

THE CLOUD PLATFORM FOR BACK OFFICE DIGITALIZATION

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



AGENDA

- Corporate Overview
- Business Model
- Strategy
- Addendum



CORPORATE OVERVIEW

THE CLOUD PLATFORM FOR DOCUMENT PROCESS AUTOMATION

BRINGING THE BACK-OFFICE TO THE MODERN WORLD

DIGITIZATION OF B2B BACK OFFICE PROCESSES

PROCURE-TO-PAY

Procurement

Accounts Payable

ORDER-TO-CASH

Order Management

Accounts Receivable



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

Suppliers

Customers

PROCURE-TO-PAY

PROCUREMENT

P2P
\$3.0B
in
2018

\$5.0B
by 2023
CAGR of 10.8%

* Source: Gartner Group

ACCOUNTS PAYABLE

ORDER-TO-CASH

ORDER MANAGEMENT

ACCOUNTS
RECEIVABLES
\$1.7B
in 2019

ORDER
MANAGEMENT
\$0.7B
in 2018

\$3.0B
by 2024
CAGR of 12.0%

*2 Source: Markets and
Markets

\$1.16B
by 2023
CAGR of 10.6%

*3 Source: Report Data

ACCOUNTS RECEIVABLE

KEY NUMBERS



#14

€104M

SALES REVENUE
2019

35
years

OF EXPERIENCE

14

SUBSIDIARIES

71%

INTERNATIONAL
REVENUE

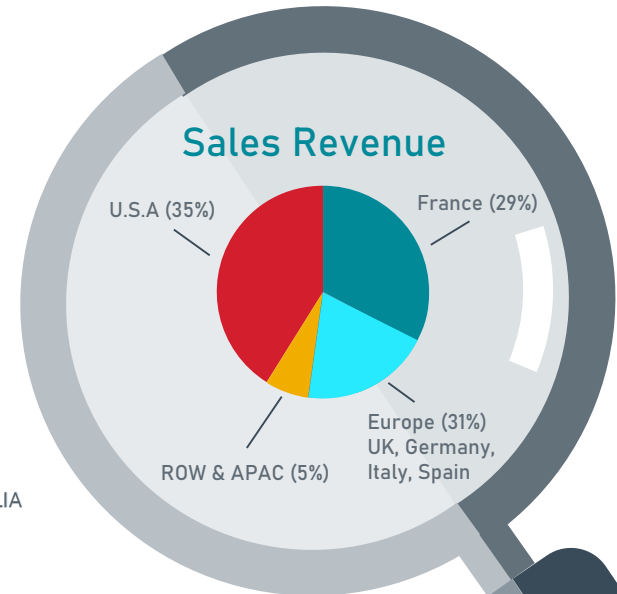
18%

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



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE



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



**ESKER AWARDED A SILVER 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

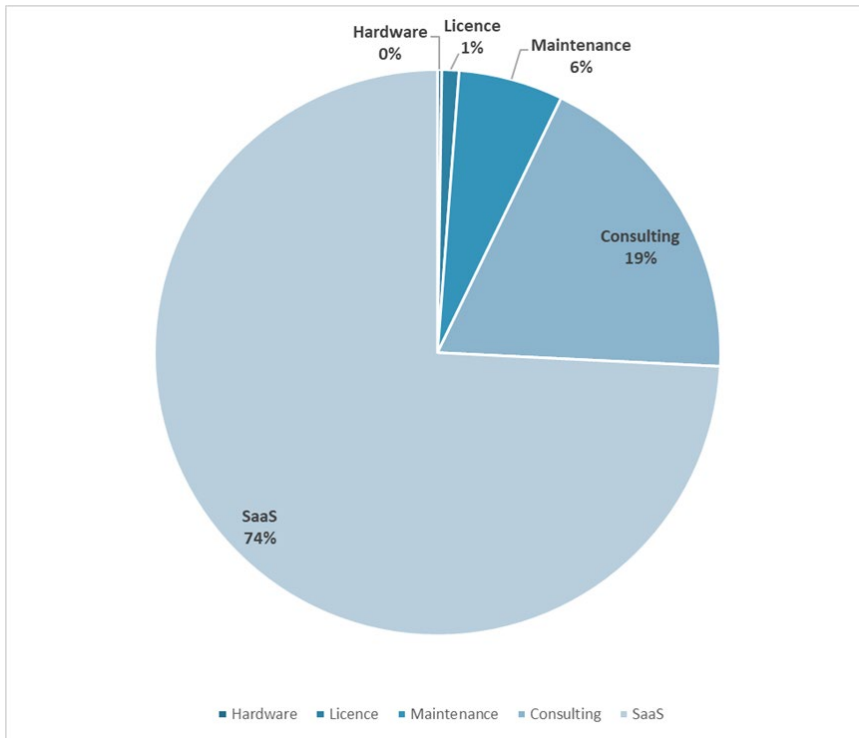


**MEMBER OF THE UNITED NATIONS
GLOBAL COMPACT**
Promoting the Global Compact's ten
principles of human rights, international
labor standards, the environment and the
fight against corruption

