

Esker 2024 Half-Year Results

A return to an operating profitability level in line with historic performance

Derby, UK — September 20, 2024

| Half-year results in thousands of € | H1 2024* | H1 2023* | Change in % |
|---|--------------|--------------|-------------|
| Sales | 99.2 | 87.9 | +13% |
| Operating income | 12.7 | 9.8 | +30% |
| <i>Operating margin</i> | <i>12.8%</i> | <i>11.1%</i> | |
| Current income | 13.3 | 9.9 | +35% |
| Net income | 9.3 | 7.5 | +25% |
| <i>Net margin</i> | <i>9.4%</i> | <i>8.5%</i> | |
| Operating income (new French standards)** | 12.1 | 9.4 | +29% |

| Value in thousands of € | 6/30/2024 | 12/31/2023 | Change in thousands of € |
|-------------------------|-----------|------------|--------------------------|
| Shareholders' equity | 116.4 | 108.4 | +7 |
| Net cash position*** | 48.2 | 42.6 | +13% |

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

**Operating income calculated according to the new French Finance Act 2024, following a change in method, excluding the Research Tax Credit reclassified in net income.

***Includes €4.9m of investments classified as financial fixed assets, but which can be mobilised according to the company's needs.

Dynamic sales revenue growth driven by cloud solutions

Esker's 2024 half-year sales revenue grew 13% based on constant and current exchange rates. Esker's SaaS revenue increased 12%, representing 82% of sales for the half-year. Subscription sales grew 30%, representing 51% of SaaS business. This momentum, supported by excellent bookings in previous quarters, offsets the slight decrease in transactional revenues still impacted by a difficult macroeconomic context. This development is in line with the company's business strategy, which favours resilience and predictability of revenues by favouring subscriptions as a source of recurrent revenue.

Esker Ltd.

Unit 1 Stoney Cross Industrial Estate
Station Road
Spondon - Derby
DE21 7RX
United Kingdom
Tel: +44 (0) 1332 54 8181
www.esker.co.uk/ | info@esker.co.uk

Press Contact: Samuel Townsend

Tel: +44 (0) 1332 548181 | sam.townsend@esker.com

Investor Relations Contact: Emmanuel Olivier

Tel: +33 (0)4 72 83 46 46 | emmanuel.olivier@esker.com

Implementation services, mainly consulting activities, grew 25%, representing 17% of the company overall revenue. Traditional licensed and legacy products decreased by 57% over the period, to represent only 1% of sales.

Geographically, trends were mixed. The Asia-Pacific region confirmed the expected rebound after a more cautious year in 2023 and achieved dynamic growth of 21% over the half-year. Europe confirmed its resilience and grew 14%. Growth in the U.S. slowed slightly (+11%) due to moderate bookings in the first part of 2023. The strong acceleration in bookings towards the end of 2023, and especially in the first half of 2024, will lead to an increase in growth in the Americas as early as the second half of 2024.

Record new bookings

New bookings increased by 51% in the first half of the year, mainly driven by the U.S., where bookings increased 95% with several very significant contracts signed in the second quarter.

Despite achieving 18% growth compared to H1 2023, the momentum of signed contracts in France slowed at the beginning of the year due to the postponement of the electronic invoicing reform. However, Esker's registration as a Partner Dematerialization Platform (PDP) should boost new bookings in the second half of the year and especially in 2025.

Europe reported a solid and stable performance compared to an exceptionally high first half of 2023. The Asia-Pacific region rebounded strongly with a 52% increase, boosted by the implementation of mandatory electronic invoicing in Malaysia.

Return to normal profitability levels

As announced last year, Esker returned to profitability, in line with its usual levels, with an operating margin of 12.8% of half-year sales. This performance is the result of moderate investment measures implemented in the second half of 2023 and the solidity of Esker's business model.

Operating income rose by 30% compared with the first half of 2023, driven by efforts to improve operating productivity. As a result, average headcount for the half-year increased by only 3% to 1,042 people, compared with an increase of almost 10% over FY 2023. These adjustments have made it possible to control the rise in operating expenses while optimising existing resources.

Given a stable effective tax rate, net income rose by 25% to 9.3 million euros (9.4% of sales).

A solid financial structure and growth in operating cashflow

After deducting financial debt, the company's net cash increased to 48.2 million euros, up 5.6 million euros after payment of a dividend representing 26% of net income for 2023. The positive change in cash level is the result of the very good operating cashflow performance over the half-year, up by almost 1.8 million euros (+13% compared to the first half of 2023).

Outlook for 2024

Esker started 2024 on a very positive note thanks to the many new bookings in 2023. The large number of contracts signed in the first half of 2024 (+51%) will continue to fuel sales growth in the coming quarters. Additionally, the strategy of moderate investments adopted in mid-2023 will further improve profitability in the second half of the year.

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Esker confirms its revenue growth target of 12-14%, excluding acquisitions and currency variations, for FY 2024. At this level of activity, the operating margin target is between 12-13% of revenue.

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 internally. 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 <https://www.esker.co.uk/>. Follow Esker on [LinkedIn](#), [X](#), or [YouTube](#) and join the conversation on the [Esker blog](#).

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