



2021

INVESTOR'S NOTEBOOK





SHAREHOLDERS MESSAGES



ALEX DAVERN'S MESSAGE

Chairman of the Board of Directors

2020 was a cornerstone year for Industry and ESI. During this unprecedented year, ESI had the opportunity to prove to all its stakeholders the resilience of its business model, and the proven value of its solutions. Moreover, despite the challenging context, ESI accelerated its own transformation. The Group foundation has all the needed prerequisites to become an undisputable leader in the simulation market, leveraging its key differentiators of virtual prototyping solutions, the *Hybrid Twin* concept and its unique expertise in predictive physics.

My alignment with Cristel de Rouvray's strategy convinced me to join the Group as Board observer in October 2020 and become Chairman of the Board of Directors in February 2021. The evolution of ESI's governance is a new step forward to create a best-in-class leader with interests aligned at every level and for all stakeholders. Led by Cristel, ESI is on the right track: a better understood Company, with the right systems in place, allowing for easier scalability to unleash its full potential. These are the conditions to ensure success as an independent Company.

My role as Chairman, along with the entire Board of Directors, is to accompany and guide ESI's executive members to accelerate the sustainable revenue and profitability growth of the Company.



CRISTEL DE ROUVRAY'S MESSAGE

Chief Executive Officer



**We are looking forward to 2021
as a year of continued robustness
of our existing business and a revival
of innovative new business, thanks
to the continuous efforts of our teams.**

2020 WAS ONE OF THE MOST DISRUPTED YEARS OF OUR LIFETIMES

The Covid-19 pandemic changed our way of seeing and doing things, including new challenges for business and industries all around the world. At ESI, our teams around the globe swiftly adapted and we remained focused on driving business forward and supporting our customers and partners, while doing our best to keep them and our employees safe and productive.

From this health and economic crisis has emerged a growing readiness from industries to engage in or pursue their digital transformation, limiting existing reliance on real testing for validation to increasingly anchor on predictive physics-based simulation solutions to take the right decision at the right time.

As a leading innovator in Virtual Prototyping, through our solutions built from 48 years of experience, we are committed to continuing to

empower industry players to commit to their bold outcomes, addressing high stakes concerns – environmental impact, safety & comfort for consumers and workers, adaptable and sustainable business models.

In 2020 we formalized our Corporate Purpose: boost human creativity to drive industrial performance to ever higher levels. This emphasis on human ingenuity to steward massive change has always been the ESI way. We enable our customers to reach their next leap of performance in a sustainable manner, by equipping them with outcome-oriented solutions to anticipate and manage virtually the performance of their products and assets.

Furthermore, in 2020, we increased our engagement with customers, limited our revenue decrease and contained the impact on profit. We also continued our transformation

journey toward focus, synergies, optimization and best practice, setting the foundation for our future performance.

In 2021, it's all about execution! We look forward to a year of continued robustness of our existing business and a revival of innovative new business, thanks to the continuous efforts of our teams. Today, we are committed more than ever to continue shaping the future of industry and positioning ourselves as an innovative and credible partner for digital transformation.



ESI GROUP IN FIGURES

In 2020, ESI had the opportunity to accelerate its multi-year transformation and demonstrate the resiliency of its business model. ESI contained the impact from revenue decrease with a pro-active management of costs, and the benefit of these decisions will be further seen in 2021 and beyond.