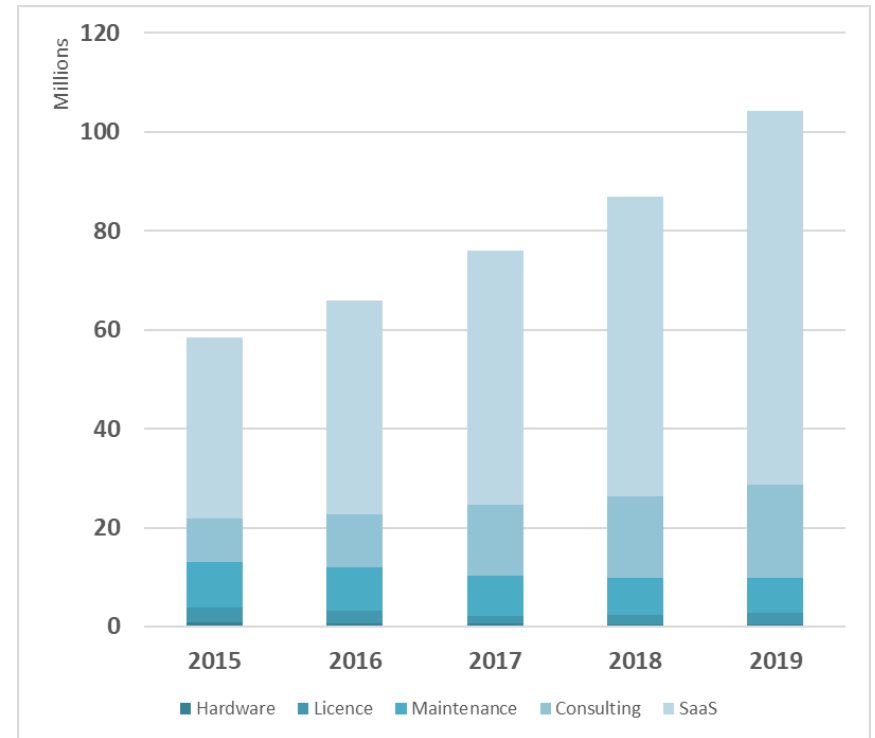


BUSINESS MODEL

STRONG RECURRING BUSINESS MODEL

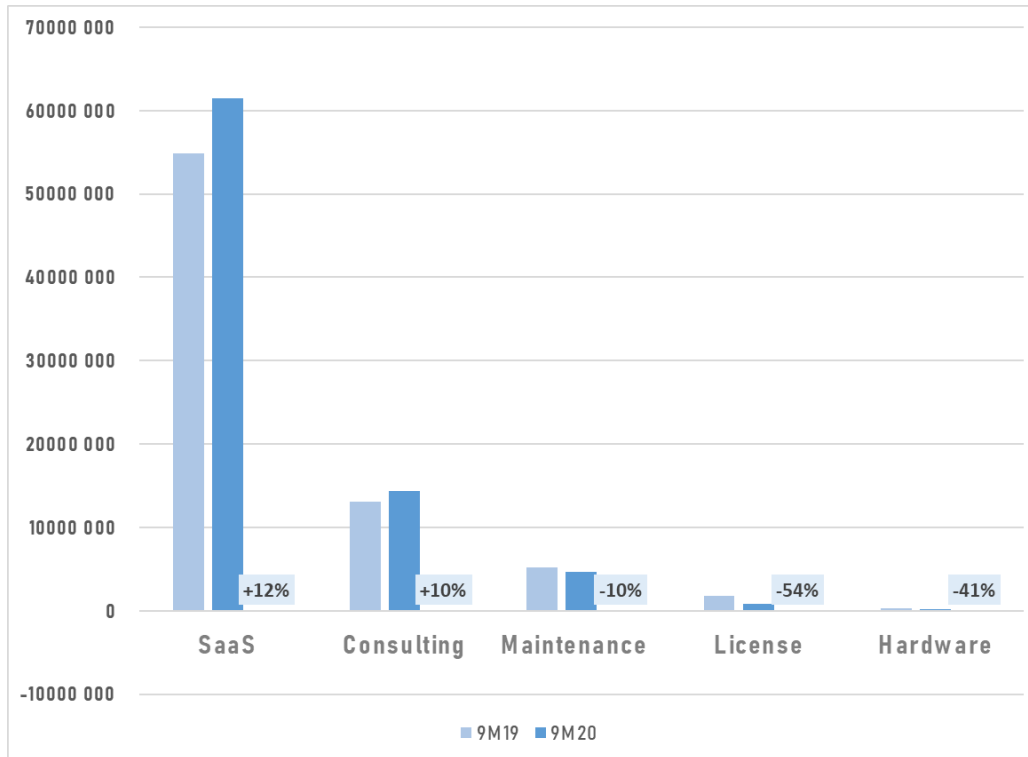


80% recurring revenue in 2020-H1
(SaaS + Maintenance)



