

2022HY FINANCIAL STATEMENTS

September 14, 2022



2022 HY IN A NUTSHELL

▪ SaaS revenue growth continues...

- +17% growth in constant currency rates
- +23% in current rates

▪ ... and drives company growth overall!

- +13% in constant currencies
- +19% in current rates

▪ Solid increase of bookings value (ARR)

- +15% in current currency
- + 8% in constant currency

▪ Growth accelerates in Q2 22

- Record quarter in ARR: 4.2M€
- 17% growth in constant currency & 29% w/ current rates

▪ Continued investment for future growth

- Average headcount for HY22 increases 12% at 884
- Mainly in sales & marketing (+13%), Consulting (+15%) & customer experience (+ 14%)

▪ Strong operating Income (EBIT) Increase : +3,7M€ (+41%)

- Gross margin at 67% of revenue (flat vs FY 2021)
- Adjustment of personnel related taxes +2.2M€
- Increase in sales and marketing cost (+24%) linked to add. headcount, investment in customer support (+19%) and increased marketing activity and travel
- Total translation effect + 1.1M€ (7% of operating income). Mainly USD +0.9M€

▪ Net income increase : +34%

- Net interest income linked to unrealized currency gains (0.2M€)
- Exceptional loss linked to decrease of share price applied to own shares in liquidity fund (0.5 M€)
- Income from associates up 0.2 M€

▪ Acquisition of Market Dojo

- Announced in January 2022
- Consolidated from June 1st, 2022

▪ New loans 17M€ fixed rates

HY22 REVENUE

SALES REVENUE IN M€ (UNAUDITED)	Q2 2022	Q2 2021	Q2 2022/Q2 2021 GROWTH ⁽⁴⁾	H1 2022	H1 2022/H1 2021 GROWTH ⁽⁴⁾
SAAS ⁽¹⁾	31.5	25.6	+16%	60.8	+17%
IMPLEMENTATION SERVICES ⁽²⁾	6.4	5.5	+12%	12.1	+9%
LEGACY PRODUCTS ⁽³⁾	1.9	2.3	-28%	3.3	-26%
TOTAL	39.8	33.4	+12%	76.3	+13%

⁽¹⁾Includes subscriptions and transactional revenue

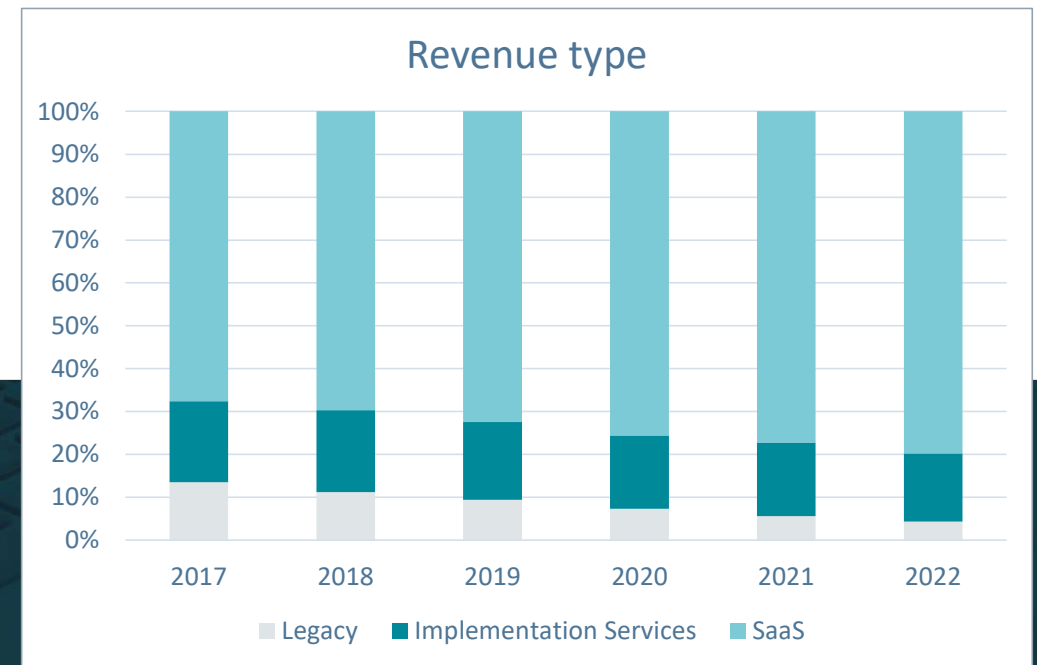
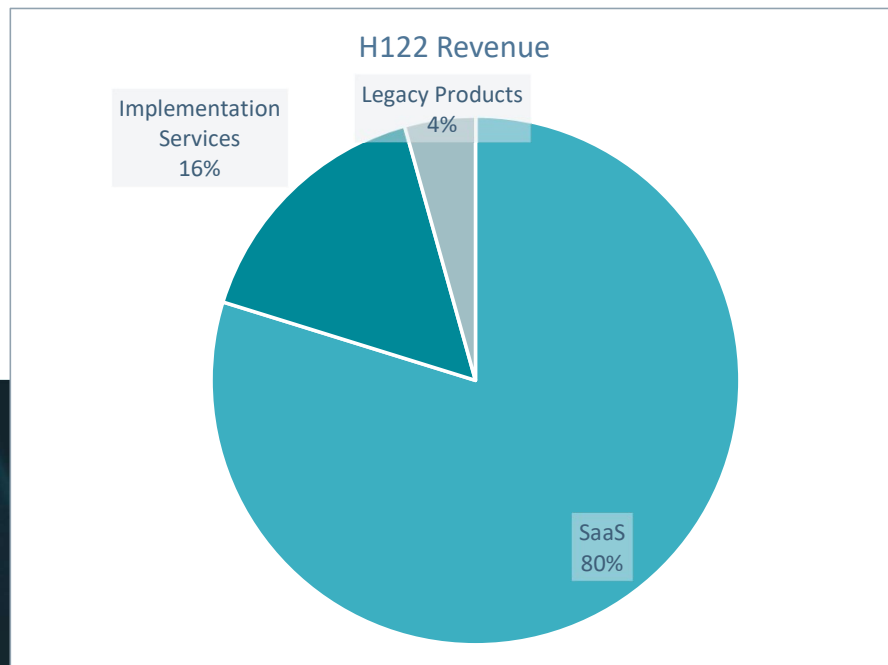
⁽²⁾Includes implementation, training and Professional Services

