UNIVERSAL REGISTRATION DOCUMENT 2020

ESKER®

UNIVERSAL REGISTRATION DOCUMENT

2020

The original French version of this Universal Registration Document was filed on May 12, 2021 with the AMF (“*Autorité des Marché Financiers*”), the French financial market regulator, as the competent authority under regulation (UE) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The original French version of Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, if applicable, a summary together with any amendments to the Universal Registration Document.

The whole has been approved by the AMF in accordance with Regulation (EU) 2017/1129.

Copies of the original French language version of the universal registration document filed with the AMF are available to all persons submitting a request to the Company's registered office.

It can also be consulted at Esker's website along with this English translation of selected sections of this document: www.esker.com/investors.

In accordance with article 19 of European Regulation (EU) n°2017/1129, the following information shall be incorporated by reference in this Universal Registration Document:

- The Group’s consolidated financial statements and the auditors' report thereon for the period ended December 31, 2019 as presented on pages 71 to 87 and the separate parent company financial statements of the company and the Auditors’ report on the annual financial statements for the fiscal year ended December 31, 2019 as presented on pages 91 to 104 of the original French language version of the registration document filed with the AMF on May 26, 2020 (No. D.20-0497),
- The Group’s consolidated financial statements and the Auditors' report thereon for the period ended December 31, 2018 as presented on pages 34 to 52 and the separate parent company financial statements of the company and the Auditors’ report on the annual financial statements for the fiscal year ended 31 December 2018 as presented on pages 53 to 67 of the original French language version of the registration document filed with the AMF on May 20, 2019 (No. D.19-0502),

The information included in these two registration documents other than the items mentioned above have been, as applicable, replaced and/or updated by the information included in this universal registration document.

The two registration documents referred to above may also be consulted at the Company's website: www.esker.com/investors.

Translation disclaimer: This document is a free translation of selected sections of the original French version of the Universal Registration Document (“document d’enregistrement universel”) filed on 12 May 2021 with the AMF (Autorité des Marché Financiers), the French financial market regulator, as the competent authority under regulation (EU) 2017/1129. The English version of this document has not been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. In the event of any ambiguity or conflict between corresponding statements or other items contained in these documents and the original French version, the relevant statement or item of the French version shall prevail and only the original version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Esker SA expressly disclaims all liability for any inaccuracy herein.

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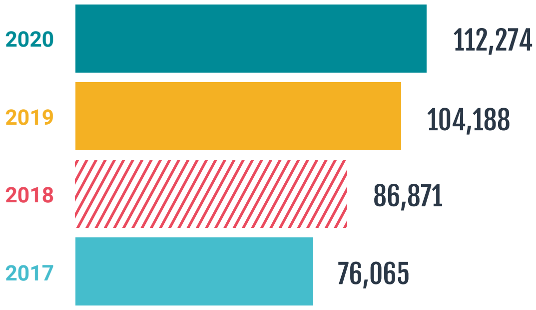
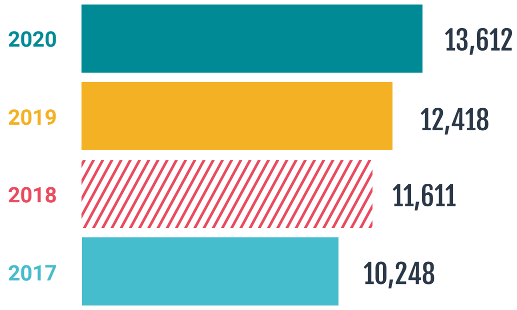
PRESENTATION OF THE GROUP & ITS BUSINESS

1.1. FINANCIAL HIGHLIGHTS

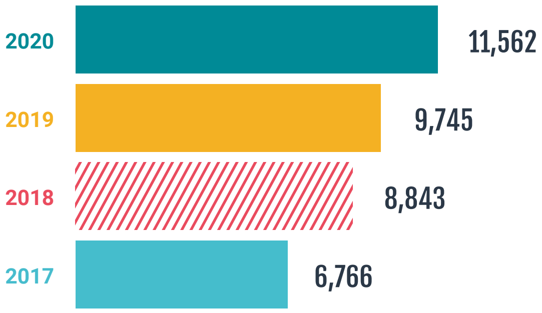
Net sales (€ thousands)



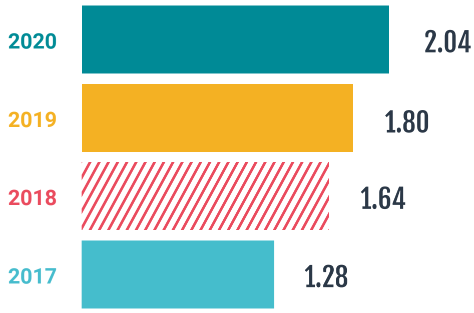
Operating profit (€ thousands)



Net income (€ thousands)



Earnings per share (€)



(€ thousands)	2020	2019
Cash flows after net financial expense	20,844	17,633
Change in operating working capital	1,003	-477
Net cash provided by operating activities	23,475	17,313
Net cash used in investing activities	-11,191	-14,025
Net cash used in investing activities	7,667	-5,145
NET CHANGE IN CASH AND CASH EQUIVALENTS	**19,951**	**-1,857**

(€ thousands)	2020	2019
Non-current assets	48,986	47,201
Current assets	72,918	52,022
SHAREHOLDERS' EQUITY	**65,412**	**56,647**
Provisions for contingencies and expenses	2,698	1,760
Borrowings	15,144	6,516
Other payables	38,650	34,300

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

1985

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.

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.

1991

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

1995

Two venture capital companies acquired equity stakes.

1997

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.

1998

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

1999

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

2000

Repositioning of the company in document process automation technologies.

2001

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

Launch of the first document process automation product: DeliveryWare.

2003

Launch of the first cloud-based document process automation solutions (mail and fax on demand).

2007

All document process automation solutions are transferred to the Cloud (Esker on Demand).

2008

Expansion into Asia with the creation of an office in Singapore and Kuala-Lumpur (Malaysia).

2010

Transfer of the share listing to Alternext (renamed EuroNext Growth).

2011

Adoption of the Agile project management methodology for R&D for the continuous development of new software solutions while remaining in step with customer demand and market developments.

2013

Integrating the Design Thinking methodology (UX: User eXperience) to improve end-user adoption of its software solutions.

2015

Acquisition of TermSync (collection solution) in the United States and CalvaEDI (Electronic Data Interchange) in France.

2017

Esker EDI Services was acquired in Ratingen (Germany) to consolidate the company's position in the EDI market. Esker is ranked by Great Place to Work® for well-being in the workplace.ISO 9001 (quality management system standard) and 27001 (information security management system standard) certifications for its cloud platform.

2018

Esker maintained its positive momentum in the period with growth in revenue of 14%. The Group is continuing to invest to support this growth, with a 13.5% increase in the average headcount to 580 employees at the end of December and the a new subsidiary opened in Hong Kong

2019

During another period of accelerating growth reaching 20%, Esker invests massively in artificial intelligence in order to perfect its solutions. The company shifts its focus to indirect sales by signing partnerships with Fuji-Xerox and KPMG in the Netherlands.

2020

Esker is included in the 2020 Gartner Magic Quadrant for Procure-to-Pay suites. Esker launches new Procure-to-Pay (P2P) and Order-to-Cash (O2C) solutions: Supplier Management, Credit Management and Cash Application.

1.2.3. ORGANIZATION

Legal structure of Esker Group as of December 31, 2020

ESKER SA

Worldwide headquarters Lyon, France

General management finance, R&D, marketing, IT

Sales for France, Switzerland, Belgium and French-speaking Africa

Ownership	Subsidiary	Location and activity
100 %	ESKER Inc.	**Madison, Wisconsin (registered office USA)** US sales **TermSync** 100%
100 %	ESKER UK Ltd	**Derby, United Kingdom** Sales for UK, Ireland, Benelux and Scandinavia
100 %	ESKER GmbH	**Munich, Germany** Sales for Germany, Austria and Eastern Europe
100 %	ESKER Italia Srl	**Milan, Italy** Sales for Italy
100 %	ESKER Iberica Sl	**Madrid, Spain** Sales for Spain and Portugal
100 %	ESKER Australia Pty Ltd.	**Sydney, Australia** Sales for Australia, New Zealand and Asia
100 %	Esker Document Automation Asia Pte Ltd.	**Singapore** Sales for Southeast Asia and China
100 %	Esker Solution Canada Inc.	**Montreal, Canada** Sales for Canada
100 %	Esker Document Automation (M) Sdn. Bhd.	**Malaysia** Sales for Malaysia
100 %	CalvaEDI	**Paris, France** Sales for CalvaEDI
100 %	Esker EDI Services	**Düsseldorf, Germany** Sales for e-integration
100 %	Esker Document Automation (HK) Ltd.	**Hong Kong** Sales for Hong Kong

All subsidiaries are wholly-owned and fully controlled by Esker SA.

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 2020, 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 2020, the amount invoiced by Esker S.A. on this basis to all subsidiaries totaled €13,444,000 (€12,894,000 in 2019).

These subsidiaries in turn invoiced the parent company €2,165,000 (€2,210,000 in 2019). 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 *section 6.2* of this document.

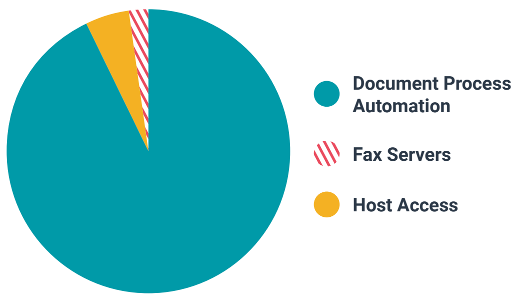
Segment information is provided in *note 1* to the consolidated financial statements presented in *section 5.1* of this document and information on related parties in *note 21* herein.

1.3. ANALYSIS OF THE GROUP'S FINANCIAL POSITION AND BUSINESS

1.3.1. ANALYSIS OF GROUP REVENUE

Sales by business segment

	2020		2019	
In thousands of euros	Amount	%	Amount	%
Document process automation solutions as a service (SaaS)	104,051	93%	93,683	90%
Document process automation solutions and maintenance services (license-based)	5,570	5%	6,577	6%
Historic products	2,653	2%	3,927	4%
TOTAL	**112,274**	**100%**	**104,188**	**100%**



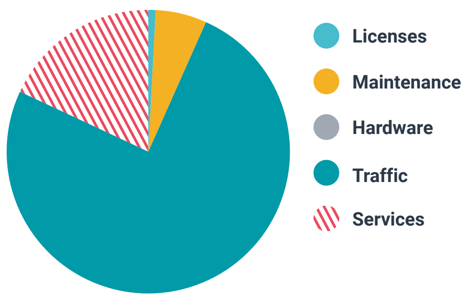
Despite the particularly difficult health and economic environment, Esker registered the best annual performance in its history, well above the €110 million revenue milestone in 2020 with growth of 9% to €112.3 million (+8% at constant structure and exchange rates).

This performance was largely driven by the increasing success of cloud-based document process automation solutions which represented nearly €104 million in 2020 (93% of total revenue), up 11% from 2019.

Revenue from traditional license-based document process automation solutions declined 15% to €5.6 million (5% of total revenue) while legacy products accounted for only 2% of revenue.

Sales by product sub-segment

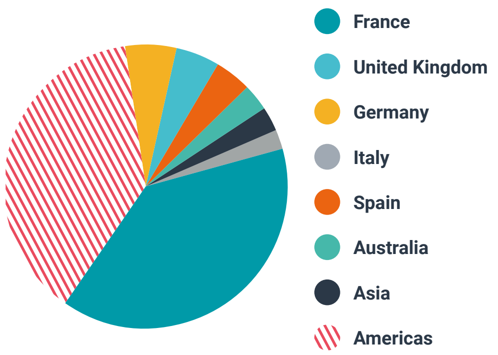
	2020		2019	
In thousands of euros	Amount	%	Amount	%
Licenses	1,340	1%	2,446	2%
Maintenance	6,184	6%	6,920	7%
Hardware	238	0%	414	0%
Traffic	84,857	76%	75,520	72%
Service	19,655	18%	18,888	18%
TOTAL	**112,274**	**100%**	**104,188**	**100%**



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

Sales by country

In thousands of euros	2020 Amount	2020 %	2019 Amount	2019 %
France	43,849	39%	42,933	41%
United Kingdom	6,019	5%	4,859	5%
Germany	6,629	6%	5,723	5%
Italy	1,752	2%	1,750	2%
Spain	4,245	4%	3,930	4%
Australia	3,805	3%	3,131	3%
Asia	2,939	3%	2,386	2%
Americas	43,036	38%	39,476	38%
TOTAL	**112,274**	**100%**	**104,188**	**100%**



Sales outside of France account for 61% of revenue, with the Americas alone accounting for 38%.

Competition in the document process automation market

Esker on Demand

Competitors in the Esker on Demand product segment include:

Company	2020 sales [1]
Coupa	€320m
Basware	€152m
OPEN TEXT	€2,557m
ITESoft	€21m

(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 P2P and O2C 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 it 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 paragraph *"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 O2C (from credit to order management to customer e-invoicing, collections, payment and cash allocation) and P2P 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 10% 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.

For example, in France a law was adopted (Finance Act No. 2019-1479) requiring companies to adopt e-invoicing no later than 1 January 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

1.3.2. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Research and development expenses

Esker has historically devoted significant resources to research and development. In 2020, the R&D budget represented nearly 11% 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, 2020 at the site located in Villeurbanne, a team of 133 computer engineers work on developing Esker software programs. The R&D department also has a team of 13 engineers based in Madison (Wisconsin, USA) developing the TermSync solution and AR and six engineers based in Ratingen (Germany) developing the Esker EDI Services solution. Second-level technical support is provided by another team of 36 engineers.

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 2* and *14* to the consolidated financial statements presented in *section 5.1* of this document:

In thousands of euros	12/31/2020	12/31/2019	12/31/2018
R&D expenses for the period	-12,633	-10,478	-9,331
Capitalized development expenditures	7,822	6,281	5,742
Amortization of capitalized development expenditures	-5,351	-4,738	-4,137
RESEARCH AND DEVELOPMENT EXPENSES NOT CAPITALIZED	**-10,162**	**-8,935**	**-7,726**

Research and development expenditures are focused primarily on the document process automation lines. Development expenditures recognized as assets in 2020 concern mainly software as a service (SaaS) solutions (Esker on Demand), capitalized every six-month period.

Patents

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

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

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 2019 and 2020

(€ thousands)	2020	2019
Esker on Demand	7,823	7,416
Of which finance leases recognized under assets	*0*	*1,135*
Buildings	0	400
Other fixed assets	2,344	3,179
TOTAL	**10,167**	**10,995**

The Company's capital investments are focused primarily on our software as a service (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 *section 5* of the universal registration document.

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 facilities
- Creating new mail production facilities
- Improving document automation processes in SaaS in particular to accelerate their deployment and configuration 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 SA owns the property which houses its production facility in Décines Charpieu. The other premises, including the Esker SA'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 m2
CalvaEDI	Paris - France	February 2025	207 m²
Esker GMBH	Munich - Germany	September 2024	477 m²
Esker EDI Services	Ratingen - Germany	January 2021	667 m²
Esker Ibérica	Madrid - Spain	January 2021	180 m²
Esker Ibérica Production	Madrid - Spain	July 2022	169 m²
Esker Ltd	Derbyshire - United Kingdom	January 2030	692 m²
Esker Pty	Sydney - Australia	November 2021	229 m²
Esker Inc.	Madison - United States	April 2026	3,800 m²
Esker Pte Ltd	Singapore	June 2023	172 m²
Esker Sdn Bhd	Kuala Lumpur - Malaysia	January 2022	220 m²

At December 31, 2020 total liabilities from these leases amounted to €9,630,000 (€11,823,000 in 2019).

Otherwise, the main intangible assets of the Group include:

- **Computer equipment** (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 *section 5* of this universal registration document.

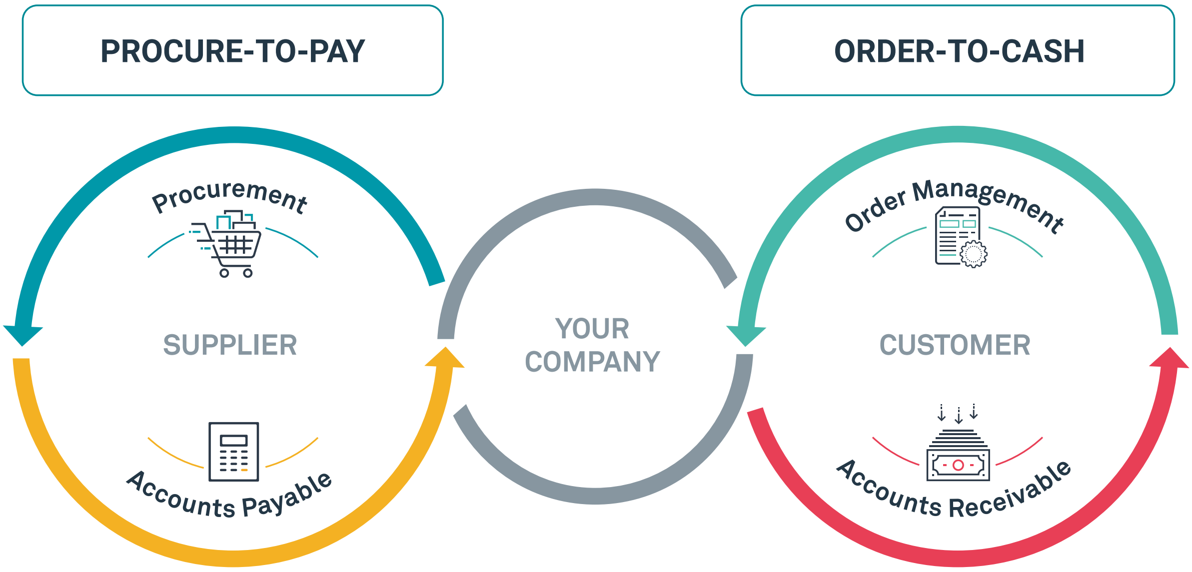
There were no major changes with respect to these items.

1.4. MANAGEMENT DISCUSSION AND ANALYSIS

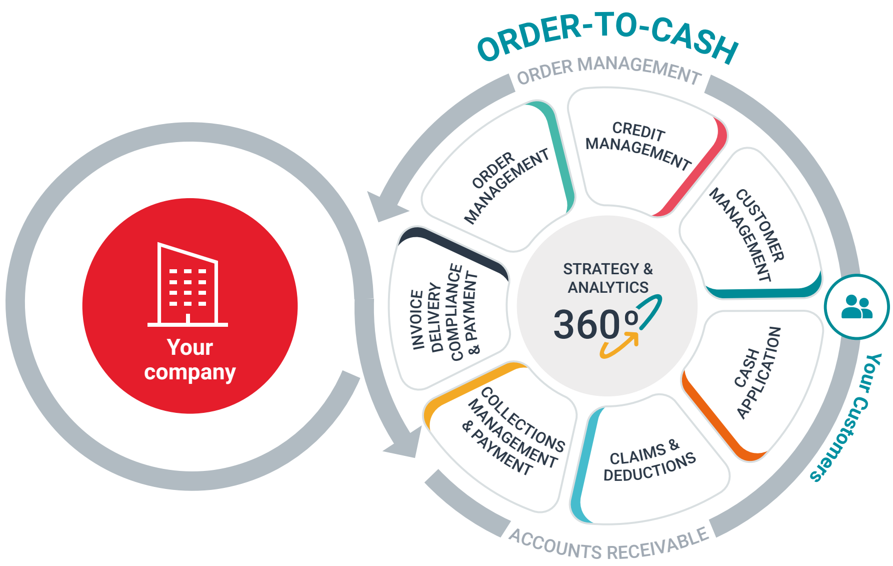
1.4.1. OVERVIEW OF THE COMPANY'S ACTIVITIES

Esker is a global cloud platform built to unlock strategic value for finance 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 2020, on-demand services accounted for 90% 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 business 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 accelerates all processes with the O2C cycle, from order management to accounts receivable making it possible to service customers more quickly and speed up collections.

The O2C solution contributes to the following processes:

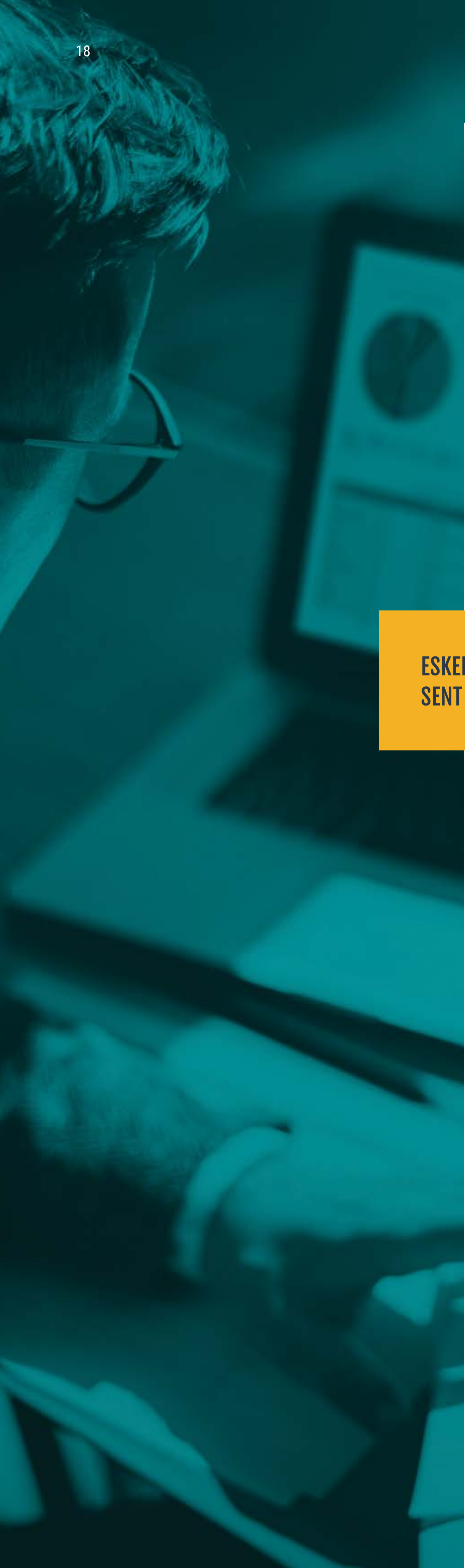
- Managing the creation of new customers and their credit rating (Customer Information Management).
- Eliminating manual data entry by electronically processing all customer orders and automatically extract all order information (Order Management).
- Ensuring the multi-channel distribution of invoices and facilitate 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 (Cash Collection).
- Monitor claims and deductions and constantly improve the process by analyzing the causes (Claims & Deductions).
- Offering a global view of customer behavior from receipt of the 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:

- Provides a natural support to automating the invoicing process.
- Reduces payment delays.
- Improves the 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 orders from customers by email or fax. These orders are then printed and the sales administration personnel enter the data they contain in the ERP. An order confirmation is then sent by fax or e-mail to the customer before copying the 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.

ESKER'S SOLUTION ELECTRONICALLY RECEIVES CUSTOMER ORDERS SENT BY EMAIL, EDI OR FAX.

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 order is electronically stored and confirmation of the order automatically sent to the customers by fax or email.

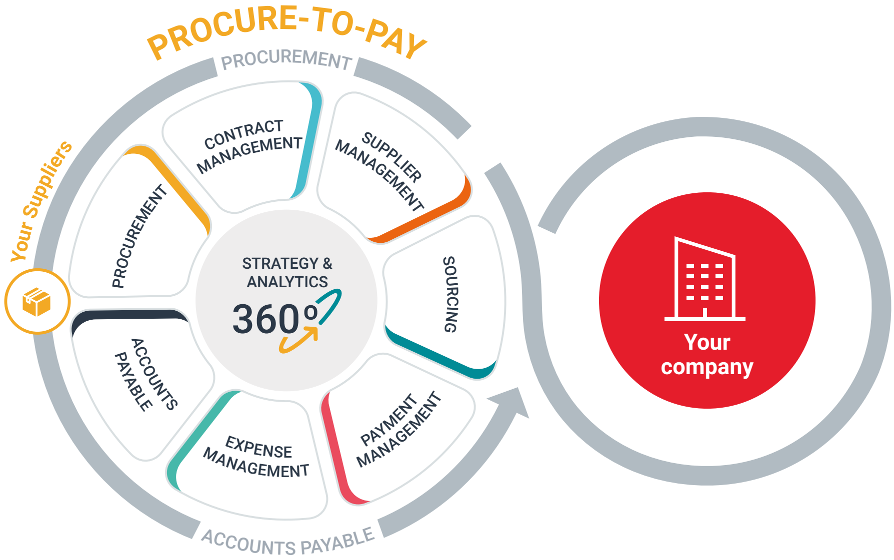
When the shipment is completed, the sales administration personnel requests issuance of an invoice which is transmitted to Esker on Demand for transmission in electronic format or sometimes conversion into a traditional letter and mailed. A copy of this invoice is stored electronically. Customers are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



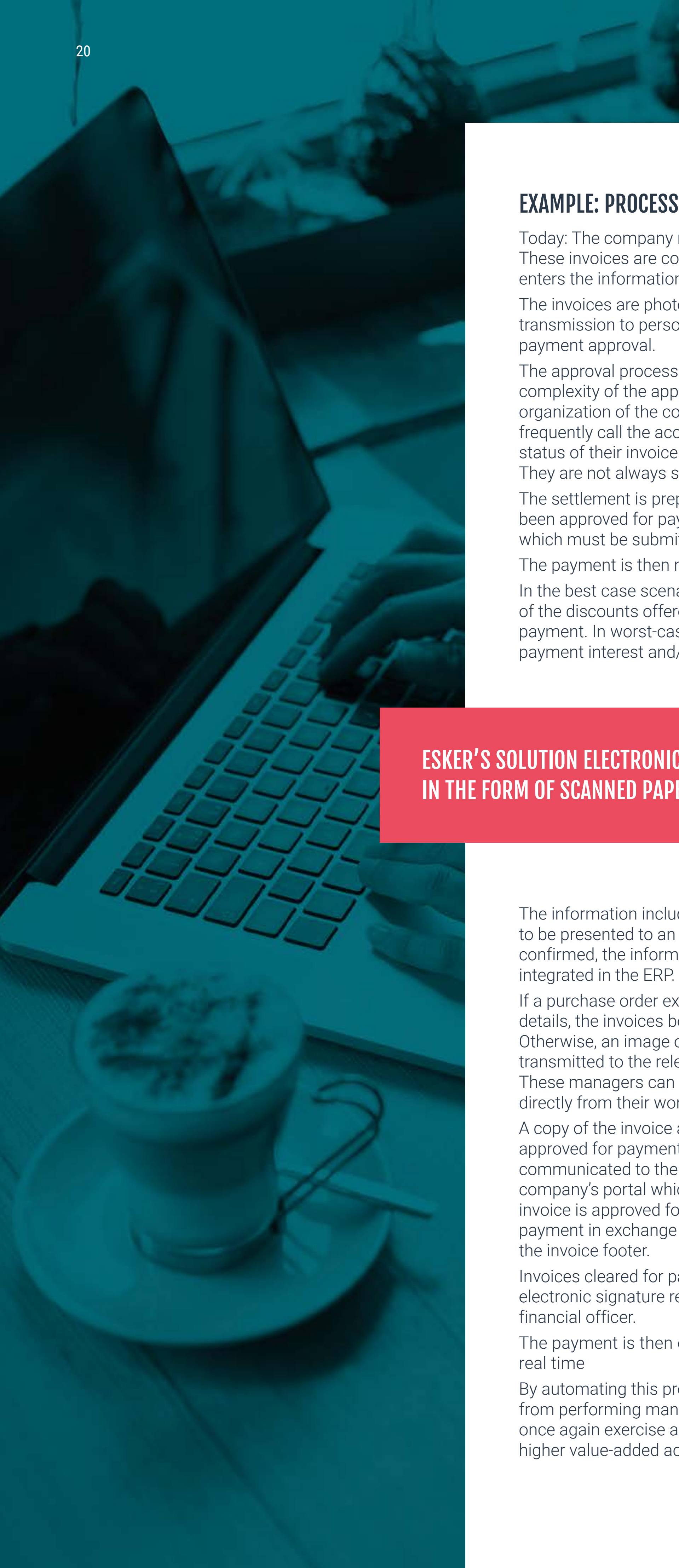
Esker's solutions within the P2P cycle help finance departments control and anticipate budget commitments while improving the productivity of accounting personnel and the company's financial resources.

