492
Financial Liabilities	6 516	9 318
Accounts Payable	8 772	6 157
Tax and Employee Related Liabilities	15 919	14 845
Other Liabilities	9 609	9 070
Total Current Liabilities	40 816	39 390
TOTAL LIABILITIES	99 223	88 651

Financial debt:

- Capital lease agreements €1.4M
- Bank Loans: €5.1M

Other liabilities:

- Mainly consist of deferred maintenance revenue (€6.4M) and customer deposits (€3M)

CONSOLIDATED CASH FLOW STATEMENT

(thousands of euros)	12/31/19	12/31/18
Consolidated net income (loss)	9 745	8 843
Depreciation and Amortization	7 902	7 170
Capital Gains and Losses	-14	6
Interest Expense and Income	84	120
Income Tax including Deferred Taxes	73	145
Variance in working capital	-477	-650
NET CASH GENERATED BY OPERATING ACTIVITIES	17 313	15 634
Investments in Tangible and Intangible Assets	-10 958	-7 513
Change in other Financial Assets	-2 544	-46
Investments in Associates	-523	-543
NET CASH FLOW FROM INVESTING ACTIVITIES	-14 025	-8 102
Dividend Paid	-2 237	-1 756
Amount received from Exercise of Stocks Options	1 029	661
Repayment of Financial Debt & Other	-3 937	-4 398
NET CASH FLOW FROM FINANCING ACTIVITIES	-5 145	-5 493
<i>Effect of exchange rate changes on cash</i>	420	124
Cash at the beginning of the period	22 794	20 632
Cash at the end of the period	21 357	22 794

■ Cash level

- ✓ Appears to decrease by €1.4M but includes €1.8M classified as long-term investment
- ✓ Total cash change is therefore + €0.4M
- ✓ Total cash available is €27.6M

■ Cash flow from operations

- ✓ increase by 11% at €17.3M

■ Investments include

- ✓ Capitalized R&D: €6.3M
- ✓ Office improvements & fixtures: €1.6M
- ✓ Computer equipment: €1.6M