⁽³⁾Includes Esker DeliveryWare, Fax Servers and Host Access

⁽⁴⁾Growth based on a constant exchange rate: 2022 exchange rates applied to 2021 figures

⁽⁵⁾Expressed as Annual Recurring Revenue (ARR), a standard metric for SaaS or subscription business. ARR is the average annual subscription value that customers commit to pay over the life of a contract. Revenue from platform transactions is not included as it is uncertain by nature and depends on the number of transactions effectively processed, which is not known at the time the contract is signed. Service revenue is also not included in ARR as it is non-recurring.

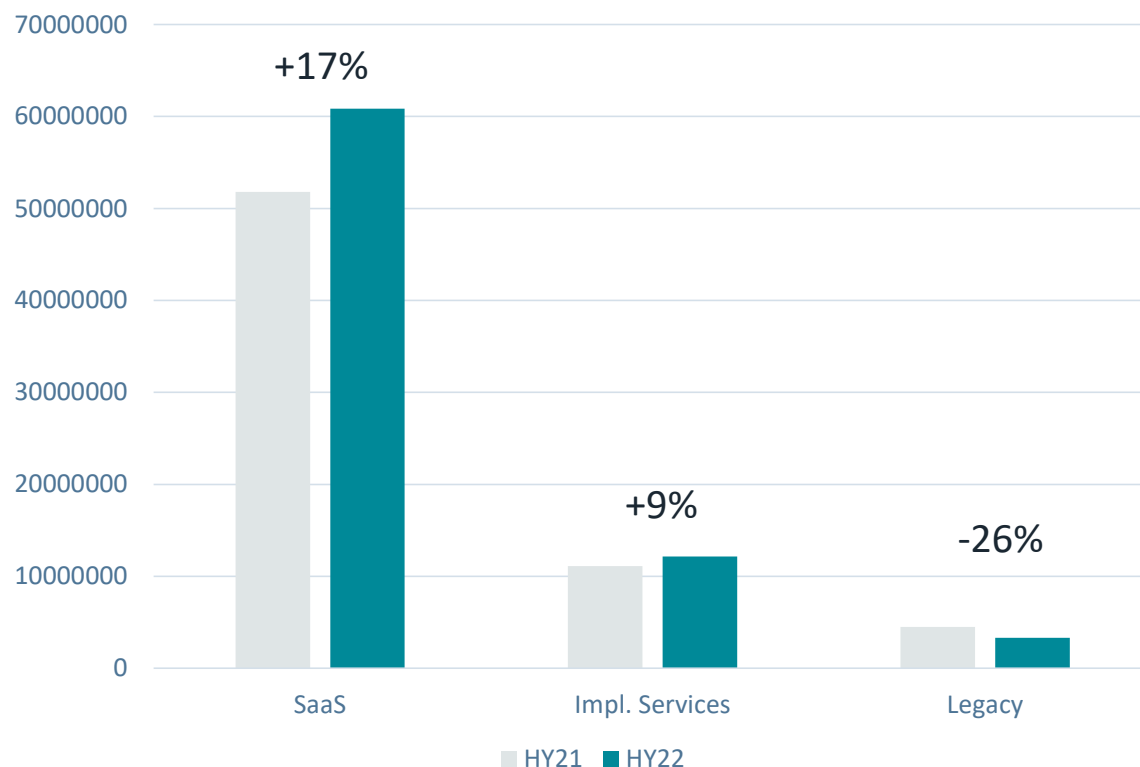
STRONG RECURRING BUSINESS MODEL



In 2022 SaaS increased 17% and represented 80% of the total revenue (78% for FY 2021)

