THIS DOCUMENT IS AN UNOFFICIAL ENGLISH-LANGUAGE TRANSLATION OF THE OFFER DOCUMENT (NOTE D'INFORMATION). IN THE EVENT OF ANY DIFFERENCES BETWEEN THIS UNOFFICIAL ENGLISH-LANGUAGE TRANSLATION AND THE OFFICIAL FRENCH-LANGUAGE TENDER OFFER DOCUMENT, THE OFFICIAL FRENCH-LANGUAGE TENDER OFFER DOCUMENT SHALL PREVAIL.

TENDER OFFER
for the shares of

INITIATED BY

Keysight Technologies Netherlands B.V.

SUBMITTED BY

Bank presenting the Offer

Bank presenting the Offer and acting as guarantor

OFFER DOCUMENT PREPARED BY KEYSIGHT TECHNOLOGIES NETHERLANDS B.V.

OFFER PRICE:
155 euros per ESI Group share.

DURATION OF THE OFFER:
25 trading days.
The timetable of the tender offer (the "**Offer**") will be determined by the *Autorité des marchés financiers* (the "**AMF**") in accordance with the provisions of its general regulation (the "**AMF General Regulation**").

Pursuant to Article L. 621-8 of the French Monetary and Financial Code and Article 231-23 of the AMF General Regulation, the AMF has, in accordance with the clearance decision on the tender offer dated November 28, 2023, affixed approval (*visa*) no. 23-492 on this tender offer document (the "**Offer Document**"). This Offer Document has been prepared by Keysight Technologies Netherlands B.V. and renders its signatories liable. The visa, in accordance with the provisions of Article L. 621-8-1, I of the French Monetary and Financial Code, has been granted after the AMF verified "whether the document is complete and comprehensible, and whether the information it contains is consistent". It does not imply either the approval of the appropriateness of the transaction nor the authentication of the accounting and financial information presented.

IMPORTANT NOTICE

In accordance with the provisions of Article L. 433-4 II of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation, in the event that, at the end of the Offer, the number of ESI Group shares not tendered by the minority shareholders (with the exception of the shares subject to a liquidity mechanism) would represent no more than 10% of the share capital and voting rights of ESI Group, Keysight Technologies Netherlands B.V. intends to ask the AMF for the implementation, within ten (10) trading days following the publication of the results of the Offer, or, if the Offer is re-opened, within three (3) months following the closing of the reopened offer (the "**Reopened Offer**"), of a squeeze-out procedure in order to transfer the ESI Group shares not tendered in the Offer (other than the shares subject to a liquidity mechanism and treasury shares), in return for a compensation per share equal to the Offer price, i.e., EUR 155 per share, net of all costs.

The Offer is not and will not be proposed in any jurisdiction where it would not permitted by applicable law. Acceptance of the Offer by persons residing in countries other than France and the United States of America may be subject to specific obligations or restrictions imposed by legal or regulatory provisions. The recipients of the Offer are solely responsible for compliance with such laws and it is therefore their responsibility, before accepting the Offer, to determine whether these laws exist and are applicable, with the assistance of their own advisors.

The Offer will be made in the United Sates of America pursuant to Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**1934 Act**") and Regulation 14E of the 1934 Act, subject to exemptions provided by Rule 14d-1(c) of the 1934 Act for a Tier I tender offer.

For more information, see paragraph 2.16 (*Offer restrictions outside of France*) below.

The Offer Document is available on the websites of the AMF (www.amf-france.org) and ESI Group (https://investors.esi-group.com/fr) and may be obtained free of charge at the registered office of ESI Group (3 bis Rue Saarinen, Immeuble le Séville, 94528 Rungis Cedex, France) and at:

J.P. Morgan SE	BNP Paribas
14 Place Vendôme 75001 Paris France	16 Boulevard des Italiens 75009 Paris France

The Offer Document must be read jointly with all other documents published in connection with the Offer. In particular, in accordance with Article 231-28 of the AMF General Regulation, a description of the legal, financial and accounting characteristics of Keysight Technologies Netherlands B.V. will be filed with the AMF and made available to the public no later than the day before the opening of the Offer. A press release will be issued to inform the public of the manner in which this document will be made available.

