

# Esker's 2016 Annual Results

A year fueled by growth in operating income and accelerated investment

Madison, WI — March 24, 2017

VALUE IN THOUSANDS OF EUROS	2016	2015	GROWTH
SALES REVENUE	65,990	58,457	+13%
OPERATING INCOME	9,735	9,054	+8%
NET INCOME	6,325	6,473	-2%
NET WORTH	34,402	29,188	+4,9M
<b>CASH BALANCE</b>	<b>21,338</b>	<b>16,295</b>	<b>+5,0M</b>

The Esker Supervisory Board approved the financial statements for the year, ending December 31, 2016. Audit procedures on the consolidated accounts have been completed. The certification report will be issued at the end of April, following the completion of procedures required for the publication of the annual financial report.

## Continued Growth of Cloud-Based Solutions

Esker's sales revenue reached 66 million euros in 2016, a 13% increase over 2015 (12% based on a constant exchange rate). These results are marked by the ongoing success of cloud-based document process automation solutions, representing close to 51 million euros (77% of sales), up 20% over 2015. The performance of traditional license-based products leveled off at 10.7 million euros (down 3%), while legacy products declined 17%, now representing only 7% of company sales.

## Accelerated Company Development and Investment

Based on the growing success of its cloud-based solutions, Esker implemented a strategic investment campaign in 2015 and 2016 to strengthen its position and develop its medium-term growth capabilities. In 2016, the number of employees allocated to research and development increased by 26% compared to 2015. Similarly, the consulting teams grew by more than 21% to ensure the entry into production of the high volume of customers signed in 2016 and to ensure the satisfaction of existing customers. Lastly, the sales teams increased 15% to prepare for revenue growth in future years. In total, Esker employed an average of more than 400 people in 2016, an increase of 17% compared to 2015.

*(continued)*

## Increased Success in New Customer Acquisitions

Beyond the strong sales and financial results in 2016, Esker had a record-breaking business performance over the year. The value of signed contracts<sup>1</sup> in 2016 (bookings) rose by 33% compared to 2015, which is much faster than what was recognized in the company's financials. It should be noted that, although these multi-year contracts had only a marginal influence on annual revenue, their marketing and sales acquisition costs were fully allocated to the financial year. The 2016 sales success therefore structurally penalizes immediate profitability in favor of future results.

## Strong Profitability

After taking into account the investments made throughout the year and the cost of preparing the company's future growth, Esker's 2016 operating income increased 8% to reach more than 9.7 million euros, compared with 9.1 million euros in 2015. Profitability remains at 15% of sales, which corresponds to the company's strategic objective to combine sustainable growth and profitability.

## Non-Recurring Elements and Net Income

The extraordinary results in 2016 recorded significant non-recurring expenses totaling 474,000 euros. The impact of a change in assumptions used to calculate the provision for retirement indemnities in France is 220,000 euros. With no impact on cash, this change was implemented to more conservatively reflect Esker's obligations to its employees. On the other hand, the results also include accelerated depreciation and one-time costs related to the relocation of two Esker offices, in Madison, WI (U.S. headquarters) and Lyon, France (company headquarters). These investments were not only necessary due to increased headcount, but also to deliver a better work environment to employees. By reinforcing its attractiveness as an employer, Esker is able to better recruit and retain talent for continued growth.

Given the increase in operating income, the non-recurring items mentioned above and an effective tax rate approaching nominal rate in countries where the company does business (32%), 2016 net income amounts to 6.3 million euros, down slightly by 2% compared to 2015.

## Positive Outlook for 2017

Esker anticipates it will achieve double-digit organic growth again in 2017. Factors such as recurring revenue and the record number of new contracts signed in 2016, will fuel the company's growth for 2017 and the years ahead. The integration of the German company, e-integration GmbH, acquired in early 2017, will also contribute to Esker's growth. E-integration generated 3.2 million euros in sales in 2016, with pre-tax profitability estimated at 17%.

As previously announced, a slight decline in legacy products and license-based document process automation products could temporarily affect overall growth in the first half of 2017, without jeopardizing the company's economic model based on sustainable and profitable growth. *(continued)*

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<sup>1</sup> Minimum value guaranteed to Esker over the initial duration of signed contracts

## About Esker

Esker is a worldwide leader in cloud-based document process automation software. Esker solutions, including the acquisition of the TermSync accounts receivable solution in 2015, help organizations of all sizes to improve efficiencies, accuracy, visibility and costs associated with business processes. Esker provides on-demand and on-premises software to automate accounts payable, order processing, accounts receivable, purchasing and more.

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France and U.S. headquarters in Madison, Wisconsin. In 2016, Esker generated 66 million euros in total sales revenue. For more information on Esker and its solutions, visit [www.esker.com](http://www.esker.com). Follow Esker on Twitter [@EskerInc](https://twitter.com/EskerInc) and join the conversation on the Esker blog at [blog.esker.com](http://blog.esker.com).

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