Esker's P2P solution contributes to the following processes:

- 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 purchasing process from the purchase request to final settlement.

Esker's P2P solution helps companies transition to workflow automation and offers the following advantages:

- Better controlling anticipating 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 SOLUTION ELECTRONICALLY RECEIVES SUPPLIER INVOICES IN THE FORM OF SCANNED PAPER INVOICES, EMAIL 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 P2P 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 business processes 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 collection 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 1.4.3.* and the notes to the consolidated financial statements in *paragraph 5.1.*

Analysis of Group revenue

Despite a particularly difficult health and economic environment, Esker registered the best annual performance in its history, well above the €110 million revenue milestone in 2020 with growth of 9% to €112.3 million (+8% at constant structure and exchange rates).

This performance was largely driven by the accelerating success of Cloud-based document process automation solutions which represented nearly €94 million in 2020 (93% of total revenue), up 11% from 2019.

Revenue from traditional license-based document process automation solutions declined 15% to €5.6 million (5% of total revenue) while legacy products accounted for only 2% of revenue.

Record order intake and continuing investments to support growth

Esker was awarded a number of new contracts in the last months of 2020. After a wait-and-see period linked to the initial lockdown measures, companies started to express keen interest in digital solutions for their administrative and financial services offering significant gains in productivity and facilitating their continuing operations with employees working on a remote basis.

The total value of new contracts signed in 2020 rose in consequence 17% in relation to 2019 to €34 million. In the last quarter of 2020, the total value of new contracts was 30% higher than the 2019 fourth quarter that already set a record and setting the stage for strong growth in the first half of 2021.

In 2020, the average number of employees of the Group rose 13% to 764 employees at December 31. Despite the context, Esker for the most part maintained its recruitment plans for 2020, with a particular focus on the technical functions, notably R&D (+16%) and consultants (+11%). The Customer Experience teams, responsible for monitoring customer satisfaction, a particularly vital mission during periods of economic tension, were in consequence significantly strengthened (+24%). Recruitment in the sales and marketing departments remained coherent with the trend for growth in sales.

Improved operating profitability

The Group's operating profit grew 10% in 2020 to €13.6 million, up from €12.4 million 2019. The operating margin increased marginally in consequence from 11.9% in 2019 to 12.1% in 2020 within a context for growth below the Group's initial expectations. Esker in this way demonstrated its ability to successfully navigate market shocks without abandoning its medium and long-term objectives. as illustrated by the growth in its workforce in 2020. Investments and R&D, consulting and customer relations were offset by limiting marketing and sales expenses (+2%) By adopting remote working practices and shifting to digital marketing, it was possible to maintain a high level of operating performances while containing expenses.

Strong growth in net profit

As announced when the 2020 half year results were issued, Esker decided to take advantage in France of the favorable tax regime traditionally reserved for profits derived from the exploitation of patents (known as the Patent Box). The Group on this basis benefits from its ongoing commitment to maintaining the vast majority of its investments in software development in France The net impact of this measure on the tax expense of prior years was recognized under exceptional items. For 2020, this led to a reduction in the effective tax rate on Group consolidated earnings of approximately 5 points and a 13% decrease in the income tax expense in relation to 2019.

As a result of the above, the Group's net margin rose to 11.6% in 2020, a sharp increase of 19% in relation to 2019.

1.4.4. BUSINESS TRENDS, OUTLOOK AND SIGNIFICANT POST-CLOSING EVENTS

Business trends and outlook

In the years ahead, all organic growth will be driven by the cloud platform. 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 will develop its offering by automating increasingly complex and value-added processes (O2C and P2P) while at the same time integrating artificial intelligence technologies. Over the long term, Esker will pool certain data (indicators, customers, suppliers) and services (financing, joint purchasing) between all customers to enhance the performances and resilience of all its customers.

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.

Following 2020 where the level of growth was limited by the effects of the pandemic, in light of the significant percentage of recurrent business (81%) as well as strong growth in order intake (+17%), Esker is confident in the outlook for 2021. However, the decrease in the volume of transactions linked to the Covid-19 crisis will continue to adversely impact Group sales, particularly in the 2021 first quarter. On that basis, we are expecting organic growth of around 15% in 2020.

Esker continued to strengthen its sales, R&D and consulting teams to keep pace with its growth without impacting operating profit, with profitability expected to remain close to the level achieved in 2020.

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

Esker's main objectives for 2021 are as follows:

- Secure and increase the capacity of the cloud platform while conserving its ISO 27001 certification,
- Continue to integrate artificial intelligence technologies in all its solutions to further enhance the automation rate,
- Identify new channel and integrator partners in the Group's main countries while continuing to develop those already working with Esker,
- Explore the possibilities and conduct tests for pooling data and services among volunteer customers.

Significant post-closing events

On March 3, 2021, we were informed by our partner Quadient of the possibility that royalties had been overcharged by Esker since 2016.

The monthly royalty charges are invoiced by Esker based on the reports produced by Quadient. According to Quadient, these reports are incorrect as the amounts invoiced by Esker have been overestimated for the period from 2016 to today.

Esker has initiated discussions to challenge this request. However, as a measure of precaution, we recorded a provision for contingencies for overbilling in 2020 under operating expenses and a provision for overbilling under extraordinary expenses for the periods from 2016 to 2019.

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 cash flows

Information on cash flow is presented in the cash flow statement in *paragraph 5.1.*

The analysis of changes in cash in the period is presented above in *section 1.4.3.*

At December 31, 2020, the Group's US and UK subsidiaries had positive cash balances. In this respect, the euro's appreciation in relation to the US dollar or the pound sterling constitutes an impediment to the transfer of funds from the United States and the United Kingdom to France.

The cash surpluses are invested in the main currencies (EUR, USD, GBP, AUD). The parent company supervises the financial investments of subsidiaries by direct consultation of their balances and requests for cash flow forecasts.

Borrowing requirements and funding structure

As indicated above in *section 1.4.3. note 12* of the consolidated financial statements, presented in *paragraph 5.1.* of this document, financial liabilities at year-end amounted to €50,144,000 and included the following items:

- €921,000 in financial debt in connection with finance leases capitalized in the period and concerning one printing and two inserting machines used for outsourced on-demand mail delivery services.
- €14,223,000 in bank borrowings including €11,500,000 in French government backed loans.

Restrictions on the use of capital resources

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

Anticipated sources of funds

None.

1.4.6. PROPOSAL FOR THE APPROPRIATION OF NET PROFIT TO THE GENERAL MEETING

It is proposed that the profit of the period of €8.389.113,95 be appropriated as follows:

▪ €15,620.60 will be allocated to the "Legal reserve", increased accordingly from €1,150,443.60 to 1,166,064.20:	€15,620.60
▪ €2,915,160.05 for the distribution of dividends to shareholders, it being noted for the record that treasury 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 "Retained earnings":	€2,915,160.05
▪ with the balance of €5,458,333.30 to be allocated to "Other reserves", which would be increased accordingly from €126,178.06 to €5,584,511.36:	€5,458,330.30
Total equaling the profit of the period	€8,389,113.95

The dividends will be payable as of the date of the General Meeting within the statutory time limits in the amount of €0.50 per share.

In accordance with article 26 of the articles of association, shares held without interruption in registered form since December 31, 2014 and in the name of the same shareholder until the dividend payment date for 2020, will benefit from a maximum supplemental dividend amount of 10%

In consequence, the general meeting decides to set the amount of the resulting bonus dividend at €0.55 per share for eligible shares.

1.4.7. INFORMATION ON DIVIDENDS

The Executive Board will propose a dividend of €0.50 per share at the annual general meeting of June 16, 2021.

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
2019	0.33	19%
2018	0.41	25%
2017	0.32	26%

2

CORPORATE GOVERNANCE

2.1. CORPORATE GOVERNANCE BODIES

2.1.1. COMPOSITION OF CORPORATE GOVERNANCE BODIES

In accordance with the provisions of article 225-102 *paragraph 3* of the French commercial code, the list of offices exercised is provided below:

		OFFICES EXERCISED IN OTHER COMPANIES					
Name	**Office or position exercised in Esker S.A.**	**Company**	**Nationality**	**Office / Position**	**Year of initial appointment**	**Expiration of appointment: General Meeting ruling on the financial statements for the fiscal year ending in**	**Professional address (primary position)**
M.C. Bernal	Chair of the Supervisory Board	Esker SA	French	Chair of the Supervisory Board	2001	2024	113 boulevard de Stalingrad 69100 Villeurbanne, France
		Wellesley Montessori School	US	Director	2019	N/A	79 Denton Road, Wellesley, MA 02482, USA
K. Beauvillain	Vice Chair of the Supervisory Board	Esker SA	French	Vice Chair of the Supervisory Board	1999	2020	113 boulevard de Stalingrad 69100 Villeurbanne
T. Wolfe	Supervisory Board member	Esker SA	French	Supervisory Board member	1999	2022	Esker Inc. 1850 Deming Way - Suite 150 Middleton, WI 53562, USA
N. Pelletier-Perez	Supervisory Board member	Esker SA	French	Supervisory Board member	2017	2022	113 boulevard de Stalingrad 69100 Villeurbanne, France
		Femmes Business Angels	French	Director	2018	2021	23-25 rue Jean-Jacques Rousseau 75001 Paris, France
J.P. Lac	Supervisory Board member	Esker SA	French	Supervisory Board member	2020	2025	113 boulevard de Stalingrad 69100 Villeurbanne, France
		SIPAREX Associés	French	Director and Chair of the Audit Committee	2007	2022	9 rue de Marseille, 69003 Lyon, 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
		WAOUP	French	Strategy Committee member	2019	N/A	70 quai Perrache, 69002 Lyon, France
J.M. Bérard	Chair of the Executive Board	Esker Inc.	US	Vice President	2001	N/A	1850 Deming Way - Suite 150 Middleton, WI 53562, USA
		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, Spain
		Esker Australia Pty Ltd.	Australian	Vice President	1997	N/A	Suite 1502, Level 15 227 Elizabeth Street Sydney NSW 2000, Australia
		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 Documents 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, Québec Canada H3B 1S6
		CalvaEDI	French	Chair	2015	N/A	58/A rue du Dessous des Berges - 75013 Paris, France
		TermSync	US	Vice President	2015	N/A	1850 Deming Way - Suite 150 Middleton, WI 53562, USA
		Esker EDI services	German	Chair	2017	N/A	Calor-Emag-Straße 3 40878 Ratingen, Germany
E. Olivier	Member of the Executive Board	Esker SA	French	Member of the Executive Board	2003	2020	113 boulevard de Stalingrad 69100 Villeurbanne, France

- **Marie-Claude Bernal** has served as Chair of the Supervisory Board of Esker since 2000. Graduated from the HEC-JF School of Management in 1967, followed by an MBA from the University of Chicago in 1971, she joined the 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 is also a director of a privately held US company and a French public company.
- **Kléber Beauvillain** has served as Vice Chair of the Supervisory Board since 2000. He was Managing Director of Hewlett Packard France for more than 20 years before becoming the Chair of the Supervisory Board. He currently serves on the boards of several companies including the Alpha Mos Group listed on the Paris stock exchange.
- **Nicole Pelletier-Perez,** member of the company's Supervisory Board since 2017 and Vice Chair of the Supervisory Board since the General Meeting of June 18, 2020 following the resignation of Mr. Kléber Beauvillain. She began her career at Digital Equipment as a systems engineer, and then technical team manager. In 1898 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 director of Actif DPS since 2015 and a member of France's Women Business Angels network (FBA) since 2016.
- **Tom Wolfe,** member of the Supervisory Board is the founder of Persoft Inc., acquired by Esker in 1999.
- **Jean-Pierre Lac**, member of the Supervisory Board, began his career in the Rhône Poulenc group in 1975. He joined the Philips group in 1991 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. In 2020 he joined the SEB group as CFO, a position he retained until his retirement in 2014. He occupies various volunteer-sector positions such as President of Lyon Place Financière et Tertiaire from 2013 to 2019 and then as National Coordinator of Regional Financial Markets. He is also an advisor to the Economic Social Environmental Council of the Auvergne Rhône Alpes Region and director of various industrial and service sector companies.

Information on the career and professional background of Jean-Michel Bérard, Chairman of the Executive Board and Emmanuel Olivier, Chief Executive Officer, is presented in *paragraph 2.1.4.* of this document.

2.1.2. PRACTICES OF CORPORATE GOVERNANCE BODIES AND CONFLICTS OF INTEREST

Practices of corporate governance bodies

For the needs of their corporate offices, members of the Supervisory Board and Executive are domiciled at the company's registered office.

There are no family ties between the Executive Board and the Supervisory Board members.

In fiscal 2020 the Executive Board met four times at the company's registered office. The average rate of attendance at these meetings was 100%.

To the best of the Company's knowledge:

- None of the Supervisory Board members has been convicted for fraud in the last five years
- None of these members has personally bankrupt, placed in receivership or liquidation over the last five years
- None of these members has been convicted of an offence and/or subject to official public sanctions
- None of these members has been prevented by any court from acting as a member of any board of directors or management or supervisory body of an issuer over the last five years
- None of these members has been prevented from participating in the management or conduct of the business and affairs of an issuer over the last five years

Information on Executive Board practices

The Executive Board has two members elected by the Supervisory Board for two-year terms:

- **Jean Michel Bérard** (Chair of the Executive Board), appointed by the Supervisory Board on August 31, 1999, and then reappointed by the Supervisory Board on June 18, 2000, June 24, 2003, June 22, 2005, June 28, 2007, June 26, 2009 June 10, 2011 June 13, 2013, June 16, 2015, June 22, 2017 and June 20, 2019.
- **Emmanuel Olivier**, (Chair of the Executive Board), appointed by the Supervisory Board on January 27, 2003, and then reappointed by the Supervisory Board on June 24, 2003, June 22, 2005, June 28, 2007 June 26, 2009 June 10, 2011 June 13, 2013, June 16, 2015, June 22, 2017 and June 20, 2019.

Information about service contracts between directors and officers with the issuer

No service contract exists between members of the board of directors or executive management of the Company or its subsidiaries, providing for the grant of benefits under its terms.

Conflicts of interests within the administrative, management and supervisory bodies and executive management

To the best of the Company's knowledge, there are no potential conflicts of interest regarding the issuer between any of the officers or supervisory board members and any chief executive and their private interests and/or other duties.

There are no arrangements or understandings with major shareholders, customers or suppliers pursuant to which any of the persons referred to in point 2 .1 were selected as a member of the board of directors or supervisory board or a member of the executive management.

The company has adopted rules that restrict or prohibit dealings in own shares by members of the Supervisory Board, executive board and managers possessing non-public information. Such persons are informed of the opening or closing of the trading blackout period.

2.1.3. SPECIAL COMMITTEES

Audit Committee, Compensation and Nominating Committee and ESG Committee

The Audit Committee has three members from the Supervisory Board: Ms. Bernal, Ms. Pelletier-Perez and Mr. Lac. This committee met once in 2020 in the presence of all members (100 % attendance rate).

The Compensation Committee, subsequently named the Compensation and Nominating Committee is comprised of members of the Supervisory Board.

The ESG Committee, created at the Supervisory Board's meeting of December 16, 2020 has two members, Ms. Pelletier-Perez and Mr. Lac, and will meet for the first time in 2021.

2.1.4. MANAGEMENT

Management team

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

Jean-Michel Bérard
59, 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
53, 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
54, Executive Vice President, Research and Development and invited member of the Executive Board

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 June1998, 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
45 , Director of Marketing and Product Management and invited member of the Executive Board

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, USA. 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
59, US Chief Operating Officer and invited member of the Executive Board

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.

Eric Thomas,
54, Vice President of Business Development and invited member of the Executive Board

Eric Thomas joined Esker in September 1997 and started as Managing Director for France and then South European Director during 3 years. When Esker launched Esker DeliveryWare, in 2001, Eric's mission changed to Director of European Business Development. In this position, Eric actively participated in the successful launch of Esker SaaS offer today called FlyDoc / Esker on Demand. After Business Administration studies in the USA (BA), Eric started his career at France Telecom EGT where he successfully held various positions in sales and sales management.

Anne Grand-Clément
51, WW Vice President of Professional Services and Technical Support, and invited member of the Executive Board

Holder of three undergraduate degrees (AES, MASS & LEA), Anne Grand-Clément received her Master's Degree in Computer Science Applied to Business Administration (MIAGE) in 1991. Before coming to Esker, she spent 5 years as a consultant at Arthur Andersen Consulting. Anne then worked for Cincom as a Major Accounts Manager for 4 years. She joined Esker in the year 2000, first as manager of the French Professional Services department, and then advancing to European Technical Support Manager. In 2007, Anne was named Worldwide Director of Professional Services and Technical Support.

2.2. COMPENSATION OF CORPORATE OFFICERS

Compensation of Supervisory Board members

Compensation of the Chair and Vice-Chair of the Supervisory Board paid for their duties was set by a decision of the Supervisory Board dated October 15, 2001. This represents fixed compensation. The total annual amount for attendance fees is set by the Annual General Meeting and allocated by the Supervisory Board among its members.

Corporate officer	Office or position exercised in Esker S.A.	Company paying the compensation	Compensation paid in 2020 (gross basis)	Nature of compensation paid for FY 2020			
				Fixed salary, fees	Variable compen-sation	Benefits in kinds	Compensation granted *
M-C. Bernal	Supervisory Board Chair	Esker SA	€39,000	€30,000			€9,000
K. Beauvillain	Supervisory Board Vice Chair	Esker SA	€12,000	€7,500			€4,500
N. Pelletier-Perez	Supervisory Board member	Esker SA	€21,000	€15,000			€6,000
J-P. Lac	Supervisory Board member	Esker SA	€8,000				€8,000
T. Wolfe	Supervisory Board member	Esker Inc.	€21,000	€15,000			€6,000
TOTAL			**€101,000**	**€67,500**	**€0**	**€0**	**€33,500**

* formerly attendance fees

For information, a comparison with 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 2019 (gross basis)	Nature of compensation paid for fiscal 2019			
				Fixed salary, fees	Variable compen-sation	Benefits in kinds	Attendance fees
Marie Claude Bernal	Supervisory Board Chair	Esker SA	€39,000	€30,000			€9,000
K. Beauvillain	Supervisory Board Vice Chair	Esker SA	€24,000	€15,000			€9,000
N. Pelletier-Perez	Supervisory Board member	Esker SA	€21,000	€15,000			€6,000
T. Wolfe	Supervisory Board member	Esker Inc.	€21,000	€15,000			€6,000
TOTAL			**€105,000**	**€75,000**	**€0**	**€0**	**€30,000**

Compensation of executive corporate officers

The Compensation Committee meets at the end of each year to review the compensation of Executive Board members. A summary of the compensation of the Chair of the Executive Board and the Chief Executive Officer is provided below:

	2020		2019	
(in €)	Amounts due	Amounts paid	Amounts due	Amounts paid
Jean-Michel Bérard – Chair of the Executive Board				
Fixed compensation	235,037	235,037	238,620	208,620
Variable compensation	112,452	159,750	159,750	148,018
Attendance fees	None	None	None	None
Benefits in kinds	7,336	7,336	6,936	6,936
TOTAL	**354,825**	**402,123**	**405,306**	**363,574**
Mr. Emmanuel Olivier, Worldwide Chief Operating Officer, Executive Board member				
Fixed compensation	191,668	191,668	187,971	187,971
Variable compensation	70,000	125,000	125,000	105,190
Attendance fees	None	None	None	None
Benefits in kinds	7,488	7,488	7,488	7,488
TOTAL	**269,156**	**324,156**	**320,459**	**300,649**

No restricted stock units (*actions gratuites*) were awarded in 2018. For that reason, in 2019 the number of restricted stock units granted to members of the Executive Board were, on the exceptional basis, doubled.

The compensation of Executive Board members was approved by the Supervisory Board on March 19, 2020.

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, 2020.

Compensation paid to Mr. Emmanuel Olivier in 2020 includes variable compensation linked to achievement of commercial objectives relating to fiscal 2020. This variable compensation was accrued for in the financial statements at December 31, 2020.

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 €)	2020	2019
Jean-Michel Bérard – Chair of the Executive Board		
Compensation due for the year	354,825	405,306
Measurement of options granted in the period	None	None
Measurement of performance shares granted in the period	808,000	1,347,200
TOTAL	**1,162,825**	**1,752,506**
Mr. Emmanuel Olivier, Worldwide Chief Operating Officer, Executive Board member		
Compensation due for the year	269,156	320,459
Measurement of options granted in the period	None	None
Measurement of performance shares granted in the period	646,400	1,077,760
TOTAL	**915,556**	**1,398,219**

Options to subscribe for or purchase shares granted in the period to each executive officer by Esker SA and by any Group company

For the fiscal year ended December 31, 2020, 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, 2020, 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, 2020 respectively 8,000 and 6,400 restricted stock units (*actions gratuites*) were awarded to Messrs. Jean-Michel Bérard and Emmanuel Olivier.

Restricted stock units vesting in the period for each company officer

In 2020, the number of restricted shares vesting in the period amounted to 9,000 shares for Mr. Jean-Michel Bérard and 7,200 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 Executive Officer no longer hold stock options or share warrants that are still exercisable.

Options to subscribe for or purchase shares awarded to and exercised by the ten non-corporate officer employees who received the largest awards

No options were exercised in 2020 by the ten employees having received the largest awards (non-corporate officers).

No stock options were granted to the ten non-corporate officer employees having received the largest awards.

The Executive Board decided on May 4, 2020 to award 28,750 stock options and 50,850 restricted stock units.

These grants are described in the special reports on the corresponding restricted stock unit and stock option awards.

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 corporate officers 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 officers must retain in their own name until the termination of their functions at 200.

Grant of attendance fees

The general meeting of June 18, 2020 decided to grant all Supervisory Board members for the period ended December 31, 2020, a total annual gross amount of attendance fees of €40,000.

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 by 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

In the period, Mr. Jean-Michel Bérard, Chair of the Executive Board purchased 1,000 shares and sold 20,000 shares.

Mr. Emmanuel Olivier, executive Board member, sold 25,250 shares.

2.3. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the statutory auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Esker Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements with third parties.

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 which we may have discovered 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 other such agreements, if any. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code (code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-58 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed 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. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the annual general meeting

We hereby inform you that we have not been advised of any agreement authorized and entered into during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-86 of the French Commercial Code.

Agreements previously approved by shareholders' meeting

We inform you that we have not been advised of any agreement previously approved by Shareholders' Meeting that remained in force during the year.

Villeurbanne and Lyon, April 30, 2021

The Statutory Auditors

ORFIS
Valérie Malnoy

DELOITTE & ASSOCIÉS
Nathalie Lorenzo Casquet

2.4. FIVE-YEAR SUMMARY OF CHANGES IN THE SHARE CAPITAL

The share capital is set at ELEVEN MILLION SIX HUNDRED SIXTY-SIX THOUSAND SIX HUNDRED FORTY-TWO (€11,660,642) and divided by FIVE MILLION EIGHT HUNDRED THIRTY THOUSAND THREE HUNDRED TWENTY-ONE (5,830,321) ordinary shares of TWO EUROS (€2) per share, fully paid up.

Date	Corporate action	Amount of changes in share capital		Successive capital amounts	Cumulative number of shares	Nominal value per share
		Nominal value	Share premium			
2015	Exercise of stock options and warrants	211,950	370,708	10,496,230	5,248,115	€2
04/02/2016	Capital increase through the capitalization of reserves	108,000		10,604,230	5,302,115	€2
2016	Exercise of stock options and warrants	184,486	486,963	10,788,716	5,394,358	€2
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
2020				**11,660,642**	**5,830,321**	**€2**

2.5. MAJOR SHAREHOLDERS

At December 31, 2020, the shareholder base was as follows:

Shareholders	As of 12/31/2020			As of 12/31/2019		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Jean-Michel Bérard	382,797	6.6%	11.2%	394,797	6.8%	11.1%
Thomas Wolfe	0	0.0%	0.0%	270,895	4.6%	7.8%
Marie Claude Bernal	17,000	0.3%	0.5%	18,000	0.3%	0.5%
Emmanuel Olivier	60,550	1.0%	1.7%	63,822	1.7%	1.7%
Kleber Beauvillain	0	0.0%	0.0%	7,100	0.1%	0.2%
TOTAL MANAGEMENT	**460,347**	**7.9%**	**13.4%**	**754,614**	**13.1%**	**21.3%**
Treasury shares	148,477	2.5%		150,242	2.6%	
Registered shares	795,923	13.7%	20.6%	1,298,444	22.3%	27.8%
Free float	4,425,574	75.9%	66.0%	3,548,918	60.9%	50.9%
TOTAL	**5,830,321**	**100.0%**	**100.0%**	**5,752,218**	**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, 2020.

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 2020

By email dated January 31, 2020, Montanaro Asset Management Ltd (53 Threadneedle Street, London EC2R 8AR, GB), reported having crossed above the 1% threshold of Esker's share capital and voting rights set by the articles of association .

By letter dated February 28, 2020, Allianz IARD (1 cours Michelet, 92076 Paris La Défense Cedex), reported having crossed above the 5% threshold of Esker's share capital and voting rights on February 25, 2020. subject to notification under the articles of association.

By letter dated June 12, 2020, LFDE (53 avenue d'Iéna 75116 Paris), reported having crossed below the 3% threshold of Esker's share capital and voting rights on June 8, 2020 subject to notification under the articles of association.

By letter dated February 26, 2021, Caisse des Dépôts (44 rue de la Villette, 69003 Lyon), reported having crossed above the 1% threshold of Esker's share capital and voting rights on August 6, 2020 then again on September 9 the same 1% threshold subject to notification under the articles of association.

By letter dated January 19, 2021, Candriam Luxembourg (19-21 Route d'Arlon, 8009 Strassen, Luxembourg), reported having crossed above the 1% threshold of Esker's share capital and voting rights on November 19, 2020 subject to notification under the articles of association.

2.6. 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, alliances, joint ventures or economic interest groupings (*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 January 02, 2020 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.

General Meetings

According to articles 20 to 22 of the articles of association, general 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. General 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 informing and the *Autorité des Marchés Financiers* (AMF), the French financial market authority, 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 General 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.