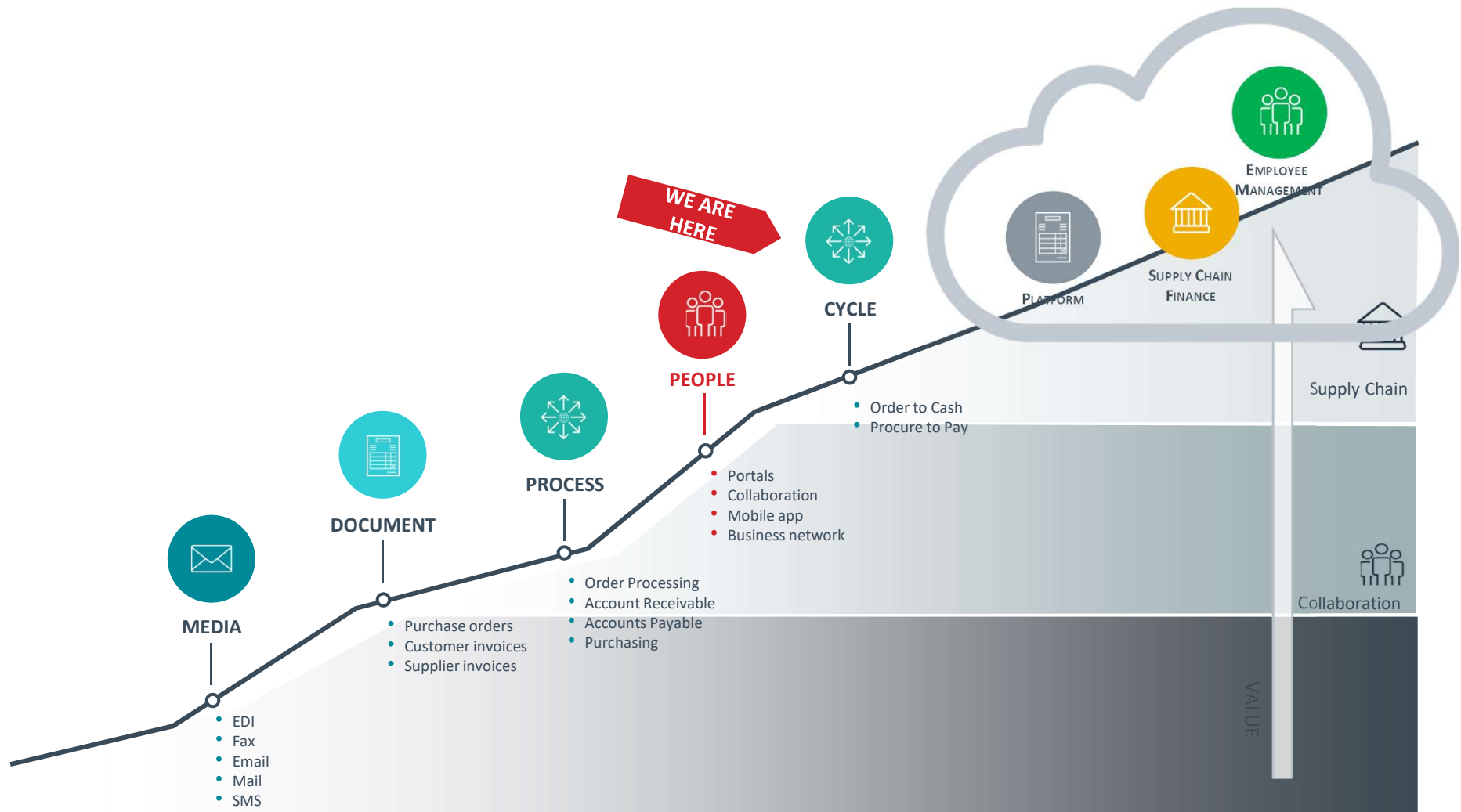
■ Cash flow from operations covers

- ✓ Capital expenditures needs
- ✓ Dividend paid
- ✓ Repayment of financial debt

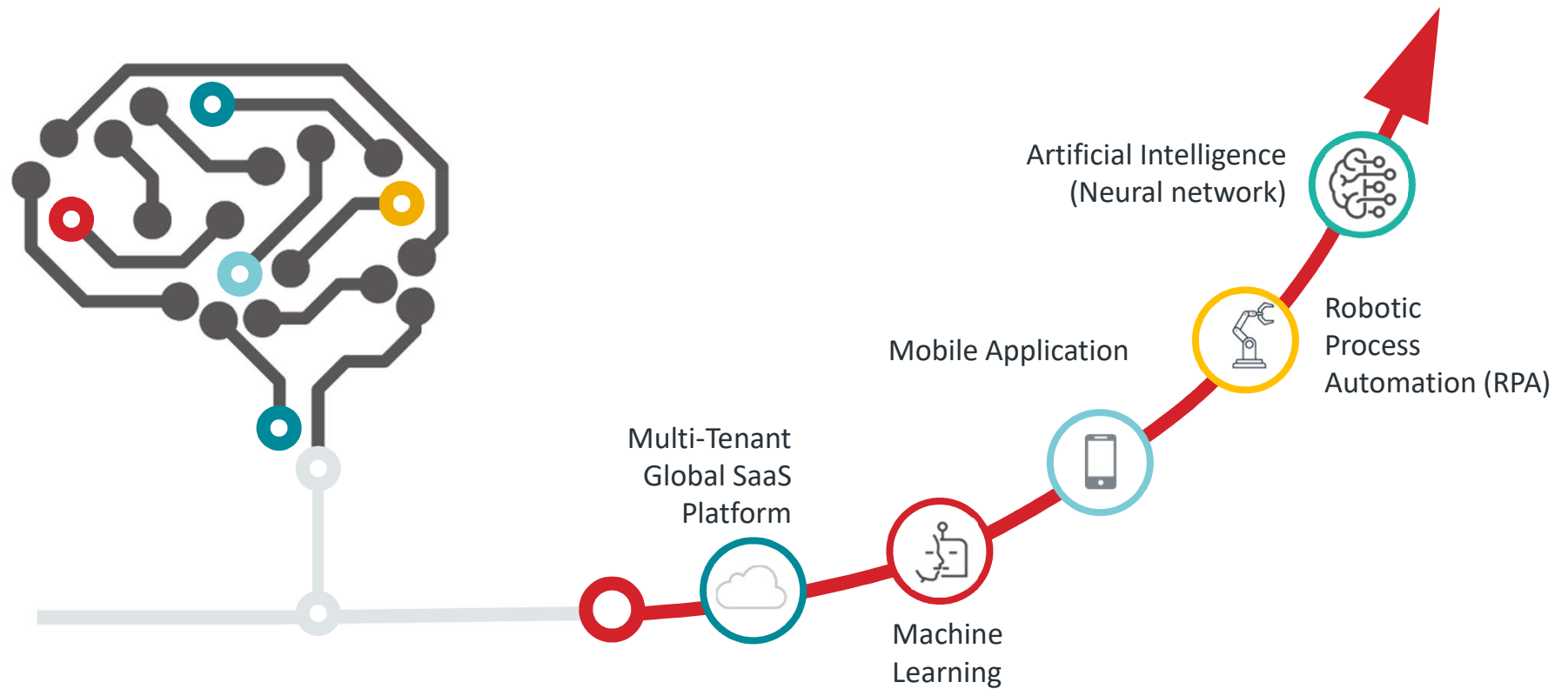


STRATEGY

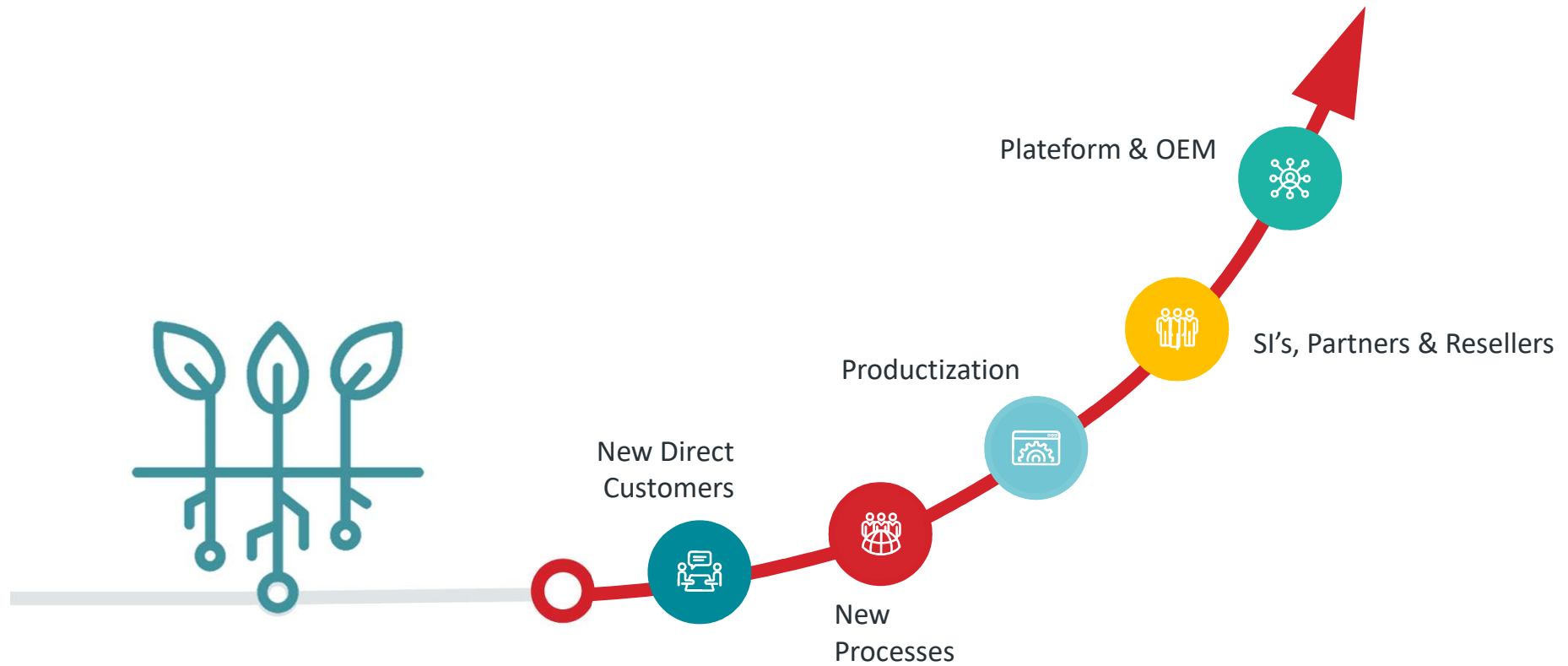
PRODUCT ROADMAP



TECHNOLOGY ROADMAP



GROWTH DRIVERS



COVID-19 SITUATION & 2020 OUTLOOK

Covid-19

- Esker has taken all necessary steps to ensure the safety of our employees
- Business Continuity Plans are in place and guarantee continuity of service for our customers
- The recurring nature of Esker's revenue streams and its Cloud business model will minimize short term impact on revenue