€132.6M
REVENUE

-8.7% cer⁽²⁾
REVENUE
EVOLUTION

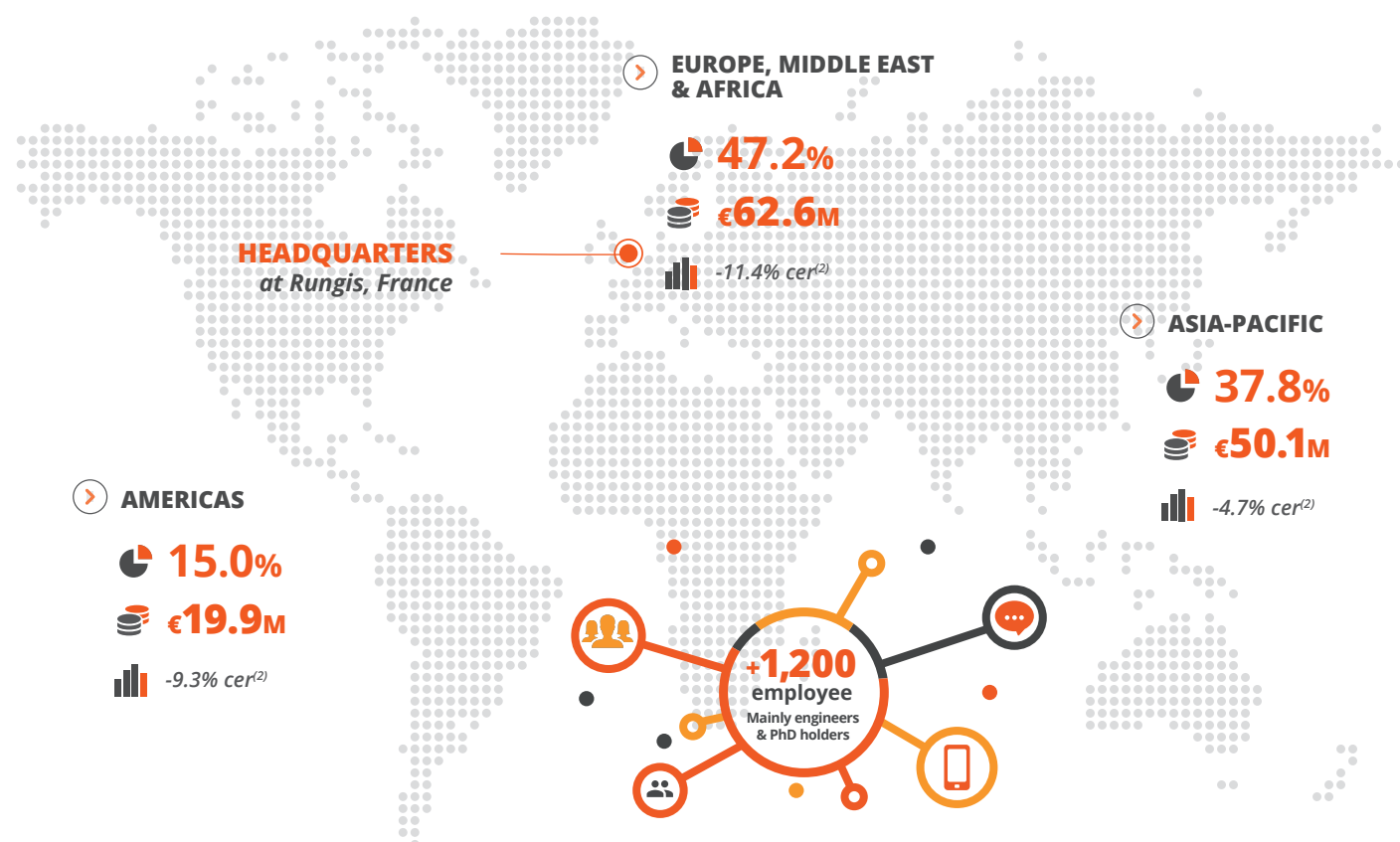
€3.7M
ADJUSTED
EBIT⁽¹⁾

€1.4M
NET
RESULT

A GLOBAL COMPANY



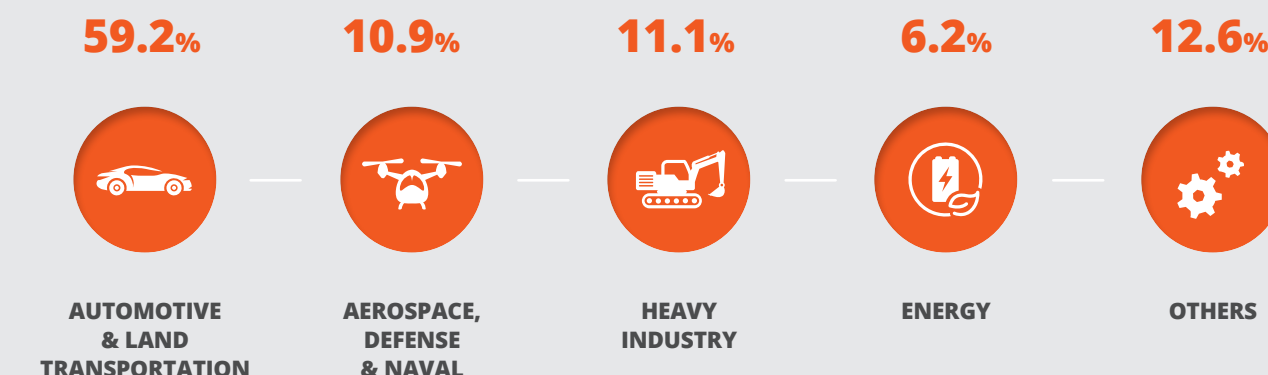
Present in
+20 countries



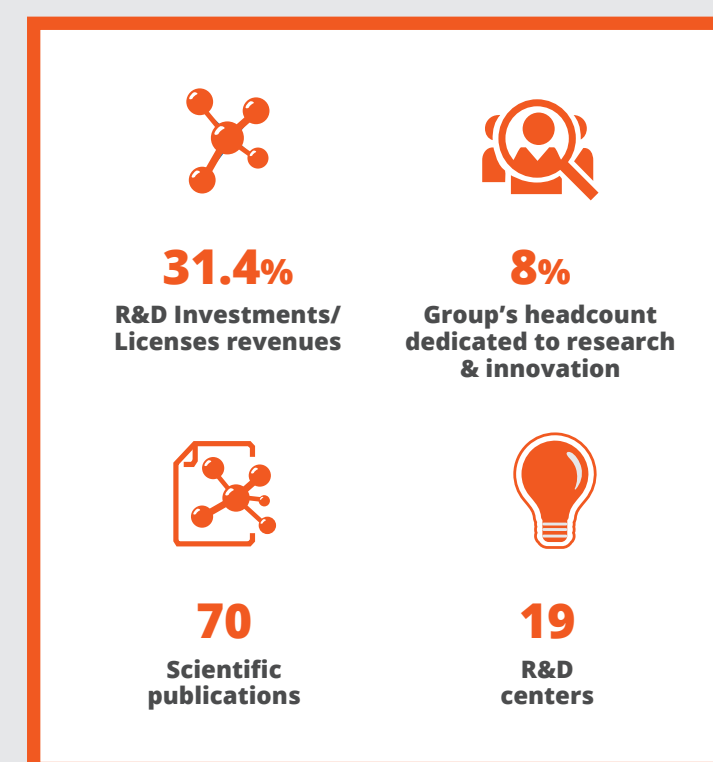
(1) Before IFRS 16.
(2) Constant exchange rate.

AN INNOVATIVE AND **MULTISECTORAL OFFER**

Industrial diversification (% of sales)



INNOVATION IN THE THICK OF ESI'S STRATEGY



Pr. Francisco Chinesta

Director of ESI Group's Scientific department
& President of its Scientific Committee

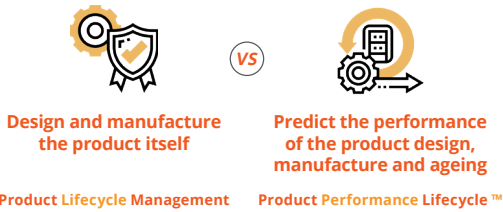


R&D Investments
€34.3M

*"Scientific innovation is at the heart
of ESI's DNA. With the emergence
of new technologies,
we rely on the hybrid model-data paradigm,
materialized in the Hybrid Twin concept."*