2.7. 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 General 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 SA 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 universal registration document:

- Options issued an 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

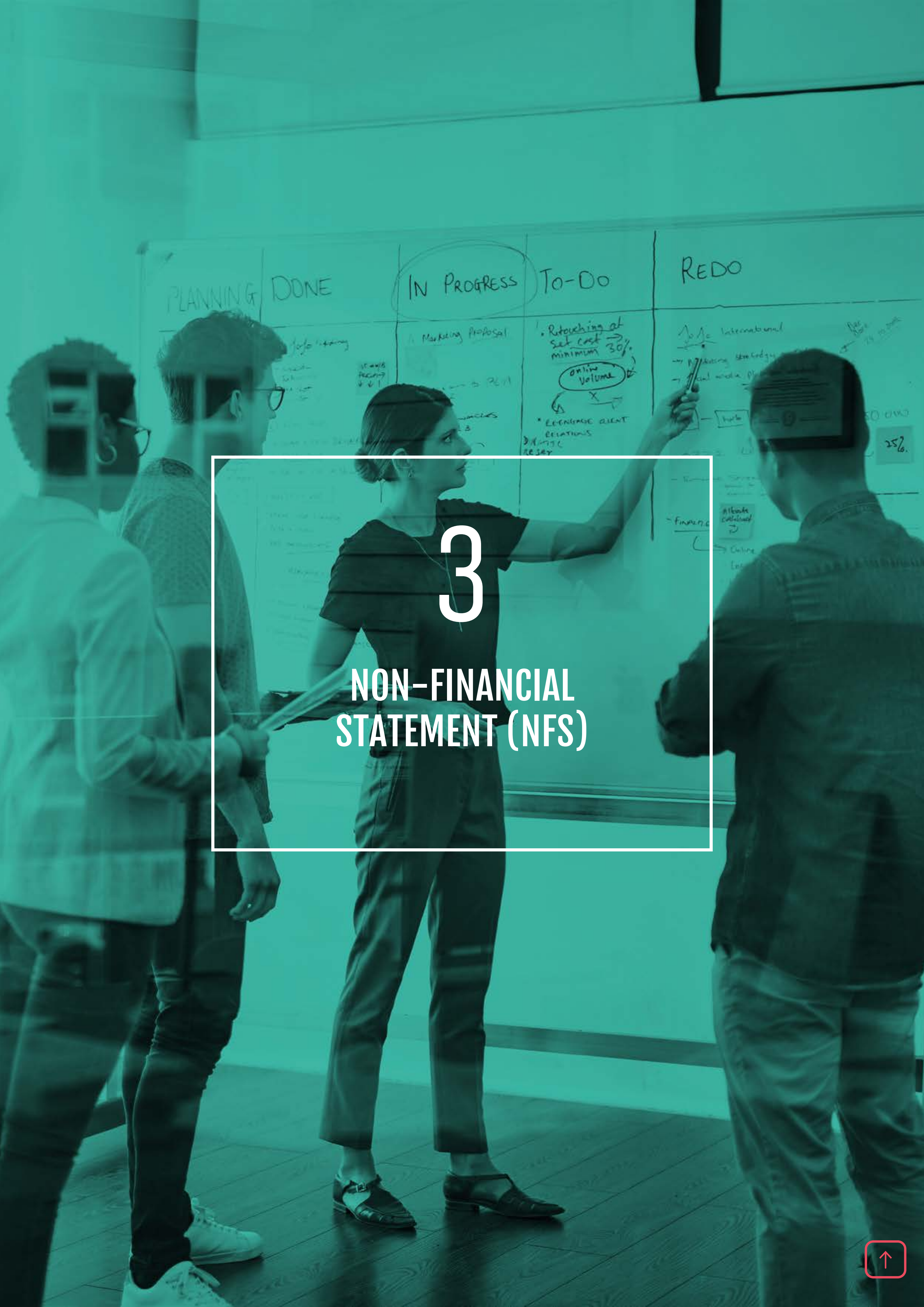
Restricted stock units

Under the authorization granted by the Extraordinary General 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 10* 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 universal registration document.

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

	Stock options	Stock warrants	Restricted stock units	TOTAL
Number of shares to which instruments issued would confer rights	123,123	0	102,950	226,073
Potential dilution of the share capital	**2.11%**	**0.00%**	**1.77%**	**3.88%**



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. It is based on data, assumptions, and estimates considered reasonable by the company and is 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.

About Esker

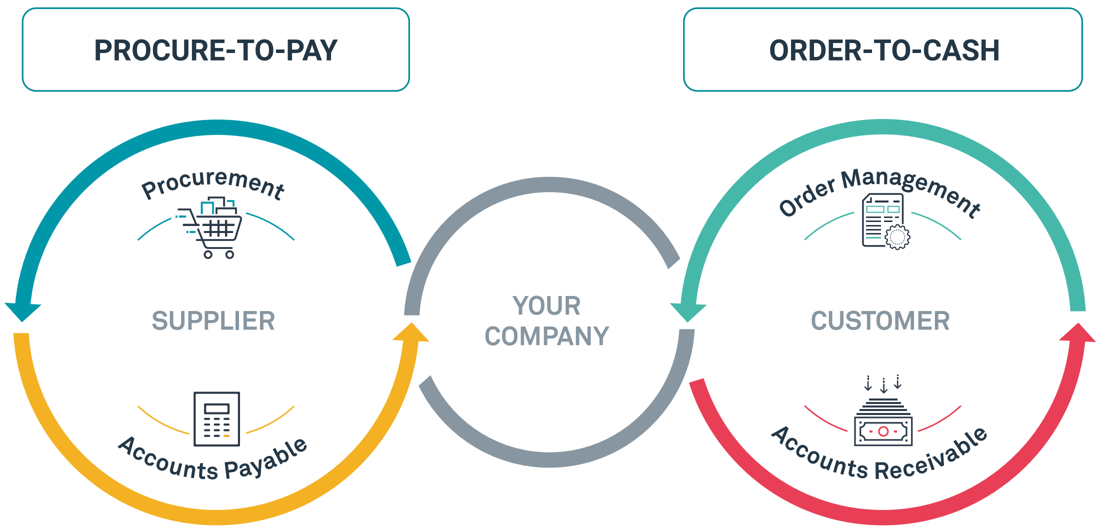
OUR BUSINESS

Esker's business activities are presented in Chapter 1.4 of the Universal Registration Document.

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 90% of Esker's revenue in 2020. The balance represents revenue from the sale of licenses, maintenance contracts, and related updates.

The Cash Conversion Cycle

By developing Artificial Intelligence (AI) technologies and automating business documents management used for ordering and invoicing, Esker accelerates the Procure-to-Pay (P2P) and Order-to-Cash (O2C) business cycles and makes them more fluid.



Esker is a global cloud platform built to unlock strategic value for finance 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. By developing AI-driven technologies and automating the order-to-cash and procure-to-pay cycles, Esker frees up finance and customer service professionals from time-consuming tasks, helps them be more efficient, and enables them to develop new skills.

Esker is a mid-market company headquartered in Lyon, France, with nearly 800 employees in 14 countries throughout Europe, the Americas, and Asia-Pacific. The Group generated €112 million in revenue in 2020, with international sales accounting for more than 70% thereof.

OUR VALUES

Our corporate culture is driven by 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 us in our day-to-day actions and influence the way we work. They inspire our 800 employees across the globe to build innovative and highly effective solutions.

ONE TEAM BEYOND BOUNDARIES

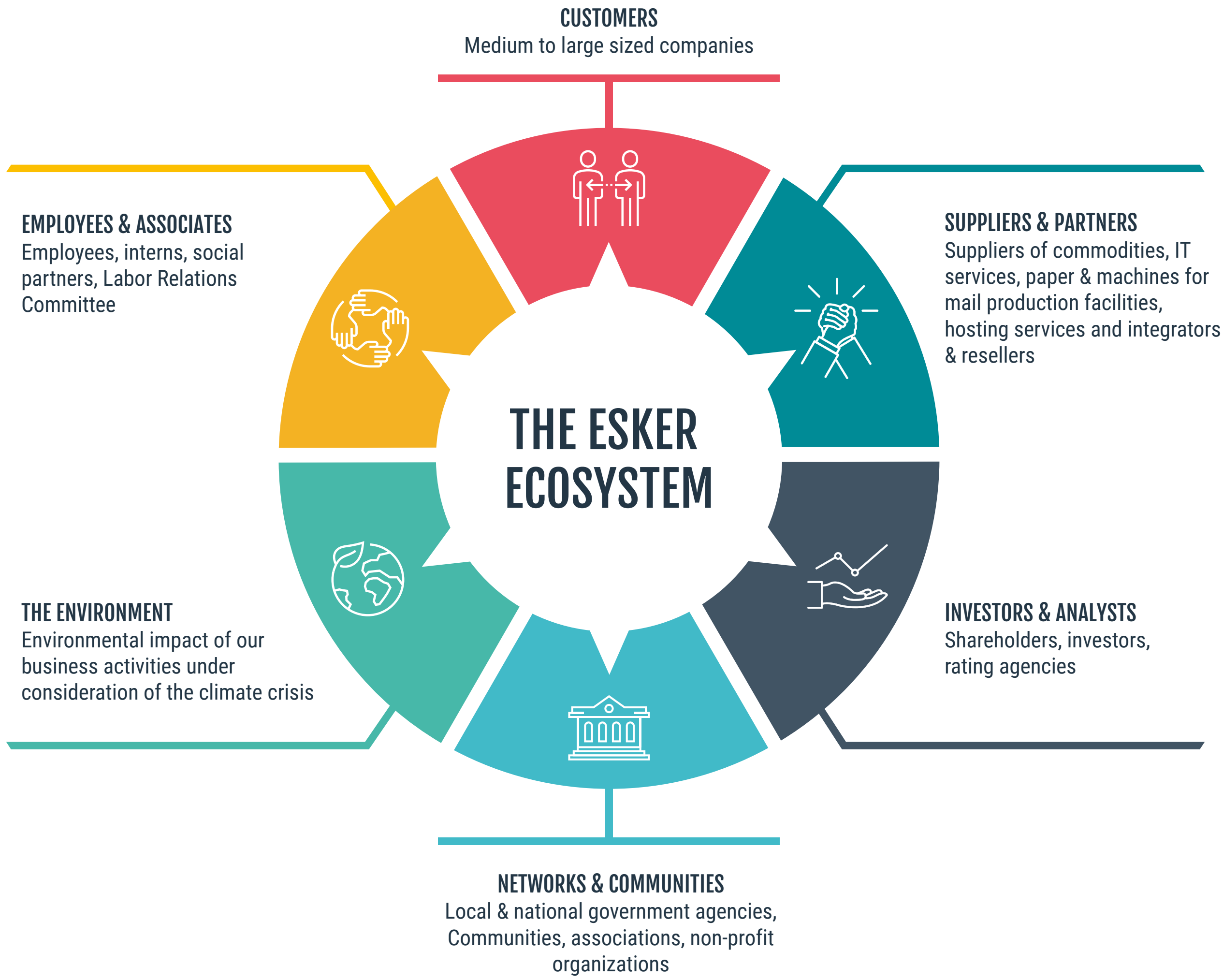
We encourage open collaboration between departments and countries. We bring people together and share ideas to grow strong and successful.

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.

STAKEHOLDERS AND ECOSYSTEMS

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



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.

BUSINESS MODEL

RESOURCES & CHALLENGES

FINANCIAL AND INDUSTRIAL CAPITAL

- **Solid financial profile** - *business debt: €15,144; treasury: €40,421, representing a company-wide net worth of €25M on Dec. 31, 2020*
- **Market confidence:** *Market capitalization of €1B on Dec. 31, 2020*
- **Robustness of Esker on Demand platform infrastructure & operational performance:** *quality, security & reliability - ISO 27001 Certification*

HUMAN & INTELLECTUAL CAPITAL

- **Recruitment & retention of talent**, staff development - 765 employees disitributed across 14 countries
- **Investments in R&D**, innovations, partnerships and forecasting of technological advancements - *R&D spending for 2020: €12,633M*

CAPITAL SOCIAL ET ENVIRONNEMENTAL

- **Leading solutions** *for their respective markets, responding to customer needs and societal changes in companies 6,000 Esker on Demand customers (of those 1,200 exclusively for process automation solutions)*
- **Ethical behavior & respecting regulations** *0 complaints received for non-compliance with GDPR regulations*
- **Use of natural resources** - *GHG emissions in 2020: 3399t CO2e*

OUR BUSINESS

OUR MISSION

In an increasingly uncertain world, business success is multi-faceted. More than just cutting costs, it's about long-term value creation and relationship building. Esker is a global cloud platform that's built to unlock this strategic value — embodying the same mission and over-arching goals shared by our customers.

CORPORATE CULTURE

- 5 key corporate values
- Agile methodology
- Commitment to sustainable development

PRODUCTS

- *Revenue 2020: €112M*
- Esker on Demand cloud platform users - *600,000*
- O2C & P2P solutions: *1B annual transactions on EOD*

ASSETS

- Single cloud-based platform for all business cycles
- Global presence
- Adaptation & integration into existing systems
- Dynamic innovation & investment strategies
- Compliance & security
- Pioneer of cloud computing and AI technology

VALUE CREATION

EMPLOYEES

- Employee satisfaction rate: 97%
- Investment in employee professional development: €185K

CUSTOMERS

- Customer satisfaction rate - transactional NPS: 60.84%
- Service uptime: 99.878%

SUPPLIERS & PARTNERS

- Supplier Code of Conduct
- Technological partnerships

INVESTORS & ANALYSTS

- Recurring revenue
- +7,8% of organic growth in 2020 (vs. 20% in 2019)
- 19.6% profitability (GOI) in 2020 (vs. 20,1% in 2019)

ENVIRONMENT

- Eco-efficiency of offices & data centers
- Environmental policies for mail production facilities - *France mail production facility is ISO 14001 certified*
- Reforestation program - *6,250 trees planted in 2020*

COMMUNITY ENGAGEMENT

- Promotion of human rights
- Fraud risk reduction measures
- Sponsorships: €170K (*France only*)

The Esker Corporate Social Responsibility (CSR) Strategy

The table below illustrates the breakdown of the three pillars of the company's CSR strategy. 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 all our internal and external stakeholders.

- **GOVERNANCE & SOCIETY: Acting ethically and responsibly** regarding governance, customer trust, data security, ensuring customer satisfaction with innovative solutions, making our services available, business relationships and our impact on the economy and communities.
- **SOCIAL RESPONSIBILITY: Recognizing the value of human capital** by promoting intelligent work through our solutions and by committing to a caring and dedicated corporate culture that supports diversity and well-being, by encouraging team training and mobility.
- **THE ENVIRONMENT: Protecting the planet** by controlling our energy consumption, reducing and recycling waste, and promoting modes of transportation that minimize our impact on the environment.

CSR Focus	Risk	Policies and objectives	Key indicators	Page
Acting ethically and responsibly	Bankruptcies, fraud	Enable companies to promote an ethical ecosystem with their customers and suppliers and lower the risk of bankruptcy and fraud	• Regulatory compliance • Electronic management of approval workflows and user rights management	p.53
	Ethics, transparency, compliance	Promote a culture of integrity and ethical conduct at all company levels	• Two meetings per year to present results • 12.8K unique visitors to the investor site • 10 meetings with staff representatives (*France only*) • 2 of the 4 Supervisory Board members are women • 100% of Supervisory Board Members are independent • 100% attendance at Supervisory Board meetings • CEO's salary is less than 10 times Esker's worldwide median salary	p.54
	Data protection, security	Protect customer data from internal and external threats	• ISO 27001 certification for Esker on Demand cloud platform • Zero complaints for non-compliance with applicable regulations (GDPR) • 100% of employees have successfully completed data protection and security training	p.56
	Customer satisfaction and trust	Offer high availability of services, ensure that customers adopt and use Esker solutions correctly	• Average uptime of the Esker on Demand cloud platform: 99.878% • Transactional NPS (between -100 and 100): 60.84%	p.57
	Responsible purchasing business conduct	Work with partners and suppliers who adhere to ethics and responsibility standards and actively combat corruption	• Esker's Supplier Code of Conduct adopted by 4 out of 8 main suppliers	p.59
	Community engagement	Provide financial and human support to local communities and associations	• €120K supporting schools and educational programs • €50K supporting cultural centers • 47 employee work hours spent supporting non-profit causes	p.60

CSR Focus	Risk	Policies and objectives	Key indicators	Page
Recognizing the value of human capital	Digital transition and smart work	Support companies in their digital transition by helping their teams develop new skills	• Customer testimonials	p.62
	Corporate culture and employee onboarding	Ensure that new employees integrate and adapt well to the corporate culture	• 765 Esker employees as of 12/31 • 99.21% of those are full-time employees • Staff turnover rate: 9.1% • Esker's work culture has an 87.6% approval rating among employees	p.63
	Professional training and internal mobility	Allow all employees to be involved in their personal career development, give them the means to grow within the company	• 815 employees completed internal professional development training in 2020 283 completed external training • 13,862 hours of training provided • €180,383 dedicated to training • 75 internal professional changes in 2020	p.65
	Workplace well-being and employee retention	Provide optimal working conditions for employees and involve them in the company's successes by unleashing their potential	• 97% agreed that "Esker is a good place to work" in the annual survey • Average 6.8 years of company affiliation • 4.8% part-time employees • 1 reported harassment in 2020 • 67 departures in 2020 - resignation: 5.54% - termination: 0.83% - other reasons for departure: 2.22% - end of fixed-term contract: 0.69%	p.66
	Health and safety in the workplace	Ensure a healthy work environment by promoting risk prevention	• Frequency rate: 3.68 • Severity rate: 0.08 • Absenteeism rate: 2.8% • 14.2% of employees trained in first aid (*France only*) • Covid-19: €22K allocated to employee protection (masks, sanitizer and face shields) (*France only*) • Covid-19: 93% of employees in remote work in 2020	p.67
	Attracting talent and supporting future generations	Engage with younger generations to provide meaningful experiences and career opportunities	• 154 new employees, including: - 95% permanent contracts - 31.17% women - 37.7% under the age of 28 - 21 employee referrals • 8,178 LinkedIn France subscribers (65% more than in 2019) • Average age of employees: 37.9 years old • 14 new interns in 2020 • 29% of interns hired at the end of their internship	p.69
	Diversity and inclusion	Promote a culture of diversity & inclusion representing Esker's equal opportunity philosophy	• 30.58% women / 69.42% men • 31.53% women managers / 68.47% male managers • 31.17% of new hires were women • Gender Equality Index: 91/100 • 17 different nationalities in the global workforce • 0.5% disabled employees in the workforce	p.71

CSR Focus	Risk	Policies and objectives	Key indicators	Page
Protecting the planet	Group-wide paper use	Reduce paper and enable work from anywhere with basic internet connection	• Customer testimonials	p.73
	Climate change	Limit the company's environmental impact by reducing its energy consumption and greenhouse gas emissions	• Two ISO 14001 certified sites in France • Total CO2 emissions: 3,399 t.CO2e - Per document invoiced on Esker on Demand: 7.43 g - Per employee: 4.69 t.CO2e • Amount of CO2 emitted by source: - Offices and factories: 2,696.8 t.CO2e - Business travel: 343.1 t.CO2e - Commuting: 348.7 t.CO2e • Amount of CO2 emitted by scope: - Direct GHG emissions (Scope 1): 381 t.CO2e - Indirect GHG emissions (Scope 2): 629 t.CO2e - Other indirect GHG emissions (Scope 3): 2,390 t.CO2e • Power consumption: 1,756,855 kWh	p.74
	Transportation and pollution	Limit business travel and promote transportation with low environmental impact	• 23 hybrid /electric vehicles of 74 in the company fleet • 176 employees receive a transportation allowance totaling €34,490 (*France only*) • 81 employees receive a Cycling Kilometric Allowance, totaling €13,563 (*France only*)	p.76
	Waste management and circular economy	Maximize the amount of recycled waste, encourage circular economy principle in company activities to reduce its environmental footprint	• 131.89 metric tons of waste recycled in our US and France mail production facilities • 100% paper, ink & envelopes recycled at the France mail production facility • 1,821 kg recycled waste for every 20 kg of non-recycled waste in the France offices • 167 kg recovered WEEE (*France only*)	p.77
	Digital carbon footprint	Choose data center hosts offering transparency about the environmental footprint and are committed to environmental protection	• Customers hosted on Microsoft Azure: 12.68% of Esker on Demand sales (compared to 6.46% in 2019) • Power Usage Effectiveness (PUE) of data centers: - Microsoft Azure: 1.125 - CDW: 1.23 - Equinix: 1.29 - 1.40 - Colt: 1.55	p.78
	Deforestation	Participate in reforestation projects to reduce the company's carbon footprint.	• Main paper supplier ranked in the top 1% of best-performing companies worldwide for sustainable development, (according to EcoVadis) • 6,250 trees planted as part of a reforestation project in Tanzania	p.79

Risks and Non-Financial Challenges

All potential risks facing Esker are presented in Chapter 4 of the Universal Registration Document.

Esker has put its CSR strategy at the heart of its business dealings. The pillars of the company strategy are based on both the major challenges for its stakeholders and on a materiality analysis prioritizing the company's actions with respect to the most relevant governance, social, environmental, and societal risks for its business.

RISKS IDENTIFIED BY STAKEHOLDERS

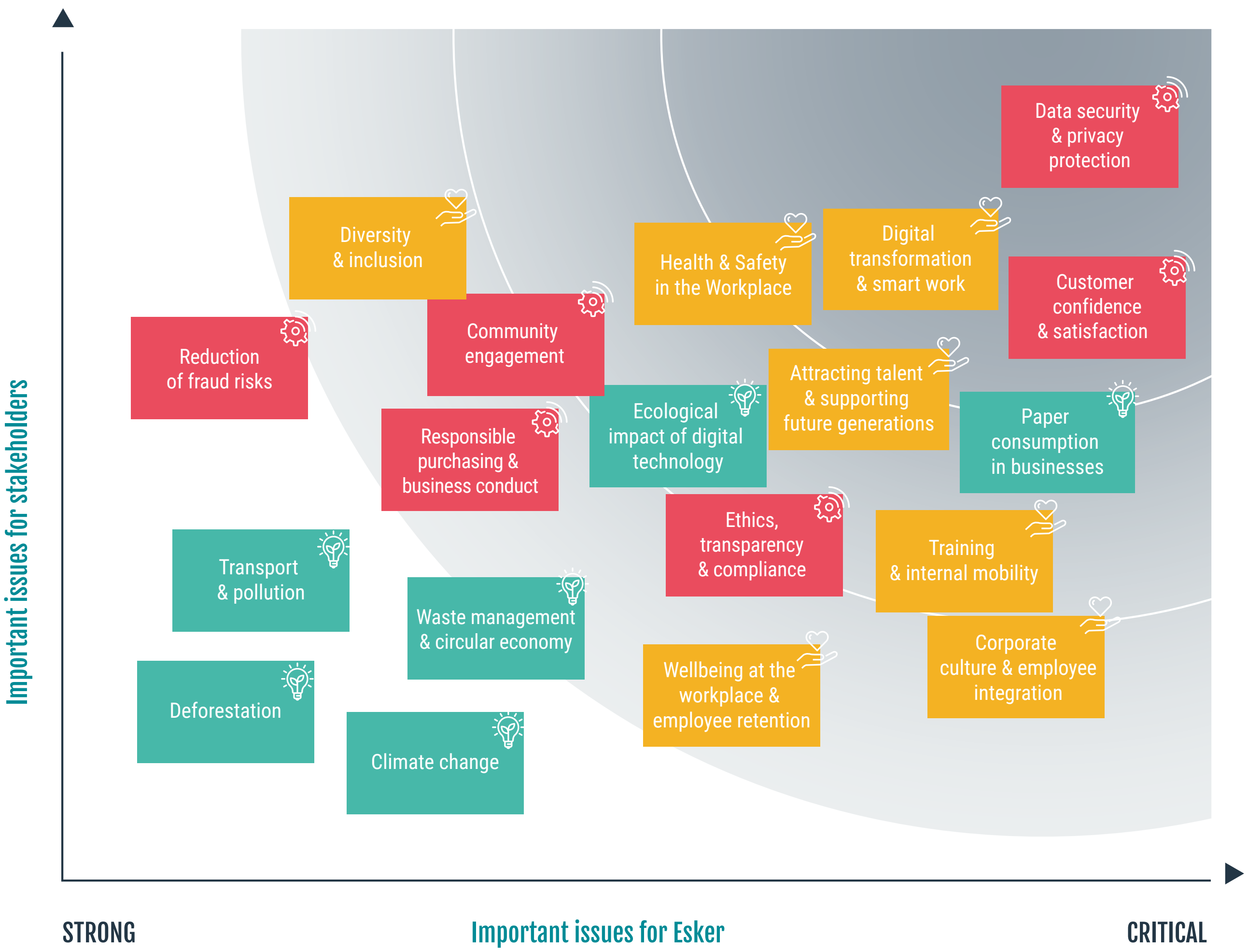
To identify the non-financial risks, Esker conducted a survey of all Esker employees in 2018, asking them to identify their most sensitive issues in order to ensure that the company's CSR approach is aligned with the values of its employees. This approach is part of a comprehensive mechanism within the Group by involving a variety of individuals in the decision-making process and encouraging their buy-in and subsequently motivating them to take action.

External stakeholders were involved through the company's directors, their field experience, and their respective teams: customers through the Global Consulting & Support Director and the Global Product Management and Marketing Director, employees through the HR Director, suppliers and partners through the CFO, the environment through the CIO, investors through the CEO, and the company and local communities through the Chair of the Board.

CONSOLIDATION AND MATERIALITY MATRIX

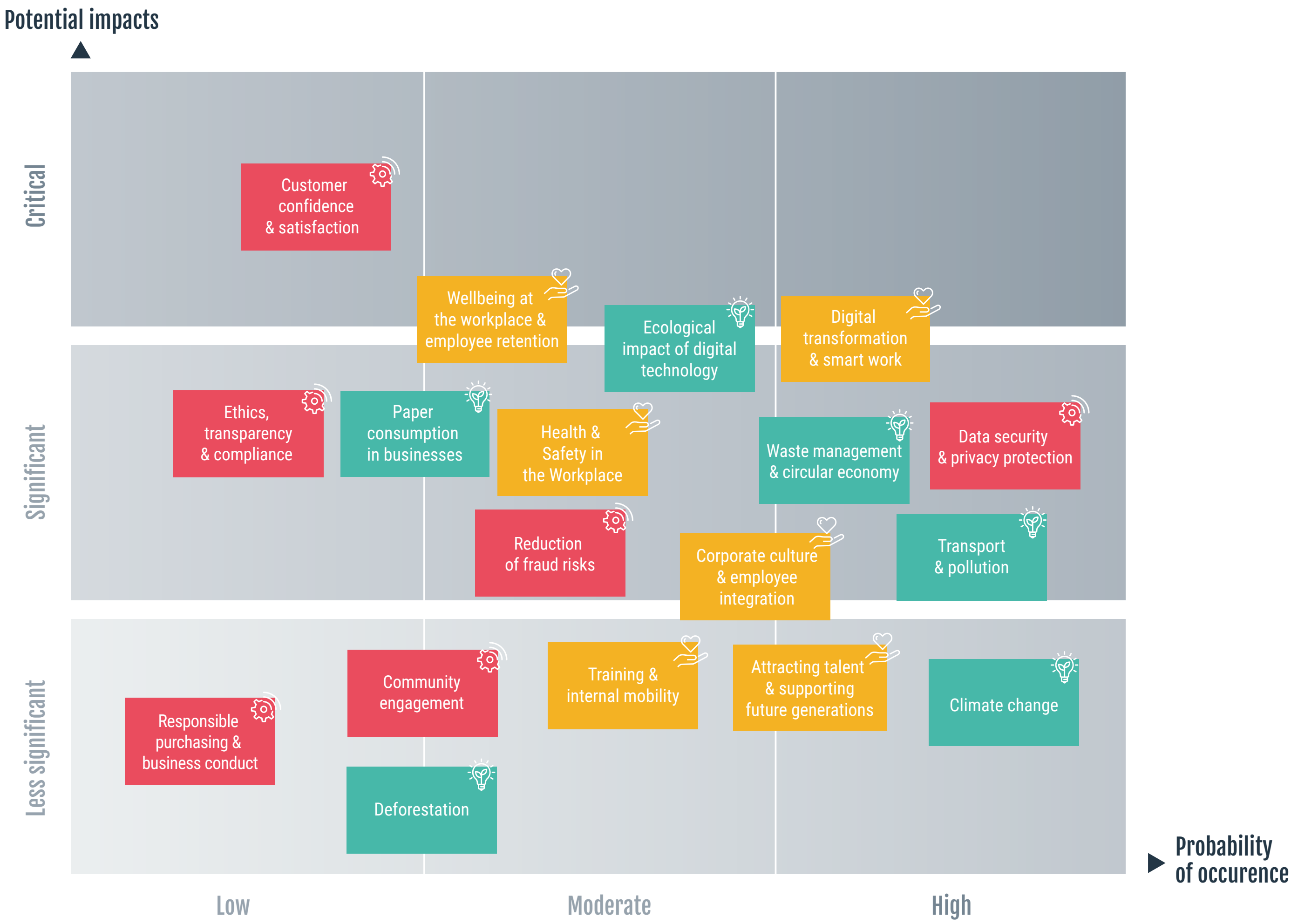
An analysis was then carried out by the CSR working company (mentioned in the *CSR Governance* section, below) and several company directors, seeking to identify the importance of these issues for stakeholders and their impact on the company (beyond the risk factors presented in *chapter 4 of the Universal Registration Document*) and the issues people care about (mentioned in the employee survey results).