1 Presentation of the Offer

Pursuant to Title III of Book II, and more particularly Articles 231-13 and 232-1 *et seq.* of the AMF General Regulation, Keysight Technologies Netherlands B.V., a private limited liability company (*besloten vennootschap*) organized under the laws of the Netherlands with a share capital of EUR 87,638,788, with registered office at 288 Hullenbergweg, 1101 BV Amsterdam, the Netherlands, registered under number 58724265 (the "**Offeror**"), has irrevocably committed to the AMF to offer the shareholders of ESI Group, a public limited company with a board of directors with a share capital of EUR 18,277,758 divided into 6,092,586 ordinary shares of EUR 3 of nominal value each on the date of September 30, 2023, fully paid up, with registered office at 3 bis rue Saarinen, Immeuble Le Seville, 94528 Rungis Cedex, France, and registered with the Trade and Companies Register under number 381 080 225 R.C.S. Créteil ("**ESI Group**" or the "**Company**" and with its subsidiaries, the "**Group**"), and whose shares are admitted to trading on compartment B of Euronext Paris ("**Euronext**") under ISIN code FR0004110310 (ticker symbol: ESI) (the "**Shares**") to acquire in cash all of their Shares at the Offer Price as defined in paragraph 2.3 of this Offer Document, in the context of the Offer, the conditions of which are described below.

The Offeror is an indirect subsidiary of Keysight Technologies, Inc., a joint stock company organized under the laws of Delaware (USA), with a nominal issued share capital of USD 2,000,000 on October 31, 2022, having its registered office at 1400 Fountaingrove Parkway, Santa Rosa, CA 95403 (USA), registered under number 5433360 ("**Keysight Technologies, Inc.**"), whose shares are admitted to trading on the New York Stock Exchange (NYSE).

In accordance with the provisions of Article 231-13 of the AMF General Regulation, the Offer is presented by J.P. Morgan SE and BNP Paribas (hereinafter collectively referred to as the "**Presenting Banks**"). It is specified that only BNP Paribas guarantees the content and irrevocable nature of the commitments made by the Offeror in the context of the Offer.

The Offer follows the sale on November 3, 2023 by certain members of the Rouvray family (namely Mrs. Amy Sheldon Loriot de Rouvray, Mrs. Cristel Loriot de Rouvray, Mr. John Loriot de Rouvray and Mrs. Amy Louise Loriot de Rouvray), Mr. Alex Peng Dubois-Sun and the funds Long Path partners and Briarwood Capital Partners (the "**Sellers**"), to the Offeror of all[1] the shares of the Company they hold, *i.e.* 3,080,607 Shares (the "**Controlling Block**") to which were attached 4,494,215 voting rights prior to the transfer of the Controlling Block (the "**Controlling Block Transfer**"). Prior to the Controlling Block Transfer, the Shares of the Controlling Block represented 50.56% of the share capital and 55.73% of the theoretical voting rights[2] of the Company. Following the completion of the Controlling Block Transfer, the Shares of the Controlling Block represented 50.56% of the share capital and 46.32% of the theoretical voting rights of the Company[3].

[1] Except for one share kept by Mrs. Cristel de Rouvray in relation to her role as member of the Board of Directors of the Company, of which she nonetheless resigned on November 6, 2023.

[2] Calculated in accordance with the provisions of Article 223-11 of the AMF General Regulation on the basis of the total number of Shares and voting rights on September 30, 2023 (prior to the Controlling Block Transfer). 1,413,608 Shares of the Controlling Block had a double voting right that disappeared as a result of the Controlling Block Transfer.

[3] On the basis of a total of 6,092,586 Shares on September 30, 2023, representing 6,650,195 theoretical voting rights within the meaning of Article 223-11 of the AMF General Regulation after the loss of double voting rights resulting from the Controlling Block Transfer.

In accordance with the provisions of Article 231-6 of the AMF General Regulation, the Offer targets:

(i) all outstanding Shares other than the Excluded Shares (as defined below), *i.e.* on September 30, 2023 and to the knowledge of the Offeror, 2,630,342 Shares[4];

(ii) all Shares that may be issued or transferred between September 30, 2023, and the closing of the Offer, or the Reopened Offer, as the case may be, and which to the knowledge of the Offeror, amount to a maximum of 88,860 Shares if all the outstanding stock options granted by the Company (the "**Stock Options**") described in paragraph 2.2.4 are exercised by their beneficiaries prior to the closing of the Offer, or the Reopened Offer, as the case may be; and

(iii) all Shares that may be transferred between September 30, 2023, and the closing of the Offer, or the Reopened Offer, as the case may be, and which to the knowledge of the Offeror, amount to a maximum of 34,534 Shares to the holders of free shares plans previously in effect in the Company and of which the definitive vesting was accelerated to occur on the Controlling Block Transfer Date (the "**Accelerated Free Shares**"),

representing a total maximum number of 2,753,361 Shares.