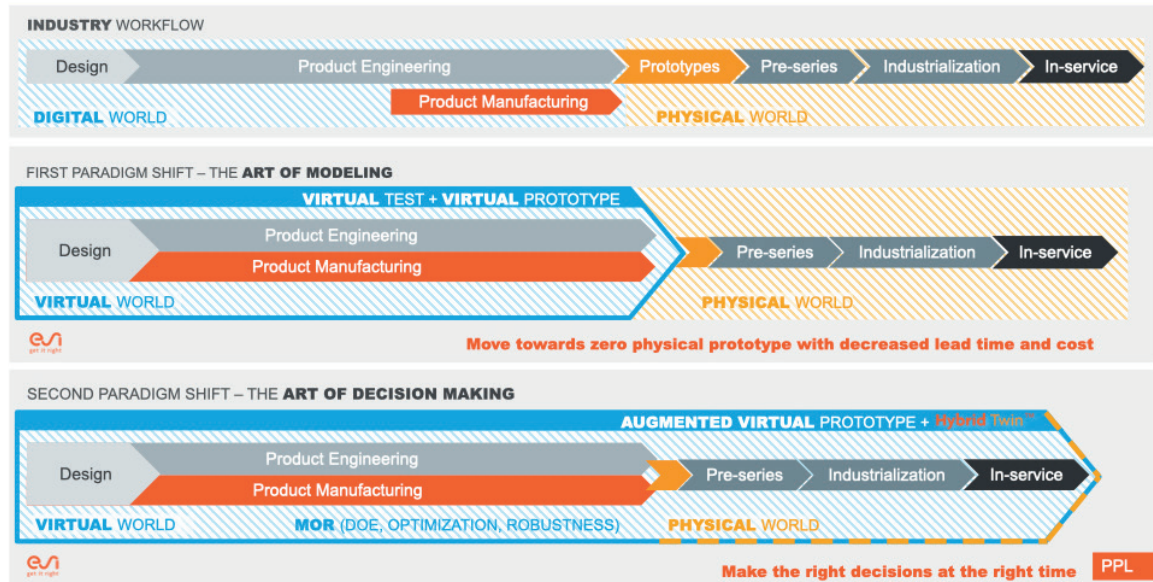


A PERFORMANCE-ORIENTED VISION



Coupled with the latest generation technologies, **ESI's solutions**, addressing a complete industrial product development and manufacturing process, are radically transforming the traditional Product Lifecycle Management market by anchoring in the wider concept of **the Product Performance Lifecycle, guaranteeing the operational performance of a product during its entire lifecycle**, from design, manufacturing to disposal.

ENABLING INDUSTRIAL PLAYERS TO MAKE THE RIGHT DECISIONS AT THE RIGHT TIME



EMPOWERING INDUSTRIAL PLAYERS, WITH POWERFUL AND RESULT-ORIENTED SOLUTIONS

ESI's offer is organized by industrial sector, including four main sectors. In order to adapt to the various industrial challenges and to better respond to the increased demands of its customers, ESI has organized its value proposition around 4 specific outcomes for customers, reflecting the value brought to its main markets:

- AUTOMOTIVE & LAND TRANSPORTATION**
- AEROSPACE, DEFENSE & NAVAL**
- ENERGY**
- HEAVY INDUSTRY**

PRE-CERTIFICATION & VALIDATION

Improving performance and productivity through predictive models and process automation

SMART MANUFACTURING

Establishing the right manufacturing processes to meet performance indicators for industrial products and processes

HUMAN CENTRIC PRODUCT & PROCESS VALIDATION

Implementing an operator-centric approach to ensure efficient assembly and maintenance operations