The results of this analysis were presented to the Chair of the Board and the Group's CEO, allowing for adjustments and approving key priorities. Importance of the issues for stakeholders on the y-axis reflects stakeholder interest in the issue, and Impact on Esker on the x-axis shows the issue's impact on the company. These issues were documented in the following materiality matrix:



MAPPING OF NON-FINANCIAL RISKS

The mapping of non-financial risks was established using the same methodology and criteria as presented in *chapter 4 of the Universal Registration Document*. The significant risks were assessed based on their likelihood of occurrence and their 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 exercise. The results appear in the graph below:



CSR Governance

THE CSR COMMITTEE

A CSR committee, comprised of the operational directors (CIO, CFO and HR Director) and a member of the management committee (Director of Global Consulting & Support Services) and coordinated by a CSR Performance Manager (working in parallel in other roles within the Group), meets once a month at the Group's headquarters in Lyon. The committee has the following responsibilities:

- Review the company's CSR strategy and the deployment of related initiatives
- Review the company's CSR 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 the summary of ratings assigned to the company by non-financial rating agencies

In 2021, to ensure that sustainable development goals align with and are integrated into the company's overall strategy, the CEO and Chair of the Board will join the CSR Committee and be accountable to it. A Social and Environmental Committee will also be created within the Supervisory Board.

THE ENVIRONMENTAL AND SOCIAL ACTION COMMITTEE

At the head office, an Environmental and Social Action Committee, consisting of the General Services Manager, the CSR Performance Manager and about 10 highly motivated employee volunteers, proposes and implements concrete actions to raise awareness among employees and reduce Esker's impact on the environment with a consistent social policy.

SUBSIDIARY OFFICERS

Finally, administrative and marketing managers in the Group's subsidiaries serve as CSR officers, who collect information at a global scale and mobilize all the entities around the company's commitments.

Contributions to Sustainable Development Goals (SDG)

Esker has renewed its commitment to the UN Global Compact and pledges to comply with its 10 principles on human rights, labor standards, the environment and anti-corruption. The Global Compact France is mandated by the UN to support the implementation of the 2030 Agenda and the appropriation of the Sustainable Development Goals by the French business world.

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

In line with the identified priorities, its business model, and the company's commitments, Esker has identified the following areas of value creation in line with the Sustainable Development Goals, which is an international frame of reference shared by many companies and institutions worldwide. With regard to its activities, Esker focuses its efforts on the eight most relevant SDGs where the company has a significant impact and can maximize its contribution:

3 - Good health and 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 platform

5 - Gender equality

- Promoting gender equality
- Fighting against discrimination

8 - Decent work and economic growth

- Esker values support functions by increasing the productivity and quality of their administrative services
- Esker generates growth and avoids relocation to low-cost countries with solutions that make document processes smoother and less time-consuming for businesses
- Esker improves the experience and loyalty of customers &suppliers

9 - Industry, innovation, and infrastructure

- Esker promotes the digital transformation of companies and their integration into the value chain &the market by digitizing and automating their document processes.

12 - Responsible consumption and production

- Esker enables companies to reduce their paper consumption by adopting paperless processes and to limit travel by providing online access to its platform.
- Sustainable supply chain
- Supplier evaluation
- Environmentally friendly transportation policies
- Waste reduction and recycling

13 - Climate action

- Reducing the company's carbon footprint
- Supporting reforestation programs

16 - Peace, justice and strong institutions

- Esker actively assist in fraud reduction activities
- Personal data protection policies
- Supply chain ethics

Independent Third-Party Assessments

In 2020, Esker reported a sharp increase in its CSR performance, as attested by two top non-financial rating agencies: EcoVadis and Gaïa Rating.

ECOVADIS

As every year, Esker's performance in terms of corporate social responsibility was evaluated by the EcoVadis platform to promote transparency and trust with its customers and business partners. After winning the silver medal in 2019, Esker won the gold medal this year, with a score of 68/100 (compared to 58/100 in 2019), placing the Group in the top 4% of companies evaluated by the platform.

Website: https://ecovadis.com/

Indicator	2018	2019	2020
Overall Score	51/100	58/100	68/100
Environment	50/100	80/100	70/100
Social and Human Rights	60/100	60/100	70/100
Ethics	40/100	50/100	70/100
Responsible Purchasing	40/100	40/100	50/100

GAÏA INDEX

The quality of Esker's ESG policy was acknowledged by the financial community and, by the Gaïa Rating Index produced independently by EthiFinance, which represents investors who practice socially responsible investing (SRI). Esker obtained a rating of 69/100 in 2020 (compared to 57/100 in 2019).

Website: http://www.gaia-rating.com

Indicator	2018	2019	2020
Overall Score	46/100	57/100	69/100
Governance	38/100	47/100	68/100
Social	82/100	67/100	75/100
Environment	15/100	71/100	75/100
External Stakeholders	23/100	46/100	54/100

1 ACTING ETHICALLY AND RESPONSIBLY

Fraud Risk Reduction — *Through Esker Solutions*

Esker services have been developed using a global network of strategically placed production and data centers. This physical and virtual infrastructure offers very high levels of security, flexibility and performance, allowing companies to protect their confidential information. Data is secured with a unique document ID and includes multiple levels of security. Esker guarantees access to data only for the applicable users. To enhance data security, privacy and protection, Esker encrypts all incoming and outgoing data transmissions. Data stored on the platform are also encoded.

Esker helps reduce the risk of fraud through the electronic management of approval workflows and user rights management, and documents are automatically sent for approval based on company-defined rules. On the supplier side, verifying payment details helps prevent bank account fraud, and converting invoices without a purchase order into invoices with preapproved orders limits the risk of fraud. On the customer side, the integration with rating agencies makes it possible to retrieve customer credit data and ensure their creditworthiness, thereby limiting the risk of bankruptcy and fraud.

Ethics, Transparency and Compliance

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 and thus contribute to the company's sustainability.

KEY INDICATORS

- Two meetings per year to present results
- 12.8K unique visitors to the investor site
- 10 meetings with staff representatives (*France only*)
- 2 out of the 4 Supervisory Board members are women
- 100% of Supervisory Board Members are independent 100% attendance at Supervisory Board meetings
- CEO's salary is less than 10 times Esker's worldwide median salary

EXECUTIVE COMPENSATION

The annual gross variable compensation of Jean-Michel Bérard, CEO of Esker, can reach a maximum of €240,000, calculated based on two indicators, namely revenue growth and a target profit amount, allocated at 60% and 40%, respectively. The minimum annual gross variable compensation is €15,000. No variable compensation is paid if the operating margin is negative. In 2021, 10% of the CEO's variable compensation will be based on a CSR criterion.

INDEPENDENCE OF THE SUPERVISORY BOARD

Esker's Supervisory Board consists of three [sic: four] independent members, two of whom are women. Five Supervisory Board meetings are held each year, and the average attendance rate is 100%.

DIRECTOR INVOLVEMENT AND SUCCESSION PLAN

Five management committee meetings are held each year, and the HR Director, CFO, and CIO are regularly invited to present on the progress of their respective projects and ensure that the operations teams are aligned with the Group's overall strategy.

Each year, the Supervisory Board asks the Board of Directors regarding their succession plans as well as for the people who report directly to them. Succession plans are also drawn up for the management committee.

SOCIAL DIALOGUE

Each of the Group's entities has its own system for the representation of employees through the bodies defined by law. Beyond the measures taken to comply with legal provisions and regularly organized meetings, the company attaches considerable importance to social dialogue, which contributes to its economic performance. In this context, employee representatives may be consulted for matters not included in the mandatory topics.

The Group's results are shared with employee representatives before they are presented in a company meeting to all employees. This presentation is also available in English so that all employees throughout the world can stay informed about the quarter's achievements and upcoming projects.

In France, the Social and Economic Committee and senior management meet regularly to negotiate company agreements, such as the following signed agreements: Gender Equality, Remote Work, Right to Disconnect Charter, Supplementary Health Insurance Agreement, and Profit Sharing Agreements.

INVESTOR RELATIONS

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

RESPECT FOR HUMAN RIGHTS

Esker is committed to respecting human rights in all countries where the Group operates. As such, the Group supports the UN Global Compact as a member 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.

ACTIONS

- Social and Economic Committee elections are held with the following turnout rates: Incumbent employees, technicians, and supervisors: 67.35%; Alternate employees, technicians, and supervisors: 67.35%; Incumbent executives: 55.25%; Alternate executives: 54.94% - *France only*
- Ten meetings are held per year with members of the Social and Economic Committee - *France only*
- New commissions created in the Social and Economic Committee: Information and Housing Assistance Commission; Professional Equality Commission; Health, Safety, and Working Conditions Commission; and Training Commission - *France only*
- Availability of regular financial information, in English and French, on the investor sites: https://www.esker.fr/investisseurs and https://www.esker.com/investors
- Semi-annual presentations of the Group's results, in English and French
- Participation in professional investor trade shows
- About a hundred meetings held with analysts and investors
- Renewed commitment to the United Nations Global Compact

OBJECTIVES

- Maintain the independence of the Supervisory Board with 100% of members remaining independent.
- Create a CSR committee within the Supervisory Board for greater transparency of the company's initiatives.

Data Protection and Security

Cybercrime has become increasingly sophisticated in recent years and is threatening the security, reliability, and continuity of information systems. The digital sector is faced with ever-greater challenges in protecting personal data. With a cloud platform globally available 24/7, IT security is a major issue for Esker. The COVID-19 pandemic has only exacerbated this threat.

KEY INDICATORS

- ISO 27001 certification for Esker on Demand cloud platform activities
- Zero complaints for non-compliance with applicable regulations (GDPR)
- 100% of employees have successfully completed data protection and security training

ALLOCATED RESOURCES

Special teams have been assigned to the safety and security of the platform's infrastructure and their numbers increased. A Data Protection Officer (DPO) and an Information Systems Security Officer (ISSO) have been appointed to monitor 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 annual intrusion testing by an independent external service provider and quarterly 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 complete a security maturity questionnaire and provide ISO 27001, SSAE 18, and SOC1 audit reports, certificates, or certifications.

EMPLOYEE TRAINING AND 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 defending the company, and it is essential that each and every employee understands and adopts Esker's security policies.

ACTIONS

- Online training on the rights and policies of IT security and data protection, renewed annually
- Intrusion test performed once a year by an independent external service provider
- Quarterly automated vulnerability scans
- Selection and monitoring of critical suppliers of the Esker on Demand platform
- Strengthening the security team
- Covid-19: Implementation of appropriate measures to protect information security and ensure business continuity following health measures introduced by various governments and the widespread move to remote work.

OBJECTIVES

- Maintain the ISO 27001, SSAE 18, and SOC 1 certifications
- Identify and monitor new operational security indicators

Customer Satisfaction and Trust

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 relations teams to ensure that its customers enjoy a very high level of service availability and a high level of trust.

KEY INDICATORS

- Average uptime of the Esker on Demand cloud platform: 99.878%
- Transactional NPS (between -100 and 100): 60.84%

TRUSTESKER AND PLATFORM AVAILABILITY

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

CUSTOMER SUPPORT

Multilingual support teams centralized at Esker's head office and covering all the Group's entities respond to customer requests in all time zones and meet service level agreement requirements on response times and ticket resolution. The support 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 Esker customers get the most out of their solutions and are completely satisfied throughout their lifecycle. In recent years, CX teams have been created and strengthened in all the Group's subsidiaries to total 30 people in 2020. 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 improvement process.

Esker's Customer Experience team motto: Valued – Understood – Engaged

VUE

VALUED • UNDERSTOOD • ENGAGED

Valued: We will be honest and respectful of your time and keep our promises. We will work together as one team.

Understood: We will listen to you and take your needs and expectations into account. We will also strive to recognize what is truly important to you.

Engaged: We will build personal relationships by being proactive, providing information and continuously learning.

ENSURING CUSTOMER SATISFACTION WITH THE NET PROMOTER SCORE

Esker's NPS score is transactional and established through surveys sent to Esker on Demand users following actions by the Consulting, Support, and Customer Experience teams. The Net Promoter Score is a score given by Esker's customers in response to a single question: "How likely are you to recommend Esker to someone you know?" 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. Random and spontaneous satisfaction surveys will be set up in 2021 to establish an overall relational NPS.

AGILE METHODOLOGY AND INNOVATION

Esker adopted the Agile development methodology many years ago to allow for faster and continuous development of new features to develop solutions that are better tailored 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.

STRATEGIC PARTNERSHIPS

Esker is developing a network of partners mainly to help customers with the integration of solutions, user training, and change management. Through strategic partnerships, Esker allows its partners to expand their portfolio of solutions while increasing its geographical coverage.

ACTIONS

- Strengthening the CX teams in the Group's subsidiaries

OBJECTIVES

- Keep the Esker on Demand platform's uptime rate > 99.5%
- Keep the customer satisfaction rate following the actions of the Consulting, Support, and Customer Experience teams > 60%
- Strengthen the Disaster Recovery Plans to address physical and software risks

Responsible Purchasing and Business Conduct

The Sapin II Law's compliance policy 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 general management.

KEY INDICATORS

- Esker's Supplier Code of Conduct approved by four out of eight main suppliers

SUPPLIER CODE OF CONDUCT

Esker provides and enforces a code of conduct among its main suppliers to ensure their commitment to complying with specific rules on 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. An *Ethics and Anti-Corruption* Clause is also included in contracts with suppliers.

RESPONSIBLE PURCHASING POLICY

Interviews with the Group's main buyers were conducted in late 2020 to establish an inventory of Esker's purchasing practices. The analysis of these practices will make it possible to draft a responsible purchasing policy consistent with the company's business and goals, and to allow greater control of the social, environmental, and economic risks related to Esker's suppliers.

CONDUCTING BUSINESS

As part of conducting business responsibly, an internal code of conduct was drafted and an internal whistleblowing system was implemented to prevent and detect acts of corruption and influence-peddling. Esker has mapped its corruption risks to closely monitor its highest-risk subsidiaries (Singapore, Malaysia, and Hong Kong). In the US subsidiary, a local code of conduct is regularly reviewed and that employees must know and follow. Finally, Esker enforces compliance with the rules applicable to all the countries where the company operates, including rules designed to prevent tax evasion. To date, none of the Group's entities have been subject to a tax adjustment.

ACTIONS

- Code of Conduct submitted to the top eight suppliers for approval
- Implementation of Responsible Purchasing Policy

OBJECTIVES

- Expand the campaign to send the Supplier Code of Conduct to all the main suppliers
- Implement a responsible purchasing policy at Esker's head office

Community Engagement

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

KEY INDICATORS

- €120K supporting schools and educational institutions
- €50K to supporting cultural activities
- 47 hours used by employees out of their workdays supporting non-profit causes

SPONSORSHIP STRATEGY

Esker's sponsorship strategy, developed including 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
- **Outreach in our local region** because Esker wants to maintain roots in its home region and stay involved with local communities

Access to culture and education is key to building a considerate and inclusive society. 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 gives them the ability to understand the world more globally. 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.

ECONOMIC FABRIC

The involvement of Esker management in local business associations, such as with the Digital League since 2014, helps encourage innovation and supports economic development of regional businesses. The Digital League is a regional association of more than 500 service companies in the digital industry that pool efforts to share their expertise and promoting the exchange of best practices between entrepreneurs, schools, laboratories, investors, and institutions with the goal of creating winning synergies.

PROMOTING CULTURE AND 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. By partnering with the Biennale de Lyon, Esker is helping to support the emergence of and access to culture for everyone by promoting international excellence and professionalism. The Biennale has an impact both internationally and locally, with visitors, journalists, and artists coming together from all over the world and includes local businesses.

SUPPORT OF EDUCATIONAL ORGANIZATIONS

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 schools in the Lyon region through financial and human commitment. Esker employees give presentations at various schools in the region about their profession. Tours of Esker are organized for young people, giving them an opportunity to learn about the business world. This support for schools promotes access to the job market for students, while increasing the supply of technical expertise available in the job market and boosting Esker's reputation among this population.

CSR DAY

Esker employees are encouraged to participate in societal or environmental activities, and they are given one workday off every year (in France and the United States) to devote their energy and skills to local organizations of their choice, as part of the company's CSR approach.

LOCAL COMMUNITY ENGAGEMENT

Every quarter, the US subsidiary sends about a dozen volunteers to Second Harvest, a food bank serving southern Wisconsin, for half a day of volunteering. They also provide volunteers for fundraising (Share Your Holiday Campaign). Employees of the US subsidiary can donate up to $100 to the association of their choice, and their contribution is 100% matched by Esker, amounting to $5,200 in 2020. The subsidiary also donated $4,000 to the Boys and Girls Club, $1,000 to We the Protesters (combatting racism), and $10,000 to the Salvation Army.

In Europe, Esker's German subsidiary makes a yearly donation of €600 to WorldVision and also gave €600 to *Regenbogenland*, a children's hospice in Düsseldorf. The Italian subsidiary donated €1,500 to *Associazione Bianca Garavaglia*, a treatment and research organization for pediatric cancer. Esker Singapore donated Wi-Fi equipment to WWF Singapore, valued at SGD 760. The Spanish subsidiary is committed to the environment through its support of *Paisaje Limpio*, Proyecto Libera, and *Asociacion Deverde*.

THE COVID-19 PANDEMIC

This year, employees set up a Covid-19 fund, with 100% matching by Esker, to support hospitals in the Lyon region during the pandemic, and nearly €5,000 was paid to HCL and the Mérieux Foundation. The Group's US subsidiary donated the money that had been set aside for the end-of-year staff party to Second Harvest. The teams at Esker Ibérica supported Madrid food banks, which have been serving more people as a result of the pandemic.

ACTIONS

- Active participation of Esker's CEO as co-chair of the Digital League
- €50K donated to 42 Lyon, a non-profit computer programming school
- €10K sponsorship promotion of the school INSA IF in Lyon
- Educational services performed by employees at local schools (mock interviews, school forums, and more)
- €60K supporting research activities of the INSEEC chair activities
- €50K contributed to the Biennale de Lyon (carried over to 2021)
- Local community engagement
- Covid-19 – The Cagnotte Covid fund in France with Esker France matching contributions100%
- Covid-19 – Budget originally allocated to end-of-year party at the US subsidiary donated instead to the Second Harvest Food Bank
- Covid-19 - Mobilization of Spanish subsidiary employees to support Madrid food banks

OBJECTIVES

- Continued support of associations and organizations in locales of Esker subsidiaries

2

RECOGNIZING THE VALUE OF HUMAN CAPITAL

Digital Transition and Smart Work — *Through Esker Solutions*

Digital transformation is now a major focus of any company's business development strategy. By offering paperless solutions for automating document processes, Esker is directly involved in the sustainable transformation of businesses.

Esker is positioned as a trusted partner, offering digital solutions for optimizing processes and reinvigorating administrative, financial, and customer service departments within companies. Beyond increased external competitiveness, Esker solutions make it possible to recognize the value of internal company functions that are often overlooked, increase employee retention and boost job satisfaction.

Esker solutions also create a more peaceful work environment, freeing up time for higher value-added tasks that require more expertise and the use of new technologies, which in turn gives employees a competitive advantage on the job market.

Skills are redirected internally to shared service centers, enabling companies to grow and support a symbiotic ecosystem while at the same time maintaining a close relationship with customers as well as improving supplier and customer satisfaction.

Customer Testimonials

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 VLATKOVI, ASSISTANT ACCOUNTING MANAGER, FEU VERT GROUP

We chose to go paperless to eliminate the exponential amount of paper that was piling up. More than input, our need centered around traceability and assigning orders to the right people. With the Esker solution, we no longer needed someone to sort faxes and deliver them one by one to the right people."

THIERRY FOURNIER, ADMINISTRATIVE AND OPERATIONS DEVELOPER, VAILLANT GROUP

Instead of focusing on data entry, our staff has been able to work on tasks like proactive outgoing calls to maintain a positive customer experience and increase revenue."

KATHY WIGGINTON, CUSTOMER SERVICE DIRECTOR, AMEROCK HARDWARE

Users are becoming more efficient, which allows them to spend more time on tasks with higher added value for customers and the business."

CRISTINA CAMPENY, CUSTOMER SERVICE AND SALES DIRECTOR, FRIT RAVICH

Corporate Culture and Employee Onboarding

KEY INDICATORS

- 765 Esker employees as of 12/31/2020
- 99.21% of employees are full-time permanent
- Staff turnover rate: 9.1%
- Esker's culture has an 87.6% approval rate among employees

HUMAN CAPITAL

As of December 31, 2020, Esker has 765 employees. Their average age and company affiliation are 37.9 and 6.8 years, respectively. 30.59% of the workforce are women, and 69.41% are men. There are 17 nationalities represented in the workforce.

ONBOARDING OF NEW EMPLOYEES

In-house trainers organize sessions at the beginning of each month for every incoming group of employees. Esker reserves a modular room for this training to accommodate a range of training formats. This is where employees learn about the history of the company, HR resources, IT tools, and Esker solutions. This training lasts a week, which starts with one full day followed by half-days, and 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.

GUIDE FOR "ESKERIANS"

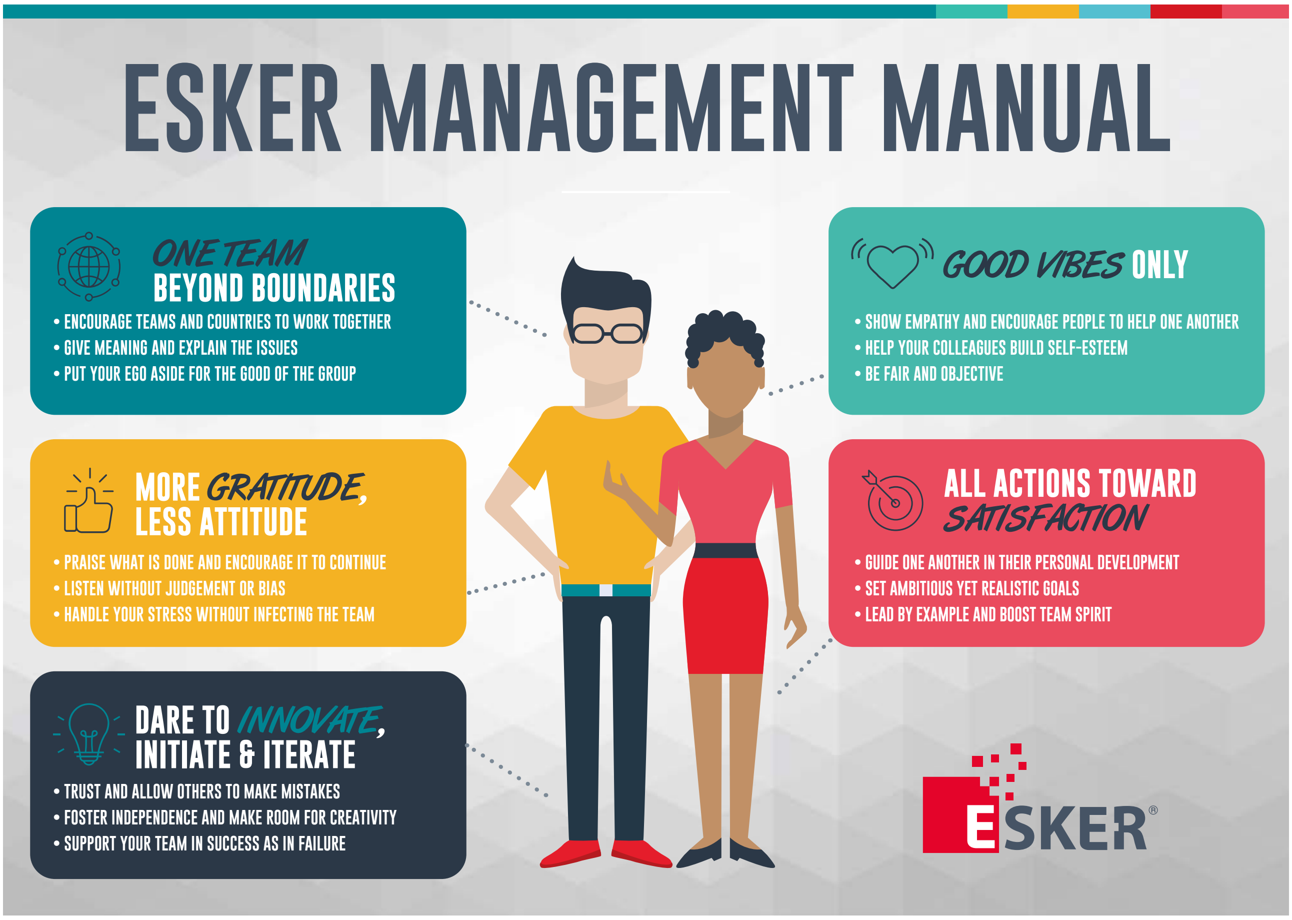
An online document, called *Guide for Eskerians*, is available on the company's intranet. This gives employees easy access to all the information they need about their career and life at Esker, including office maps, IT tools, time off and absences, benefits, insurance benefits, local activities near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

CONSIDERATE AND ATTENTIVE MANAGEMENT

All managers at Esker have undergone workplace professionalism and etiquette training in order to raise their awareness for valuing employees and boosting team morale.

Employees receive the same training in order to apply those principles in their day-to-day work.

The Guide for Eskerians reiterates the training principles and serves as a reminder to managers.



CORPORATE CULTURE

Esker's values are presented in the ***About Esker, Our Values section****.*

Esker's culture is the result of nearly 12 months of work. Workshops were first conducted in all subsidiaries, with more than 100 volunteer employees to share anecdotes about life at Esker and that set it apart from other companies. These stories highlighted the typical behavior of employees and the values that guide them in their daily work. The next step included a survey sent by the CEO to all the employees around the world, confirming the initial findings with a response rate of 75%. The values mentioned by the majority of employees were then summarized by Corporate Marketing Department, visually presented in the offices and distributed on company swag products to encourage internalization by the employees. Esker's company culture efforts enjoy an 87.6% approval rating.

ACTIONS

- Educating new employees on corporate culture with a presentation on Esker values on Day One of New Hire training

OBJECTIVES

- Maintain 95% company culture adoption rate while keeping turnover rate below 10%

Training and Internal Mobility

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

KEY INDICATORS

- 815 employees completed internal professional development training in 2020, 283 completed external training.
- 13,862 hours of professional development training provided
- €180,383 dedicated to training efforts
- 75 internal job changes in 2020

DEFINITION OF NEEDS

The training policy consists of strategic focus areas defined on a yearly basis by management, new work method 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.

DEDICATED TRAINING TEAM AND LEARNING CULTURE

A growing training team consisting of nine people throughout France and the United States, handles team skills development, when employees first join the company and then throughout their career at Esker. 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.

THE ESKER UNIVERSITY PLATFORM

Esker has an in-house training center called Esker University that offers numerous online modules to all employees worldwide. In-person sessions are held for new hires (during the pandemic, these sessions were held remotely), The training activities are scheduled by managers according to their and their new hire's needs.

TRAINING GAMIFICATION

To make it even easier to learn about Esker products, the in-house training team has begun 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.

INTER-DEPARTMENTAL AND INTER-SUBSIDIARY EXCHANGES

To establish a link between the various subsidiaries and departments, exchanges have been set up between departments, including Consulting and R&D, Finance and Sales, and Support and R&D. In addition to the obvious sharing of knowledge, these exchanges give employees a chance to spend time with one another. Developers spend time with customers, making their work more meaningful and lets them see the solution they've developed in a real-world application. Esker also encourages all new developers to train with the Consulting or Support teams after they've been with Esker for one year, to make it easier to understand each person's day-to-day activities and challenges.

ACTIONS

- Hire two additional trainers for the training team, in France and the US
- Provide new non-technical and personal development training opportunities

OBJECTIVES

- Allow any employee worldwide to apply for positions anywhere within Esker
- Offer each employee a training opportunity at least once every three years

Workplace Well-Being and Employee Retention

In a company where human capital is the most important resource, the ability to retain talent is essential. To reflect this, Esker ensures the well-being of each employee by responding to collective and individual needs and adapting to societal changes.

KEY INDICATORS:

- 97% of the annual survey participants agreed that "Esker is a good place to work"
- 6.8 years average company affiliation
- 4.8% part-time employees
- One reported harassment in 2020
- 67 departures in 2020
  - Resignation: 5.54%
  - Termination: 0.83%
  - Other reasons for departure: 2.22%
  - End of fixed-term contract: 0.69%

OFFICE LAYOUT

By listening to our employees, Esker provides workplace conditions that match their expectations. The office layout was designed in consultation with the employees and staff representatives, and many spaces were configured to meet the diverse needs of the teams. Esker also strives to foster a healthy environment through a strong and positive corporate culture and to encourage a healthy work-life balance, for example by allowing and encouraging sports activities on its premises. Self-service beverages, coffee machines and fruit baskets are made available in the offices.