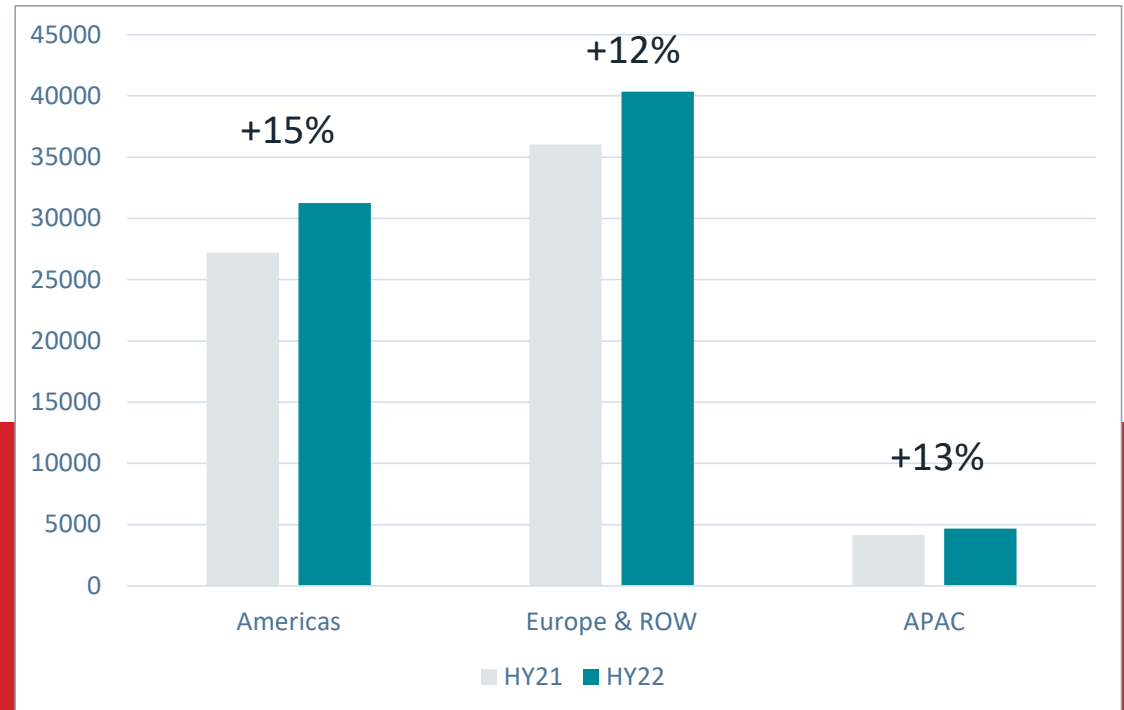
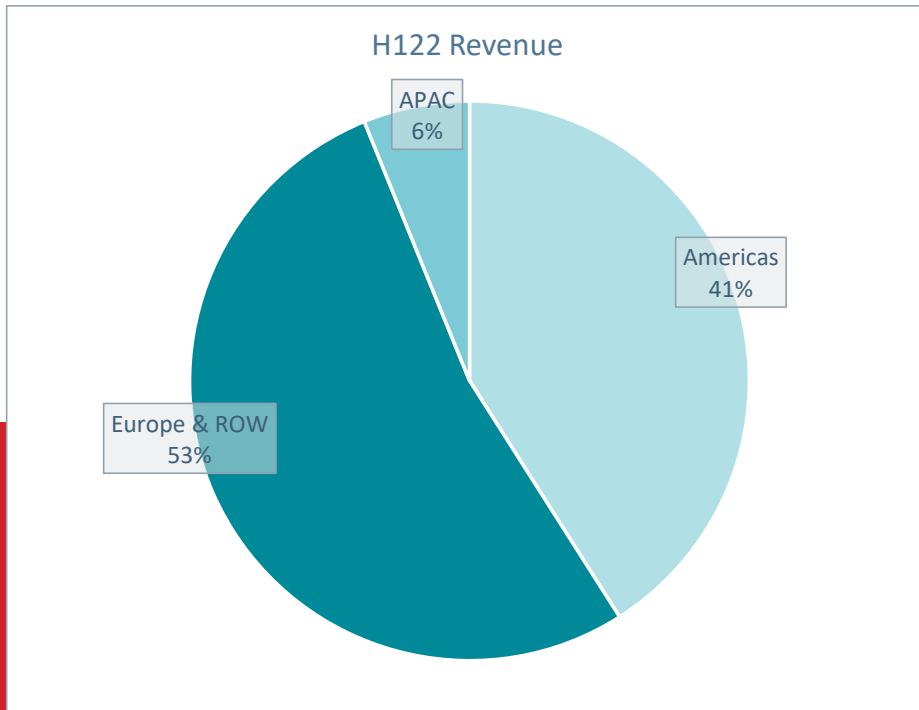
Consulting revenue consists in services associated with the implementation of Esker's solutions

REVENUE GROWTH BY PRODUCT TYPE



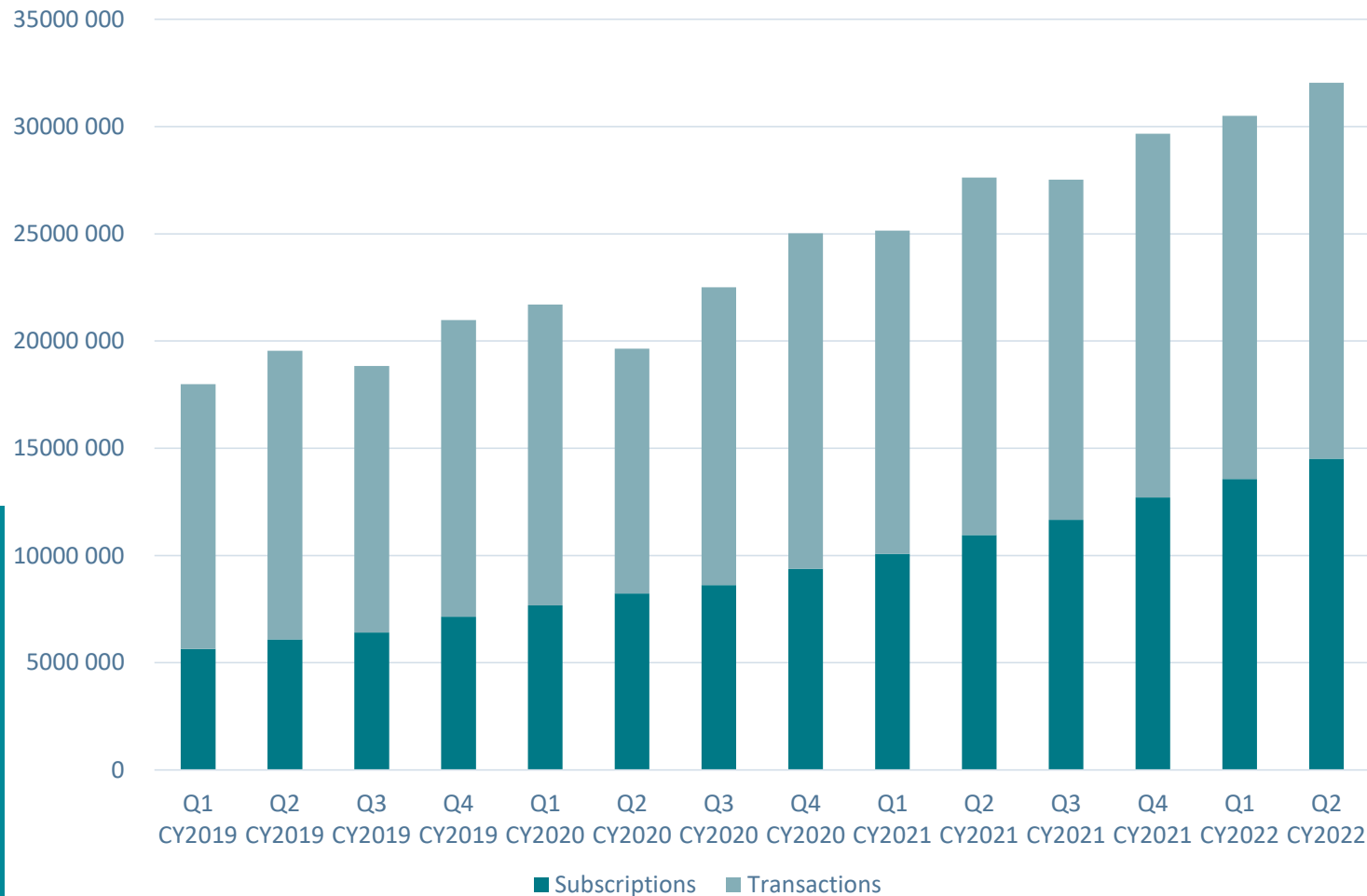
- Dynamic growth of SaaS shows implementation of past wins as well as volume of activity on the platform by existing customers
- Consulting revenue improving in Q222 (+12%) after a slow start mostly to availability of internal & external resources linked to Covid pandemic
- Legacy product on their trend