- Bookings could be affected in Q2 but H2 should be back to normal

2020 Outlook

- At this point Esker is confident that it can deliver double-digit growth again in 2020 and increase profit at the same time
- We monitor the situation on a daily basis and will inform the market should our forecast evolve
- On the business side, Esker will continue its effort to develop an ecosystem of partners arounds its solutions
- Esker will continue to leverage AI technologies and customer driven developments to take full advantage of markets changes soon to be happening both on Order to Cash and Procure to Pay markets



THANK YOU FOR YOUR
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ADDENDUM

STOCK MARKET

Euronext Growth Paris

ISIN Code: FR0000035818 ALESK

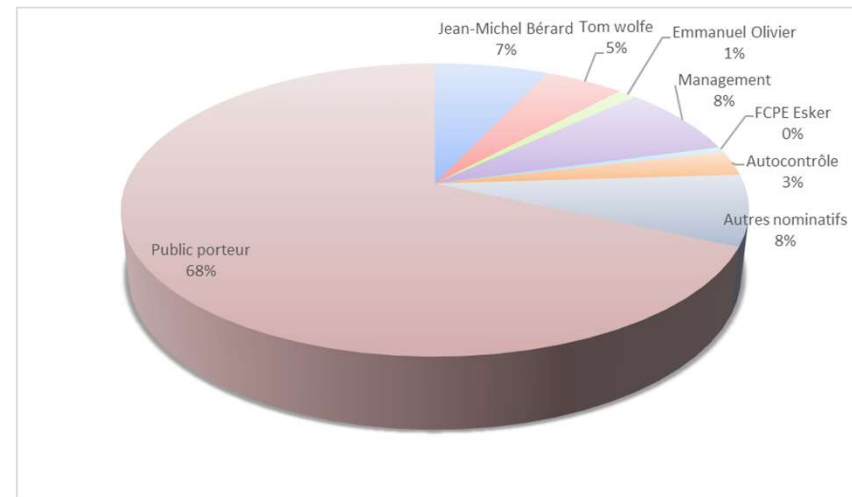
Market capitalization March 18, 2020: €481M

Number of shares: 5,608,965



Stock Price Evolution over 5 years

Capital breakdown as of December 31, 2019
(estimated)



Financial Announcements:

Q1 2020: April 14, 2020*
Q2 2020: July 16, 2020*
Q3 2020: October 13, 2020*

* After stock market closing

BOARD OF DIRECTORS

Jean-Michel Bérard (58)

CEO – President of BoD
Esker founder



Emmanuel Olivier (52)