It is mentioned that the Offer does not target:

(i) the 3,080,607 Shares held by the Offeror; and

(ii) the 381,637 treasury Shares[5],

(together, the "**Excluded Shares**").

It is specified that, subject to the exceptional cases for waiving unavailability periods provided for under applicable laws or regulations (such as death or disability of the beneficiary):

(i) a total of 68,258 Shares that may be transferred to their beneficiaries under plans n°11, 11 bis, 11 ter, 11 quarter, 11 quinquies, 11 sexies, 11 septies, 11 octies, 11 nonies, 11 decies, 11 undecies and 11 duodecies for the allocation of free shares, as described in paragraph 2.2.3, will still be subject to an acquisition period at the end of the Offer (or, as the case may be, of the Reopened Offer) and will not be tendered in the Offer; and

(ii) a total of 15,676 Shares that may be transferred to their beneficiaries under plans n°11, 11 quarter and 11 sexies for the allocation of free shares, as described in paragraph 2.2.3, will still be subject to a holding period at the end of the Offer (or, as the case may be, of the Reopened Offer) and will not be tendered in the Offer,

(together the "**Free Shares**").

The Free Shares benefit from the liquidity mechanism described in paragraph 1.3.3.

To the knowledge of the Offeror, there are no securities or other financial instruments issued by the Company or rights conferred by the Company that may give access, immediately or in

[4] On the basis of a total of 6,092,586 Shares on September 30, 2023 representing 6,650,195 theoretical voting rights on the Controlling Block Transfer Date within the meaning of Article 223-11 of the AMF General Regulation.

[5] Number of treasury Shares as of September 30, 2023.

the future, to the Company's share capital or voting rights, other than the Shares, the Free Shares, the Accelerated Free Shares, and Options.

The Offer will be open for 25 trading days. Given that the Offeror already holds, following the Controlling Block Transfer, more than 50% of the share capital of the Company, the expiry threshold of 50% of the share capital or voting rights of the targeted company provided for under Article 231-9, I of the AMF General Regulation (the "**Expiry Threshold**") is inoperant in the context of the Offer. Furthermore, the Offer is not subject to any conditions precedent relating to merger control or regulatory clearances.

To the extent that the Offeror has, as a result of the Controlling Block Transfer, crossed the threshold of 30% of the Company's share capital and voting rights, the Offer is mandatory pursuant to the provisions of Article L.433-3, II of the French Monetary and Financial Code and Article 234-2 of the AMF General Regulation. The Offer is made according to the normal procedure governed by Articles 232-1 *et seq.* of the AMF General Regulation.

In the event that, following the Offer, the shareholders who have not tendered their Shares in the Offer represent no more than 10% of the Company's share capital and voting rights, the Offeror intends to ask the AMF, within ten (10) trading days following the publication of the results of the Offer, or, if the Offer is re-opened, within three (3) months following the closing of the Reopened Offer, the implementation of a squeeze-out procedure under the conditions of Article L.433-4, II-2 of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation, in order to have the Shares not tendered in the Offer, or in the Reopened Offer, as the case may be, transferred (except for Excluded Shares and Free Shares subject to a holding period) (the "**Squeeze-Out**"). In this case, the Shares that have not been tendered in the Offer, or as the case may be, in the Reopened Offer, (other than the Excluded Shares and the Free Shares subject to a holding period) will be transferred to the Offeror in return for a cash compensation equal to the Offer Price, i.e. EUR 155 per share, net of any costs.

1.1 Reasons and context of the Offer

1.1.1 Reasons for the Offer

The Group is a software publisher and provider of virtual prototyping services. As a specialist in materials physics, the Group has developed a knowledge to help manufacturers replace real prototypes with virtual prototypes, enabling them to virtually manufacture and test their future products and ensure their pre-certification.