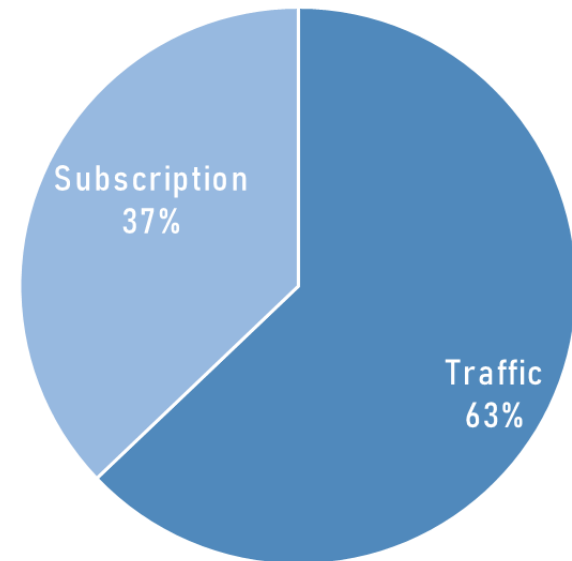
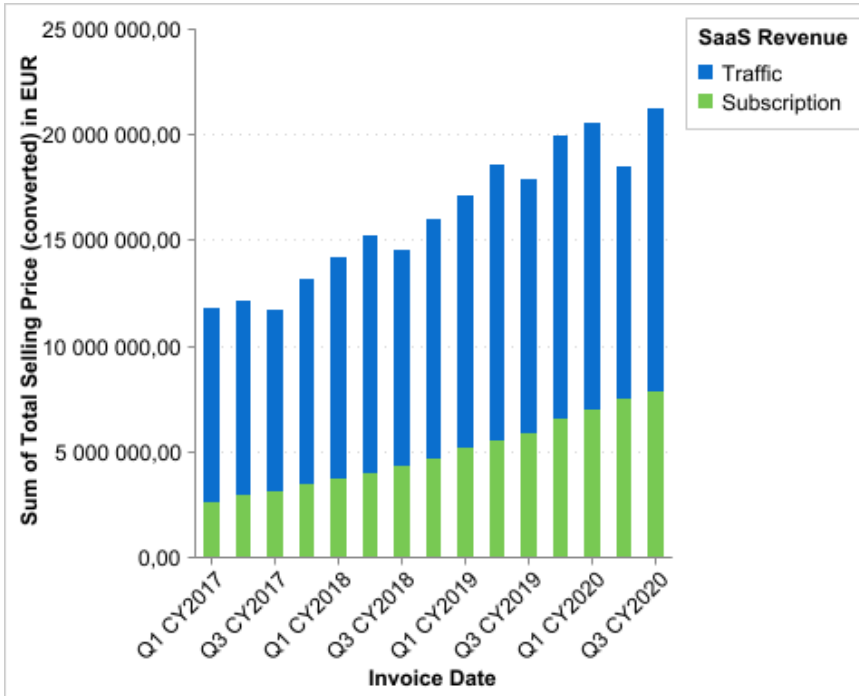
In H1 2020 SaaS Increased 9% and represented
74% of the total revenue (73% for FY 2019)

REVENUE GROWTH BY PRODUCT TYPE



- Dynamic growth of SaaS shows implementation of past wins
- Consulting revenue remains strong in H1 20. Implementations done remotely and important backlog keep consultants busy

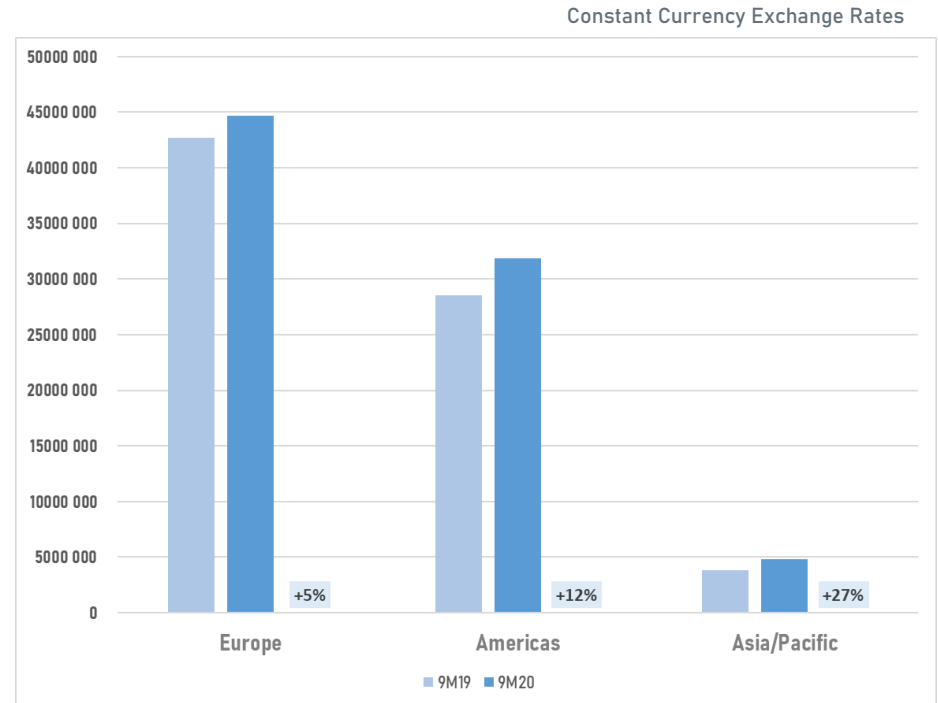
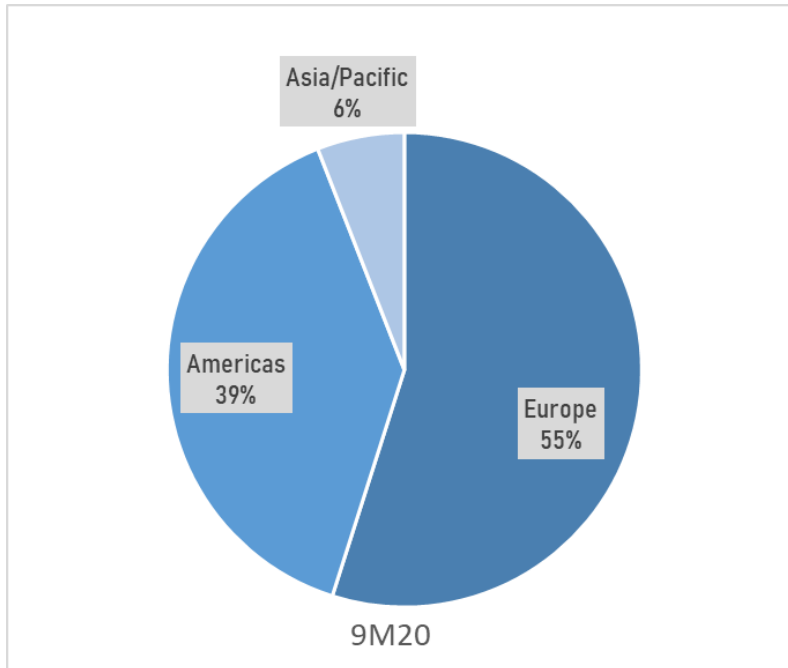
SAAS REVENUE