REVENUE GROWTH BY REGION



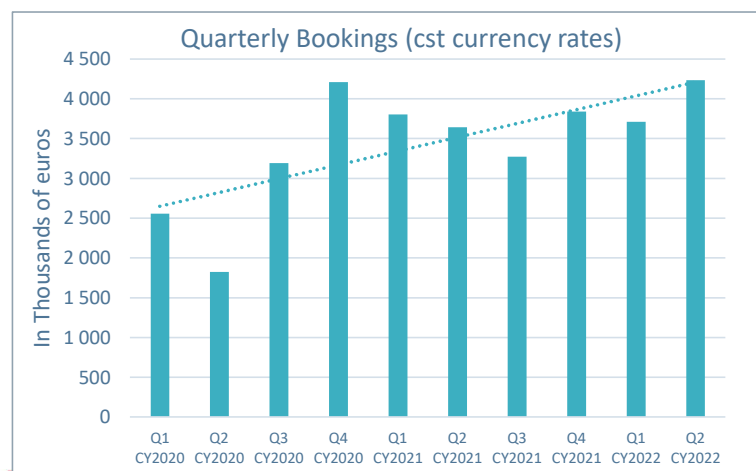
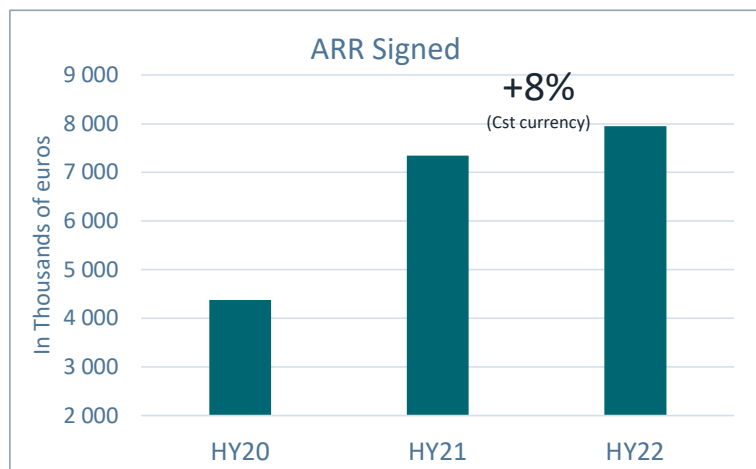
- All regions are growing
- Dynamic growth in the US following consistent growth in bookings in previous years
- APAC back to growth after being impacted by restrictive Covid policies

SAAS REVENUE BY TYPE



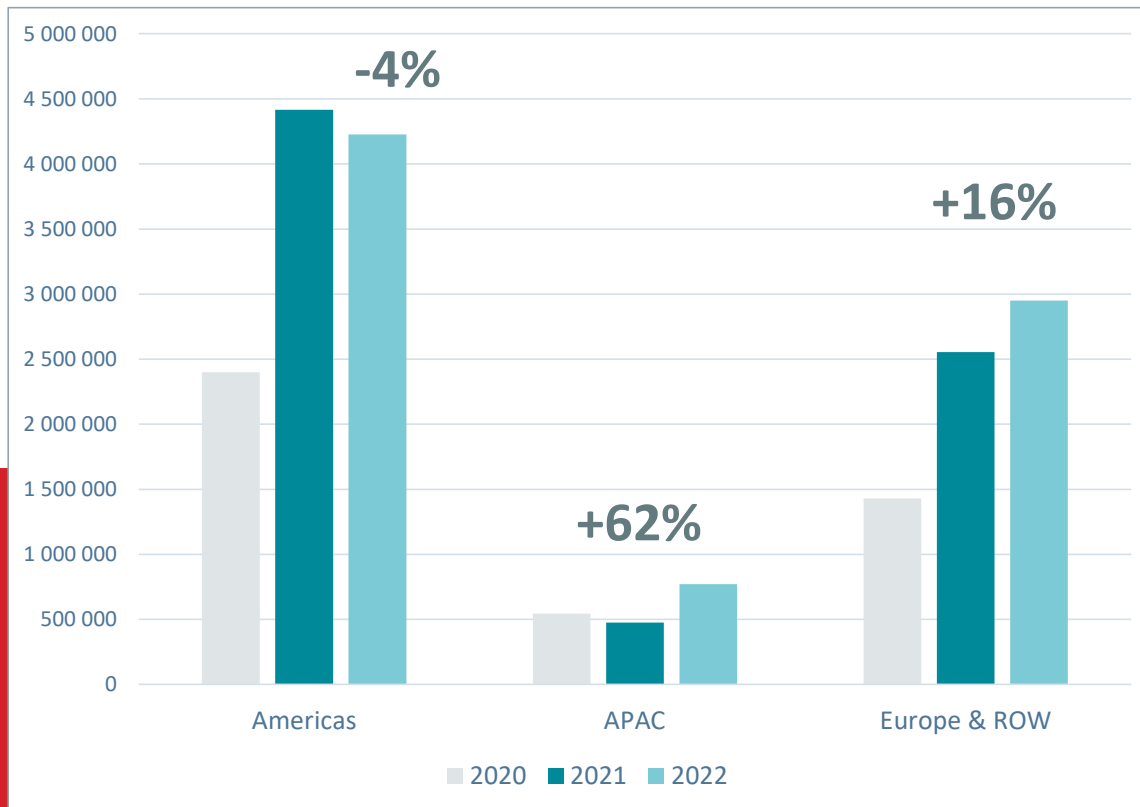
- Subscription revenue
 - accounts for 45% of SaaS revenue in H122
 - 33% growth vs H121
- Transaction revenue
 - 55% of SaaS revenue
 - 9% growth vs H121