PRE-EXPERIENCE

Enabling customers to "experience" a product, component, subsystem or system under numerous use conditions

RISKS AND RISK MANAGEMENT

RISK FACTORS

ESI has reviewed the major risks that could have a significant effect on its business, financial position or results. The data presented below represent the main risks for the Group and are presented for each category in descending order of importance:

	RISKS	IMPACT
STRATEGIC AND OPERATIONAL RISKS	Dependence on a single client or sector*	Most of the Group's subsidiaries are confronted with the reality of managing a "major customer" with a significant weight in terms of sales and growth.
	Competition (competitive edge) and differentiation*	A strong consolidation of the sector (Virtual Prototyping) or a reduction in the Group's scientific leadership could lead to a loss of market share.
	Intellectual property*	The loss of intellectual property of software and solutions would result in an automatic loss of turnover and the impossibility to guarantee and meet financial obligations towards stakeholders.
	Management of key personnel	The non-access or disappearance of certain internal knowledge on specific areas may represent a challenge to maintain the necessary pace of innovation demanded by the market.
DIGITAL RISK	Information security	Failure to comply with customer requirements concerning the confidentiality, integrity and availability of information entrusted to the Group, may have negative consequences on long-term relationships with customers and on ESI's reputation.
RISKS RELATED TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES	International, geopolitical, and regulatory environment*	The increased tensions, in or between certain regions or countries, could lead to conditions that would slow down the deployment of the Company's solutions. As regards laws and regulation context, in case of non-compliance ESI would face penalties.
	Covid-19 pandemic crisis impact	The Covid-19 crisis showed the need to continue to adapt, to transform. Externally, this health crisis impacted the Group's industrial customers, particularly, in the automotive and aeronautical industries. Internally, the crisis accelerated the digitization of the working methods to maintain the business continuity.

*Risks with an important level of exposure after taking into account the mitigation measures.

RISK CONTROL AND CRISIS MANAGEMENT

Several approaches have been put in place by the Group to control all risks and set up an appropriate crisis management system in the context of the Covid-19 crisis. For more information, please refer to the 2020 Universal Registration Document, available on ESI Group's website: www.esi-group.com



A WELL-BALANCED CORPORATE GOVERNANCE

A BOARD OF DIRECTION MADE UP OF



5 SPECIALIZED COMMITTEES

Strategic Committee

Audit Committee

**Nomination
and Governance Committee**

Compensation Committee

**Technology
and Marketing Committee**



2020 KEY EVENTS

› JANUARY 6, 2020

Farasis Energy Breaks Through the Electric Vehicle Market Thanks to ESI's Virtual Prototyping

ESI helped Farasis Energy, a Chinese-American battery provider, win in record-breaking time, a call for tenders made by a premium German automotive OEM.

› APRIL 15, 2020

ESI participates in the fight against Covid-19 with Folding@Home

ESI joined Folding@Home project in the United States, making the computing power of its servers available to accelerate research on the prevention and treatment of Covid-19.

› JULY 16, 2020

ESI helps manage the risk of Covid-19 contamination in the workplace

ESI relies on its historical background in simulation and the talent of its engineers to help manage and prevent the risk of cross-contamination and the spread of infection in the offices in the current post-Covid-19 context.

› AUGUST 24, 2020

KION Group relies on ESI's Virtual Reality software solution to rev up product development

ESI supports KION Group, a global leader in industrial trucks, in the design of its product development. ESI's Virtual Reality software IC.IDO, enables them to accelerate their digital transformation and increase productivity.



› SEPTEMBER 22, 2020

Joining worldwide business leaders to support multilateralism as the United Nations turns 75

Cristel de Rouvray, ESI Group's CEO joins more than 1,000 CEOs from companies in over 100 countries demonstrating support for the United Nations and inclusive multilateralism by signing onto a powerful Statement from Business Leaders for Renewed Global Cooperation.