GOOD ATMOSPHERE AND INTER-TEAM ACTIVITIES

In France and its US subsidiary, Fun@Work committees, made up of about 15 employee volunteers, organize activities in the offices on a regular basis to strengthen team spirit. Despite the fact that employees were unable to be on premises during the various lockdowns, several virtual events were organized to encourage interaction. Photo contests, quizzes, and other activities helped maintain a good atmosphere, even at home. At the US subsidiary, events and challenges were organized outside when they couldn't be held at the office, such as hiking, climbing, and fly-fishing.

ACCOMMODATING REMOTE WORK

In early 2020, remote working was tested at the head office, allowing employees to work from home up to one day per week while keeping the teams strong and effective. This experiment was accelerated by the start of COVID-19 and allowed Esker to adapt quickly to the new regulations imposed by the pandemic. In France, additional equipment and an allowance to cover costs incurred by remote working were provided during the lockdowns.

SHARING THE VISION

Because the search for meaning contributes to well-being at work, having a shared vision and knowing each person's part making it a reality are integral to the duties of a manager at Esker. Every quarter, the Group's CEO shares team achievements and upcoming projects. At least once a year individual employee performance is reviewed and objectives are set so that everyone understands their role in the company's mission and the achievement of its vision.

ACTIONS

- Set up remote work and provide equipment to employees (additional monitors and stands)
- Appoint harassment officers on the Social and Economic Committee and in the HR Department
- Covid-19: payment of an allowance to cover the costs incurred by employees during the lockdowns – *France only*

OBJECTIVES

- Maintain the affirmative response to "Esker is a good place to work" above 95%

Health and Safety in the Workplace

KEY INDICATORS:

- Frequency rate: 3.68
- Severity rate: 0.08
- Absenteeism rate: 2.8%
- 14.2% of employees trained in first aid (*France only*)
- Covid-19 - €22K allocated to employee protection (masks, sanitizer and face shields) (*France only*)
- Covid-19 - 93% of employees worked from home in 2020

RESPECT AND PROMOTION OF HUMAN RIGHTS

As a signee of the UN Global Compact, Esker is committed to supporting and respecting the protection of human rights. The company ensures that it is not complicit in human rights violations, including harassment, in any of its subsidiaries. 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.

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 the 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 office and the United States are equipped with height-adjustable desks to limit the risk of musculoskeletal disorders (MSDs). Employees at the Décines mail production facility have the appropriate safety equipment for their work, such as safety shoes and ear plugs. In the United States, 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 all offices around the world, Esker provides employees with restrooms and recreation areas equipped with foosball tables and gaming consoles. A multipurpose room at the head office can be used for yoga and gymnastics sessions that Esker employees can attend during their lunch break. In France, employees can also enjoy massages organized by the Social and Economic Committee, and fruit baskets are provided to employees once a week for a healthy and nutritious break. In France and the United States, health information sessions are provided in a Lunch'n'Learn format through health insurance partners. All employees can be reimbursed for any membership or purchase made for their well-being, such as a gym membership or the purchase of a new exercise bike or athletic shoes.

THE RIGHT TO DISCONNECT

With the introduction of a unilateral charter on the Right to Disconnect, Esker reaffirms the importance of the proper workplace use of digital and professional communications and the need to regulate them so employees can enjoy their rest and leave time, as well as a healthy work-life balance. This charter is appended to the company's internal regulations.

EMPLOYEE SAFETY AT MAIL PRODUCTION FACILITIES

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. This certification allows for the integration of procedures with the Quality and Environmental Management System under ISO 9001: 2015 and ISO 14001: 2015.

ACTIONS

- Train employee volunteers in first aid and fire evacuation
- Promote the My Health Habits platform, in partnership with Malakoff Médéric (supplemental health and life insurance) - *France only*
- Organize an inspection of the mail production facility by the occupational physician at least every three years and the enforcement of any recommendations
- ISO 45001 certification process launched for the France mail production facility
- Covid-19: availability of a psycho-social hazard hotline - *France only*
- Covid-19: distribution of masks and hand sanitizer
- Covid-19: implementation of remote work and education on workstation ergonomics

OBJECTIVES

- Achieve a rate of 15% of employees trained in first aid (OSH) - *France only*
  (The French National Research and Safety Institute (INRS) recommends that 10-15% of employees be trained in first aid)
- Maintain a rate of 8% or more of employees trained in fire evacuation
- Obtain ISO 45001 certification for the France mail production facility in 2021

Attracting Talent and Supporting Future Generations

To ensure the sustainability and development of the company's business, Esker needs to know how to attract and retain employees with advanced and complementary expertise, a challenge that is all the more difficult in the highly competitive tech field, where available jobs far exceed demand. This is especially true in creating a fulfilling human, material, and professional environment that encourages individuals to use their skills to benefit the company and recommend Esker as a good place to work. Staff referrals have been working extremely well for many years and has helped find nearly a quarter of new hires.

The Covid-19 pandemic brought a slight slowdown in hiring in 2020, particularly in the Group's subsidiaries. Forecasts for 2021 are optimistic and will be revised upwards to continue to fuel the company's growth.

KEY INDICATORS

- 154 new employees, including:
  - 95% permanent contracts
  - 31.17% women
  - 37.7% under the age of 28
  - 21 employee referrals
- 8,178 LinkedIn France subscribers (65% more than in 2019)
- Average age of employees: 37.9 years old
- 14 new interns in 2020
- 29% of interns hired at the end of their internship

ENSURING EMPLOYEE PERSONALITY AND CULTURAL FIT

Beyond technical skills and professional experience, Esker focuses on the personality of job candidates. Recruitment managers look for individuals who accept feedback and know how to challenge themselves, do not hesitate to ask for help, give their opinion and are self-confident, prefer teamwork, are curious about computers and learning, honest, and know how to get out of their comfort zone. The Personality and Preference Inventory (PAPI) test is used as an assessment tool, and close attention is given to the compatibility with Esker's corporate culture and the Agile methodology. Finally, during the interview applicants spend time with their team and come in for a half-day immersion session whenever possible. This is intended to give them a clear idea of what to expect and a better understanding of the company and culture.

THE HR SCRUM TEAM

Esker's hiring policy, prepared by an internal HR scrum team of hiring managers, a marketing project manager and scrum masters, 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
- Simplifying the hiring process, diversifying sourcing to facilitate applications of different profiles and promoting an attractive referral program

TRANSPARENCY AND VISIBILITY

In addition to presenting key figures, solutions, and technologies, the HR brochure 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 the benefits offered are described as well, with the aim of being as transparent as possible. To provide more background information for job postings, employee testimonial videos are regularly produced and posted on the careers website and social media to give Esker employees s a voice and present the company in a simple and honest way.

RELATIONSHIPS WITH EDUCATIONAL INSTITUTIONS AND THE SCHOOL AMBASSADOR PROGRAM

Esker also builds relationships with schools to provide them with academic support, introduce ourselves to future graduates, and make it easier to attract talent. Esker is a sponsor of the Class of 2021 INSA IT Department (National Institute of Applied Sciences) and a patron of the 42 Lyon coding school. 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, with themed conferences on agility or artificial intelligence, coaching sessions to prepare students for job interviews, a mentoring program for women as well as networking receptions for Esker employees and students.

PRESENTING THE ESKER HISTORY AND VISION

Esker's CEO conducts a quarterly presentation of Esker's history and the company vision. 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.

SUPPORTING FUTURE GENERATIONS

With recent graduates making up the majority of new hires, Esker places great importance on younger generations. As co-founder of a research chair at the INSEEC, sponsor of a class of the engineering school INSA, and partner of the school 42 Lyon, Esker is involved in the development of future generations and supports them in their education by offering internships and assisting them in the job search process.

ACTIONS

- Incentive for candidate referral (€2,000 bonus)
- Participation in job fairs (some were cancelled due to Covid-19)
- Focus on hiring Army veterans through the Skills Platoon program and contribution to the Veterans Voices podcast at the US subsidiary
- Workshops conducted at schools on AI and the Agile methodology
- Sponsorship of a promotion of the school INSA IF in Lyon
- Partnership with 42 Lyon coding school
- Participation in INSEEC research center projects
- Covid-19 - Continued onboarding of interns despite the pandemic

OBJECTIVES

- Expand the workforce by 12% in 2021
- Extend partnership programs to other schools

Diversity and Inclusion

KEY INDICATORS

- 30.59% women / 69.41% men
- 31.53% women managers / 68.47% male managers
- 31.17% women among new hires
- Gender Equality Index: 91/100
- 17 different nationalities in the global workforce
- 0.5% disabled employees in the workforce

GENDER EQUALITY

Esker promotes equal opportunities for men and women and equal access to the same level of responsibility within the company. Furthermore, gender diversity is encouraged wherever possible, as it fosters innovation, creativity and collaboration within teams.

REPRESENTATION OF WOMEN

Although IT professions attract mainly men, Esker's workforce includes 30.59% women worldwide and 31.53% women among managers, demonstrating an equitable policy of promotion between men and women. Two of the four members of the Supervisory Board are women, as are two of the eight members of the Management Committee.

ANTI-DISCRIMINATION POLICIES AND THE CODE OF CONDUCT

Policies and codes of conduct are in place within the Group's entities to ensure a healthy working environment, guarantee equal opportunities for hiring and promotion to all employees, and prevent sexual harassment and discrimination. To make it easier for women to return from maternity leave, a lactation room is made available in the US subsidiary. Finally, in response to the diversity of sexual orientations, employees have the option to add an identity pronoun to the internal directory and their external email signature.

GENDER EQUALITY INDEX

Designed to advance equal pay for women and men within companies, the Gender Equality Index allows companies to transparently measure gender pay gaps and highlight their progress points. When wage disparities are found, corrective measures must be taken. The Index is a 100-point scale calculated on the basis of five indicators: the gender pay gap, the gap in the distribution of individual raises, the gap in the distribution of promotions (only in companies with more than 250 employees), the number of female employees given raised upon returning from maternity leave, and parity among the top 10 earners.

Esker earned a score of 91/100 in 2020 for France and the following scores for each of the indicators:

36	20	15	15	5
Pay gap	Pay raise gap	Promotion gap	Return from maternity leave	High compensation

CULTURAL DIVERSITY

Cultural diversity ensures the organization's consistent growth. Esker leverages its cultural diversity by fostering exchanges to learn how to work better together and by encouraging the development of talent around the world. Diversity initiatives focus particularly on hiring and international developments.

Inter-subsidiary exchanges are regularly organized to allow for the sharing of experiences and best practices within the teams. This allows all Esker employees to develop intercultural awareness.

ACCESSIBILITY AND DISABILITY

Through one of its sorting service providers, Esker promotes the professional inclusion and retention in employment for people with disabilities. Internally, an awareness campaign on disability in the workplace was organized in 2020 with the help of Pete Stone, founder of Just Different and a diversity and inclusion consultant, as a one-hour videoconference with all employees in France.

ACTIONS

- Mandatory anti-discrimination training when hiring HR teams at the head office
- Signing of a professional equality agreement: compensation study, hiring, work-life balance, promotion
- HR Department's participation in roundtable discussions on the role of women in tech
- Promotion of Esker video testimonials on social media to promote women engineers in IT
- Appointment of two sexual harassment officers at the head office
- Regular compensation review
- Anti-discrimination training when hiring HR teams
- Promote internal applications between subsidiaries to allow for exchanges and promote cultural diversity within teams
- Addition of Juneteenth (holiday commemorating the abolition of slavery in the United States) to the list of public holidays celebrated by the employees of the US subsidiary
- Attend job fairs specializing in the promotion of diversity
- Support for the We the Protesters movement in the United States
- Organization of a conference on disability hosted by Pete Stone
- Selection of service providers that hire employees with disabilities

OBJECTIVES

- Guarantee equal pay for men and women
- Ensure pay raises for women returning from maternity leave are aligned with other employees
- Engage with organizations and movements like Women in Technology to promote women in tech
- Foster exchanges between subsidiaries
- Grant additional days of leave to complete formalities for people with disabilities
- Appoint a disability officer at the head office
- Organize annual awareness campaigns for all employees

3

PROTECTING THE PLANET

Reducing Paper Use — *With Esker Solutions*

Esker's automation solutions reduce paper use and thereby help in the fight against deforestation and waste. Esker's solutions digitize all documentation involved in customer and supplier management, such as invoices, purchase orders, estimates, payment notices, account opening requests and more.

Esker is aware, however, of the environmental impact of digital technology and data center energy consumption and has established indicators to monitor and limit these impacts.

Customer Testimonials

Thanks to Esker and its automated Accounts Payable solution, paper invoices are now a thing of the past."

HERVÉ BIGO, FINANCIAL PROJECT MANAGER, ADÉO SERVICES

We encourage our suppliers to submit their invoices directly and electronically through our supplier portal. That's why we've been able to significantly reduce our handling of paper and improve the efficiency of invoice processing and payment."

PROJECT COMMITTEE, SHARED SERVICE CENTER, IT SUNWAY

Thanks to automating customer orders, we've been able to achieve significant time savings within this business process. We are also using e-invoicing more widely. By automating these two strategic processes, we are moving toward more efficient and environmentally friendly paperless procedures that help save the forests."

ALBERTO BARBERO, CUSTOMER SERVICE DIRECTOR, BEL ESPANA

By outsourcing and automating our workflows with Esker's solutions, we've seen an increase in productivity, as well as stronger billing expertise, while helping the environment by reducing our 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

Climate Change

KEY INDICATORS

- Two ISO 14001 certified sites
- Total CO_2 emissions: 3,399 t.CO_2e
  - Per document invoiced on Esker on Demand: 7.43 g
  - Per employee: 4.69 t.CO_2e
- Amount of CO_2 emitted by source:
  - Offices and factories: 2,696.8 t.CO_2e
  - Business travel: 343.1 t.CO_2e
  - Commuting: 348.7 t.CO_2e
- Amount of CO_2 emitted by scope:
  - Direct GHG emissions (Scope 1): 381 t.CO_2e
  - Indirect GHG emissions (Scope 2): 629 t.CO_2e
  - Other indirect GHG emissions (Scope 3): 2,390 t.CO_2e
- Power consumption: 1,756,855 kWh

THE ISO 14001 STANDARD

ISO 14001 defines the criteria for an environmental management system and provides a framework that companies and other organizations can apply to establish an effective environmental management system.

Esker began certifying the France mail production facility in 2019 and the French offices in 2020, paving the way for the regular implementation of additional improvements to reduce Esker's environmental footprint.

ANNUAL CARBON REPORT

Esker is strongly committed to reducing its environmental footprint and investing in the environmental efficiency of its offices and mail production facilities. Esker is proactively committed to establishing its Carbon Report, which has been published annually for the locations in France since 2018. It was gradually extended to the Group's other entities, identifying improvement needs in the company's energy performance as a whole.

In 2020, Esker's emissions covering Scopes 1, 2, and 3 for its worldwide operations were 3,399 metric tons of $CO2e$. Because business travel and commuting were heavily impacted by the pandemic, it is difficult to assess the change in Esker's environmental performance through its carbon footprint relative to 2019. It should be noted, however, that the amount of $CO2$ emitted per document invoiced on the Esker on Demand platform is down 50% compared to 2018, going from 10 g of $CO2$ to 4.3 g in 2020, for France only.

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 risks 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.

ACTIONS

- Renewal of ISO 14001 and ISO 9001 certifications for the France mail production facility
- Obtainment of ISO 14001 certification for the France offices
- Installation of LED bulbs in all new spaces
- Installation of motion detectors in the offices
- Supply of low-power displays
- Application of environmental best practices for office layouts for the Italy, United Kingdom, and Singapore subsidiaries.

OBJECTIVES

- Maintain the current ISO 14001 certifications by implementing the necessary corrective actions
- Prepare for the energy audit of the Esker France offices and mail production facility in 2021
- Extend the environmental policy of the head office to all subsidiaries for site layouts

Transportation and Pollution

KEY INDICATORS

- 23 hybrid or electric vehicles in the company fleet of 74 vehicles
- 176 employees receive a transportation allowance, for a total of €34,490 – *France only*
- 81 employees receive a Cycling Kilometric Allowance, for a total of €13,563 – *France only*

BUSINESS TRAVEL

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

VEHICLE FLEETS

More than 30% of Esker's fleet consists of hybrid or electric vehicles. The company vehicle fleet is gradually being replaced by hybrid or electric vehicles. Each new car in the vehicle fleet is either hybrid or electric in the Group's Spanish subsidiary.

COMMUTING

In France, employees are encouraged to use modes of transportation with a low environmental impact to get to their workplace, by offering reimbursements of TCL (Lyon public transit) passes, a mileage allowance for employees who cycle to work as well as by making bicycle fleets available on our premises. Employees of the US subsidiary are also encouraged to bike to the office.

ACTIONS

- Availability of a bicycle garage with charging station – *France only*
- Transportation allowance for employees – *France only*
- Cycling Kilometric Allowance – *France only*
- Increase in the number of hybrid or electric in the company fleet
- Encouraging rail transport over air travel for business trips

OBJECTIVES

- Achieve 40% hybrid or electric cars in Esker France's vehicle fleet by the end of 2021
- Make it easier to charge electric or hybrid vehicles with the installation of outlets in the office parking lot – *France only*

Waste Management and the Circular Economy Model

As an economic performance factor, conserving resources contributes significantly to environmental protection, and waste recovery supports the development of the circular economy.

KEY INDICATORS

- 131.89 metric tons of waste recycled in our US and France mail production facilities
- 100% recycling of waste paper, envelopes, and ink from the France mail production facilities
- 1,821 kg recycled waste for every 20 kg of non-recycled waste in the France offices
- 167 kg recovered electrical and electronic equipment (WEEE) – *France only*

REDUCTION OF WASTE AT MAIL PRODUCTION FACILITIES

Esker aims to cut down on the amount of raw materials used in its mail processing as these activities are by nature 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.

WASTE SORTING

Raising the awareness of employees and encouraging waste sorting are also among the actions enabling Esker to maximize its waste reuse. Sorting bins are made available throughout the premises, and regular workshops are held to encourage sorting, such as a quiz on the lifecycle of waste and an introduction to the concept of zero waste.

LIFE-CYCLE EXTENSION OF IT EQUIPMENT

Esker strives to extend the life of the company's computer equipment and electronic devices as much as possible. This is achieved through an internal maintenance service, the after-sales service of its suppliers, or electronic equipment buyback programs benefiting the charity 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 167 kg in 2020.

ACTIONS

- Availability of sorting bins on the premises
- Supply of washable dishes, cutlery and drinking containers
- Recycling awareness campaigns conducted including zero waste workshops
- Reduction and recovery of waste at the mail production facility
- Buyback programs of computer and telephone equipment benefiting the employee's chosen charity - *France only*

OBJECTIVES

- Increase the amount of waste that is recycled (ink, paper, and envelope waste) from the company's mail production facility
- Implement a global policy to extend the life of the company's electronic devices

The Digital Carbon Footprint

KEY INDICATORS

- Portion of customers hosted on Microsoft Azure: 12.68% of Esker on Demand sales (compared to 6.46% in 2019)
- Power Usage Effectiveness (PUE) of data centers:
  - Microsoft Azure: 1.125
  - CDW: 1.23
  - Equinix: 1.29 - 1.40
  - Colt: 1.55

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.

USE OF MICROSOFT AZURE

When possible, to reduce its environmental footprint, Esker chooses suppliers committed to helping the environment. That's why all 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.

Microsoft's pronounced progress in reducing its environmental impact in 2020 includes:

- A 6% reduction in Microsoft's carbon emissions, or about 730,000 metric tons, within one year. By 2030, their goal is to reduce their emissions by more than half.
- Funding the elimination of 1.3 million metric tons of carbon from the environment through 15 suppliers in 26 projects worldwide.
- Transparency through the submission of their annual sustainable development report data for third-party review (accounting firm Deloitte). For the sake of accountability, their sustainability goals will become a factor in determining the compensation of Microsoft executives, beginning in the next fiscal year.

More information is available in *Microsoft's 2020 Environmental Sustainability Report.*

ENVIRONMENTALLY RESPONSIBLE DEVELOPMENT

Esker also sees to it that its development teams are mindful of the digital footprint associated with operating the software in order to optimize services and reduce energy use.

ACTIONS

- Default implementation of new Esker on Demand customers on Microsoft Azure
- Educating the Development Teams about optimizing processes

OBJECTIVES

- Increase the percentage of sales to customers hosted on Microsoft Azure

Deforestation

KEY INDICATORS

- Main paper supplier ranked in the top 1% of the best-performing companies worldwide for sustainable development, according to EcoVadis
- 6,250 trees planted as part of a reforestation project in Tanzania

SUPPORTING REFORESTATION EFFORTS

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 partners with Reforest'Action to support such projects. The company is committed to planting six trees for every reel of paper consumed by its largest mail production facility in France. In 2020, Esker planted 6,250 trees in Tanzania to help restore degraded ecosystems, support the economic development of native populations and preserve biodiversity.

Esker employees are also involved in tree planting activities each year, particularly in Spain, where the subsidiary supports the Deverde association.

SUPPLIER SELECTION

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

ACTIONS

- Selection of suppliers of paper and envelopes based on their commitment to sustainable development
- Increase in the amount allocated to Reforest'Action projects, with 6,250 trees planted as part of a reforestation project in Tanzania (compared to 5,000 in 2019)
- Participation of Spanish subsidiary employees in planting trees with the Deverde association

OBJECTIVES

- Expand reforestation projects to cover all the paper consumption of Esker's mail production facility, representing an increase of nearly 27%.

REPORT DETAILS

Scope and Methodology

Non-financial reporting covering all CSR indicators at the Group 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 Group's two main subsidiaries — France and the United States — when the information is not available for the other entities.

Esker's CSR reporting is managed by the CSR Committee and a network of contributors in all the Group's countries and entities. The majority of the CSR data is collected through individual discussions with correspondents in the subsidiaries, a dedicated CSR 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, 2020, for all indicators, and the scope is the same as for the financial reporting, including all the Group's subsidiaries (except when reported).

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 AND 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 and Methods Used for Calculating Key Indicators

ETHICS AND GOVERNANCE

Focus	Indicator	Scope	2018	2019	2020	GRI
Ethics, transparency, and compliance	Number of meetings to present results	Group	2	2	2	
	Number of visitors to the Investors site	Group	-	3200 (FR) 4000 (EN)	4584 (FR) 8225 (EN)	
	Number of meetings with staff representatives	France	10	10	10	
	Representation of women on the Supervisory Board	Group	50% (2 out of 4)	50% (2 out of 4)	50% (2 out of 4)	*GRI 102-22, 405-1*
	Number of independent directors on the Supervisory Board	Group	3 out of 4	3 out of 4	3 out of 3	*GRI 102-22*
	Attendance at Supervisory Board meetings	Group	100%	100%	100%	
	CEO's salary relative to the world mean salary	Group	9.31 times the median salary	9.53 times the median salary	9.59 times the median salary	*GRI 102-38*
Data protection and security	ISO 27001 certification of the Esker on Demand platform	Group	Monitored	Monitored	Recertified	
	Number of complaints for non-compliance with the GDPR	Group	0	0	0	*GRI 418-1*
	Percentage of employees who have successfully completed online training on data protection and security	Group	100%	100%	100%	
Customer satisfaction and trust	Uptime of the Esker on Demand platform:	Group	99.888	99,853	99,878	
	Customer satisfaction rate following the actions of the Consulting, Support, and Customer Experience teams	Group	64.55	59,08	60,84	
Responsible purchasing and business conduct	Number of suppliers who have signed Esker's Supplier Code of Conduct	Group	-	-	4	*GRI 205-2*
	Presence of an internal code of conduct	France	-	-	Yes	
	Presence of an internal reporting procedure	France	-	-	Yes	
Community engagement	Amount paid to support education	France	€90,000	90 000 €	€120,000	
	Amount paid to support cultural activities	France	50 000 €	250 000 €	€50,000	
	Number of hours used by employees out of their workday to support non-profit causes	France	291 hours	271 hours	34 hours	
			-	291 hours	47 hours	

ETHICS, TRANSPARENCY AND COMPLIANCE

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

Number of visitors to the Investor site: Unique visitors from the data analysis tool on our Google Analytics websites.

Number of meetings with staff representatives: For France only, these meetings bring together members of the Social and Economic Committee and company management.

Representation of women on the Supervisory Board: Esker's Supervisory Board consists of Marie-Claude Bernal, Kléber Beauvillain, Nicole Pelletier-Perez, and Tom Wolfe, which constitutes 50% women.

Number of independent directors: 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.

Attendance at Supervisory Board meetings: Represents the attendance of the directors at Supervisory Board meetings.

CEO's salary ratio: The ratio of the total annual compensation of the Group's highest paid person to the median total annual compensation of all employees worldwide.

DATA PROTECTION AND SECURITY

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

Number of complaints for non-compliance with GDPR: An official request to the CNIL or local equivalent is considered a complaint.

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 successfully completed online training on data protection and security.

CUSTOMER SATISFACTION & TRUST

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

Transactional NPS: Customer satisfaction rate following the actions of the Consulting (US), Support (US and Europe), and Customer Experience (US and Europe) teams.

RESPONSIBLE PURCHASING AND BUSINESS CONDUCT

Number of suppliers who have signed Esker's Supplier Code of Conduct: The Supplier Code of Conduct is available *here*.

Anti-Corruption Code of Conduct: In accordance with the Sapin II Law, a code of conduct "defining and illustrating the various behaviors to be prohibited for their likelihood of characterizing acts of corruption or influence-peddling" has been drafted and implemented in the company.

Whistleblower protections: In accordance with the Sapin II Law, a procedure has been put in place in the company that would allow a whistleblower to report a breach of ethics that has come to their knowledge.

COMMUNITY ENGAGEMENT

Investments in education/cultural activities: Amounts paid under sponsorship agreements are backed by contracts signed with Esker-supported organizations.

Number of hours used by employees for non-profit causes out of their workday: This information was collected from employees who participated in these activities. The attendance sheet management tool will be used for monitoring purposes beginning in 2021.