DYNAMIC SALES PERFORMANCE (BOOKINGS)



- Bookings (order intake) is defined as the average annual minimum amount of revenue for signed contracts (Annual Recurring Revenue)
- It is charged to customers as subscription fee
- This revenue will be recognized over the duration of the contract. Typical contract: 3 years
- Acquisition cost (sales & marketing mainly) charged to income statement in the year on contract closing. No deferral
- Per document revenue comes on top of subscription fees and will be recognized based on customers utilization of the platform.
- Per document revenue (transactional) is not included in bookings

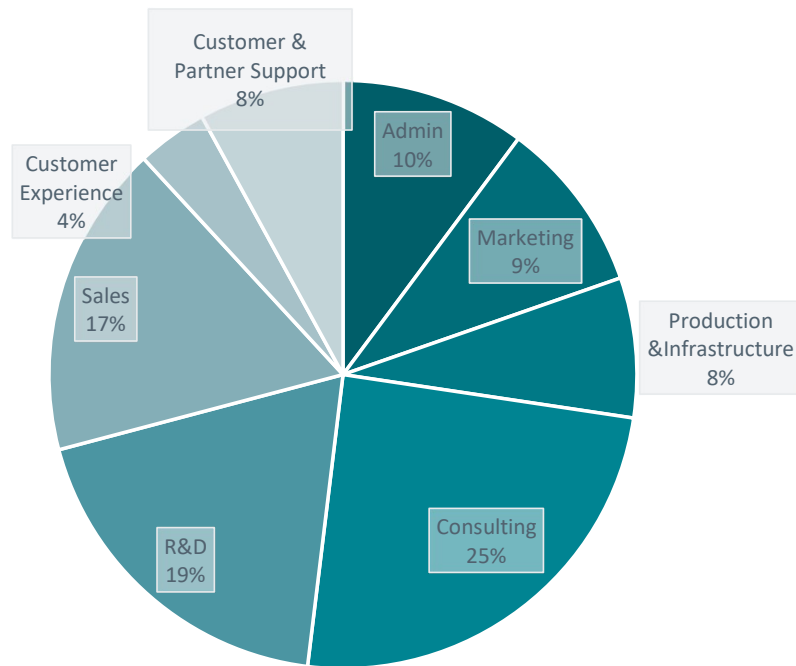
BOOKINGS GROWTH BY REGION



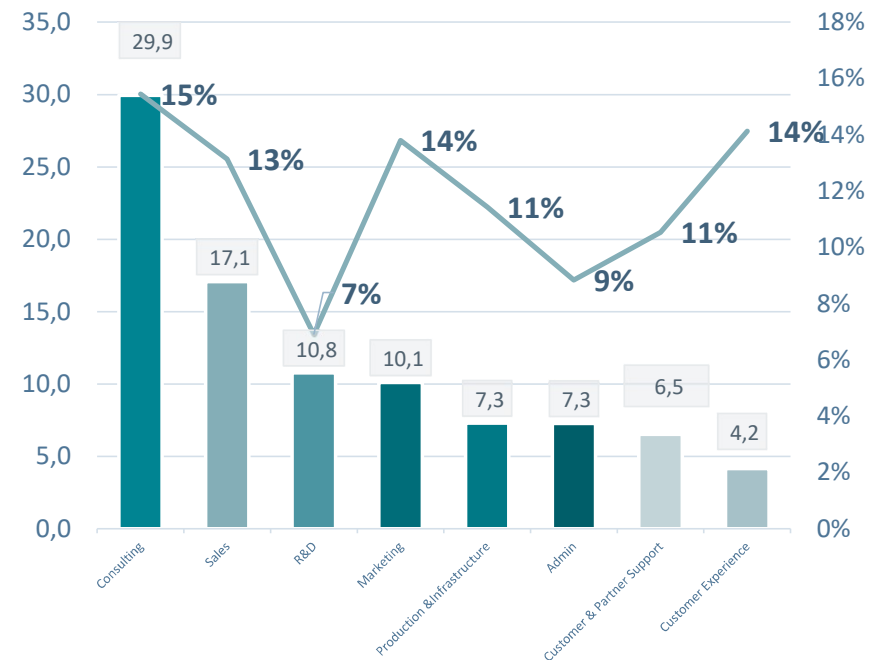
- Solid performance in Europe
- Americas
 - Slight decrease after an exceptional H121 performance (in Cst currency, 8% growth in current rates)
 - H222 will show growth again, particularly in Q4 (base effect)
- Sharp recovery in APAC driven by Australia and New Zealand mainly

