

Esker 2022 Annual Results

Record results and an optimistic outlook for 2023

LYON, France, and MIDDLETON, Wis. — March 23, 2023

Value in Thousands of Euros	2022	2021	Growth
Sales revenue	158,987	133,580	+19%
Gross margin ⁽¹⁾	114,193	91,490	+25%
Income from operations	21,409	16,580	+29%
Current income before taxes	21,682	16,782	+29%
Net income	17,864	14,280	+25%

⁽¹⁾ Gross margin equals sales revenue minus cost of production sold (e.g., platform, production and consulting costs). The Esker Supervisory Board approved the financial statements for the year, ending December 31, 2022. 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.

Accelerated growth driven by cloud solutions and the Americas

Esker's sales revenue for FY 2022 amounted to 159 million euros, a 19% increase over 2021 (13% based on constant exchange rates and consolidation scope). These results are marked by the ongoing success of the company's cloud automation solutions, which represent 128 million euros in revenue, a 23% increase over 2021 (17% based on constant exchange rates) and account for 80% of consolidated revenue. Driven by strong sales performance in 2021 and 2022, Esker maintained strong cloud revenue growth despite an uncertain economic environment for most of 2022.

Revenue generated by the professional implementation services grew 12% (7% based on constant exchange rates), representing 16% of total revenue. This revenue line benefitted from the dynamic sales of SaaS solutions and supports the growth of the developing partner network. The performance of traditional license products and legacy products continue their downward trend and represent less than 4% of total revenue in 2022 (-21% based on constant exchange rates).

Breaking it down by geographic location, the Americas and Asia Pacific regions were the most dynamic, with growth exceeding 14% (at constant exchange rates). Europe held up well given the macroeconomic context and grew by more than 11% at constant exchange rates and scope.

Strong sales momentum

The annual recurring value (ARR) of new contracts signed in 2022 increased by 26% (19% at constant exchange rates). After a traditionally weaker first quarter, the pace of new signed contracts picked up from one quarter to the next, with the last two quarters of the year setting historic records.

The pace of new bookings was particularly dynamic in the Asia-Pacific region (over 45%) and in the Americas (+23%), which alone accounted for close to 57% of the company's total bookings and confirms a long history of sales success in this leading technology market. Europe remained stable with a 3% increase in bookings, representing 33% of the global volume. This stability reflects a certain wait-and-see attitude on the part of companies regarding the economic and geopolitical situation on the continent.

These bookings consist of multi-year contracts with end-customers or partners. They have a marginal impact on revenue in the year they are signed but fuel company growth in subsequent years. According to a consistently applied accounting policy, the acquisition, marketing and sales costs of these bookings are charged in full to the year of signature.

Continued growth investments

In 2022, Esker's workforce increased by more than 13% to 972 full-time equivalents at the end of December. Recruitment efforts were equally distributed across all geographic locations, with a particular focus on the Americas (+14%). Recruitment mainly concerned sales and marketing functions (+17%) as well as consulting (+13%) and customer support (+14%).

Increased operating profitability

Esker's operating income increased by 29%, reaching 21.4 million euros in 2022, as compared to 16.6 million euros in 2021. Operating profitability increased from 12.4% to 13.5% in 2022. These results were achieved thanks to a significant increase in gross margin (+25%), reaching 72% of sales revenue. Controlled platform and production costs, partly offset by a slight decline in the services margin — mainly due to investments made to develop the company's partner network — contributed to these results. The controlled increase of general expenses also helped grow profitability and allowed investments in sales (+38%) and marketing (+23%) development. In 2022, Esker benefitted also from favorable exchange rates, primarily related to the U.S. dollar, amounting to 2.2 million euros or 10% of the year's operating income.

Growth in net income

Given the increase in financial income, a stable effective tax rate of 23% and a good contribution from equity-accounted companies, Esker net income amounted to 17.8 million euros, a 25% increase over 2021, despite a small exceptional loss.

Market Dojo contribution

Esker acquired a 50.1% majority stake in Market Dojo, a U.K.-based eProcurement software startup in 2022. By integrating the management of supplier selection (e-sourcing) into its solution portfolio, the acquisition strengthens Esker's position in the global source-to-pay market.

Market Dojo's operations have been consolidated in Esker's financial statements starting June 1, 2022. Over the year, the company brought in 0.8 million euros in revenue (+20% growth) and recorded an operating loss of 0.7 million euros, corresponding to investments made to accelerate the company's growth, particularly in the U.S.

Outlook for 2023 and available cash

Esker's performance in 2022, both in terms of revenue and bookings, allows the company to approach 2023 with confidence. Contracts signed in 2022 will progressively fuel 2023 revenue growth. Nevertheless, economic fluctuations linked to geopolitical tensions as well as the evolving economies in

which Esker operates, are always likely to have a slight impact on the company's performance in terms of sales volumes and bookings. Under these circumstances, and as communicated at the time of the Q4 2022 results release, Esker anticipates its full-year growth to be between 12-14% (excluding acquisitions and exchange rates) with stable profitability. These perspectives will be updated with each revenue performance release.

As of December 31, 2022, company cash rests at 42.9 million euros, to which 4.8 million euros must be added, classified as financial assets but available for short-term use. Esker contracted 17 million euros in new loans at very favorable terms in 2022. Combined with available cash, they will enable Esker to take advantage of external growth opportunities, if necessary, in line with its development strategy.

An English webcast will take place March 23, 2023, at 6:00 p.m. Central European Time. To participate, please join Microsoft Teams call [here](#).

About Esker

Esker is a global cloud platform built to unlock strategic value for Finance, Procurement and Customer Service professionals and strengthen collaboration between companies by automating the cash conversion cycle. Esker's solutions incorporate AI technologies to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and employees. 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. For more information on Esker and its solutions, visit www.esker.com. Follow Esker on [LinkedIn](#) and join the conversation on the Esker blog at blog.esker.com.



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