SOCIAL

Focus	Indicator	Scope	2018	2019	2020	GRI Standards
Corporate culture and employee onboarding	Number of Esker employees	Group	563	675	765	*GRI 102-7*
	Percentage of permanent employees	Group	97.69%	98.22%	99.21%	
	Staff turnover rate:	Group	8.6%	10.0%	9.1%	*GRI 401-1*
	Employee adoption of Esker culture	Group	-	-	87.60%	
	Great Place to Work Institute ranking	France	-	14ème	-	
Training and internal mobility	Number of employees who completed internal professional training during the year	France	-	400 (France)	815	
	Number of employees who completed external professional training during the year	Group	-	-	283	
	Percentage of employees who completed internal training during the year	Group	-	100%	100%	
	Total number of training hours completed by employees	Group	-	9472 (France)	13 862	
	- internal training		-	-	8003	
	- external training		-	-	5859	
	Training budget	France	111 569	135 614	106 474	
		Group	-	-	180 383	
	Number of internal changes	Group	5 (France)	34	75	
Workplace well-being and employee retention	Percentage of employees agreeing that "Esker is a good place to work" in the annual survey	Group	-	95% (France)	97%	
	Average seniority	Group	6.8 years old	6.4 years old	6.8 years old	
	Percentage of part-time employees	Group	5.86% (33)	5.0 % (34)	4.8% (37)	
	Number of harassment reports	France	-	0	1	*GRI 406-1*
	Number of departures	Group	36	49	67	
	- resignation	Group	4.97% (27)	5.61% (36)	5.54% (40)	
	- termination	Group	0.37% (2)	0.15% (1)	0.83% (6)	
	- other reasons for departure	Group	1.29% (7)	1.87% (12)	2.22% (16)	
	- end of fixed-term contracts	Group	-	-	0.69% (5)	

Enjeux	Indicateur	Périmètre	2018	2019	2020	Standards GRI
Health and safety in the workplace	Frequency rate	Group	14.4	7.05	3.68	*GRI 403-9*
	Severity rate	France	0.14	0.41	0.08	*GRI 403-9*
	Absenteeism rate	Group	-	2.85%	2.8%	*GRI 403-9*
	Percentage of employees trained in first aid	France		15%	14.2%	*GRI 403-5*
	Covid-19: Budget allocated to employee protection (masks, sanitizer, and face shields)	France	-	-	22 K€	
	Covid: percentage of employees working from home	Group	-	-	93%	
Attracting talent and next generations	Number of new employees	Group	110	163	154	*GRI 401-1*
	Percentage of permanent contracts among new employees	Group	88%	94%	95%	
	Number of new employee referrals	Group	16	34	21	
	Number of subscribers to our LinkedIn page	France	3240	4950	8178	
	Average age of employees	Group	38.9 years old	37.9 years old	37.9 years old	
	Number of new interns	Group	11	16	14	
	Percentage of new hires under the age of 28	Group	33%	39%	37.7%	*GRI 401-1*
	Percentage of interns hired at the end of their internship	Group	27% (3/11)	6% (1/16)	29% (4/14)	

Enjeux	Indicateur	Périmètre	2018	2019	2020	Standards GRI
Diversity and inclusion	Distribution of employees by gender	Group	Women: 29.84% Men: 70.16% Non-binary: 0%	Women: 29.33% Men: 70.66% Non-binary: 0%	Women: 30.59% Men: 69.41% Non-binary: 0%	*GRI 405-1*
	Percentage of managers by gender	Group	Women: 31% Men: 69%	Women: 29.54% Men: 70.46%	Women: 31.53% Men: 68.47%	
	Percentage of women among new hires	Group	37.27%	34.35%	31.17%	*GRI 401-1*
	Gender Equality Index	France	90/100	90/100	91/100	
	Percentage of disabled employees	Group	1.6% (France)	1.1% (France)	0.5%	
	Number of different nationalities represented in the workforce	Group	13	13	17	

The social indicators originate in large part from the internal reference used to prepare the social report for the entities concerned. The Group's workforce data (headcount, new hires, outgoing employees, and company affiliation) are centralized in the HRIS. Each subsidiary has submitted a report specific to its entity for consolidation, including absenteeism, accident rates, and training.

CORPORATE CULTURE AND EMPLOYEE INTEGRATION

Number of Esker employees: This number includes employees under an employment contract with Esker as of 12/31/2020, whether open-ended or fixed-term (temporary increase in activity) or under a professional training or apprenticeship contract. This includes employees with suspended contracts (sabbatical, long-term illness, etc.) and excludes contracts drawn up to replace employees (maternity, illness), interns, temporary workers, outside consultants, Volunteers for International Experience (VIEs), and members of the Supervisory Board. Each employee counts as one unit.

Percentage of permanent employees: Percentage of employees with an open-ended contract with Esker, excluding fixed-term contracts (fixed-term contracts, professional contracts, and apprenticeships), among all employees with an employment contract with Esker.

Staff turnover rate: Number of departures in 2020 relative to the average for the same period.

Percentage of employees who approve of Esker's culture: Average score obtained in response to the question "Do you subscribe to Esker's culture and values?" in the satisfaction survey conducted in January 2021 for the year 2020, among all employees worldwide, on a scale from 1 to 5. The percentage is calculated by multiplying the average score by 20.

Great Place to Work Institute ranking: Ranking established by the Great Place To Work Institute through an audit report of a company's managerial culture and an internal survey of employees. The ranking is set for 60 winners, in France only.

TRAINING AND INTERNAL MOBILITY

Number and percentage of employees who completed internal training during the year: Includes employees who completed training provided by the company's in-house training department. The percentage is calculated out of all Esker employees.

Total number of training hours completed by employees:

- **External training:** Total hours spent by employees in training conducted by an external training provider.
- **Internal training:** Total hours spent by employees in training conducted by the in-house training department or other Esker departments.

Training budget: Expenditures on training for 2020.

Number of internal job changes: Number of employees who changed positions within the Group in 2020.

WORKPLACE WELL-BEING AND EMPLOYEE RETENTION

Percentage of employees agreeing that "Esker is a good place to work" in the annual survey: Internal satisfaction survey conducted in early 2021 for 2020. The percentage for 2019 reflects the results of the survey conducted externally by the Great Place To Work Institute.

Average seniority: Average (in years) calculated based on the years of company affiliation of all employees worldwide as of 12/31/2020.

Percentage of part-time employees: Percentage of employees working less than full time out of all employees worldwide as of 12/31/2020.

Number of harassment reports: Number of reports submitted to the HR department in 2020 for all employees worldwide.

Number of departures:

- **Resignation rate:** Number of voluntary departures in 2020 worldwide, calculated out of the average equivalent permanent staff for the same period (722.2)
- **Termination rate:** Number of terminations in 2020 worldwide, calculated out of the average permanent staff for the same period (722.2)

Resignations and terminations pertain only to open-ended contracts.

- Departure rate for other reasons: Number of agreements or departures during the trial period in 2020 worldwide out of the annual permanent staff for the same period (722.2)
- **Termination rate for fixed-term contracts:** Number of departures after the end of a fixed-term contract, including Volunteers for International Experience (VIEs), out of the average permanent staff for the same period (722.2)

HEALTH AND SAFETY IN THE WORKPLACE

Frequency rate: Number of accidents with shutdowns (including commuting accidents with shutdowns) X 1,000,000/ number of theoretical hours worked, worldwide. The number of theoretical hours worked is 7 for France, 7.5 for the UK, and 8 for all other subsidiaries.

Severity rate: Number of days lost due to workplace and commuting accidents (including occupational illness) X 1,000/ number of theoretical hours worked, worldwide.

Absenteeism rate: Number of hours not worked worldwide, including all absences, compared to the number of theoretical hours worked. Includes absences related to annual leave, illness/accidents, maternity/paternity/adoptions, and family events.

Percentage of employees trained in first aid: Percentage of employees trained in first aid out of all employees, in France only.

Covid-19: budget allocated for employee health measures: Amount used to purchase masks, hand sanitizer, and face shields to protect employee health and slow down the COVID-19 pandemic.

Covid-19: percentage of employees working from home in 2020: All employees worldwide worked from home during the lockdowns in 2020, with the exception of the mail production facility staff and internal IT teams, accounting for 7% of the workforce.

ATTRACTION OF TALENT AND FUTURE GENERATIONS

Number of new employees: Number of employees hired in 2020 on open-ended, fixed term and professional contracts. Internal movements and contract adjustments are not included in this number.

Percentage of permanent contracts among new employees: Number of new employees with an open-ended or permanent contract, worldwide, in 2020, compared to the number of new employees hired in 2020.

Number of new employee referrals: Number of employee referrals hired in 2020

Number of subscribers to our LinkedIn page: Number of subscribers to our LinkedIn page at the end of December 2020.

Average age of employees: Average calculated based on the age of all our employees worldwide.

Number of new interns within our teams: Number of internships at Esker subsidiaries for a limited term to fulfill a study year or degree requirement.

Percentage of new hires under the age of 28: Number of new hires under the age of 28, compared to the total number of new hires worldwide in 2020.

Percentage of interns hired at the end of their internship: Number of interns who signed an employment contract with Esker, compared to the total number of interns added worldwide.

DIVERSITY AND INCLUSION

Distribution of employees by gender: Number of men, women, and non-binary employees, compared to the total number of Esker employees worldwide.

Percentage of managers by gender: Number of men, women, and non-binary managers, compared to the total number of managers worldwide.

Percentage of women among new hires: Number of women hired in 2020 compared to the total number of employees hired in 2020 worldwide.

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, 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.

Percentage of disabled employees: Percentage of employees identified with a disability among all Esker employees.

Number of different nationalities represented in the workforce: Number of different nationalities identified among the employees worldwide.

Ethnic breakdown: For the US only, the percentage representation of an ethnic group compared to all the employees of the Group's American subsidiary.

ENVIRONMENT

Focus	Indicator	Scope	2018	2019	2020	*GRI Standards*
Climate change	Number of ISO 14001 certified sites	Group	-	1	2	
	Total CO2 emissions	France	1 595 t.CO2e	1 533 t.CO2e	1 157 t.CO2e	
		Group	-	-	3 399 t.CO2e	
	Amount of CO2 emitted per document invoiced on EOD	France	10g	6.36g	4.30g	
		Group	-	-	7.43g	
	Amount of CO2 emitted per employee	Group	-	-	4.69 t.CO2e	
	Amount of CO2 emitted by source:					
	- Offices and factories	France	1 006 t.CO2e	915 t.CO2e	945 t.CO2e	*GRI 305-1, 305-2*
		Group	-	-	2 696,8 t.CO2e	
	- Business travel	France	437 t.CO2e	467 t.CO2e	120 t.CO2e	*GRI 305-3*
		Group	-	-	343.1 t.CO2e	
	- Commuting	France	152 t.CO2e	151 t.CO2e	92 t.CO2e	*GRI 305-3*
		Group	-	-	348.7 t.CO2e	
	Amount of CO2 emitted by scope:					
	- Direct GHG emissions (Scope 1)	France	181 t.CO2e	196 t.CO2e	120 t.CO2e	*GRI 305-1*
		Group	-	-	381 t.CO2e	
	- Indirect GHG emissions (Scope 2)	France	10 t.CO2e	39 t.CO2e	40 t.CO2e	*GRI 305-2*
		Group	-	-	629 t.CO2e	
	- Other indirect GHG emissions (Scope 3)	France	1 404 t.CO2e	1 298 t.CO2e	997 t.CO2e	*GRI 305-3*
		Group	-	-	2 390 t.CO2e	
	Power consumption	France	445 827 kWh	680 856 kWh	696 229 kWh	*GRI 302-1*
		Group	-	-	1 756 855 kWh	
Transportation & pollution	Number of hybrid or electric cars in the vehicle fleet	Group	5 / 63	12 / 70	23 / 74	
	Transportation allowance					
	- Number of employees receiving transportation allowance	France	175	183	176	
	- Total amount reimbursed through the transportation allowance	France	52 773 €	54 371 €	36 490 €	
	Cycling Kilometric Allowance:					
	- Number of employees receiving the Cycling Kilometric Allowance	France	47	69	81	
	- Total amount reimbursed through the Cycling Kilometric Allowance	France	6 819 €	9 975 €	13 563 €	

Focus	Indicator	Scope	2018	2019	2020	GRI Standards
Waste management and circular economy	**Mail production**					
	- Amount of recycled waste	France	65.86 metric tons	88.30 metric tons	124.79 metric tons	*GRI 306-4*
		US	-	-	7.07 metric tons	
	- Amount of non-recycled waste	France	-	0 metric tons	0 metric tons	*GRI 306-5*
		US	-	-	1.178 metric tons	
	- Recycling of waste paper, envelopes, and ink	France	-	100%	100%	
		US	-	-	86%	
	Offices					
	- Amount of recycled waste	France	1327 kg	2645 kg	1821 kg	
	- Amount of non-recycled waste	France	17 kg	20 kg	20 kg	
	- Amount of recovered WEEE	France	-	503 kg	167 kg	
IT performance	Portion of revenue from customers on Azure on EoD	Group	1.80%	6.46%	12.68%	
	Power Usage Effectiveness (PUE) of the data centers	Group	-	-	Colt: 1.55 CDW: 1.23 Azure: 1.125 AWS: *not available* Equinix: 1.29-1.40	
Reforestation	Number of trees planted with Reforest'Action	Group	-	5000	6250	
	EcoVadis rating for the main paper supplier	France	Platinum	Platinum	Platinum	

Scope

The scope of study for Esker SA's Carbon Report includes France, Germany (2 sites), the United States, 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.

The subsidiaries in the Netherlands, Belgium, Argentina, and Canada were excluded from the scope because they represent less than 10% of Esker's employees, do not have a mail production facility, and their employees mainly work from home. It was therefore determined that their impact on the Carbon Report is negligible.

Data collection

Data was collected based on information requested from the subsidiaries by the head office. 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.

Data processing

All of the collected data was processed via the official file of the Association Bilan Carbone. Each subsidiary's data were individually tallied before the results were consolidated. The emission factors used to convert source data to CO2 equivalent (kgCo2e or tCO2e) are from the ADEME Base Carbone database.

CLIMATE CHANGE

Amount of CO2 emitted per invoiced document: The main indicator Esker selected to measure its performance in reducing greenhouse gas emissions is the number of grams of CO2 emitted per transaction invoiced on the Esker on Demand production platform across all media. Total greenhouse gas emissions across all Esker sites in 2020 came to 3,399 t.CO2e, of which France accounts for 1,157 t.CO2e. The number of documents processed on the Esker on Demand production platform over the same period was 269,231,306 documents invoiced to French customers and 457,242,271 documents invoiced to worldwide customers.

Amount of CO2 emitted per employee: This indicator reflects the ratio of the total amount of CO2 emissions in 2020 to the average employees for the same period, or 3,399 t.CO2e/723.8 = 4.69 t.CO2e.

Amount of CO2 emitted by source

- **Offices and factories:** Emissions from offices and factories, including freight, waste, raw materials, energy bills, office supplies and services, and fixed assets.
- **Business travel:** Emissions related to business travel include the fuel consumption by company vehicles and business travel (car, 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's response rate was 75% (567 respondents/761 total employees as of 12/31).

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 vehicles), and direct fugitive emissions (leaks from cooling equipment). 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 related to power consumption (heating/air conditioning - indivisible common charges for the Décines mail production facility; production: machinery/computers/servers), indirect emissions related to the consumption of steam, heat, cold (consumption related to hot or cold supply networks).
- **Scope 3:** Includes purchases of products and services (purchases of raw materials; subcontracting of printer maintenance; use of a security service to monitor sites or servers; food service), the securing of goods, waste (from the Villeurbanne site and Décines mail production facility), upstream freight transport (routing of raw materials), business travel (business travel by employees with their personal vehicle; business trips by air/rail), and employee commuting (obtained through an internal survey and extrapolated to all employees). Esker is not affected by emissions related to energy not included in categories 1 and 2 (extraction, production, and transport of fuels; emissions associated with the transmission and distribution of electricity; extraction, production and transport of fuels consumed during production by the company), 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, and downstream leasing.

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

TRANSPORTATION AND POLLUTION

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 US, German (excluding e-Integration), Asian, and Australian subsidiaries do not have a fleet of company vehicles.

Subsidiary	2018	2019	2020
France	2 / 39	4 / 44	12 / 47
USA	N/A	N/A	N/A
UK	1 / 8	1 / 8	3 / 8
Germany	0 / 7	1 / 6	1 / 6
Germany (e-int)	2 / 5	6 / 6	7 / 7
Spain	0 / 4	0 / 6	0 / 6
Italy	N/A	N/A	N/A
Asia	N/A	N/A	N/A
Australia	5 / 63	12 / 70	23 / 74

Transportation Allowance and Cycling Kilometric Allowance: The amounts (in €) are sourced from the Esker CRM accounting reports and financial statements from to obtain the number of recipients.

WASTE MANAGEMENT

Amount of recovered waste:

- **Offices:** The waste recycling service provider for Esker's offices in Villeurbanne provides quarterly activity reports, reflecting the amount of recovered waste. The annual amount is the sum of these amounts. Outside of France, no other subsidiaries were able to collect data on the waste generated by their offices in 2020. More precise and detailed monitoring is planned for 2021.
- **Mail production facilities:** The data are for France and the United States only. For France, the data come from reports provided by the sorting service provider. For inks, the difference to 2019 is due to a shift in the number of pickups compared to other years (five in 2018, compared to three in 2019 and five in 2020). In 2020, there was a one-off destruction of archive files, totaling 35.7 metric tons (cardboard/mixed paper). For the United States, the service provider averaged the weight in relation to the size of the containers used by the plant, applied this average to the number of containers removed during the year, and estimated the weight of the waste collected at the site of the US mail production facility.

MAIL PRODUCTION FACILITIES	Recycled waste (includes ink, cardboard, plastic, and paper)	Non-recycled waste	Recycling of waste paper, envelopes, and ink
France	124.79 metric tons	0 metric tons	100%
USA	7.07 metric tons	1.18 metric tons	86%

Waste details (France):

Site	Type of waste	2019	2020	unité
Office waste	Paper/cardboard	2051	1111	KG
	WEEE	503	167	KG
	Cartridge	2	1	KG
	Wood	0	0	KG
	Plastic	60	1	KG
	Lights/bulbs	-	6	KG
	PP caps	-	5	KG
	Batteries	-	33	KG
	Bulk	-	399	KG
	Sundry metals	5	0	KG
	Non-hazardous industrial waste	20	20	KG
	Furniture	-	0	KG
	Cups	4	0	KG
	Cans	5	20	KG
	Bottles	15	78	KG
Mail production facility waste	Ink	0.80	2.47	metric tons
	Cardboard	36.28	18.22	metric tons
	Plastic	0.80	0	metric tons
	Paper	50.42	104.10	metric tons

DIGITAL CARBON FOOTPRINT

Percentage of revenue from customers on Azure: Customers hosted on Microsoft Azure data centers represent about €13M out of total revenue of €104M, or 12.68% of Esker's revenue in 2020.

Power Usage Effectiveness (PUE) of the data centers: The energy efficiency indicators for the data centers were found on websites or official statements, or they were provided directly by the suppliers (Microsoft Azure, Equinix, Colt, CDW).

DEFORESTATION

Number of trees planted with Reforest'Action: Esker has been a partner of Reforest'Action since 2019 and offsets the paper consumption in its mail production facilities with the ratio of six trees for each reel of paper consumed.

EcoVadis rating for the main paper supplier: Stora Enso, the main paper supplier for the Décines mail production facility, has ranked among the top 1% of companies rated by EcoVadis since 2017 (source: https://www.storaenso.com/-/media/documents/download-center/documents/annual-reports/2020/storaenso_annual_report_2020.pdf)

N.F.S. ATTESTATION

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

Year ended December 31, 2020

To the Shareholders' Meeting,

In our capacity as statutory auditor of Esker, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the Group 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*).

COMPANY RESPONSIBILITY

The Management Board is responsible for 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. The Statement was prepared by applying the Group's procedures (hereinafter the «Guidelines»), the material items of which are presented in the Statement and available on the company website or on request from its headquarters.

INDEPENDENCE AND 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 ethical requirements, French professional standards and applicable legal and regulatory requirements.

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".

However, it is not our responsibility to provide any conclusion on the Company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF PROCEDURES

We performed our procedures in accordance with Articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- 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 Article L.22-10-36, *paragraph 2*, concerning 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.

- 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 important[1] 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 implemented by the entity and assessed the data collection process to ensure the completeness and fairness of the Information. For the key performance indicators and other quantitative results[2] that in our judgment were of most significance, 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, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities[3] and covered between 53 and 100% of the consolidated data for the key performance indicators and results selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entity.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work engaged the skills of three people between February and April 2021.

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.

CONCLUSION

Based on our work, no material misstatements have come to our attention that cause us to believe that the non-financial performance 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.

Lyon, April 30, 2021

One of the statutory auditors

DELOITTE & ASSOCIÉS
Arnauld de GASQUET

[1] Selected qualitative information: Customer satisfaction rate following actions by the Consulting, Support and Customer eXperience teams, Availability rate of the Esker on Demand platform, Rate of new Esker on Demand customers hosted on Microsoft Azure, Portion of revenue from EOD and Power Usage Effectiveness (PUE) datacenter offerings attributable to Azure customers.

[2] Selected quantitative information: Rate of employees who received online training to raise awareness of security and data protection issues, Workforce (by gender and contract type), Average seniority of staff, Recruitment (by gender and contract type), Resignation rate, Absenteeism rate, Frequency rate, Number of employees who received training in 2020, Number of training hours, CO2 emissions per document on EOD, GHG emissions, Mail processing centers: quantity of waste recycled and not recycled, Electricity consumption.

[3] Entities: Esker France, Esker USA.

4

RISK MANAGEMENT

Pursuant to Regulation (EU) 2017/1129 ("Prospectus 3") whose provisions with respect to risk factors came into effect on July 21, 2019, the presentation of this chapter has been simplified in the interest of clarity. Under this new regulation, only risks which are significant and specific to the Company are now presented in this chapter.

On that basis, of the 14 risks initially presented by the Company, only 7 have been retained. The risk mapping process in consequence enabled the Company to present five 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 Group.

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 physical and software infrastructure 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 SERVERS

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 Group once a year (penetration test). This audit is supplemented by automated quarterly 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 promoted are tested during annual social engineering audits to evaluate human behavior and detect areas for improvement.

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 create solutions adapted to the needs of its 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 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 10.5% of Group sales in 2020. It should be noted that this entity ensures, through the operational entities of Quadient, the distribution of Esker packaged solutions to more than 3,500 end customers, mainly in France, the United States and the United Kingdom.

After Quadient, Esker's most important customer accounts for 1% of sales and the 20 top customers less than 11% of sales.

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 our customers leads the latter to be more demanding regarding guarantees against the risks of data protection breaches 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 a laws in this area and 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 longing 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, GDP 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 €1.23 for one dollar to €1.24) is provided below:

As of December 31, 2020 (in foreign currency)	USD	GBP	AUD	SGD
Assets	174,486	643,482	1,418,845	339,877
Liabilities	0	0	0	0
Position before hedging	174,486	643,482	**1,418,845**	339,877
Hedging instruments	None	None	None	None
Net position after hedging	174,486	**643,482**	1,418,845	**339,877**
FOREIGN EXCHANGE RISK ON THE BASIS OF A NEGATIVE CURRENCY EFFECT OF 1 EURO CENT	**-1,149**	**-7,874**	**-5,580**	**-1,284**

As of December 31, 2019 (in foreign currency)	USD	GBP	AUD	SGD
Assets	527,141	676,295	1,147,613	674,050
Liabilities	0	0	0	0
Position before hedging	527,141	**676,295**	**1,147,613**	674,050
Hedging instruments	None	None	None	None
Net position after hedging	527,141	676,295	1,147,613	**674,050**
FOREIGN EXCHANGE RISK ON THE BASIS OF A NEGATIVE CURRENCY EFFECT OF 1 EURO CENT	**-3,635**	**-8,496**	**-4,842**	**-2,609**

Sales in the US accounted for close to 38% of this total and contributed approximately €13,532,000 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 2020, the negative impact on Group operating profit of a 10 cent decline in the US dollar in relation to the euro would be €1,084,000 (€964,000 in 2019).

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 2020 and 2019.

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CONSOLIDATED FINANCIAL STATEMENTS

5.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

CONSOLIDATED BALANCE SHEET

ASSETS (€thousands)	Notes	12/31/2020	12/31/2019
Goodwill	2	5,752	6,178
Intangible assets	3	25,035	23,145
Property, plant and equipment	4/5	10,036	10,434
Financial assets		6,405	6,177
Equity-accounted investments		1,759	1,267
Non-current assets		**48,986**	**47,201**
Inventories		257	185
Trade receivables		25,994	24,884
Deferred tax assets		800	465
Other receivables and accruals		5,446	5,131
Cash and marketable securities	6	40,421	21,357
Current assets		**72,918**	**52,022**
TOTAL ASSETS		**121,904**	**99,223**

SHAREHOLDERS' EQUITY AND LIABILITIES (€thousands)	Notes	12/31/2020	12/31/2019
Share capital		11,661	11,504
Additional paid-in capital		21,202	20,424
Consolidated income (loss)		11,562	9,745
Reserves and retained earnings		20,987	14,974
Shareholders' equity	**7**	**65,412**	**56,647**
Attributable to the parent		**65,412**	**56,647**
Attributable to non-controlling interests		**0**	**0**
Provisions for contingencies and expenses	**9**	**2,698**	**1,760**
Borrowings and financial liabilities	10	15,144	6,516
Trade payables		8,617	8,772
Tax and employee-related payables		18,601	15,293
Deferred tax liabilities		698	626
Other payables and accruals	11	10,734	9,609
Payables		**53,794**	**40,816**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**121,904**	**99,223**

CONSOLIDATED INCOME STATEMENT

(€ thousands)	Note	12/31/2020	% of sales	12/31/2019	% of sales
Sales	**12**	**112,274**	**100%**	**104,188**	**100%**
Own production of goods and services capitalized	13	7,823	7%	6,281	6%
Other operating income		1,591	1%	1,206	1%
Cost of sales		-1,979	-2%	-1,880	-2%
Change in inventory		74	0%	6	0%
Other operating expenses		-27,479	-24%	-27,648	-27%
Staff costs		-68,712	-61%	-59,961	-58%
Tax and similar expenses		-1,498	-1%	-1,281	-1%
Net allowances for amortization and depreciation		-8,315	-7%	-7,593	-7%
Net allowances for provisions		-167	0%	-900	-1%
Operating profit		**13,612**	**12%**	**12,418**	**12%**
Net financial income / (expense)	**14**	**-67**	**0%**	**268**	**0%**
Current operating income of consolidated operations		**13,545**	**12%**	**12,686**	**12%**
Net exceptional items		**491**	**0%**	**-62**	**0%**
Income taxes		-2,966	-3%	-3,402	-3%
Share of income from equity-accounted associates		492	0%	523	1%
Allowances for goodwill amortization		0		0	
Net income		**11,562**	**10%**	**9,745**	**9%**
Basic earnings per share in euros	*15*	*2.04*		*1.80*	
Diluted earnings per share in euros		*2.00*		*1.72*	

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ thousands)	Capital stock	Additional paid-in capital	Translation difference	Annual profit/(loss)	Reserves and retained earnings	Shareholders' equity
Balance as of December 31, 2018	**11,218**	**19,681**	**-446**	**8,843**	**8,473**	**47,769**
Retained earnings/(accumulated deficit)				-6,506	6,506	0
Annual profit/(loss)				9,745		9,745
Currency translation adjustments			566			566
Stock options	286	743				1,029
Treasury shares						0
Dividends				-2,337		-2,337
Other changes					-125	-125
Balance as of December 31, 2019	11,504	20,424	120	9,745	14,854	56,647
Retained earnings/(accumulated deficit)				-7,849	7,849	0
Annual profit/(loss)				11,562		11,562
Currency translation adjustments			-1,492			-1,492
Stock options	157	778				935
Treasury shares						0
Dividends				-1,896		-1,896
Other changes					-344	-344
Balance as of December 31, 2020	11,661	21,202	-1,372	11,562	22,359	65,412

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ thousands)	12/31/2020	12/31/2019
Consolidated net income	11,562	9,745
Adjustments to reconcile non-cash items to cash generated from operations :		
Net allowances for depreciation and provisions	9,275	7,902
- Carrying value of assets sold	7	23
- Proceeds from the disposal of assets	0	-37
Cash flows after net financial expense	20,844	17,633
Tax liabilities	2,966	3,402
Taxes paid	-1,375	-3,329
Interest expense and income	37	84
Change in operating working capital	1,003	-477
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,475	17,313
Acquisition of intangible assets	-10,167	-10,995
Acquisition of property, plant and equipment	0	37
Proceeds from the disposal of PPE and intangible assets	-532	-2,544
Change in non-current investments	-492	-523
NET CASH USED IN INVESTING ACTIVITIES	-11,191	-14,025
Dividends paid to shareholders of the parent company	-1,896	-2,237
Capital increases or contributions		
Issuance costs for capital increases		
Amount received from the exercise of stock options	935	1,029
Change in treasury shares		
Repayment of borrowings – finance leases	-2,872	-3,937
Change in borrowings	11,500	
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,667	-5,145
NET CHANGE IN CASH AND CASH EQUIVALENTS	19,951	-1,857
Effect of exchange rate changes on cash	-887	420
Cash and cash equivalents at beginning of year	21,357	22,794
Cash and cash equivalents at end of year	40,421	21,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Annual highlights

The Covid-19 crisis

Beginning in the first half, this pandemic has impacted the worldwide economy and, in consequence, the activity of Esker Group and its subsidiaries as well.

Through our decentralized organization, with subsidiaries based in the Americas, Europe and the Asia/Pacific region, we were able to very rapidly adopt health security measures. Fortunately, no employees have been seriously affected by the Covid-19 pandemic. The digital transformation of our company was already very advanced in March 2020. Homeworking measures were rapidly and efficiently adopted for all employees able to perform their activities remotely.