The Offeror is indirectly controlled by Keysight Technologies, Inc. whose shares are admitted to trading on the New York Stock Exchange (NYSE) and which has a market capitalization exceeding USD 20B on the date hereof. Keysight Technologies Inc., which is the result of the successive divisions of Hewlett-Packard (1999) and Agilent (2014), has approximatively 15,000 employees and operates in 100 countries with more than 30,000 customers.

The key figures for Keysight Technologies, Inc. for year 2023 are as follows:

Keysight Technologies Inc. (year ended October 31, 2023)	
Revenue	USD 5,464 million (EUR 5,089 million)[6]
Net Income	USD 1,057 million (EUR 985 million)[7]
Employees	approx. 15,000

The Offeror participated in the competitive sale process organized by the Company and, after discussions and due diligence, (i) entered into exclusive negotiations with the Sellers for the acquisition by Keysight Technologies, Inc. (or one of its affiliates) of all the Shares held the Sellers and (ii) has undertaken to launch a tender offer on the remaining Shares at the Offer Price, in accordance with the terms of the tender offer agreement entered into between Keysight Technologies, Inc. and the Company.

The Offer Price, set in the context of the competitive sale process includes a control premium from which all of the Company's shareholders benefit.

As part of the competitive sale process, the Offeror had access to a limited amount of information about the Company in the context of a so-called "data room" procedure. It is specified that the communication of such information to it by the Company was carried out in accordance with the recommendations contained in the AMF guide to permanent information and the management of inside information[8].

On June 8, 2023, ESI Group's Board of Directors:

- set up an *ad hoc* committee composed of Mr Alex Davern (Chairman and Independent Director), Ms Cristel de Rouvray (Member of the Board of Directors and Chief Executive Officer of ESI Group), Mr Yves de Balmann (Independent Director) and Mr Patrice Sudan (Independent Director), in accordance with the AMF recommendation n°2006-15 on independent expertise in financial operations (*ad hoc* committee composed of independent members, with the exception of Ms Cristel de Rouvray) and recommendation R7 of the Middlenext code (*ad hoc* committee to be chaired by an independent member), whose role is to (i) recommend an independent expert to be appointed by ESI Group's Board of Directors, (ii) determine the scope of its mission and (iii) monitor its work in view of the reasoned opinion of ESI Group's Board of Directors on the Offer and its consequences for the Company, its shareholders and employees; and

- on the basis of the recommendation of the *ad hoc* committee, appointed Finexsi represented by Mr. Peronnet as independent expert to issue, pursuant to the provisions of Article 261-1, I and II of the AMF General Regulation, a report including a fairness opinion on the financial conditions of the Offer and of a potential Squeeze-Out (the "**Independent Expert**").

On June 28, 2023, the Offeror granted to the Sellers a put option (the "**Put Option**") to sell 3,080,607 Shares to which were attached 4,494,215 voting rights, representing 50.56% of the share capital and 55.73% of the theoretical voting rights of the Company[9]. Under the Put Option,

6 Converted on the basis of the ECB average exchange rate over the period 1/11/2022-31/10/2023: EUR 1 = USD 1.0736.

7 Converted on the basis of the ECB average exchange rate over the period 1/11/2022-31/10/2023: EUR 1 = USD 1.0736.

8 AMF Position recommendation DOC-2016-08, dated October 26, 2016, amended on April 29, 2021.

9 Based on a total of 6,092,586 shares on September 30, 2023, representing 8,063,803 theoretical voting rights within the meaning of Article 223-11 of the AMF General Regulations prior to the transfer of the Controlling Block.

the Sellers benefited from a put option exercisable at the end of the information and consultation procedure of ESI Group's Social and Economic Committee (*Comité Social et Economique*, the "**CSE**").

On June 28, 2023, ESI Group's Board of Directors welcomed the principle of the contemplated Controlling Block Transfer and the subsequent mandatory draft Offer.

It is specified that these decisions of the Board of Directors of the Company were taken unanimously by the voters (Cristel de Rouvray did not take part in the vote).

The favourable reception of the principle of the contemplated Controlling Block Transfer and the subsequent mandatory draft Offer by the Board of Directors of the Company and the appointment of Finexsi as Independent Expert were announced in a press release issued on June 29, 2023.

