

Esker 2021 Half-Year Results

Dynamic growth and increased profitability thanks to strong performance of cloud-based activities

Derby, UK — September 15, 2021

VALUE IN THOUSANDS OF €	1H 2021*	1H 2020*	CHANGE IN %
SALES	64,350	54,240	+19%
OPERATING INCOME	9,128	6,206	+47%
CURRENT INCOME	9,195	6,002	+53%
NET INCOME BEFORE TAXES	9,873	7,028	+40%
NET INCOME	7,575	5,423	+40%

VALUE IN THOUSANDS OF €	06/30/2021	12/31/2020	CHANGE IN THOUSANDS OF €
SHAREHOLDERS' EQUITY	71,579	65,412	+6,167
NET CASH POSITION	28,334	25,277	+3,057

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

Accelerated growth with global recovery and sales success

Esker's 2021 half-year sales revenue grew 22% based on constant exchange rates (+19% based on current rates). Growth continued to be driven by the continued success of cloud-based solutions, which grew 26% to 49.5 million euros, representing close to 77% of total company revenue. Professional implementation services grew 13% to represent 17% of the company's business. The high number of deals closed since Q4 2020 will result in an acceleration in implementation services growth. The performance of traditional licence-based products and legacy products recorded a slight recovery (+6%) and now represent only 6% of total revenue.

The growth in cloud-based revenue comes from sales success achieved in 2020 and 2021, and the renewed use of Esker's platform by its customers as they gradually emerge from the COVID-19 pandemic. Contracts signed since July 1, 2020 accounted for 37% of cloud-based activity growth in the first half of 2021, with the remainder coming from contracts signed prior to this date.

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At the geographic level, all regions progressed strongly. Europe and the United States recorded similar performances, with growth rates reaching 23% compared to the first half of 2020. The Asia-Pacific zone grew 18%, however the persistent strict sanitary restrictions slightly impacted volumes.

Bookings continue their dynamic growth

In the first half of 2020, the pandemic significantly slowed down the business development momentum initiated several years ago. The average Annual Recurring Value (ARR) of new contracts signed during the first half of 2020 only increased by 8% compared to the first half of 2019.

The strong upturn in new contracts signed in Q320, and reinforced in Q420, was confirmed throughout the first half of 2021. The ARR of contracts signed amounted to 6.5 million euros, an increase of more than 64% for the half-year.

Contracts won in 2021 still only contributed 1.1 million euros to the increase in cloud-base activity in the first half of the year (representing 2% of cloud-based revenue). They will be a strong revenue driver for Esker in the second half of 2021 and in 2022.

Strong increase in profitability and continued growth investments

Current operating income increased to 9.2 million euros (+53%). The strong growth in revenue allowed the company to increase its investments while recording a strong increase in profitability to 14% of revenues.

Average employee numbers this half-year were up 12% (85 employees) to reach more than 800 employees as of June 30, 2021. Efforts focused particularly on sales (+14%), consulting (+11%) and R&D (+12%) departments. In order to fuel future growth, Esker plans to intensify recruitment efforts in the second half of the year to exceed 900 employees by the beginning of 2022 (while respecting profitability standards).

Net income increased significantly (40%) to reach 7.6 million euros, in line with the activity of the first semester.

Strengthened financial structure

In 2020, Esker benefited from the French government's economic support measures in the form of state-guaranteed loans of 11 million euros. Given the evolution of the company's situation and that of its customers, these loans were fully repaid in 2020.

The company's net cash increased significantly to 28.3 million euros despite a 52% increase in the 2021 dividend. After a challenging 2020, Esker thanks its shareholders for their confidence and contribution to the company's success.

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Positive outlook for 2021

Despite a less favourable base effect, the second half of 2021 should confirm the strong momentum of Esker's business, in both revenue and bookings. Annual growth at constant exchange rates is expected to exceed 17% and revenue to surpass the 130 million euro mark. In the absence of any significant external events penalising the business (e.g., changes linked to the pandemic, unfavourable currency fluctuations, etc.), Esker's 2021 financial results will be in line with the performance of the first half of the year and in strong progression compared to 2020.

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 such as 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 <https://www.esker.co.uk>. Follow Esker on [LinkedIn at Esker – Northern Europe](#), or on [Twitter at @EskerNEurope](#) and join the conversation on the [Esker blog](#).

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