The main impacts of the pandemic are as follows:

- Growth in revenue was impacted by the slowdown of the world economy
- In the second quarter, the global economic slowdown adversely impacted the variable portion of the Group's sales linked to the volume of use by its customers of Esker platforms. Sales for the second quarter were in consequence stable. The combination of a good first quarter and a rebound in the second half resulted in growth in revenue for the full year of 9% in relation to 2019.
- Operating expenses were lowered
- Consolidated operating profit includes savings achieved in marketing, travel and hotel expenses linked to the cancellation of marketing events (exhibitions, the Lyon Dance Biennial, etc.) totaling €2.8 million.
- The Group's cash position has been strengthened

A government-backed loan was obtained for an amount totaling €11.5 million from its three main banks in France.

The dividend was reduced from €0.41 to €0.33 per share.

The French "patent box” tax regime

In France, the 2019 Finance Act reformed the tax provisions applying to revenue from patents and notably extended the patent box regime to include software. Under these provisions, revenue from patents and software is subject to a preferential corporate income tax of 10%. Esker opted for the application of this regime on a retroactive basis for 2019. The net impact of this reduction in corporate income tax for 2019 was €700,000 which was recognized under exceptional items in the 2020 consolidated financial statements.

In 2020, the resulting application of the reduced rate of 10% compared with the standard tax rate of 28% reduced the tax expense by €605,000.

2. Significant accounting policies, basis of consolidation

Adoption and approval of the accounts

The consolidated financial statements of Esker Group at December 31, 2020 were adopted by the Executive Board and submitted for approval to the Supervisory Board on March 25, 2021.

Accounting policies and compliance statement

The consolidated financial statements were presented on the basis of French law and French GAAP and notably the accounting policies set out in Regulation 99-02 of April 29, 1999 on the French General Chart of Accounts (*Plan Comptable Général*) of France's Accounting Regulations Committee (*Comité de Reglementation Comptable* or "CRC") and CRC Regulations 2005-05 and 2000-06.

Also applied were CRC Regulation 2004-06 of November 23, 2004 on the definition, recognition and measurement of assets and CRC Regulation 2002-10 of December 12, 2002 on the depreciation, amortization and impairment of assets.

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 subsidiaries and associates included in the consolidation scope is presented in *section 2* of these notes

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
- Recognition of unrealized losses and gains on foreign exchange under expenses and income of the period

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, 4*),
- The calculation of deferred taxes (*note 19*),
- The measurement of pension obligations (*note 11*),
- The measurement of provisions (*note 11*).

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, an 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.

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

Development expenditures recorded as intangible assets are amortized over useful lives of one to five 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, fittings.. 5 to 8 years
- Transport equipment.. 3 to 5 years
- Office and computer equipment.. 2.5 to 8 years
- Furniture.. 5 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 cash flows expected over a five-year period and a terminal value based on a perpetuity growth rate for cash flow.

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 cash flow 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 the 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

There were no changes in the consolidation scope in 2020.

Company	Head office	2020		2019		Consolidation method (1)
		Controlling interest (%)	Ownership interest (%)	Controlling interest (%)	Ownership interest (%)	
Esker	Lyon (France)	Parent company				
Esker Software 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 Italia	Milan (Italy)	100.0%	100.0%	100.0%	100.0%	F
Esker Ibérica Sl	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
Esker EDI Services	Ratingen (Germany)	100.0%	100.0%	100.0%	100.0%	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 cash flows

NOTE 1: Segment information

- Segment information relating to products and services

In thousands of euros	12/31/2020	12/31/2019
Software sales	1,340	2,446
Fax card sales	238	414
Contracts for product updates and maintenance	6,184	6,920
Services	19,655	18,888
Traffic	84,857	75,520
NET SALES	**112,274**	**104,188**

■ Information relating to geographical areas

As of December 31, 2020 In thousands of euros	France	Germany	United Kingdom	Southern Europe	Australia, Asia	Americas	TOTAL Group
External sales	43,849	6,629	6,019	5,997	6,744	43,036	112,274
Property, plant and equipment and intangible assets	29,852	429	308	891	188	3,402	35,070

As of December 31, 2019 In thousands of euros	France	Germany	United Kingdom	Southern Europe	Australia, Asia	Americas	TOTAL Group
External sales	42,933	5,723	4,859	5,680	5,517	39,476	104,188
Property, plant and equipment and intangible assets	29,361	271	16	717	114	3,100	33,579

■ Information relating to key customers

In fiscal 2020 the largest customer represented 10.5 % of total Group revenue.

In fiscal 2019 the largest customer represented 10.2 % of total Group revenue.

NOTE 2: Goodwill

In thousands of euros	12/31/2020			12/31/2019
	Gross	Amortization	Net	Net
TermSync	4,714	86	4,628	5,054
CalvaEDI	137	2	135	135
Esker EDI Services	989		989	989
TOTAL GOODWILL	**5,840**	**88**	**5,752**	**6,178**

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 decrease in the net value of goodwill of the subsidiary TermSync reflects foreign exchange fluctuations.

NOTE 3: Intangible assets

In thousands of euros	12/31/2020			12/31/2019
	Gross	Amortization	Net	Net
Development expenditures	46,787	32,900	13,887	12,304
Trademarks	1,595		1,595	1,636
Software	1,732	1,568	164	116
Customer-related intangible assets	7,365	1,832	5,533	6,003
Intangible assets in progress	**3,856**		**3,856**	3,086
TOTAL INTANGIBLE ASSETS	**61,335**	**36,300**	**25,035**	**23,145**

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, 2020

As of 12/31/2020 In thousands of euros	Opening balance	Increases	Decreases	Other changes	Closing balance
Development expenditures	39,916	3,809		3,062	46,787
Trademarks	1,636			-41	1,595
Software	1,746	52		-66	1,732
Customer-related intangible assets	7,410		-45		7,365
Intangible assets in progress	3,086	4,014		-3,244	3,856
INTANGIBLE ASSETS – GROSS VALUE	**53,794**	**7,875**	**-45**	**-289**	**61,335**
Development expenditures	27,612	5,372		-84	32,900
Software	1,630	40	-45	-57	1,568
Customer-related intangible assets	1,407	425			1,832
INTANGIBLE ASSETS – AMORTIZATION	**30,649**	**5,837**	**-45**	**-141**	**36,300**
INTANGIBLE ASSETS – NET VALUE	**23,145**	**2,038**	**0**	**-148**	**25,035**

Changes recorded concern development expenditures capitalized in the period and mainly expenditures incurred in connection with our SaaS solutions.

- Changes in the fiscal year ended December 31, 2019

As of 12/31/2019 In thousands of euros	Opening balance	Increases	Decreases	Other changes	Closing balance
Development expenditures	33,922			5,994	39,916
Trademarks	1,627			9	1,636
Software	1,836	50	-156	16	1,746
Customer-related intangible assets	7,410				7,410
Intangible assets in progress	2,774	3,217		-2,905	3,086
INTANGIBLE ASSETS – GROSS VALUE	**47,569**	**3,267**	**-156**	**3,114**	**53,794**
Development expenditures	22,868	4,738		6	27,612
Software	1,705	65	-155	15	1,630
Other	982	425			1,407
INTANGIBLE ASSETS – AMORTIZATION	**25,555**	**5,228**	**-155**	**21**	**30,649**
INTANGIBLE ASSETS – NET VALUE	**22,014**	**-1,961**	**-1**	**3,093**	**23,145**

NOTE 4: Property, plant and equipment

In thousands of euros	12/31/2020			12/31/2019
	Gross	Amortization	Net	Net
Land	1,077		1,077	1,077
Buildings	1,179	171	1,008	1,067
Office and computer equipment	7,323	4,804	2,519	2,727
Fixtures and improvements	4,920	1,318	3,602	3,210
Equipment and tooling	7,704	6,549	1,155	1,678
Transport equipment	62	40	22	34
Furniture	1,189	536	653	641
TOTAL PROPERTY, PLANT AND EQUIPMENT	**23,454**	**13,418**	**10,036**	**10,434**

■ Changes in the fiscal year ended December 31, 2020

As of 12/31/2020 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	6,649	1,071	-233	-164	7,323
Fixtures and improvements	4,211	973	-176	-88	4,920
Equipment and tooling	7,828	25	-113	-36	7,704
Transport equipment	62				62
Furniture	1,056	223	-31	-59	1,189
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	**22,062**	**2,292**	**-553**	**-347**	**23,454**
Buildings	112	59			171
Office and computer equipment	3,922	1,131	-224	-25	4,804
Fixtures and improvements	1,001	589	-171	-101	1,318
Equipment and tooling	6,150	537	-113	-25	6,549
Transport equipment	28	12			40
Furniture	415	176	-30	-25	536
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	**11,628**	**2,504**	**-538**	**-176**	**13,418**
NET VALUE OF PROPERTY, PLANT AND EQUIPMENT BEFORE IMPAIRMENT	**10,434**	**(212)**	**-15**	**-171**	**10,036**

■ Changes in the fiscal year ended December 31, 2019

As of 12/31/2019 In thousands of euros	Opening balance	Increases	Decreases	Other changes	Closing balance
Land	983	94			1,077
Buildings	873	306			1,179
Office and computer equipment	5,017	2,081	-477	28	6,649
Fixtures and improvements	2,722	1,630	-151	10	4,211
Equipment and tooling	6,695	1,435	-320	18	7,828
Transport equipment	64		-2		62
Furniture	816	252	-21	9	1,056
PROPERTY, PLANT AND EQUIPMENT – GROSS VALUE	**17,170**	**5,798**	**-971**	**65**	**22,062**
Buildings	58	54			112
Office and computer equipment	3,357	1,004	-457	18	3,922
Fixtures and improvements	715	425	-143	4	1,001
Equipment and tooling	5,689	765	-321	17	6,150
Transport equipment	16	13	-1		28
Furniture	285	147	-20	3	415
PROPERTY, PLANT AND EQUIPMENT – DEPRECIATION	**10,120**	**2,408**	**-942**	**42**	**11,628**
PROPERTY, PLANT AND EQUIPMENT – NET VALUE	**7,050**	**3,390**	**-29**	**23**	**10,434**

NOTE 5: Finance leases

In thousands of euros	Gross	Accumulated amortization	Net
As of December 31, 2018	**5,947**	**-4,973**	**974**
Increase	1,135	-708	427
Decrease			0
Translation difference			0
As of December 31, 2019	**7,082**	**-5,681**	**1,401**
Increase	0	-460	-460
Decrease			0
Translation difference			0
As of December 31, 2020	7,082	-6,141	941

Finance lease commitments for the periods ended December 31, 2020 and 2019 break down as follows:

In thousands of euros	12/31/2020				12/31/2019			
	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	228	567	0	795	443	795		1,238
Discounted value of future minimum lease payments	226	558	0	784	437	784		1,221

NOTE 6: Other receivables and accruals

In thousands of euros	Net 12/31/2020	Net 12/31/2019
Tax receivables	2,259	1,693
Other tax receivables	171	255
Other receivables	158	198
Prepaid expenses	2,858	2,985
TOTAL OTHER RECEIVABLES AND ACCRUALS	**5,446**	**5,131**

NOTE 7: Cash and marketable securities

At December 31, 2020, cash included the following items:

In thousands of euros	Net 12/31/2020	Net 12/31/2019
Marketable securities	1,004	383
Cash and cash equivalents	39,417	20,975
TOTAL CASH AND MARKETABLE SECURITIES	**40,421**	**21,358**

Marketable securities correspond to shares in Sicav money market funds and time deposits not subject to a risk of loss in value.

NOTE 8: Shareholders' equity

	Amount (in thousands of euros)	Number of shares
Capital stock at 12/31/2018	**11,218**	**5,608,965**
Capital increase	98	48,900
Exercise of stock options and warrants	189	94,353
Capital stock at 12/31/2019	**11,505**	**5,752,218**
Capital increase	92	46,200
Exercise of stock options and warrants	64	31,903
CAPITAL STOCK AT 12/31/2020	**11,661**	**5,830,321**

The Group 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 €0.33 per share was paid for the period.

NOTE 9: Treasury shares

Changes in treasury shares held by the Group in fiscal 2020:

	FY 2020	FY 2019
Opening balance	**150,242**	**153,372**
Purchase of own shares (liquidity agreement)	40,933	37,278
Sale of own shares (liquidity agreement)	-42,698	-40,408
Purchase of own shares (for external growth transactions)		
Sales of own shares (for external growth transactions)		
Closing balance	**148,477**	**150,242**

NOTE 10: Stock option and restricted stock unit plans

Highlights of plans for stock options, stock purchase options and warrants outstanding at December 31, 2020 are presented below:

Type	Dates		Exercise price in euros	Number of options			Balance
	Grant	Expiry		Granted	Exercised	Matured or forfeited	
Stock option plan	09/12/2011	09/11/2021	5.44	67,400	54,712	4,688	8,000
Stock option plan	04/10/2012	04/09/2022	8.26	19,750	14,918	2,782	2,050
Stock option plan	10/01/2012	09/30/2022	9.44	56,000	40,000	8,000	8,000
Stock option plan	04/19/2013	09/18/2023	13.04	27,500	21,337	1,000	5,163
Stock option plan	04/01/2014	03/31/2024	16.32	12,000	9,749	1,626	625
Stock option plan	04/01/2015	03/31/2025	19.62	24,500	19,124	563	4,813
Stock option plan	07/01/2016	06/30/2026	32.92	23,800	10,195	1,813	11,792
Stock option plan	05/04/2017	05/03/2027	46.55	20,750	6,058	1,313	13,379
Stock option plan	06/01/2018	05/31/2028	57.49	23,000	4,011	2,063	16,926
Stock option plan	06/24/2019	06/23/2029	79.75	28,750	1,625	3,500	23,625
Stock option plan	05/04/2020	04/03/1930	99.60	28,750	0	0	28,750
TOTAL STOCK OPTION PLANS				**332,200**	**181,729**	**27,348**	**123,123**
Restricted stock units	06/24/2019	06/23/2021		52,100			52,100
Restricted stock units	05/04/2020	05/03/2022		50,850			50,850
TOTAL BONUS SHARES				**102,950**	**0**	**0**	**102,950**

Changes in the number of stock options, restricted stock units (*actions gratuites*) and warrants granted to Group employees in the 2020 first half 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 12/31/2019	**128,777**	**40.97**	**98,300**	**79.75**
Granted	28,750	99.60	50,850	99.60
Exercised	-31,903	26.39	-46,200	79.75
Matured or forfeited for reason of departure	-2,501	74.45	0	0.00
BALANCE EXERCISABLE AT 12/31/2020	**123,123**	**57.18**	**102,950**	**89.55**

NOTE 11: Provisions

In thousands of euros	12/31/2019	Increases, allowances of the period	Payments in the period	Reversals of provisions unused in the period	Other changes	12/31/2020
Provisions for contingencies and expenses	0	717				717
Pension liabilities	1,760	224	-3			1,981
TOTAL PROVISIONS	**1,760**	**941**	**-3**	**0**	**0**	**2,698**

- Provision for contingencies and expenses

A provision for contingencies in the amount of €770,000 was recorded by Esker SA on December 31, 2020 pursuant to a dispute with Quadient. This dispute is described in *note 24* “Subsequent events” of this document.

- 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 seniority, with employee turnover having decreased with the increase in the employee’s seniority.
On that basis, assumptions used to estimate pension obligations at December 31, 2020 were as follows:

Assumptions for the measurement of pension obligations in France	
Discount rate	1.00%
Salary escalation rate	0.95%
Retirement age	65 years
Turnover rate	6.65%

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.

- Retirement scheme in Italy

Amounts payable to employees of the subsidiary Esker Italia totaled €363,000 at 12/31/2020 and break down as follows:

In thousands of euros	12/31/2019	Increases in the period	Payments in the period	Other changes	12/31/2020
Severance benefits – Esker Italia	315	51	-3		363

NOTE 12: Borrowings

In thousands of euros	12/31/2020	12/31/2019
Finance leases	921	1,382
Bank debt	14,223	5,143
TOTAL BORROWINGS	**15,144**	**6,525**

- Finance leases

Financial liabilities recognized represent the reverse entry of capitalized finance leases as described above in *note 4*.

- Bank borrowings

For the 2020 first half, Esker SA obtained government-backed loans from its three main banking partners totaling €11.5 million.

NOTE 13: Other payables and accruals

In thousands of euros	12/31/2020	12/31/2019
Deferred revenue	7,000	6,420
Customer deposits and guarantees	3,292	3,051
Other payables	442	138
TOTAL OTHER PAYABLES AND ACCRUALS	**10,734**	**9,609**

Deferred revenue concerns primarily maintenance contracts for which sales are recognized on a straight-line basis over the duration of the contract.

NOTE 14: Revenue

In thousands of euros	12/31/2020	12/31/2019
Software sales	1,340	2,446
Fax card sales	238	414
Contracts for product updates and maintenance	6,184	6,920
Services	19,655	18,888
Traffic	84,857	75,520
NET SALES	**112,274**	**104,188**

NOTE 15: Research and development expenses

In thousands of euros	12/31/2020	12/31/2019
R&D expenses for the period	-12,633	-10,478
Capitalized development expenditures	7,822	6,281
Amortization of capitalized development expenditures	-5,351	-4,738
RESEARCH AND DEVELOPMENT EXPENSES NOT CAPITALIZED	**-10,162**	**-8,935**

An analysis of development expenditures recorded under intangible assets in the fiscal period ended December 31, 2020 is presented in *note 3*.

NOTE 16: Staff costs

In thousands of euros	12/31/2020	12/31/2019
Employee compensation	51,198	45,352
Social security expenses	17,514	14,609
STAFF COSTS	**68,712**	**59,961**

Breakdown of personnel by country:

	France	Germany	United Kingdom	Southern Europe	Australia, Asia	United States, Canada	TOTAL
Headcount at 12/31/2020	**405**	**53**	**23**	**37**	**54**	**193**	**764**
Headcount at 12/31/2019	363	46	20	34	50	170	681
Headcount at 12/31/2018	305	41	18	26	41	139	569

NOTE 17: Net financial income / (expense)

In thousands of euros	12/31/2020	12/31/2019
Financial income	89	140
Net currency gains/(losses)	-117	-4
Financial expenses	-47	-56
Net provision	8	188
NET FINANCIAL INCOME / (EXPENSE)	**-67**	**268**

NOTE 18: Net exceptional items

In thousands of euros	12/31/2020	12/31/2019
Exceptional income from non-capital transactions	764	56
Exceptional income from capital transactions	195	-119
Exceptional allowances and reversals	-468	1
NET EXCEPTIONAL ITEMS	**491**	**-62**

NOTE 19: Income taxes

- Analysis of tax expenses

In thousands of euros	12/31/2020	12/31/2019
Current tax income / (expense)	-3,156	-3,153
Deferred tax income / (expense)	190	-249
TOTAL TAX EXPENSES/INCOME	**-2,966**	**-3,402**

- 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, 2018	**524**	**(430)**
Deferred taxes in the period recognized under profit or loss	-60	-189
Effect of exchange rate fluctuations	1	-7
BALANCE AT DECEMBER 31, 2019	**465**	**(626)**
Deferred taxes in the period recognized under profit or loss	322	-132
Effect of exchange rate fluctuations	13	60
BALANCE AT DECEMBER 31, 2020	**800**	**(698)**

As of December 31, 2020, Group tax loss carryforwards not resulting in the recognition of deferred tax assets amounted to €6,829,000.

- Reconciliation of tax

In thousands of euros	12/31/2020	12/31/2019
Net income	11,562	9,745
- Share of income in equity-accounted associates	492	523
- Tax expense/income recognized (-/+)	-2,966	-3,402
Net income before tax	**14,036**	**12,624**
Ordinary tax rate of the parent company	28.00%	33.33%
Theoretical tax expense/income (-/+)	**-3,930**	**-4,208**
Permanent tax differences	345	71
Tax savings on loss carryforwards	240	87
Non-recognition of deferred tax assets from loss carryforwards	-260	-261
Temporary tax differences	-331	-260
Tax base differences	1,022	1,127
Other	-52	42
TAX EXPENSE/INCOME RECOGNIZED (-/+)	**-2,966**	**-3,402**

NOTE 20: 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 Group.
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*).

	12/31/2020		12/31/2019	
	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	**11,562,000**	**5,672,804**	**9,745,000**	**5,424,051**
Dilutive stock options		65,325		125,465
Dilutive bonus shares		52,965		102,123
Basis of calculation for diluted earnings per share	**11,562,000**	**5,791,094**	**9,745,000**	**5,651,639**
BASIC EARNINGS PER SHARE	**2.04**		**1.80**	
DILUTED EARNINGS PER SHARE	**2.00**		**1.72**	

NOTE 21: 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 12/31/2020 (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	735	416	305	15	
Supervisory Board members	101	68			34
TOTAL	**836**	**483**	**305**	**15**	**34**

* formerly attendance fees

NOTE 22: Off-balance-sheet commitments and contingent liabilities

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	9,630	3,042	5,870	718	3,136
Irrevocable purchase obligations	-				
Other long-term obligations	-				
TOTAL	**9,630**	**3,042**	**5,870**	**718**	**3,136**

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 years
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 23: Fees paid to auditors and members of their network incurred by the Group

	Deloitte & Associés				Orfis				Other			
	2020		2019		2020		2019		2020		2019	
	€ 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	49,000	53%	47,000	53%	43,000	47%	41,000	47%	0	0%	0	0%
- for fully consolidated subsidiaries	0	0%	0	0%	8,800	11%	8,500	10%	72,618	89%	75,729	90%
Ancillary assignments												
- for the Issuer												
- for the Fully consolidated subsidiaries												
Subtotal / Audit	**49,000**	**28%**	**47,000**	**27%**	**51,800**	**30%**	**49,500**	**29%**	**72,618**	**42%**	**75,729**	**44%**
OTHER SERVICES												
Legal, tax, employee-related assignments												
- Issuer												
- Fully consolidated subsidiaries									20,112	100%	22,045	100%
Other												
- Issuer												
- Fully consolidated subsidiaries												
Subtotal / Other Services	**0**		**0**		**0**		**0**		**20,112**	**100%**	**22,045**	**100%**
TOTAL	**49,000**	**25%**	**47,000**	**24%**	**51,800**	**27%**	**49,500**	**25%**	**92,730**	**48%**	**97,774**	**50%**

NOTE 24: Subsequent events

On March 3, 2021, we were informed by one of our main partners of the possibility that royalties had been overcharged by Esker since 2016.

The monthly royalty charges are invoiced by Esker based on the reports produced by this partner. According to this partner, these reports are incorrect as the amounts invoiced by Esker have been overestimated for the period from 2016 to today.

Esker has initiated discussions to challenge this request. However, as a measure of precaution, we recorded a provision for contingencies for overbilling in 2020 under operating expenses and a provision for overbilling under extraordinary expenses for the periods from 2016 to 2019.

5.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided 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 the Esker Shareholders' Meeting,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Esker for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2020 and of the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

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 independence requirements of 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, 2020 to the date of our report.

JUSTIFICATION OF OUR ASSESSMENTS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- The "Goodwill" section of *note 2* to the consolidated financial statements sets out the rules and methods relating to the measurement, recognition and amortization of goodwill. We examined the appropriateness of the aforementioned accounting methods and assessed the data and assumptions underlying these estimates.
- The "Intangible assets" sections of *notes 2* and *3* to the consolidated financial statements, set out the rules and methods relating to the recognition, amortization and measurement of development expenses. As part of our assessment of the accounting policies adopted by your Company, we examined the appropriateness of the aforementioned accounting methods and their implementation, as well as the disclosures presented in the notes to the consolidated financial statements.
- The "Income taxes and deferred taxes" section of *note 2* and the "Income taxes" section of *note 19* to the consolidated financial statements set out the accounting methods relating to the recognition of deferred tax assets on tax losses carried forward. We examined the appropriateness of the aforementioned accounting methods and assessed the data and assumptions underlying these estimates.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Management Board's management report.

We have no matters to report as to its fair presentation 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 (*code de commerce*) is included in the Group management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

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 operations.

The consolidated financial statements were approved by the Management 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 objective is 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 statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains 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 auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Villeurbanne and Lyon, April 30, 2021

The Statutory Auditors

ORFIS
Valérie Malnoy

DELOITTE & ASSOCIÉS
Arnauld de Gasquet

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SEPARATE FINANCIAL STATEMENTS

6.1. SEPARATE PARENT COMPANY FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2020

BALANCE SHEET

ASSETS (€ thousands)	Gross amounts	Depreciation, amortization and provisions	Net amounts at 12/31/2020	Net amounts at 12/31/2019
Intangible assets	48,680,326	32,396,062	16,284,265	14,060,589
Property, plant and equipment	10,238,537	4,410,744	5,827,793	6,178,816
Equity investments and investment-related receivables	50,956,377	4,024,401	46,931,976	46,936,770
Other financial assets	8,231,672	0	8,231,671	7,953,023
Total non-current assets	**118,106,911**	**40,831,207**	**77,275,704**	**75,129,198**
Inventories of raw materials, supplies	176,682		176,682	108,749
Trade receivables and related accounts	16,779,621	34,317	16,745,304	16,101,492
Suppliers with a debit balance			0	0
Other receivables	3,821,022	0	3,821,022	3,439,667
Marketable securities	427,265		427,265	382,537
Cash and cash equivalents	20,047,689		20,047,689	5,251,387
Total current assets	**41,252,278**	**34,317**	**41,217,961**	**25,283,832**
Prepaid expenses	2,157,119		2,157,119	1,808,191
Translation differences (assets)	603,541		603,541	443,188
Total adjustment accounts	**2,760,660**	**0**	**2,760,660**	**2,251,379**
TOTAL ASSETS	**162,119,849**	**40,865,524**	**121,254,325**	**102,664,410**

SHAREHOLDERS' EQUITY AND LIABILITIES (€ thousands)	12/31/2020	12/31/2019
Share capital	11,660,642	11,504,436
Additional paid-in capital	21,244,513	20,466,337
Legal reserve	1,150,444	1,121,793
Other reserves	126,178	218,578
Retained earnings	36,012,776	27,253,252
Net income	8,389,114	10,684,575
Regulated provisions	275,694	215,109
Total Equity	**78,859,360**	**71,464,080**
Other equity		
Provisions for contingencies and expenses	**2,938,297**	**1,887,178**
Borrowings and financial liabilities	17,121,758	7,790,389
Trade payables and related accounts	7,370,442	7,519,649
Tax and employee-related payables	12,893,187	12,279,843
Other payables	311,847	145,537
Total payables	**37,697,233**	**27,735,418**
Deferred revenue	1,615,359	1,358,175
Unrealized gains on foreign exchange	144,075	219,559
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**121,254,325**	**102,664,410**

INCOME STATEMENT

(in euros)	12/31/2020	12/31/2019
Sales of goods	14,924	92,189
Sale of services	47,698,920	46,156,924
Sales	**47,713,844**	**46,249,113**
Own production of goods and services capitalized	7,176,029	5,615,901
Operating grants	19,833	14,000
Reversals of provisions, expense reclassifications	1,081,941	308,835
Other income	7,645,848	7,530,370
Operating income	**63,637,496**	**59,718,219**
Purchase of trade goods, raw materials and other supplies	1,324,719	1,212,646
Change in inventory	-67,932	-3,575
Other purchases and external expenses	15,705,684	16,235,412
Taxes, duties and similar payments (other than on income)	1,377,629	1,144,838
Wages and salaries	23,264,810	21,120,012
Social security expenses	12,220,843	9,922,592
Allowances for depreciation and reserves	6,657,006	6,415,091
Other expenses	483,488	108,392
Operating expenses	**60,966,246**	**56,155,408**
OPERATING PROFIT	**2,671,250**	**3,562,811**
Financial income	7,550,378	9,849,136
Financial expenses	1,948,959	1,329,659
Net financial income / (expense)	**5,601,419**	**8,519,477**
CURRENT INCOME BEFORE TAX	**8,272,669**	**12,082,287**
Non-recurring income	1,181,293	208,780
Exceptional expenses	1,846,712	1,161,269
Net exceptional items	**-665,418**	**-952,489**
Income taxes	781,863	-445,223
NET PROFIT	**8,389,114**	**10,684,575**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The separate annual financial statements of Esker SA at December 31, 2020 were adopted by the Executive Board and submitted for approval to the Supervisory Board on March 25, 2021.