CONTINUED INVESTMENTS IN FUTURE GROWTH

June2022 Headcount Breakdown



Headcount Increase by department



Staff @ 06/30/22: 922

+10% vs Dec 2021

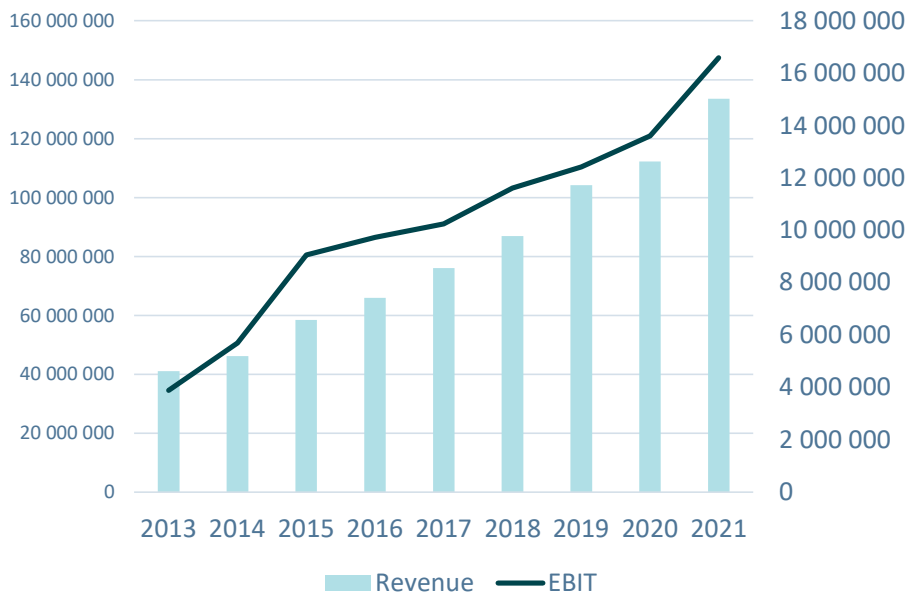
Avg FTE in H122: 884

Avg H122 staff increase vs H121

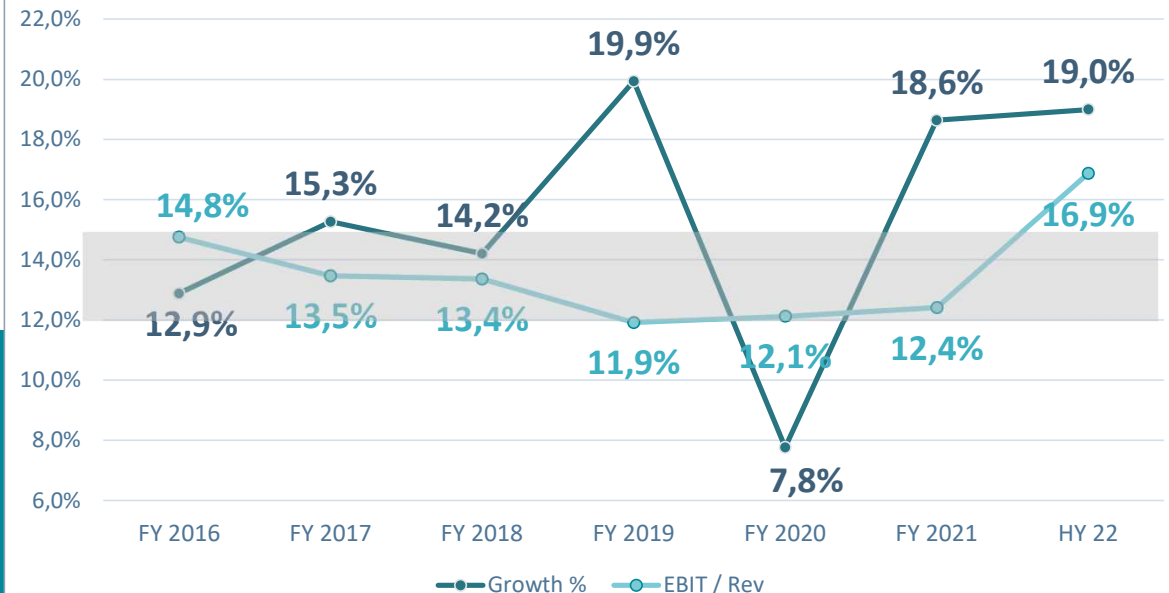
93 FTE +12%

BUSINESS MODEL COMBINES PROFITABILITY AND INVESTMENTS

Historical Performance



Hist. Growth & Profitability Performance



Growth requires investments but Esker still aims at maintaining profitability in the 12 – 15% range



H122 profitability higher than target mainly due to:

- Solid performance in operations
- Share based rewards tax adjustment +2,2M€
- Currency translation effect +1,1M€

MARKET DOJO ACQUISITION

On June 1st, Esker acquired 50,1% of Market Dojo
UK based company
This company has been fully consolidated since June 1st

Consolidation :

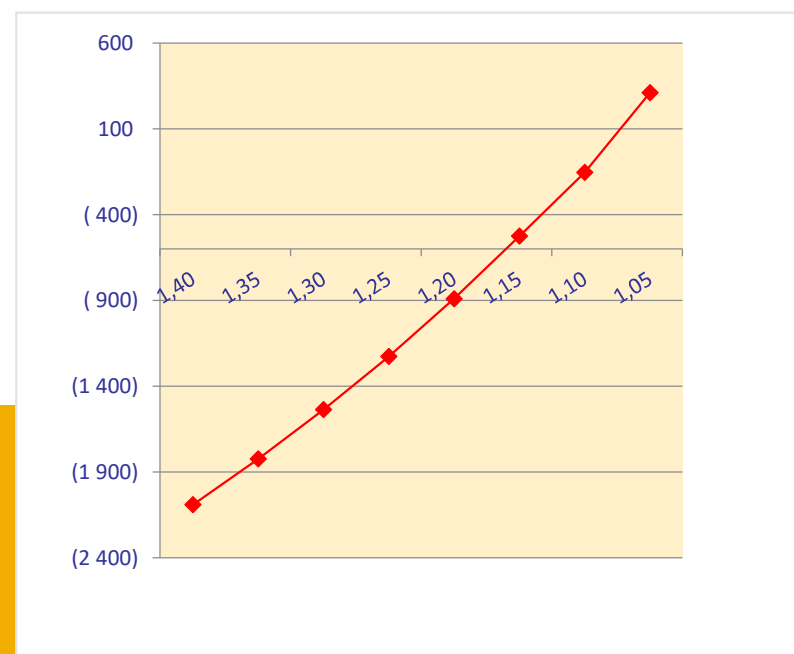
- | | |
|---|-----------|
| ▪ Total acquisition cost (13% in shares): | €10,060 k |
| ▪ Difference of initial consolidation (goodwill): | €9,663 k |
| ▪ Current growth rate | 17% |