GROUP EXECUTIVE COMMITTEE



› OCTOBER 14, 2020

ESI won the Covid-19 prize of "L'Usine Digitale Simulation and AI Awards"

The Group has been awarded the Covid-19 prize of the 2020 Simulation and Artificial Intelligence Award by "L'Usine Digitale" for its project aiming to prevent office and plant contamination.



› OCTOBER 22, 2020

ESI virtual prototyping supports JMDs Red Dot Design Award

With a relationship that spans more than a decade, JMDA Design and ESI worked together on the Tinyseats child car seat project which resulted in the highly acclaimed Red Dot Award "Design Concept 2020".

› NOVEMBER 5, 2020

ESI Gathered Industry Leaders in a Global Digital Event to Discuss Transformation and Cross-fertilization of ideas across industries

ESI launched its first global digital series of events with leaders of various industries – ESI Live. The objective: share experiences in digital transformation, across industry sectors. Globalized competition,

shorter lead time, costs pressure, stringent environmental regulations, and the Covid-19 pandemic drive manufacturers to innovate.



› DECEMBER 3, 2020

ESI Contributes to Nissan's Breakthrough in Carbon Fiber Parts Production for Safer and Lighter Vehicles

ESI supports Nissan Motor Co in its production process that speeds up the development of car parts made from carbon fiber reinforced plastics (CFRP). Light yet extremely strong, this material will be used to make safer and more fuel-efficient cars.



ESI, A COMMITTED GROUP

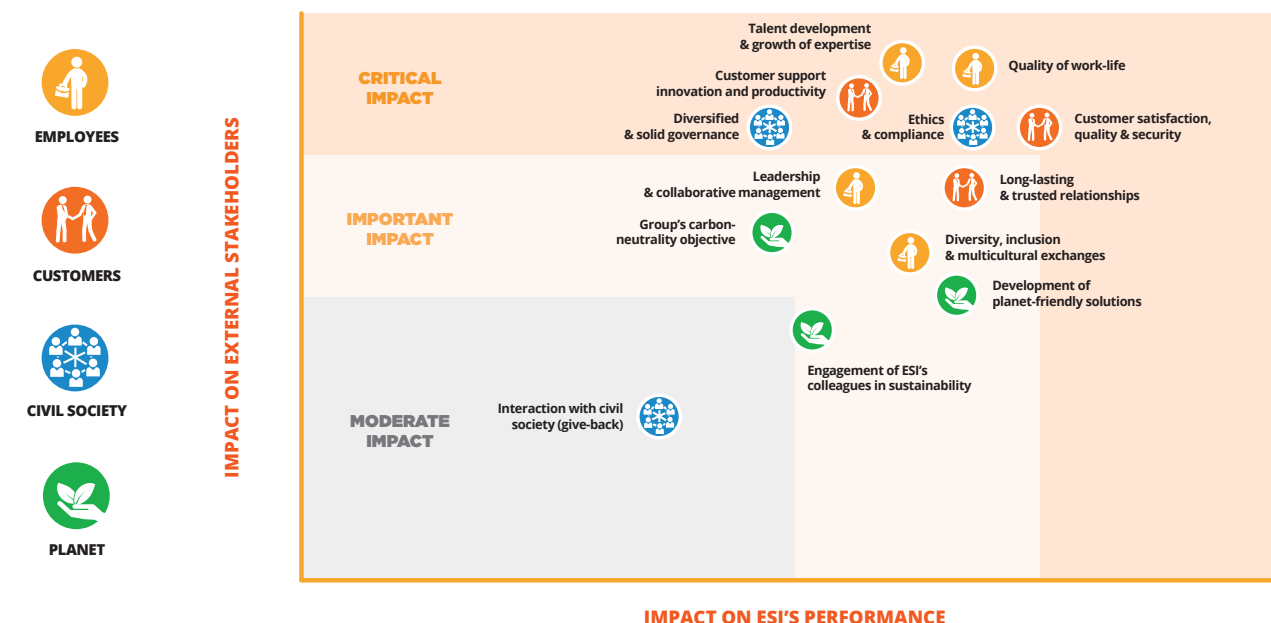
Aware of its responsibility in each of the pillars of sustainable development, ESI Group has gradually devised a CSR policy that contributes to shared economic and social development and the preservation of human equilibrium.