1. Annual highlights

Waiver of debt in favor of Esker Document Automation Asia Pte Ltd:

A waiver of debt was granted to Esker Document Automation Asia Pte Ltd in the amount of €606,000 corresponding to Group trade receivables.

Waiver of debt in favor of Esker Italia Srl:

A waiver of debt was granted to Esker Italia in the amount of €471,000 corresponding to Group trade receivables.

Reform concerning the taxation of income from intellectual property

The 2019 France Finance Act harmonized French and European tax provisions by introducing a system for the taxation of revenue originating from patents and equivalent intellectual property rights aligned with the provisions of the OECD. Under this system, companies benefit from a tax advantage concerning their intellectual property rights in the form of a reduced tax rate of 10%.

Esker benefits from this new tax system and has in response, recorded an adjustment of its 2019 tax income under 2020 exceptional income.

2. Significant accounting policies and statement of compliance

The annual financial statements for the period ending December 31, 2020 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 26/12/2016 and on the French General Chart of Accounts (***Plan Comptable Général***) of France's Accounting Regulations Committee (***Comité de Reglementation 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.

In accordance with 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 links to operating activities for example in light of 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, 2019.

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 recognized as an impairment charge on receivables supplemented, as the case may be, by a provision for contingencies and expenses.
- Present value of future cash flows

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 general meetings of the company, 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 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 the 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 12/31/2020 (In thousands of euros)	Opening balance	Increases	Decreases	Closing balance
Development expenditures	38,178,067	6,375,578		44,553,645
Software	529,478		-44,236	485,242
Other intangible assets	58,996		-607	58,389
Intangible assets in progress	2,782,600	3,583,051	-2,782,600	3,583,051
INTANGIBLE ASSETS GROSS VALUE	**41,549,141**	**9,958,629**	**-2,827,444**	**48,680,326**
Development expenditures	26,905,404	4,947,027		31,852,431
Software	524,151	5,326	-44,236	485,242
Other intangible assets	58,996		-607	58,389
INTANGIBLE ASSETS AMORTIZATION	**27,488,552**	**4,952,353**	**-44,844**	**32,396,062**
INTANGIBLE ASSETS – NET VALUE	**14,060,589**	**5,006,276**	**-2,782,600**	**16,284,264**

Changes involve mainly development expenditures recognized as assets in the period and concern namely SaaS solutions (Esker on Demand), capitalized every six-month period.

NOTE 2 Property, plant and equipment

As of 12/31/2020 (In thousands of euros)	Opening balance	Increases	Decreases	Closing balance
Plant, machinery and equipment	4,113,698	386,924	-156,220	4,344,401
Transport equipment	13,289			13,289
Office and computer equipment	3,631,779	496,563	-103,513	4,024,828
Building and land	1,856,018			1,856,018
Property, plant and equipment in progress	0			0
PROPERTY, PLANT AND EQUIPMENT GROSS VALUE	**9,614,783**	**883,486**	**-259,733**	**10,238,536**
Plant, machinery and equipment	1,064,085	621,135	-156,220	1,528,999
Transport equipment	13,290			13,290
Office and computer equipment	2,257,133	569,491	-103,301	2,723,323
Building and land	101,460	43,671		145,131
Property, plant and equipment in progress	0			0
PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	**3,435,968**	**1,234,297**	**-259,521**	**4,410,744**
INTANGIBLE ASSETS – NET VALUE	**6,178,816**	**-350,811**	**-212**	**5,827,793**

The main acquisitions and decreases in the period were linked to the work carried out at the headquarters in Villeurbanne (€0.1 million) and the acquisition of equipment for the Décines mail center (€0.3 million).

Investments for office and computer equipment concerned mainly equipment for the Esker on demand platform (€0.27 million for servers, and storage units), laptops and screens (€0.16 million) linked to the growth in business and the number of employees.

NOTE 3 Financial assets

As of 12/31/2020 (In thousands of euros)	Opening balance	Increases	Decreases	Closing balance
Equity investments	44,780,354		-100,000	44,680,354
Investment-related receivables	6,388,869	2,096,465	-2,209,311	6,276,023
Esker shares	2,378,792			2,378,792
Bonds	4,898,862	1,088,800	-1,109,819	4,877,844
Other*	683,517	5,464,470	-5,225,820	922,166
FINANCIAL ASSETS – GROSS VALUE	**59,130,394**	**8,649,735**	**-8,644,950**	**59,135,178**
Equity investments	590,344		-1,126	589,218
Investment-related receivables	3,642,108	388,984	-595,909	3,435,183
Esker shares	0			0
Bonds	8,148	113,864	-122,011	0
Other*	0			0
FINANCIAL ASSETS – DEPRECIATION	**4,240,600**	**502,848**	**-719,046**	**4,024,401**
FINANCIAL ASSETS – NET VALUE	**54,889,794**	**8,146,887**	**-7,925,904**	**55,110,777**

* 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".

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 periods, the Esker Inc., CalvaEDI and TermSync shares were tested for impairment on December 31, 2020. On that basis, no loss of value was identified requiring the recognition of the provision for the shares on this date.

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 cash flows 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 (3%) and a discount rate (7.5%) 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 €407,000 decrease in the Esker Australia receivable linked to the €401,000 decrease in long-term receivables and the negative foreign exchange impact from the Australian dollar of €6,000,
- A €50,000 decrease in the Esker Asia receivable linked solely to the conversion of this receivable in foreign currency and the change in the foreign exchange rate of the Singapore dollar at 12/31/2020,
- A €70,000 decrease in the Esker UK receivable linked solely to the conversion of this receivable in foreign currency following the change in the foreign exchange rate of the pound sterling at 12/31/2020.

Esker shares

The change in treasury shares is presented below in *note 4* .

Bonds

At year-end, its total bond holdings amounted to €4,931,000

NOTE 4 Treasury stock

The number and value of treasury shares held by the company changed as follows in 2020:

Number of treasury shares	Fixed securities	Transferable securities	FY 2020
Number of treasury shares held at 01/01/2020	**144,196**	**6,046**	**150,242**
Transfers			
Purchase of own shares (liquidity agreement)		40,933	40,933
Sale of own shares (liquidity agreement)		(42,698)	-42,698
Exercise of options			0
Number of treasury shares held at 12/31/2020	**144,196**	**4,281**	**148,477**

Treasury shares (in euros)	Fixed securities	Transferable securities	FY 2020
Gross balance at 01/01/2020	2,378,730	361,000	2,740,730
Provision	0	0	0
Net balance at 01/01/2020	**2,378,730**	**361,000**	**2,740,730**
Transfers			0
Purchase of own shares (liquidity agreement)		5,443,399	5,443,399
Sale of own shares (liquidity agreement)		(5,391,019)	-5,391,019
Exercise of options			0
Gross balance at 12/31/2020	**2,378,730**	**413,380**	**2,793,110**
Provision	0	0	0
Net balance at 12/31/2020	**2,378,730**	**413,380**	**2,793,110**

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	12/31/2020			12/31/2019		
	Gross	Provision	Net	Gross	Provision	Net
Trade receivables - non-Group	12,355,026	-34,318	12,320,708	11,708,646	-327,450	11,381,196
Trade receivables - Group	4,424,595	0	4,424,595	4,970,719	-250,423	4,720,296
TOTAL CURRENT RECEIVABLES	**16,779,621**	**-34,317**	**16,745,304**	**16,679,365**	**-577,872**	**16,101,492**

NOTE 6 Maturity of receivables and payables

Statement of receivables

In euros	Gross amount	Up to 1 year	More than 1 year
Investment-related receivables	6,276,022		6,276,022
Other financial assets	8,231,672		8,231,672
Doubtful and disputed trade receivables	41,079		41,079
Other trade receivables	16,738,542	16,738,542	
Social security and related receivables	7,714	7,714	
Other taxes and similar items	2,386,003	2,386,003	
Group current accounts	1,329,861	1,329,861	
Sundry debtors	97,444	97,444	
Prepaid expenses	2,157,119	2,157,119	
TOTAL	**37,265,455**	**22,716,683**	**14,548,772**

Statement of payables

In euros	Gross amount	Up to 1 year	Between 1 and 5 years	More than 5 year
Conditional advance	0	0	0	
Miscellaneous borrowings	17,121,758	14,398,597	2,723,161	
Trade payables and related accounts	7,370,442	7,370,442		
Employee payables and related accounts	5,802,813	5,802,813		
Social security and related receivables	5,276,002	5,276,002		
Value-added tax	1,286,946	1,286,946		
Other taxes and similar items	527,426	527,426		
Amounts payable to Group companies and shareholders	0		0	
Other payables	311,847	311,847		
Deferred revenue	1,615,359	1,615,359		
TOTAL	**39,312,593**	**36,589,432**	**2,723,161**	

NOTE 7 Translation of payables and receivables in foreign currency

In euros	Translation differences (assets)	Unrealized gains on foreign exchange
Investment-related receivables	0	144,075
Operating receivables	603,541	0
Operating payables	0	0
TOTAL	**603,541**	**144,075**

A provision for the balance of translation differences was allocated at December 31, 2020.

NOTE 8 Accrued income and expenses

In euros	2020
Trade receivables and related accounts	458,855
Other receivables	
- Accrued credit notes - Suppliers	81,549
- Employees - accrued income	
- Social security and equivalent - accrued income	7,714
- Misc. - accrued income	350
TOTAL ACCRUED INCOME	**548,469**
Trade payables and related accounts	5,148,385
Tax and employee-related payables	
- State, other accrued liabilities	172,619
Personnel - provision for paid leave, bonuses and profit-sharing	5,749,329
- Social security agencies	4,070,798
- Taxes on wages	0
Other payables:	
- Accrued credit notes	235,422
- Misc. - accrued liabilities	
TOTAL ACCRUED EXPENSES	**15,376,552**

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, 2019	11,504,436	5,752,218
Capital increase	92400	46,200
Exercise of stock options	63,806	31,903
Capital stock at December 31, 2020	**11,660,642**	**5,830,321**

In euros	Capital stock and additional paid-in capital	Net income	Reserves	Retained earnings	Regulated provisions	Closing balance
Balance as of December 31, 2019	**31,970,773**	**10,684,575**	**1,340,371**	**27,253,252**	**215,109**	**71,464,080**
Capital increase	156,206		-92,400			63,806
Stock options	778,176					778,176
Other changes					60,585	60,585
Appropriation of net income for the year		-10,684,575	28,650	8,759,524		-1,896,401
Annual profit/(loss)		8,389,114				8,389,114
Balance as of December 31, 2020	**32,905,155**	**8,389,114**	**1,276,621**	**36,012,776**	**275,694**	**79,407,941**

32,980 stock options were exercised in 2020, resulting in a capital increase of €156,000 and share premium of €778,000.

Treasury shares at 12/31/2020 represented 2.55 % of the company's share capital or 148,477 shares (compared to 2.61% at 12/31/2019). Excluding these shares which do not carry voting rights, there were 5,681,844 voting rights attached to the share capital at 12/31/2020.

On June 24, 2020, the Executive Board recorded the vesting of 46,200 shares awarded on June 24, 2019 under the restricted stock unit plan and decided to increase the share capital by €92,400 by creating 46,200 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 €1,896,000.

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, 2020 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 12/31/2019	**128,777**	**40.97**	**98,300**	**79.75**
Granted	28,750	99.60	50,850	99.60
Exercised	-31,903	26.39	-46,200	79.75
Matured or forfeited for reason of departure	-2,501	74.45	0	0.00
Balance exercisable at 12/31/2020	**123,123**	**57.18**	**102,950**	**89.55**

Restricted stock units awarded in the period are created at the end of a two-year vesting period by increasing capital through the capitalization of reserves. In consequence, no expense has been recorded for this purpose in the company's accounts for this purpose.

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	443,188	1,316,623		-1,156,270	603,541
Provisions for financial risk	1				1
Other provisions for contingencies	0	716,341	0		716,341
Provisions for retirement severance payments	1,443,989	174,425			1,618,414
TOTAL	**1,887,178**	**2,207,389**	**0**	**-1,156,270**	**2,938,297**

Provisions for retirement severance benefits are analyzed above in *note 13*.

A provision for disputes in the amount of €716,000 was recorded at 12/31/2020 pursuant to claims by Quadient relating to invoices for royalties for the periods from 2016 to 2020.

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, with employee turnover decreasing with the increase in the employee's seniority.

On that basis, assumptions used to estimate pension obligations at December 31, 2020 were as follows:

Assumptions for the measurement of pension obligations in France	
Discount rate	1.00%
Salary escalation rate	0.95%
Rate of social security charges	45%
Retirement age	65 years
Turnover rate	6.65%

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	12/31/2020	12/31/2019
Hardware sales	10,870	27,624
License sales, maintenance contracts	741,317	823,277
Services	12,204,219	11,805,984
Activity on Demand	34,757,438	33,592,228
NET SALES	**47,713,844**	**46,249,113**

- Geographic segments

In euros	12/31/2020	12/31/2019
France	27,626,341	27,078,736
International	20,087,503	19,170,378
NET SALES	**47,713,844**	**46,249,113**

NOTE 15 Expense transfers

In euros	12/31/2020	12/31/2019
Daily allowances for payments for social security and other entities	132,904	131,145
Benefits in kind for employees	159,187	142,374
Insurance reimbursements	0	300
Reimbursements of training expenses for continuous vocational training	0	5,487
SME recruitment aid - French Ministry of Labor	0	2,106
Misc.		
TOTAL	**292,091**	**281,411**

16 Net financial income (expense)

In euros	12/31/2020	12/31/2019
Allowances for the impairment of financial assets	502,848	167,082
Allowances for foreign exchange losses	1,275,727	1,029,644
Allowances for contingencies and expenses	0	0
Other financial expenses	19,469	34,244
Foreign exchange losses	150,915	98,689
FINANCE EXPENSES	**1,948,959**	**1,329,659**
Reversal of provisions for foreign exchange losses	1,115,374	1,159,454
Reversal of provisions for financial assets	719,046	368,259
Reversals of provisions for contingencies and expenses	0	0
Net proceeds from the disposal of marketable securities and other investments	8,257	53,241
Income from equity investments	5,683,089	8,232,674
Other income	16,061	14,145
Foreign exchange gains from group purchases and sales	8,550	21,362
FINANCIAL INCOME	**7,550,378**	**9,849,136**
NET FINANCIAL INCOME / (EXPENSE)	**5,601,419**	**8,519,477**

An unrealized foreign exchange gain was recorded in the period of €160,000 compared to a loss of €130,000 one year earlier. 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 US dollars, pound sterling, Singapore dollars, Australian dollars, Malaysian ringgit and Canadian dollars.

The Company received dividends of USD 5,679,649 from Esker Inc.

Net financial income (expense)

In euros	12/31/2020	12/31/2019
Debt waivers	1,077,259	835,437
Allowances for special depreciation allowances	60,585	66,193
Net carrying values of assets sold	110,822	256,430
Capital losses from the sale of treasury shares	0	0
Allowances for exceptional contingencies and expenses	468,385	0
Donations and gifts	0	0
Exceptional expenses for prior periods	132,868	1
Other miscellaneous exceptional expenses	-3,207	3,207
EXCEPTIONAL EXPENSES	**1,846,712**	**1,161,269**
Reversal of special depreciation allowances	0	0
Reversal of the provision for impairment of treasury shares	0	0
Gains from the sale of treasury shares	304,309	112,823
Proceeds from disposals of fixed assets	7,572	27,165
Exceptional income from prior periods	869,412	0
Reversals of provisions for contingencies and expenses	0	13,435
Other misc. exceptional income	0	55,357
EXCEPTIONAL INCOME	**1,181,293**	**208,780**
NET EXCEPTIONAL ITEMS	**-665,418**	**-952,489**

Debt waivers granted to different Group subsidiaries (see details in *note 1* page 5).

A provision for disputes in the amount of €468,000 pursuant to claims by Quadient relating to invoices for royalties the periods from 2016 to 2019.

Esker benefits from the Patent Box regime after the 2019 France Finance Act harmonized French and European tax provisions by introducing a system for the taxation of revenue originating from patents and equivalent intellectual property rights aligned with the provisions of the OECD. Under this system, companies benefit from a tax advantage concerning their intellectual property rights in the form of a reduced tax rate of 10%.

Esker benefits from this new tax regime which applies to income originating from patents and equivalent intellectual property rights and on that basis, restated its 2019 tax income by recording income of €869,000 under exceptional income linked to the reduction in the amount of tax owed.

NOTE 18 Analysis of income taxes

Tax recognized for the period ended December 31, 2020 is analyzed as follows:

In euros	Tax recognized
Research tax credit	1,004,647
Additional tax contribution	0
Corporate income tax	-222,784
TOTAL TAX (EXPENSES) / INCOME	**781,863**

The breakdown of tax is analyzed below:

In euros	Pre-tax income	(Tax due) / savings	Net income
Current operating income	8,272,669	-1,972,828	10,245,496
Research tax credit		1,004,647	-1,004,647
Net exceptional items	-665,418	186,317	-851,735
ACCOUNTING PROFIT	**7,607,251**	**-781,863**	**8,389,114**

NOTE 19 Changes in future tax liabilities at the standard tax rate

In euros	12/31/2019		Change in results	12/31/2020	
	Assets	Liabilities		Assets	Liabilities
CERTAIN OR POTENTIAL TIMING DIFFERENCES					
1. Temporary disallowed deductions					
Paid leave	2,547,939		359,597	2,907,536	
French social solidarity contribution	21,205		(1,383)	19,822	
Provisions for retirement severance benefits	1,443,989		174,425	1,618,414	
2. Deductible expenses or taxable income not yet recognized					
Unrealized gains on foreign exchange	219,559		-75,484	144,075	
TAXES TO BE ALLOCATED					
Loss carryforwards	0		0	0	
Long-term capital loss			0		
Long-term capital loss - change in tax regime			0		
TOTAL	**4,232,692**	**0**	**457,155**	**4,689,846**	**0**
Tax rate	31%	31%	28%	28%	28%
DECREASE / NCREASE AND FUTURE TAX LIABILITIES	**1,312,134**	**0**	**128,003**	**1,313,157**	**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 tool-ing	2,064,658	2,065,477	20,647	689,009	413,095	963,373	381,847	581,527	0
TOTAL	**2,064,658**	**2,065,477**	**20,647**	**689,009**	**413,095**	**963,373**	**381,847**	**581,527**	**0**

- Other commitments

None.

4. Other information

Subsequent events

On March 3, 2021, we were informed by our partner Quadient of the possibility that royalties had been overcharged by Esker since 2016.

The monthly royalty charges are invoiced by Esker based on the reports produced by Quadient. According to Quadient, as these reports are incorrect, the amounts invoiced by Esker have been overestimated for the period from 2016 to today.

Esker has initiated discussions to challenge this request. However, as a measure of precaution, we recorded a provision for contingencies for overbilling in 2020 under operating expenses and a provision for overbilling under extraordinary expenses for the periods from 2016 to 2019.

Executive compensation

As of 12/31/2020	Compensation paid (gross)	Nature of compensation paid			
In euros		Fixed salary, fees	Variable compensation	Benefits in kinds	Attendance fees
Executive Board members	735	416	305	15	
Supervisory Board members	87	60			27
TOTAL	**822**	**476**	**305**	**15**	**27**

Average headcount

	12/31/2020	12/31/2019
Managers	329	295
Office staff and workers	61	53
TOTAL AVERAGE HEADCOUNT	**390**	**348**

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.	815	16,583,347	100%	33,390,187	33,390,187	511,989		42,810,378	4,997,062		
Esker Software Gmbh	26,000	189,677	100%	26,334	26,334			3,762,581	-163,056		
Esker Ltd	111	2,844,476	100%	135	135	1,298,184		6,154,033	1,234,624		
Esker Italia SRL	10,400	10,400	100%	15,985	0	360,000		1,825,124	-471,117		
Esker Ibérica SL	3,004	1,064,538	100%	3,087	3,087	0		4,321,368	329,118		
Esker Australia Pty Ltd	220,181	739,397	100%	249,125	0	4,355,812		3,106,447	3,849,742		(1)
Esker Asia Pte Ltd	-1	-1	100%	62,656	0						(2)
Esker Document Automation Asia Pte Ltd	184,980	-420,348	100%	186,012	1	933,870		1,450,625	-514		(1)
Esker Document Automation Malaysia Pte ltd	60,803	-388,984	100%	75,440	0	170,378		1,376,599	4,283		
Esker Solution Canada	1	881,811	100%	1	1	15,954		740,786	180,399		
CalvaEDI	42,000	1,556,752	100%	6,042,045	6,042,045			2,248,742	721,262		
Esker EDI Services GmbH	100,000	276,141	100%	4,588,918	4,588,918	250,000		3,428,254	-268,099		
Esker Document Automation Hong Kong Ltd	1,051	126,336	100%	1,126	0	164,051		497,618	152,438		
Neotouch Cloud Solution	30,000	6,014,023	30%	9,000	9,000			13,976,339	1,801,708		(3)
Axeleo				30,303	30,303						
TOTAL				**44,680,354**	**44,090,011**	**8,060,237**	**0**	**85,698,893**	**12,367,850**	**0**	

(1): Certain loans and advances granted were subject to impairment charges. See Note 3 to the financial statements.
(2): The subsidiary Esker Asia Pty Ltd has been dormant since December 31, 1997.
(3): Neotouch Cloud Solution's financial reporting period ends on January 31. The amount indicated are not audited.

6.2. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided 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 General Meeting:

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meetings we have audited the accompanying financial statements of Esker for the year ended December 31, 2020.

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, 2020 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

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 Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of 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, 2020 to the date of our report.

JUSTIFICATION OF OUR ASSESSMENTS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

- The "Equity interests and other financial assets" section of *note 2*, "Significant accounting policies and statement of compliance" to the financial statements, sets out the rules and methods relating to the impairment of financial assets and particularly equity interests. As part of our assessment of the accounting policies adopted by your Company, our procedures consisted in examining the appropriateness of the aforementioned accounting methods, assessing the data and assumptions underlying the valuations adopted and verifying the calculations performed and disclosures presented in the notes to the financial statements.
- The "Research and development expenses" section of *note 2*, "Significant accounting policies and statement of compliance" to the financial statements, sets out the rules and methods relating to the recognition, amortization and measurement of development expenses. As part of our assessment of the accounting policies adopted by your Company, we examined the appropriateness of the aforementioned accounting methods and their implementation, as well as the disclosures presented in the notes to the financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements.

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Management Board's management report and in the documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*code de commerce*).

We attest that the non-financial statement required by Article L.225-102-1 of the French Commercial Code (*code de commerce*) is included in the management report, it being specified that, in accordance with Article L.823-10 of this code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Article L. 225-37-4 of the French Commercial Code (Code de commerce).

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 operations.

The financial statements were approved by the Management Board.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- Obtains 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as

a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Lyon and Villeurbanne, April 30, 2021

The Statutory Auditors

DELOITTE & ASSOCIÉS	**ORFIS**
Arnauld de Gasquet	Valérie Malnoy

7

ADDITIONAL INFORMATION

7.1. PERSON RESPONSIBLE FOR THE FRENCH VERSION OF THE UNIVERSAL REGISTRATION DOCUMENT

Jean-Michel Berard – Chair of the Executive Board

Responsibility statement for the French version of the universal registration document

"I declare, after having taken all reasonable measures in this regard, that to the best of my knowledge the information in this universal registration document 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, included in the universal registration document according to the table of concordance presented in *Chapter 7* faithfully presents the business trends, the results and financial position of the company and describes the main risks and uncertainties they face.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this document and read the whole document. This letter does not contain any emphasis of matter paragraphs."

Jean-Michel Bérard
Chairman of the Executive Board

7.2. STATUTORY AUDITORS

Principal Statutory Auditors

S.A. Deloitte & Associés - represented by Arnauld de Gasquet
106 Cours Charlemagne
69286 Lyon Cedex 2

- **Date of appointment:** June 19, 2000, reappointed on June 28, 2006 and June 14, 2012
- **Expiration of appointment:** General 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
- **Expiration of appointment:** General Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2020

Alternate Auditors

SARL B.E.A.S.
7/9 Villa Houssaye
92200 Neuilly sur Seine

- **Date of appointment:** June 19, 2000, reappointed on June 28, 2006 and June 14, 2012
- **Expiration of appointment:** General 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
- **Expiration of appointment:** General Meeting called for the purpose of approving the annual financial statements for the financial year ending December 31, 2020

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 registration document,
- The historical financial information of the company and subsidiaries for each of the two financial years preceding the publication of the universal registration document.

The universal registration document is also available for consultation at the following websites.

- the company's website: http://www.esker.fr/investisseurs
- 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 in the Note "Consolidated companies" to the consolidated financial statements in *paragraph 5.1.* of this universal registration 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 universal registration document those disclosures required in *appendix I* and *II* of the Commission Delegated Regulation (EU) 2019/980 of march 14, 2019 s 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 Universal Registration Document
1. RESPONSIBILITY STATEMENT	
1.1. Persons responsible for information given in the universal registration document	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

According to the Section provided for by the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019:	Section of the Universal Registration Document

According to the Section provided for by the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019:	Section of the Universal Registration Document

7.6. TABLE OF CONCORDANCE OF THE MANAGEMENT REPORT

This universal registration document 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 universal registration document 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	N/A
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 universal registration document includes all items of the report on corporate governance.

The sections of the universal registration 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	2.2
Regulated agreements	2.3

7.8. TABLE AND CONCORDANCEWITH THE INFORMATION REQUIRED IN THE NON-FINANCIAL STATEMENT (NFS)

	Subject	Table of concordance with the 2019 Universal Registration Document	Pages
	Governance of corporate social responsibility	The three pillars of our CSR approach Involvement in the ecosystem	50-51
	Presentation of Esker	Our business Our values Business model Stakeholders and ecosystem	42-44
	Main risks and issues	Identification of risks Key performance indicators	45-49
EMPLOYMENT-RELATED INFORMATION	Employment	Total workforce and breakdown of employees	83-87
		Recruitment and dismissals	83-87
		Compensation and compensation trends	83-87
	Work organization	Working time organization	83-87
		Absenteeism	83-87
	Health and safety	Occupational health and safety conditions	84
		Occupational accidents and illnesses	84
	Labor relations	Organization of employee-management dialogue	63
		Information on collective agreements	63
	Training	Policy adopted in the area of training, notably with respect to environmental protection	65
		Total number of training hours	65
	Equal opportunity	Measures adopted to promote gender equality	71-72

	Subject	Table of concordance with the 2019 Universal Registration Document	Pages
ENVIRONMENTAL INFORMATION	General environmental policy	Measures adopted to promote employment and integration of disabled persons	71-72
		Combating discrimination	71-72
		The company's organizational structure to take into account environmental issues	73-79
		Environmental risk and pollution protection measures	73-79
	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	N/A
		Measures to prevent, reduce or repair serious adverse effects on the environment from the release of waste into the atmosphere, water and soil	73-79
		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	73-79
	Sustainable use of resources	Pollution and waste management	91-92
		Sustainable use of resources	91-92
		Land use	N/A
	Climate change	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	90
		Measures taken to adapt to the consequences of climate change	90
		Voluntary targets set for the medium and long-term to reduce greenhouse gas emissions and measures implemented for the purpose	90
	Protection of biodiversity	Measures taken to preserve or develop biodiversity	79
EMPLOYMENT-RELATED INFORMATION	Regional, economic and social impact of the company's activity	Impact of the company’s activity on local employment and development	81-82
		Impact of the company’s activity on neighboring or local populations	81-82
		Partnerships or corporate sponsorship initiatives	81-82
	Subcontracting and suppliers	Taking into account social and environmental issues in the purchasing policy	81-82
		The manner in which relations with suppliers and subcontractors are taken into account in the company’s social and environmental responsibility	81-82
	Fair practices	Measures for preventing corruption	81-82
		Consumer health and safety measures	81-82
	Other actions undertaken in favor of human rights		81-82

APPENDIX 1. CALENDAR OF PUBLICATIONS AND OTHER FINANCIAL EVENTS OF THE ESKER GROUP IN 2021

Upcoming press releases :

- Q2 2021 quarterly information 2021 .... July 13, 2021 after the close of trading
- H1 2021 results .... September 14, 2021 after the close of trading
- Q3 2021 quarterly information 2021 .... October 12, 2021 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 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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