On July 17, 2023, the information-consultation procedure of the Company's CSE was initiated on the contemplated Controlling Block Transfer, the subsequent mandatory draft Offer and the potential squeeze-out. The Company's CSE issued a positive opinion on September 19, 2023.

The Sellers exercised their Put Option and the Offeror and the Sellers entered into a share purchase agreement (the "**SPA**") on September 22, 2023, which provides for the sale by the Sellers to the Offeror of 3,080,607 Shares (the "**Sold Shares**") to which are attached at the end of the Controlling Block Transfer 3,080,607 voting rights, representing 50.56% of the share capital and 46.32% of the theoretical voting rights of the Company[10]. The provisions of the SPA are further described in paragraph 1.3.1.

The transfer of the Sold Shares was subject to the following conditions precedent:

- obtaining the clearance from the German anti-trust authority; and
- obtaining the authorization from the French and UK authorities in charge of the control of foreign direct investments.

A press release relating to the issuance of the opinion of the CSE and the signing of the SPA was published on September 22, 2023.

On November 3, 2023 (the "**Controlling Block Transfer Date**"), following the satisfaction of the regulatory conditions precedent, the Offeror and the Sellers completed the Controlling Block Transfer. A press release relating to the completion of the Controlling Block Transfer was published on November 3, 2023.

In accordance with Articles 234-1 *et seq*. of the AMF General Regulation, the Controlling Block Transfer having caused the Offeror to cross the thresholds of 30% of the Company's share capital and voting rights, the Offeror submits this Offer for the remaining ESI Group's share capital at the Offer Price as described in paragraph 2.3 of the Offer Document.

Following receipt of the report of the Independent Expert on the financial conditions of the Offer, and as recommended by the *ad hoc* committee, the Board of Directors of the Company decided, unanimously, on November 6, 2023 (i) that the Offer was in the best interest of the Company, its shareholders and its employees, and (ii) to recommend to the shareholders of the Company to tender their Shares in the Offer. At the time of these decisions, the Board of Directors was

[10] Based on a total number of 6,092,586 shares on September 30, 2023, representing 6,650,195 theoretical voting rights within the meaning of Article 223-11 of the AMF General Regulations after the transfer of the Controlling Block.

composed of Cristel de Rouvray (Member of the Board of Directors and CEO (*directrice générale*) of ESI Group), Alex Davern (Chairman and Independent Member), Yves de Balmann (Independent Member), Patrice Sudan (Independent Member), Rajani Ramanathan (Independent Member) and Véronique Jacq (Independent Member). Immediately following these decisions, the Board of Directors decided to modify the Company's governance as described in paragraph 1.1.3. A press release on the issuance of the reasoned opinion of the Board of Directors of the Company and the modifications in the Group's governance was published on November 7, 2023.

The Offeror also entered into liquidity agreements with more than 85% of the holders of Free Shares (holding together more than 85% of the Free Shares), and intends to enter liquidity agreements with the remaining holders of Free Shares, as described in paragraph 1.3.3, under which the Offeror will benefit from a call option granted by the holders of Free Shares, allowing it to acquire from them a maximum of 83,934 Free Shares, and the holders of Free Shares will benefit from the right to sell said Free Shares to the Offeror.

1.1.2 Threshold crossing reports

In accordance with the provisions of Article L.233-7 of the French commercial Code, the Offeror declared:

– by letter to the AMF, dated November 6, 2023, having crossed upwards, on November 3, 2023, the legal thresholds of 5%, 10%, 15%, 20%, 25%, 30%, and 1/3 of the share capital and voting rights of the Company, and the legal threshold 50% of the share capital of the Company, and holding on that date 3,080,607 Shares representing 3,080,607 theoretical voting rights, 50.56% of the share capital and 46.32% of the theoretical voting rights[11]; and

– by letter to the Company, dated November 6, 2023, having crossed (i) all legal thresholds between 5% and 1/3% of the share capital and voting rights of the Company, and the legal threshold of 50% of the share capital of the Comany, and (ii) all statutory thresholds between 2.5% and 45% of the Company's share capital and voting rights, and the thresholds of 47.5% and 50% of the share capital of the Company.

In the same letters, the Offeror declared his intentions for the next six months in accordance with the provisions of Article L.233-7 VII of the French commercial Code.