Divided into 4 axes and cascaded in **13 commitments**, ESI's CSR strategy aims at providing sustainable solutions for **CUSTOMERS**, while being committed to its **EMPLOYEES**, acting ethically and responsibly with **CIVIL SOCIETY** and limiting its environmental footprint and the one of its customers on the **PLANET**.

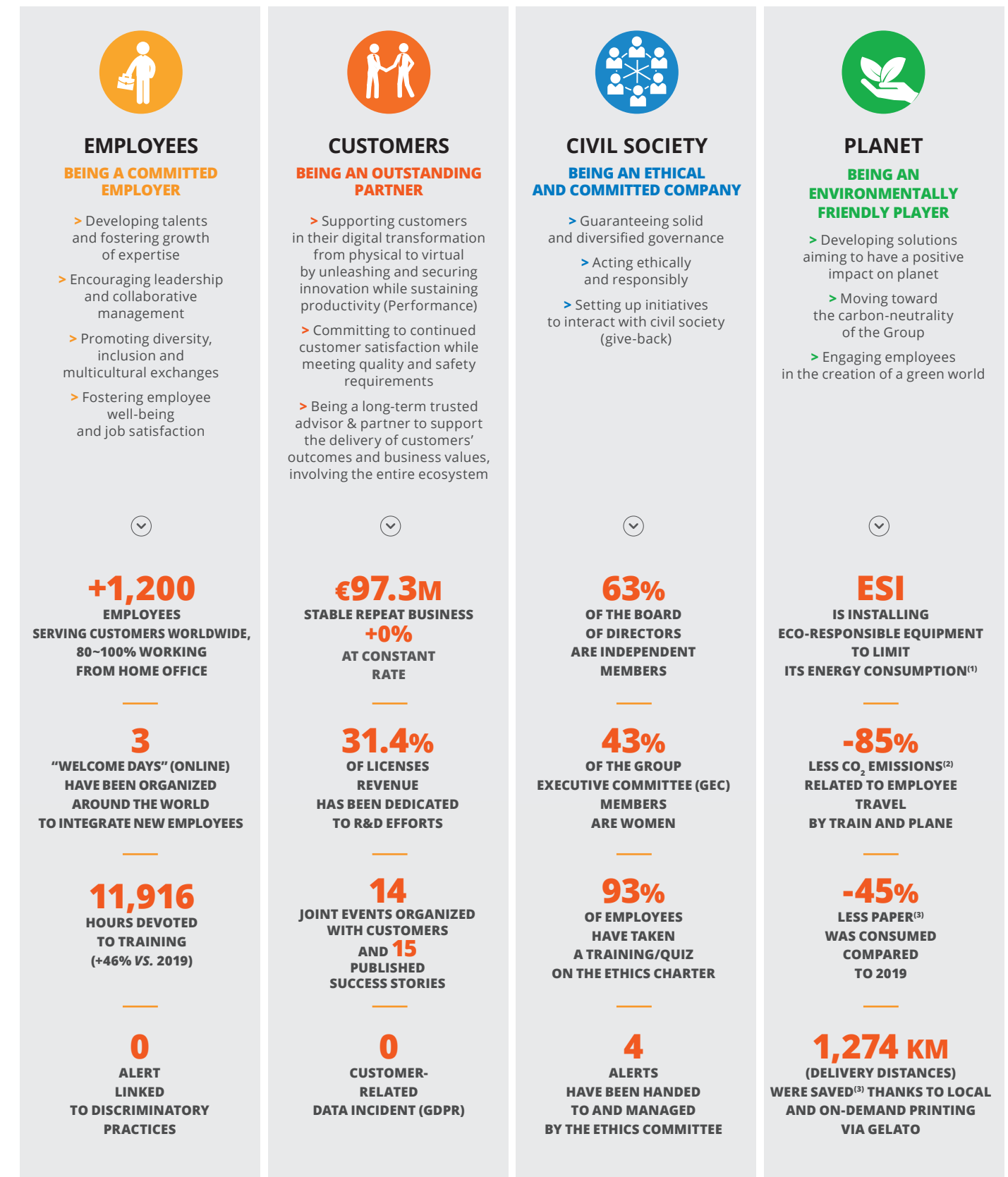


ESI'S MATERIALITY MATRIX

In 2020, ESI Group has updated its materiality matrix: a key tool in the execution of the company's CSR strategy, making it possible to define its priorities according to their importance for the Group's stakeholders, as well as their impact on ESI's performance. For more information, please refer to the 2020 Universal Registration Document.



2020 PERFORMANCE



(1) Average calculated based on 2020 data provided by Germany, the United States, France, the Czech Republic, Russia and Tunisia.

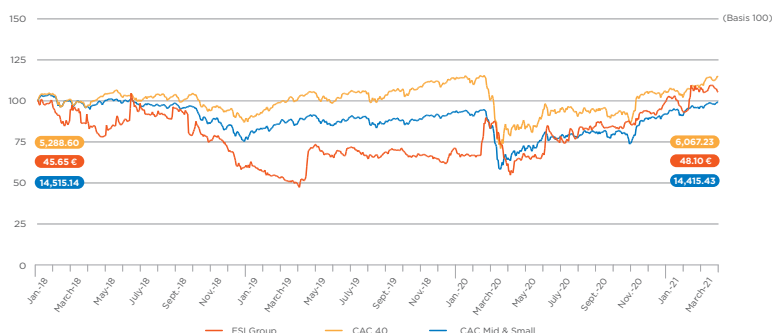
(2) Average calculated based on 2020 data provided by all countries within the environmental scope of the study, representing 98% of the total workforce.

