

Esker Q4 2023 Sales Activity

Esker achieves strong 14% annual growth despite continued economic uncertainty

Derby, UK — January 17, 2024

Sales Revenue in M€ (Unaudited)	Q4 2023	Q4 2022	Q4 2023/Q4 2022 Growth ⁽⁴⁾	2023	2022	2023/2022 Growth ⁽⁴⁾
SaaS ⁽¹⁾	38.2	34.2	+15%	146.8	127.7	+17%
Implementation Services ⁽²⁾	8.0	6.9	+17%	28.3	25.7	+12%
Legacy Products ⁽³⁾	0.7	1.3	-42%	3.5	5.9	-39%
TOTAL	46.9	42.5	+13%	178.6	159.3	+14%
Bookings⁽⁵⁾⁽⁴⁾	7.0	4.50	+58%	20.8	16.6	+24%

⁽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.

Dynamic growth continues despite unpredictable economic environment

Esker once again experienced its most successful quarter and year in company history with sales revenue reaching close to 180 million euros for 2023. Esker 2023 sales revenue amounted to 178.6 million euros, a 14% increase over 2022 based on constant exchange rates (+12% based on current exchange rates).

Esker Q4 2023 consolidated sales revenue amounted to 46.9 million euros, achieving a 13% increase over Q4 2022 based on constant exchange rates (+11% based on current exchange rates). Despite a slight decrease in volumes processed since the middle of the year due to the economic slowdown, cloud-based SaaS revenue (+15% based on constant exchange rates) and implementation services continue to drive growth, representing 98% of quarterly revenue. This strong momentum is spread across all geographical locations Esker is active in, recording solid growth across the board. These results are due to sales success achieved throughout the year.

A record quarter and year for new bookings

Esker also recorded its best quarter in terms of new bookings. The annual recurring value (ARR) of new contracts signed during Q4 2023 increased by 58% based on constant exchange rates compared to Q4 2022, reaching 7.0 million euros. This represents 38% growth compared to the previous record in Q3 2023. ARR of new contracts signed in 2023 increased by 24% (at constant exchange rates) over 2022, reaching 20.8 million euros.

Sales activity was extremely dynamic in Europe with an 84% increase in new bookings for the year. Driven by the upcoming e-invoicing regulations in France, sales activity in France grew by 89%, with an impressive

Q4, up 146% compared to Q4 2022. The rest of Europe increased 83% over the year (+72% in Q4), reflecting the success of substantial investments made in previous quarters for the region.

New bookings in the U.S. increased by 16% in Q4, representing 35% of the company's overall bookings. The Asia-Pacific region saw a slight decrease in bookings (-2%) due to the poor economic climate in the region.

Increased acquisition costs

The pace of signed contracts linked to the e-invoicing regulations in France accelerated in Q4 2023, resulting in higher-than-expected acquisition costs (generally consisting of sales commissions). As Esker does not defer the costs, they are charged to income statement at contract signature, whereas sales revenue is only recorded on a month-by-month basis (revenue spread out in SaaS mode). Consequently, and as announced in the Q3 2023 financial results, the rapid acceleration in bookings will impact the expected operating margins for 2023 by 1 or 2 points, bringing it to around 10%.

A solid financial structure

As of December 31, 2023, company cash rests at 52.2 million euros (versus 46.9 million euros as of December 31, 2022). With 41.5 million euros in net cash (compared to 32.3 million euros on December 31, 2022) and more than 130,000 in treasury shares (representing more than 20 million euros based on the closing share price), Esker has the financial autonomy to pursue its strategy based on accelerating organic growth, complemented by targeted acquisitions to integrate adjacent markets and enhance value delivered to customers.

Outlook for 2024

The positive impacts of the e-invoicing regulations should continue in 2024, increasing bookings in France. The same aspect is expected to favorably impact operations in Spain, Malaysia, Singapore and Germany in years to come, depending on the implementation timelines of the respective governments.

All Esker subsidiaries hold substantial potential bookings portfolios, which is expected to result in double-digit booking growth for 2024.

Given the strong booking performance in 2023, and despite continuing economic uncertainty possibly impacting platform transactions, Esker projects organic revenue growth for 2023 to be between 12-14%. At this level, combined with tight control expenses and investments, profitability (operating profit) is estimated to be between 12-13% of revenue.

An English webcast with Jean-Michel Bérard (Esker CEO) and Emmanuel Olivier (Esker COO) will take place January 16, 2024, 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 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](#), or on [Twitter](#), and join the conversation on the Esker blog at [blog at \[blog.esker.co.uk\]\(https://blog.esker.co.uk\)](https://blog.esker.co.uk).

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