1.1.3 Change in governance

In order to take into account the new shareholding structure of ESI Group following the Controlling Block Transfer to the Offeror, during its meeting of November 6, 2023, the Board of Directors of the Company:

- acknowledged the resignation of Cristel de Rouvray, Alex Davern, Yves de Balmann, and Veronique Jacq from their offices as board member of the Company (and chairman of the board with respect to Alex Davern), with effect on November 6, 2023;

[11] On the basis of a total of 6,092,586 Shares on September 30, 2023 representing 6,650,195 theoretical voting rights on the Controlling Block Transfer Date, within the meaning of Article 223-11 of the AMF General Regulation.

- decided the co-optation of Hamish Gray[12], Jo Ann Juskie[13], and Jason Kary[14] as board members to replace the resigning board members, it being mentioned that Hamish Gray was also appointed chairman of the board, subject to the ratification by the next general meeting of the shareholders of the Company as provided for under article L.225-24 of the French commercial Code and 10-II of the articles of association of the Company;

- acknowledged the resignation of Cristel de Rouvray from her office as CEO (*directrice générale*) of the Company; and

- appointed Olfa Zorgati as CEO (*directrice générale*) of the Company.

1.1.4 Allocation of the share capital and voting rights of the Company

To the knowledge of the Offeror, on September 30, 2023, prior to the Controlling Block Transfer, the Company's share capital amounted to 18,277,758 euros, divided into 6,092,586 ordinary Shares of EUR 3 of nominal value each, fully paid up and all of the same class. 1,971,217 Shares had a double voting right, which was granted to Shares held by the same shareholder for more than four years from the date of acquisition or, as the case may be, subscription. The share capital and theoretical voting rights of the Company were distributed as follows:

Shareholders	Shares		Theoretical voting rights	
	Number	%	Number	%
Ms Amy Sheldon Loriot de Rouvray	414,586	6.80%	829,172	10.28%
Ms Cristel Loriot de Rouvray	253,054	4.15%	506,108	6.28%
Mr John Loriot de Rouvray	214,280	3.52%	428,560	5.31%
Ms Amy Louise Loriot de Rouvray	224,270	3.68%	448,540	5.56%
Mr Alex Peng Dubois-Sun	307,419	5.05%	614,838	7.62%
Long Path Partners	997,395	16.37%	997,395	12.37%
Briarwood Capital Partners	669,604	10.99%	669,604	8.30%
SUBTOTAL	**3,080,608**	**50.56%**	**4,494,217**	**55.73%**
Employees (FCPE)	26,601	0.44%	53,202	0.66%
Public	2,603,740	42.74%	3,134,747	38.87%
Treasury Shares	381,637	6.26%	381,637	4.73%
TOTAL	**6,092,586**	**100.00%**	**8,063,803**	**100.00%**

Neither the Offeror nor any of the companies under its control or controlling it within the meaning of Article L.233-3 of the French Commercial Code, held, directly or indirectly, any Share prior to the Controlling Block Transfer.

Following the Controlling Block Transfer, the Offeror held, on November 3, 2023, 3,080,607 Shares representing, in accordance with Article 223-11 of the AMF General Regulation, 50.56% of the share capital and 46.32% of the theoretical voting rights of the Company[15]. The share capital of the Company amounted to 18,277,758 euros divided into 6,092,586 ordinary Shares of EUR 3 of nominal value each, and the share capital and voting rights of the Company were distributed, to the knowledge of the Offeror and on the basis of the number of Shares on September 30, 2023, as follows:

12 Hamish Gray is senior vice president, Corporate Services for Keysight Technologies.

13 Jo Ann Juskie is Vice President, Assistant General Counsel & Assistant Secretary at Keysight Technologies, Inc.

14 Jason Kary serves is Vice President, Treasurer & Investor Relations of Keysight Technologies.

15 On the basis of a total of 6,092,586 shares on September 30, 2023, representing 6,650,195 theoretical voting rights within the meaning of Article 223-11 of the AMF General Regulation after the Controlling Block Transfer.