Evolution of SaaS Revenue Breakdown by type

9M 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

Growth driven by cloud solutions (+12%) and despite sharp decrease of the legacy business (-38%)

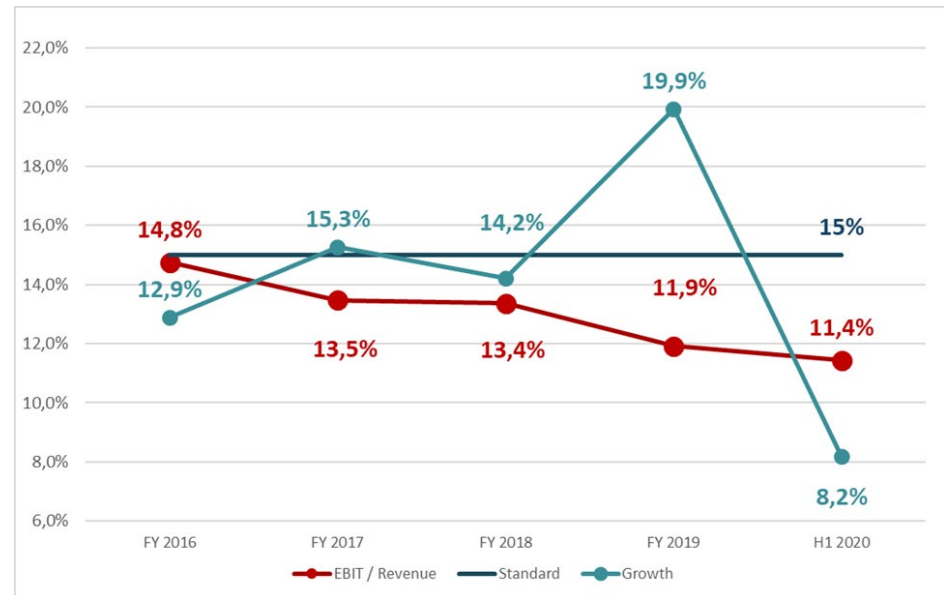
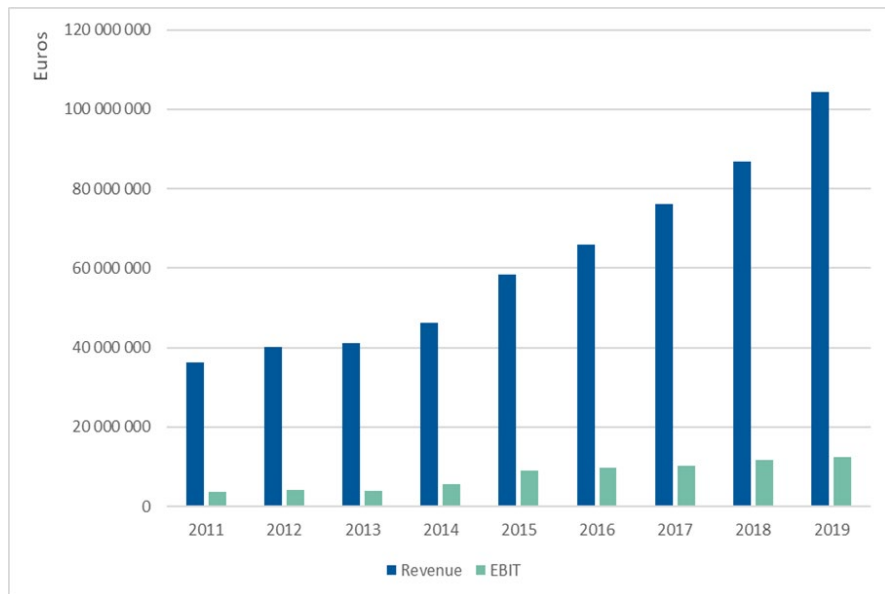
STEADY SALES PERFORMANCE

(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 9M20: +10% vs 9M19
- Will be recognized over the life of the contract
- Acquisition cost (sales & marketing mainly) charged to income statement immediately
- Committed value of contract is estimated to be approximately 50% of total value at contract renewal