A photograph of an office interior, featuring several computer monitors on desks, ergonomic chairs, and large windows with blinds. The entire image is covered with a semi-transparent teal overlay. A horizontal bar with red, teal, and orange segments is positioned below the title.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

CURRENCY TRANSLATION EFFECT (USD)

Rate USD/EURO	Sales	Operating Income
1,08493	0	0
1,00	2 570 K€	789 K€
1,10	-503 K€	-154 K€
1,20248	-2 958 K€	-909 K€
1,30	-5 007 K€	-1 538 K€



CURRENCY TRANSLATION EFFECTS (OTHER CURRENCIES)

Curencies	Sales	Operating Income
GBP	+101 K€	+47 K€
AUD	+84 K€	+18 K€
CAD	+74 K€	+57 K€
USD	+2 958 K€	+909 K€
Asia	+153K€	+26K€

Global translation effect (all currencies) compared to HY 2021:

- Sales: + €3.4M
- Operating Income: + €1.1M (7% of Operating income)

CONSOLIDATED INCOME STATEMENT

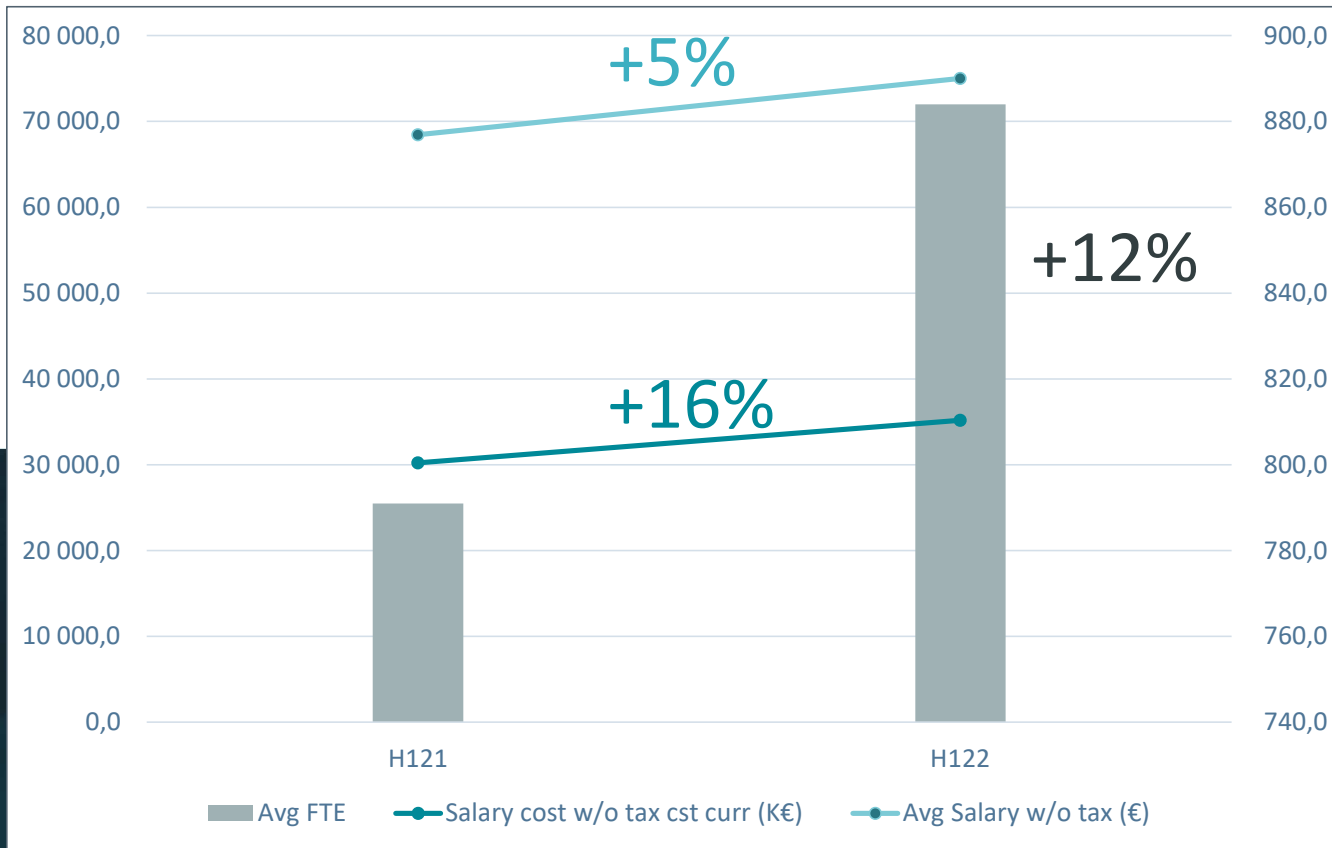
(in thousands of euros)	H1 2022	%	H1 2021	%	Var. €	Var. %
REVENUE	76 284	100%	64 352	100%	11 932	19%
Development costs	5 170	7%	4 309	7%	861	20%
Other income	737	1%	780	1%	-43	-6%
Purchase and external expenses	-19 667	-26%	-14 670	-23%	-4 997	34%
Personnel and related taxes	-43 536	-57%	-40 534	-63%	-3 002	7%
Local and misc. Taxes	-835	-1%	-672	-1%	-163	24%
Depreciation & reserve expenses	-5 283	-7%	-4 437	-7%	-846	19%
INCOME FROM OPERATION	12 870	17%	9 128	14%	3 742	41%
Financial income (loss)	186	0%	67	0%	119	178%
OPERATING INCOME	13 056	17%	9 195	14%	3 861	42%
Exceptional Items	-501	-1%	57	0%	-558	-979%
Income tax	-3 232	-4%	-2 298	-4%	-934	41%
Share of Profit of Associates	807	1%	621	1%	186	30%
NET INCOME	10 130	13%	7 575	12%	2 555	34%
Attributable to:						
- owners of the company	10 223		7 575			
- non-controlling interests	-93		0			
<i>Earnings per share in Euros</i>	<i>1,75</i>		<i>1,31</i>			
<i>Diluted earnings per share in Euros</i>	<i>1,72</i>		<i>1,30</i>			