COO – General Manager
Board Member



**Eric Bussy
(45)**

WW Corporate Marketing
and Product Management
Director



**Jean-Jacques Bérard
(54)**

Executive Vice President,
Research and Development



**Steve Smith
(58)**

U.S. Chief Operating Officer



**Eric Thomas
(53)**

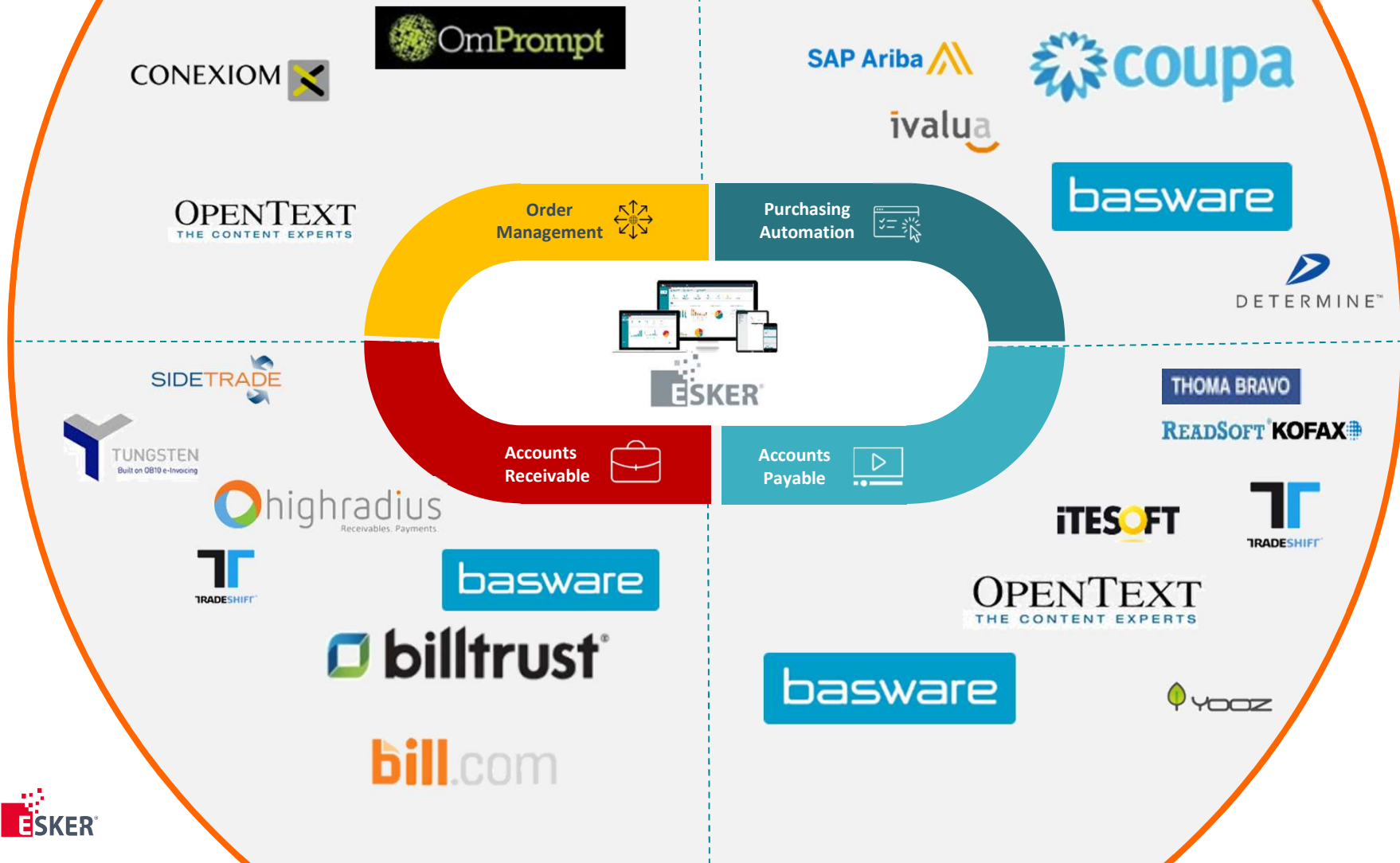
Vice President of Business
Development




**Anne Grand-Clément
(50)**

WW Director of Professional
Services and Technical
Support

COMPETITION





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