BUSINESS MODEL COMBINES PROFITABILITY AND STRONG INVESTMENTS

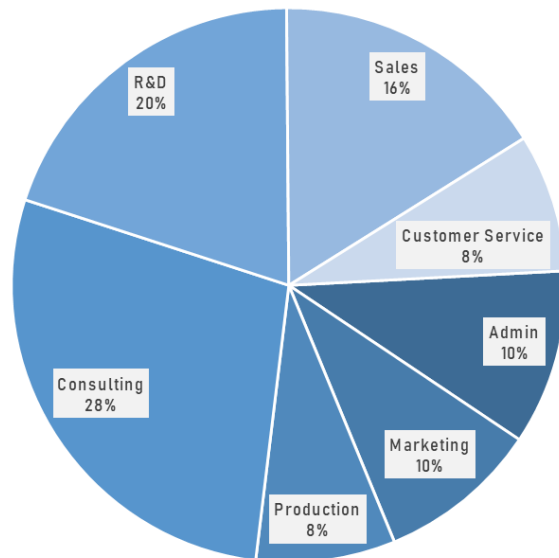


2020 – H1 Operating Income: 11.4%

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

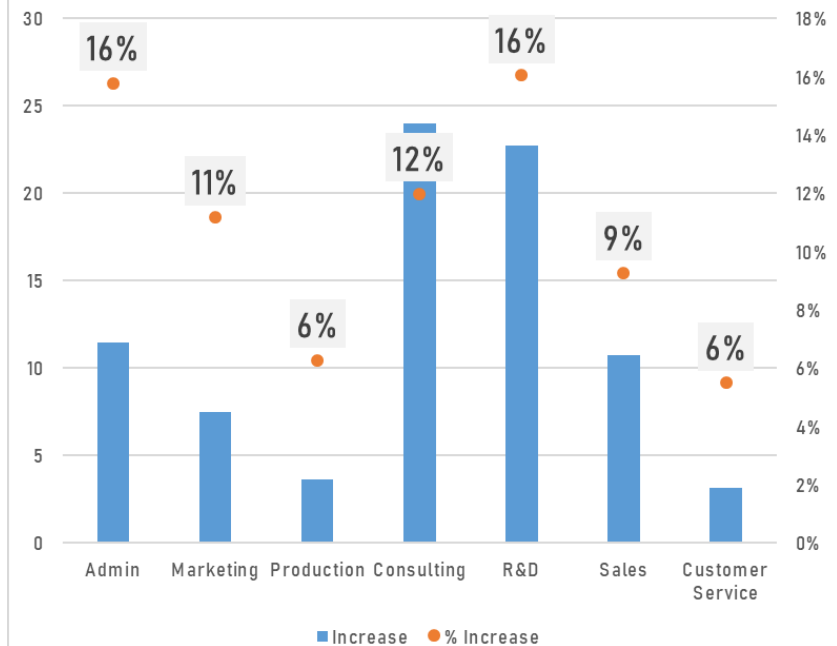
DYNAMIC INVESTMENTS FOR FUTURE GROWTH

9M 2020 Staff Breakdown by Department



Staff @ 9/30/20: 740

Headcount Increase by Department



9M 2020 - Staff increase:
vs. 9M 2019: +83 FTE (+12%)