P&L BY FUNCTION

(in thousands of euros)	H1 2022	%	H1 2021	%	Var. €	Var. %
REVENUE	76 284	100%	64 352	100%	11 932	19%
Cost of goods sold	-25 089	-33%	-19 891	-31%	-5 198	26%
Research and development expenses	-7 074	-9%	-6 741	-10%	-333	5%
Selling expenses	-15 175	-20%	-12 438	-19%	-2 737	22%
CX and Support Expenses	-4 899	20%	-4 110	21%	-789	19%
Marketing expenses	-6 684	-9%	-5 142	-8%	-1 542	30%
General and administrative expenses	-4 493	-6%	-6 902	-11%	2 409	-35%
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- COGS increase driven by increased professional services cost
 - Recruitment efforts (+15% FTE)
 - Salary raises
 - Partner support
- R&D expense net of capitalization and tax credit
- Selling and marketing expenses up due to increased activity, headcount, salary raises and increased travel
- General and adm. Expenses down due to adjustment of tax accrual for share-based employee rewards (2.2M€)

SALARY COST



- Avg salary cost increase for the semester 5%
- At Cst currency
- Situation varies by department
- Includes turnover, raises, variable compensation
- Does not include taxes

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Projects	HY22	HY21	Var
	K€	K€	K€
Dev costs capitalized	5 168	4 309	859
Amortization	-3 353	-2 947	-406
Net	1 815	1 362	453
% capitalized	69%	63%	
OD projects	HY22	HY 21	Var
Days	12 777	11 396	+12.1%
Cost in K€	4 879 426	4 007 056	+21.8%
Average cost per day	382	352	+8.5%

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- **Other income** : tax credit for research in France for €525k (507 in H1 2021)
- **Increase purchases and external expenses +€5.0 M:**
 - Travel expenses : + €0.9 M
 - PS Outsourcing : + €0.8 M
 - IT supplies, software & telecom : +€1.4 M
- **Personnel and related taxes** : increase limited to €3.0 M (+7%) due to adjustment of free shares taxes (+2,2M€)
- Personnel and related taxes without free shares taxes accrual : **€45.8 M vs €39.0 M** for HY2021; +17%
- **Depreciation and reserves** : €5.3 M including R&D depreciation for €3.1 M

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Financial income : €186 K

In thousands of euros	30/06/2022	30/06/2021
Interest income	34	49
Interest expense	-11	-10
Exchange gain (unrealized)	242	25
Net depreciation	-79	3
Financial income	186	67

Exceptional income : -501 K€

Capital loss on treasury shares used for market liquidity

Income tax: effective tax rate : 25,7 % (24,8 % for Y2021)

Net income HY 2022: €10.1 M + 34%

CONSOLIDATED BALANCE SHEET

ASSETS (thousands of euros)	06/30/22	12/31/21
Intangible assets	46 632	33 644
<i>Including goodwill</i>	16 253	6 138
Property, plant and equipment	9 504	9 896
Financial assets	10 944	10 928
Shares accounted for under the equity method	3 568	2 761
Total assets	70 648	57 229
Inventory and work in progress	425	341
Account receivable	33 330	28 870
Deferred tax assets	671	667
Prepaid exp. and other assets	7 634	6 678
Cash and equivalent	39 922	34 978
Total current assets	81 982	71 534
TOTAL ASSETS	152 630	128 763

- Intangible assets + €13.0 M :
 - Goodwill (Market Dojo)
 - Development costs capitalized
- Financial assets :
 - Investment in associates (LSQ) for €5.1 M
 - Cash invested in securities €4.8 M
- Account receivables in line with sales growth & currency exchange rates fluctuation
- + €4.9 M in cash – see cash flow statement

CONSOLIDATED BALANCE SHEET

LIABILITIES (thousand of euros)	06/30/22	12/31/21
Capital stock	11 960	11850
Additional paid-in capital	22 915	22756
Net result	10 130	14280
Consolidated reserves	47 187	31508
Total shareholders' equity	92 192	80 394
<i>Non controlling interest</i>	<i>393</i>	
Reserves	2 674	2 497
Financial liabilities	17 086	1 169
Account payable	9 600	9 485
Tax and employee related liabilities	20 077	24 295
Other liabilities	11 001	10 923
Total current liabilities	57 764	45 872
TOTAL LIABILITIES	152 630	128 763

- Financial liabilities :
 - Finance lease liability : €0.5 M
 - New loans : €17 M (fixed rate)
- Tax and employee related liabilities - €4.2 M
mainly due to the reversal of free shares tax provision

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	06/30/22	06/30/21
Consolidated net income (loss)	10 130	7 575
Depreciation and amortization	5 117	4 452
Capital gains and losses	4	-3
Cash Flow after net financial expenses	15 251	12 024
Interest paid and received	23	49
Income tax , including deferred taxes, due and paid	1 750	94
Dividend received from associates	1 800	
Variance in working capital	-9 629	-1 510
NET CASH GENERATED BY OPERATING ACTIVITIES	9 195	10 657
Investments intangible and tangible assets	-8 049	-4 975
Change in other financial assets	485	-317
Investments in associate company	-10 077	-770
NET CASH FLOW FROM INVESTING ACTIVITIES	-17 641	-6 062
Dividend paid	-3 558	-2 897
Amount received from the exercise of stocks options	269	970
Repayment of borrowings - finance leases	-1 106	-12 831
Change in borrowings	17 000	0
NET CASH FLOW FROM FINANCING ACTIVITIES	12 605	-14 758
<i>Effect of exchange rate changes on cash</i>	<i>785</i>	<i>438</i>
Cash at the beginning of the period	34 978	40 421
Cash at the end of the period	39 922	30 696

Cash position increases +€4.9 M:

- Positive cash flow generated by operating activities : + €9.2 M
- And €17.0 M new loans

That finances investing activities:

- €5.0 M of capitalized development costs
- 50,1% of Market Dojo (Goodwill : €9.7 M)
- Dividend paid : €3.6 M
- Positive currency impact



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