Shareholders	Shares		Theoretical voting rights	
	Number	%	Number	%
Keysight Technologies Netherlands B.V.	3,080,607	50.56%	3,080,607	46.32%
OFFEROR SUBTOTAL	**3,080,607**	**50.56%**	**3,080,607**	**46.32%**
Employees (FCPE)	26,601	0.44%	53,202	0.80%
Public[16]	2,603,741	42.74%	3,134,749	47.14%
Treasury Shares[17]	381,637	6.26%	381,637	5.74%
TOTAL	**6,092,586**	**100.00%**	**6,650,195**	**100.00%**

As at the date of the Offer Document, except for the Shares mentioned above, the Free Shares, the Accelerated Free Shares and the Options, to the knowledge of the Offeror, there is no other right, security or financial instrument giving right, either immediately or in the future, to the share capital or voting rights of the Company.

The situation of holders of Free Shares and Options in the context of the Offer is described in paragraphs 2.6 and 2.7.

1.2 Intentions of the Offeror for the next twelve months

1.2.1 Industrial and trade strategy and policy

The Offeror intends to maintain the Company's integrity, and, with the support of the current management team, to continue the main strategic orientations implemented by the Company and does not intend to modify, in case of success of the Offer, the operational model of the Company, outside the normal evolution of the combined company's business.

The Offer of the Offeror, holding company of several European entities of the Keysight group, is part of the continuation of the Company's activity on the market of computer-aided engineering, and more specifically within the Simulation & Analysis segment of the Product Lifecycle Management (PLM) sector. The Company's customers are primarily active in the automotive, aerospace, heavy industry and energy industries.The new group, which will have a minor portion of the market shares on the market for PLM software services, will be composed of approximately 16,000 employees, and plans to become a major player in certain segments in the fields of virtual prototyping. In particular, the Offeror wishes to continue the development of the Company by providing it with its expertise and product offer, in order to accelerate the commercial deployment of its solutions and offer a range of complementary products to its customers.

The Offeror views the combination with ESI Group's business as highly strategic and complementary. The Offeror is well-positioned to support ESI Group and continue its growth and culture of innovation. The Offeror believes that it will help accelerate ESI Group's ability to capture the market opportunity through its global reach. In addition, the Offeror's diverse portfolio is highly complementary to ESI Group's strengths and a combination would be well positioned to drive strategic growth initiatives and provide customers with enhanced solutions.

By bringing ESI Group into its electronic components and systems design and test portfolio, the Offeror will further expand its software application layer virtual prototyping capabilities into

[16] These shares do not include the Accelerated Free Shares that were definitively attributed on the Controlling Block Transfer Date and that are intended to be transferred to their beneficiaries after the Controlling Block Transfer.

[17] These shares include the 2,200 shares held on behalf of the Company by CIC under a liquidity contract, which was suspended in early July 2023, and terminated on October 30, 2023.

computer-aided engineering, enabling the combined company's customers to accelerate their time-to-market, lower their operational costs, and reduce their environmental footprint. *Pro forma* for this acquisition, ~23% of the total revenue of Keysight Technologies, Inc. will be generated from software offering. The transaction also expands Keysight Technologies, Inc.'s total addressable market in key industry sectors including automotive and aerospace.

The Offeror wishes to put its international network, composed of its various subsidiaries and locations abroad, to the benefit of the Company so that the latter can accelerate its deployment outside France and benefit from new outlets.

The Offeror also wishes to support the Company in the development of its research and development activities in order to maintain a highly innovative offer in multiple end markets, including automotive and aerospace.

1.2.2 Synergies

The Offeror fully supports ESI Group's strategy and current operations and intends to work with ESI Group to produce synergies for the combined group.

The strong complementarity of the two companies should create value and allow the implementation of synergies:

a) growth opportunities by expanding Keysight's software application layer virtual prototyping capabilities into computer-aided engineering and expanding Keysight Technologies, Inc.'s total addressable market in key industry verticals including automotive and aerospace;

b) of costs through economies of scale (pooling of production tools and support functions); and

c) of pooling of commercial and research and development teams.

Additional research and development efforts will also have to be carried out in order to optimize the revenue synergies and product offerings of the two companies.

ESI Group reprents a business expansion opportunity for the Offeror. Through this acquisition, Keysight Technologies Inc. will be able to provide new range of products to its existing clients, and also expand its exposure to new end-markets. As such, it is expected that the majority of the synergies will come from these top-line growth opportunities.

The Offer follows the Controlling Block Transfer to the benefit of the Offeror, resulting from a formal competitive process. As such, no combined business plan has been developed jointly between the Offeror and ESI Group management team, and no quantified synergies have been discussed at this stage.