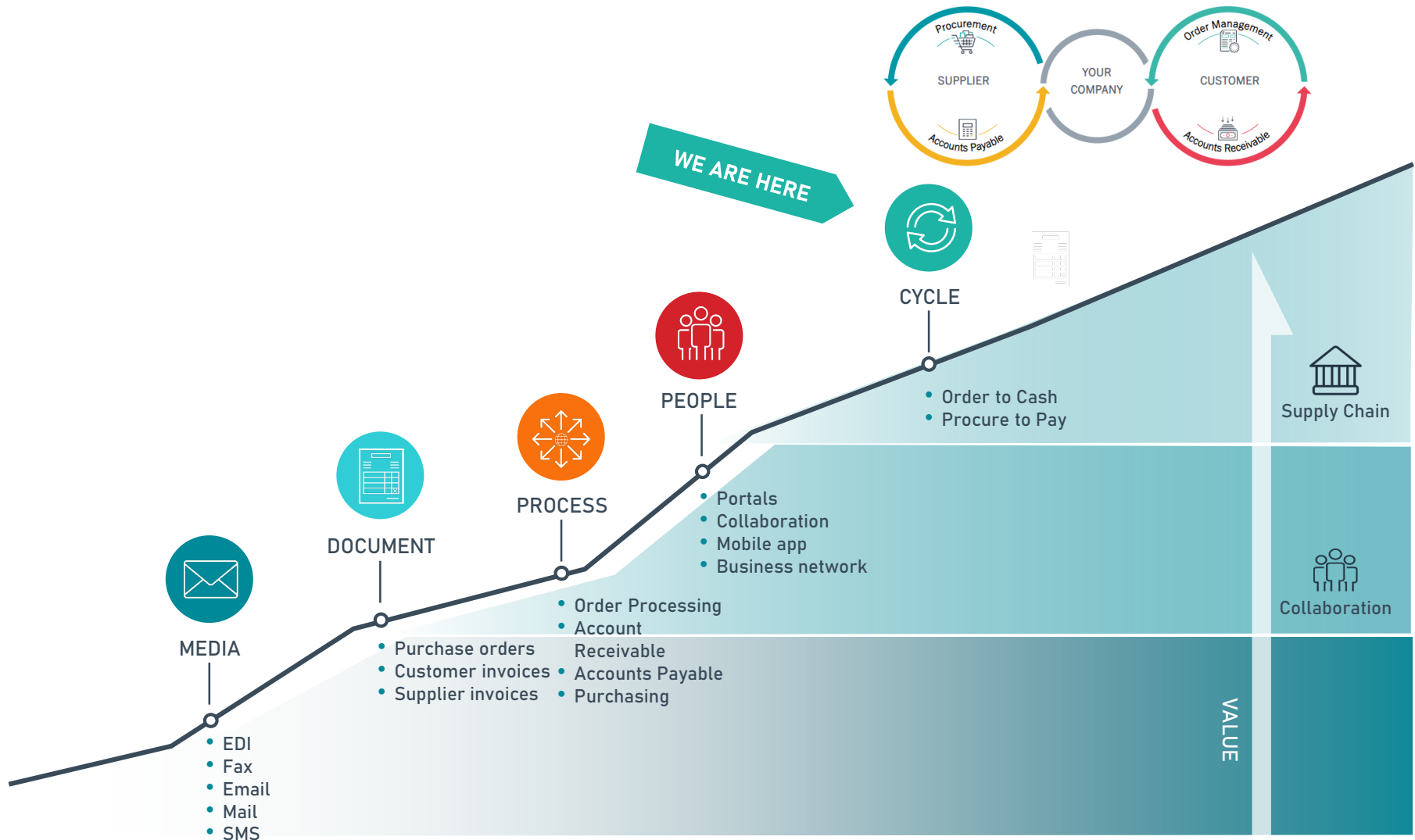
COVID-19 IMPACTS

- The variable SaaS traffic has been impacted in Q2 and recovering slowly since then
- We are experiencing longer sales cycles but bookings growth remains strong
- Esker Investments are adjusted to be in sync with the revenue to maintain the profitability



