

Esker 2022 Half-Year Results

Dynamic growth and increased profitability driven by cloud-based activities

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VALUE IN THOUSANDS OF €	H1 2022*	H1 2021*	CHANGE IN %
SALES	76,284	64,352	+19%
OPERATING INCOME	12,870	9,128	+41%
CURRENT INCOME	13,056	9,195	+42%
NET INCOME BEFORE TAXES	13,362	9,873	+35%
NET INCOME	10,130	7,575	+34%

VALUE IN THOUSANDS OF €	06/30/2022	12/31/2021	CHANGE IN THOUSANDS OF €
SHAREHOLDERS' EQUITY	92,192	80,394	+11,798
NET CASH POSITION	39,922	34,978	+4,944

*Accounts prepared under French accounting standards (CRC 99-02) and unaudited

Dynamic sales revenue growth driven by cloud solutions

Esker's 2022 half-year sales revenue grew 13% based on constant exchange rates. Cloud-based revenue increased 17%, representing 80% of the company's overall revenue. Implementation Services (Consulting) grew 9%, increasing in Q2 after the pandemic resurgence in Q1 and the resulting shortfalls of resources and personnel for both Esker's teams and its customers. Traditional licensed and legacy products decreased by 26% to represent only 4% of company business.

The growth in cloud-based revenue comes from sales success achieved in 2021 and 2022 (representing 15% of half-year cloud-based revenue) and the continued strong use of Esker's platform by its customers. Half-year cloud-based revenue is comprised of 45% subscription-based revenue (+33% compared to first-half 2021) and 55% variable revenue based on user activity on the platform (+9%).

At the geographic level, all regions achieved double-digit growth. The U.S. remains the most dynamic region with +15% growth (at constant rates), followed by Asia Pacific (+13%) and Europe (+12%).

The evolution of the rate of the euro compared to the other currencies used by Esker (mainly USD) reinforces the operational dynamics of the company's business. At current exchange rates, revenue growth reached 23% for cloud-based revenue and 19% for all business combined.

Bookings remain strong with a record second quarter

Bookings increased by 14% in the first half of the year (8% at constant rates) compared to a particularly dynamic first half of 2021. The Annual Recurring Value (ARR) of new contracts signed during Q2 2022 increased by 25% over Q2 2021 (17% at constant rates) to exceed 4.2 million euros.

The dynamic pace of signed contracts was particularly noted in Asia-Pacific (+62%) and Europe (+16). The U.S. saw a pause in booking growth due to an unfavorable base effect in the first half of the year, which should be reversed in Q4.

Strong increase in profitability and continued growth investments

Current operating income increased to 13.1 million euros (+42%). This performance is due to the combined effect of excellent operating performance, a favorable foreign exchange translation effect (+1.1 million euros) and the adjustment (based on Esker's share price) of accruals booked in 2021 for taxes to be paid on share base compensation plans (+2.2 million euros).

To fuel future growth, Esker continues its recruitment efforts. Average employee numbers this half-year were up 12% (93 employees) to reach more than 900 employees as of June 30, 2022. Efforts focused particularly on Consulting teams (+15%), as well as Sales, Marketing and Customer Support departments (+13%). Additionally, sales and in-person marketing events (e.g., tradeshows) were up 24% this half-year.

Financial income essentially includes the impact of exchange rate variations on the company's current operations (0.18 million euros). Exceptional income includes the adjustment in value of treasury shares used in the program to ensure the liquidity of Esker shares on the markets.

Given a stable effective tax rate, net income increased significantly (34%) to reach 10.1 million euros.

Consolidation of Market Dojo

Esker has acquired a 50.1% majority stake in Market Dojo, a U.K.-based eProcurement software startup. Market Dojo's operations have been consolidated in Esker's financial statements starting June 1, 2022, therefore not having a significant impact. Market Dojo's current growth rate trend for 2022 is expected to be between 17-20%. In addition, Market Dojo's acquisition led to the booking of a preliminary goodwill amount of 9.7 million euros. Its final computation and allocation will be made in the 2022 annual accounts.

Strengthened financial structure

The company's net cash increased significantly to 39.9 million euros despite a 24% increase in the 2022 dividend.

Throughout this half-year, Esker took advantage of the favorable economic climate to take out new fixed-rate bank loans (BPI, BNP, Société Générale) for a total of 17 million euros. These loans have strengthened the company's financial structure and will enable it to seize external growth opportunities to complete the company's solution portfolio and accelerate growth if market conditions allow.

Positive outlook for 2022

Given the accumulation of economic uncertainties, Esker conservatively anticipates its full-year growth between 12-14% at constant scope and exchange rates. Without significant change in exchange rates over the rest of the year, published growth will be significantly higher. At this level of revenue, profitability is expected to stand at around 13-15% compared to an initial objective of 12-15%.

About Esker

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 solutions incorporate technologies like Artificial Intelligence (AI) to drive increased productivity, enhanced visibility, reduced fraud risk, and improved collaboration with customers, suppliers and internally. 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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