(3) Estimation for the year 2020, given by Gelato, a global print-on-demand platform used by ESI Group.

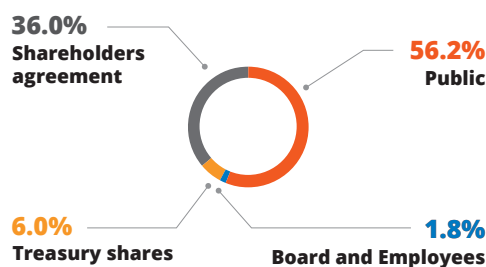


SELECTED FINANCIAL INFORMATION

EVOLUTION OF THE SHARE PRICE FROM JANUARY 2018 TO MARCH 2021 (BASIS 100)



SHARE CAPITAL BREAKDOWN AS OF DECEMBER 31, 2020



DATA AS OF MARCH 31, 2021



€48.10

STOCK
PRICE



€286.44M

MARKET
CAPITALIZATION

OUR ANALYSTS

- Berenberg
- CIC Market Solutions
- IDMidCaps
- Invest Securities
- Midcap Partners
- LPE Research

IDENTITY INFORMATION

Listed on: Euronext Paris

Compartment B

Sector: Software

ISIN : FR0004110310

Bloomberg : ESI FP



YOUR NEXT EVENTS

Q1 REVENUES FY21
April 29, 2021

GENERAL MEETING
June 22, 2021

H1 RESULTS FY21
September 7, 2021

Q3 REVENUES FY21
October 28, 2021

CONTACT US

INVESTOR RELATIONS

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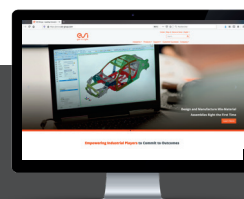
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