STRATEGY

PRODUCT STRATEGY



PRODUCT ROADMAP 2020-2023

ORDER-TO-CASH



NEXT

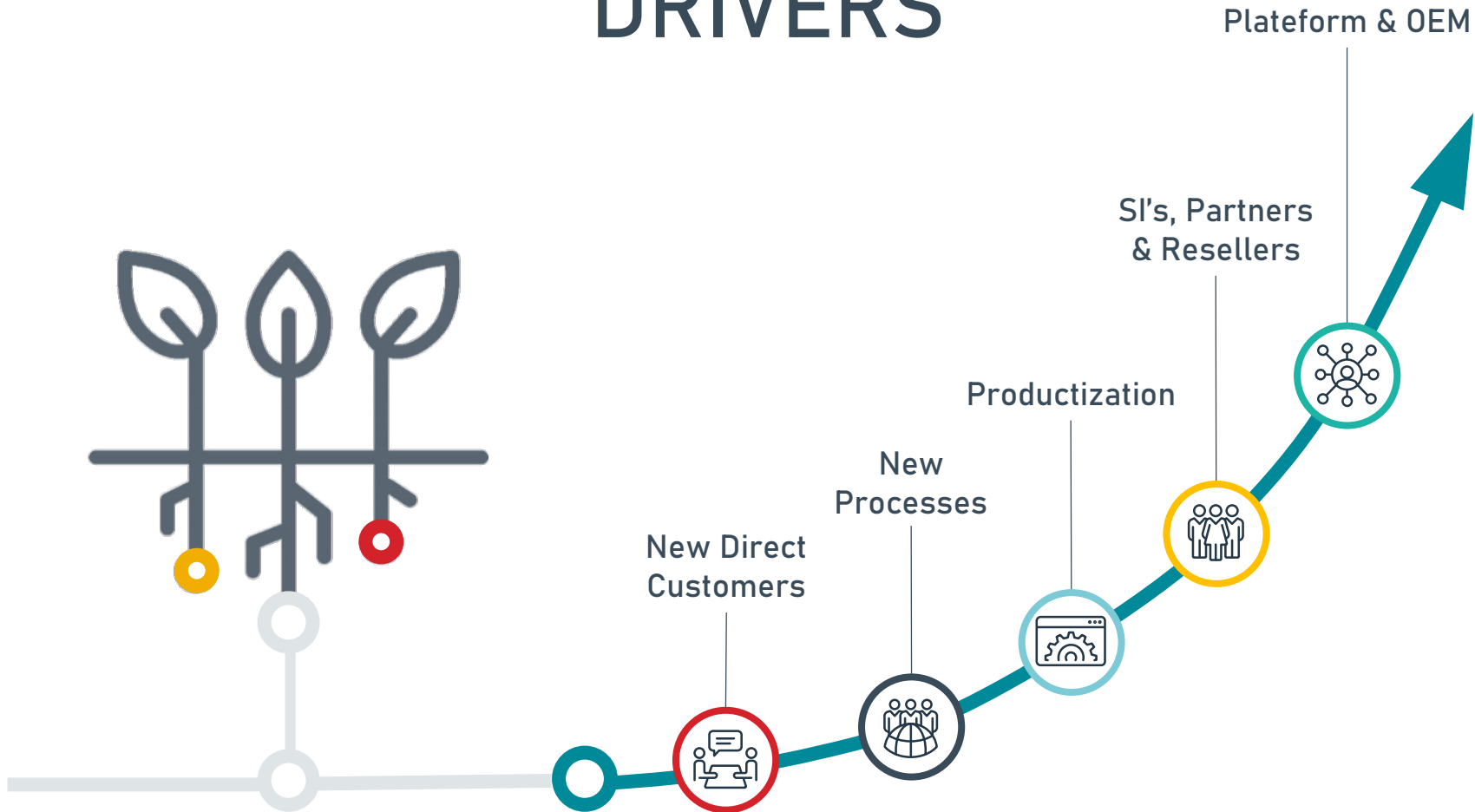
PROCURE-TO-PAY



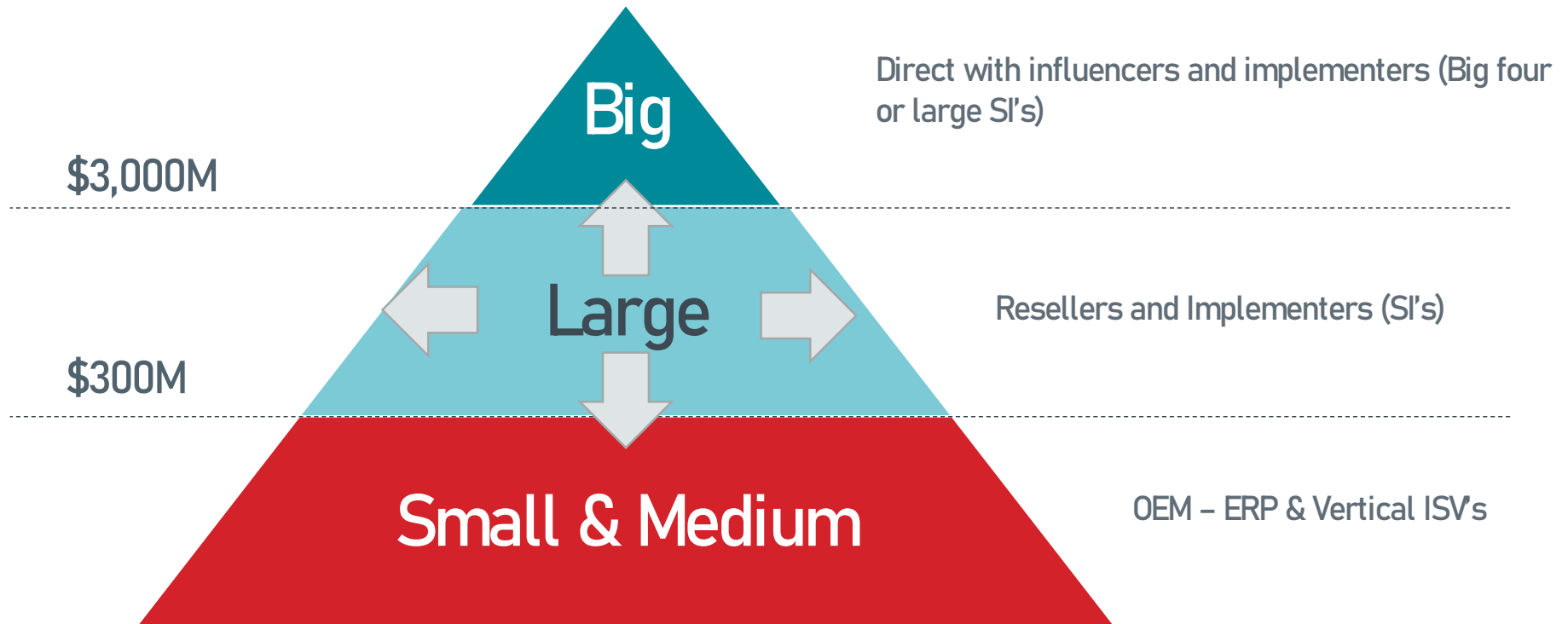
TECHNOLOGY ROADMAP



GROWTH DRIVERS



SALES STRATEGY



TARGET 2020 & BEYOND

- 2020 and 2021 outlooks will be impacted by the evolution of the pandemic
- 2020 should show around 9% organic growth (excl. currency impact)
- 2021 should return to 2019 growth performance
- Profitability is expected to be stable, subject to growth and sales performance
- Continue to build partner network and make first partners successful in 2021

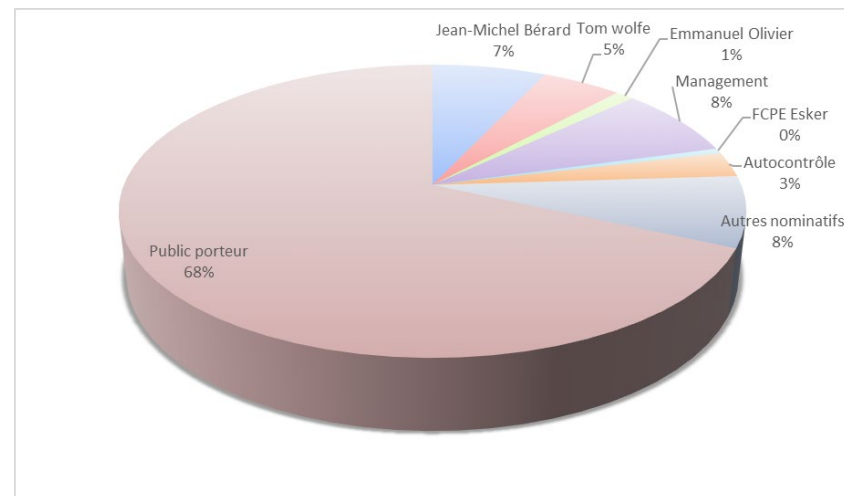
ADDENDUM

STOCK MARKET

STOCK PRICE EVOLUTION OVER 5 YEARS



CAPITAL BREAKDOWN AS OF DECEMBER 31, 2019 (ESTIMATED)



EURONEXT GROWTH PARIS

ISIN Code: FR0000035818 ALESK

Market capitalization Sept 23 , 2020: €783M

Number of shares: 5,608,965

FINANCIAL ANNOUNCEMENTS:

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

2020-H1 REVENUE

SALES REVENUE	2020-H1 €M	2019-H1 €M	GROWTH ⁽⁴⁾
SaaS-based document process automation ⁽¹⁾	50,1	44,8	+11%
License and maintenance-based document process automation ⁽²⁾	2,9	3,4	-15%
Legacy products ⁽³⁾	1,2	2,0	-39%
TOTAL	54,2	50,1	+7%

