

Esker Q3 2023 Sales Activity

Esker achieves record quarter in bookings

LYON, France, and MIDDLETON, Wis. — October 17, 2023

Sales Revenue in M€ (Unaudited)	Q3 2023	Q3 2022	Q3 2023/ Q3 2022 Growth ⁽⁴⁾	9 Month 2023	9 Month 2023/ 9 Month 2022 Growth ⁽⁴⁾
SaaS ⁽¹⁾	36.1	32.6	+15%	108.6	+18%
Implementation Services ⁽²⁾	6.9	6.6	+10%	20.3	+10%
Legacy Products ⁽³⁾	0.8	1.3	-37%	2.8	-38%
TOTAL	43.8	40.4	+13%	131.6	+15%
Bookings^{(5) (4)}	5.3	4.9	+11%	14.3	+14%

⁽¹⁾Includes subscriptions and transactional revenue

⁽²⁾Includes Consulting and Professional Services

⁽³⁾Includes Esker DeliveryWare, Fax Servers and Host Access

⁽⁴⁾Growth based on a constant exchange rate: 2023 exchange rates applied to 2022 figures

⁽⁵⁾Expressed as Annual Recurring Revenue (ARR). ARR is the average annual subscription value that customers commit to pay over the life of a contract. Revenue from platform transactions is not included as it is uncertain by nature and depends on the number of transactions effectively processed, which is not known at the time the contract is signed.

Continued growth in cloud activities

Esker Q3 2023 sales revenue amounted to 43.8 million euros, a 13% increase over Q3 2022 based on constant exchange rates (+8% based on current exchange rates). For the first nine months of 2023, Esker sales were 131.6 million euros, up 15% based on constant exchange rates (+13% based on current rates).

Over Q3, Esker's cloud activities continued to drive growth (+15% based on constant rates and +11% based on current rates) to represent 82% of the company's overall revenue. This excellent performance, resulting from the many customer contracts signed in previous quarters, slightly decelerated on account of lower volumes processed during the summer.

Implementation services grew by 10% based on constant rates and 6% based on current rates, representing 15% of the company's total revenue. The performance of legacy products continued its downward trend, equating to 2% of sales, as is typical in extended periods of market uncertainty.

A record quarter for new bookings

Esker recorded the best quarter in its history in terms of bookings. The annual recurring value (ARR) of new contracts signed during Q3 2023 increased by 11% (based on constant rates) compared to Q3 2022, to reach 5.3 million euros. This performance is all the more remarkable, as the previous record was held by Q3 2022. The ARR of new contracts signed in the first nine months of the year reached 14.3 million euros, an increase of 14%.

The pace of signed contracts was extremely dynamic in France (+508% over Q3, +46% over nine months), due to a favorable base effect as well as a clarification of the national e-invoicing regulations in the first half of the year. As a result of these clarifications, several major customers signed contracts with Esker to overhaul their invoicing processes. This trend is set to continue until at least mid-2024.

Performance in Europe (excluding France) improved sharply (+23%) with large contracts won in Italy, Spain and the U.K, bringing the overall growth in bookings to over 105% for the first nine months of the year for the region. The Americas achieved their best quarter of the year, with 2.4 million euros in bookings (ARR), representing 45% of the company's bookings for the quarter. This performance was down 30% from the same quarter last year, due to an extremely unfavorable base effect. This same region had set a record in Q3 2022, with more than 3.4 million euros in ARR of new contracts. Signings in the Americas are expected to increase in Q4.

A solid financial position

As of September 30, 2023, company cash rests at 45.8 million euros (including 4.8 million euros classified as financial fixed assets) versus 47.1 million euros on September 30, 2022. Net cash amounts to 34.1 million euros as of September 30, 2023, compared with 31.5 million euros the previous year. Given the low financial debt (11.7 million euros as of September 30, 2023) and 134,373 in treasury shares (representing 15.9 million euros based on the closing share price on October 16, 2023), Esker has the financial autonomy to pursue its strategy based on accelerating organic growth.

Outlook for the end of 2023

Given the very good performance of the first nine months of 2023, Esker continues to forecast organic sales growth of between 14-15% (excluding currency variations). The accelerated pace of signed contracts linked to the e-invoicing mandate in France could, if maintained between now and the end of the year, result in higher-than-expected acquisition costs (essentially commissions on sales accrued at contract signature), without contributing to revenue in 2023 (revenue spread out in SaaS mode). Consequently, a rapid acceleration in bookings could impact the expected operating margin of 11.5-12.5% for 2023 by 1 or 2 points.

An English webcast with Esker's Jean-Michel Bérard (CEO) and Emmanuel Olivier (COO) will take place October 17, 2023, at 6:30 p.m. Central European Time. To participate, please join 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 esker.com/blog.

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