

4 December 2015

# Escher Group Holdings plc

## Trading update

Escher Group Holdings plc (AIM: ESCH, "Escher" or "the Group"), a world leading provider of outsourced, point of service software for use in the worldwide postal, retail and financial industries, announces that the Group will not now close additional license sales that it had expected in H2.

As a result, Group revenues are now expected to be approximately \$22m for the year to 31 December 2015 compared to \$21m in 2014 on a reported basis. On a constant currency basis, revenues are expected to be approximately \$23m (2014: \$21m). License revenue, which is high margin, will be materially lower than expectations.

As a result the shortfall in license revenues will feed through to the adjusted EBITDA\*. However, Escher still expects to report adjusted EBITDA growth in excess of 80% from \$2.1m in 2014.

As highlighted in the Group's half-year results in September 2015, Escher has continued to make good progress in developing its recurring license and maintenance revenues, having secured significant contracts in Germany and the US. Currently, our visible and recurring revenues for 2016 will amount to more than 50% of total 2016 revenue. The majority of this revenue is contractually committed for several years, is high margin and is not dependent on new license sales.

As well as widening its customer base, the Group has also continued to invest in expanding product functionality, based on its proprietary Transaction Services Platform, *Riposte*. This has enabled the Group to address the rapidly growing digital transaction management market as well as develop a range of complementary markets.

**Liam Church**, Escher Chief Executive said:

***"It is disappointing to have to report a shortfall in new license revenue which has restricted the strong growth in adjusted EBITDA year on year."***

***"We will now end the year with a strong balance sheet, with forecast net debt down from \$5.3m to \$3.1m at year end, an increasing proportion of recurring revenue and numerous growth opportunities, particularly in our rapidly developing Interactive and Digital businesses, where significant investment is taking place."***

\* Operating profit before, depreciation, amortisation, share based payments and exceptional items.

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### About Escher Group

Escher is a world leading provider of outsourced, point-of-service software for use in the worldwide postal, retail and financial industries. Its core software, Riposte<sup>®</sup>, a Transaction Services Platform, enables our customers to expand their offerings, providing new services, reducing costs and increasing efficiency.

The Riposte<sup>®</sup> Platform securely extends the retail branch network. Our technology creates new revenue opportunities, streamlines operations, and its flexibility allows it to be deployed across multiple platforms and devices, giving the ultimate freedom of choice when it comes to channel and hardware selection.

Our focus is to ensure the success of our customers by delivering the very best in innovative technology for their business.