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

(2) Includes Esker DeliveryWare

(3) Includes Fax Servers and Host Access

(4) Growth expressed with no currency effect: 2020 exchange rates applied to 2019 figures

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

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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- 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

CONSOLIDATED BALANCE SHEET

ASSETS <i>(in thousands of euros)</i>	06/30/20	12/31/19	LIABILITIES <i>(thousand of euros)</i>	06/30/20	12/31/19
Goodwill	6 194	6 178	Capital stock	11642	11504
Intangible assets	24 302	23 145	Additional paid-in capital	20821	20424
Property, plant and equipment	10 429	10 434	Net Income	5423	9745
Financial assets	6035	6 177	Retained Earnings	22533	14974
Shares accounted for under the equity method	1441	1 267			
Total assets	48 401	47 201	Total shareholders' equity	60 419	56 647
Inventory and work in progress	233	185	Reserves	1 909	1 760
Account receivable	22 276	24 884	Financial liabilities	16 577	6 516
Deferred tax assets	465	465	Account payable	7 615	8 772
Prepaid exp. and other assets	5 517	5 131	Tax and employee related liabilities	15 133	15 919
Cash and equivalent	33 798	21 357	Other liabilities	9 037	9 609
Total current assets	62 289	52 022	Total current liabilities	48 362	40 816
TOTAL ASSETS	110 690	99 223	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)

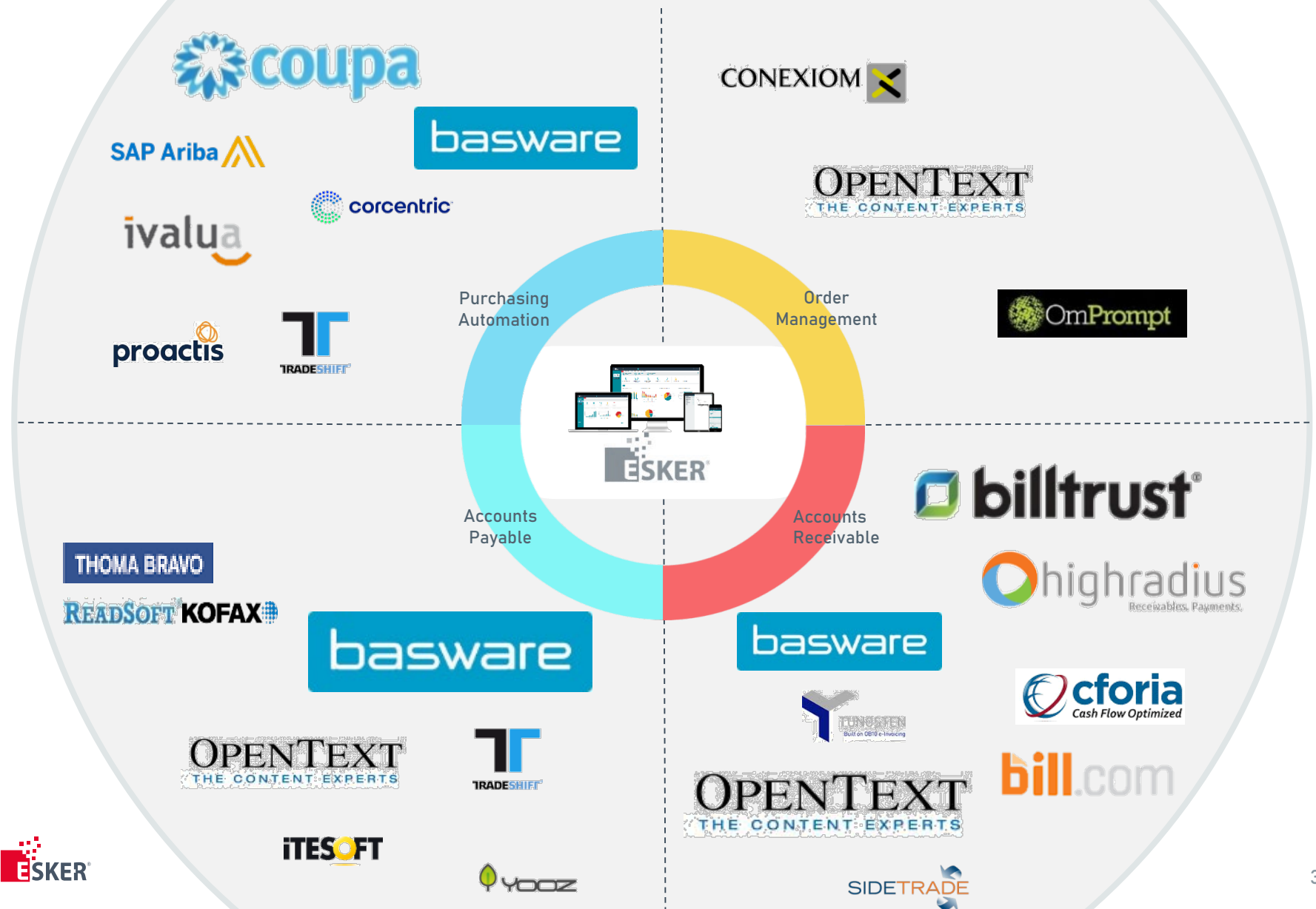
CONSOLIDATED CASH FLOW STATEMENT

(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 deferred 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%)

COMPETITION



THANK YOU FOR YOUR ATTENTION