1.2.3 Employment intentions of the Offeror

There is no current intention to implement measures impacting on employees and/or their collective status. The success of the Offer as such will not result in any changes to the contractual provisions applicable to the Company's employees or their status, except in relation to certain executives of the Company.The Offer is in line with the Company existing activities, and its success will have no major impact on the employees, nor on their collective status, outside of the expected normal integration of the Company's workforce into the Offeror's global team in due course.

The Offeror considers that the proposed transaction is a long-term investment in the personnel of the Company; accordingly, the employment opportunities and career development of the Company's personnel are of keen interest to the Offeror. The Offeror provides a diverse, inclusive and respectful work environment, where employees are offered challenging assignments, development opportunities, competitive salaries and a safe workplace. The Offeror's intention is to eventually integrate the Company's workforce into the Offeror's global team; however, at this stage, further planning work will need to be carried out, and no immediate changes are anticipated following the Offer.

1.2.4 Interest of the transaction for the Offeror, ESI Group and ESI Group shareholders

The Offeror offers to the shareholders of the Company who will tender their Shares in the Offer an immediate liquidity at the same price as the one paid for the Controlling Block Transfer.

The Offer Price per share results in a premium of approximately:

(i) 72% on the closing price of EUR 90.0 per Share on May 17, 2023, the last business day before ESI Group announced it was having preliminary discussions with certain third parties, in response to rumors in the press; and

(ii) 95% of the volume weighted average price of EUR 79.4 per Share for the three months prior to May 17, 2023.

The valuation elements of the Offer Price per share are presented in Section 3 of this Offer Document.

The acquisition of the Company will allow the Offeror to further expand its virtual prototyping capabilities in the computer-aided engineering sector, enabling customers to accelerate their time-to-market, reduce operational costs, and reduce their environmental footprint.

This operation will also enable the Company to rely on a leading technology company, allowing the development of the Company's activities, which are complementary to those of the Offeror.

1.2.5 Merger and legal reorganization

At the date of the Offer Document, the Offeror does not plan on merging with the Company.

However, it is specified that the Offeror reserves the right to consider a possible merger with the Company or any transfer of assets or activities, including by way of contribution or transfer, between the Company and the Offeror, subject in any case to the approval of such an operation by the general meeting of the Company under the conditions provided by law. The Offeror also reserves the right to carry out any other reorganization of the Company.

To date, no decision has been taken and no feasibility study has been carried out.

As at the date hereof, it is contemplated to maintain the governance of the Company as a limited company with a board of directors (*société anonyme à conseil d'administration*). In this respect, and as described in paragraph 1.1.3, the Board of Directors of the Company was modified on November 6, 2023 to account for the new shareholding structure of ESI Group following the Controlling Block Transfer to the Offeror. Following this modification, the Board of Directors is composed of 5 members, the majority of which are representatives of Keysight Technologies, Inc.

1.2.6 Squeeze-Out and delisting

(a) Squeeze-out at the end of the Offer

In the event that, following the Offer, the shareholders who have not tendered their Shares in the Offer hold no more than 10% of the share capital and voting rights of the Company, the Offeror intends to ask the AMF, within ten (10) trading days following the publication of the results of the Offer, or, if the Offer is re-opened, within three (3) months following the closing of the Reopened Offer, the implementation of the Squeeze-Out under the conditions of Article L.433-4, II-2 of the French Monetary and Financial Code and Articles 237-1 *et seq.* of the AMF General Regulation, in order to obtain the ESI Group Shares not tendered in the Offer , or as the case may be, in the Reopened Offer, (except for Excluded Shares and Free Shares subject to a holding period). In this case, the Shares that have not been tendered in the Offer (other than the Excluded Shares and the Free Shares subject to a holding period) will be transferred to the Offeror in return for a cash compensation equal to the Offer Price per share (i.e. EUR 155 per share), net of any costs. It is specified that this procedure will result in the delisting of ESI Group Shares from the regulated market of Euronext Paris.

The Offeror shall inform the public of the Squeeze-Out by publishing a press release pursuant to Article 237-5 of the AMF General Regulation and a notice in a newspaper of legal notices of the vicinity of the registered office of the Company.

The amount of the compensation shall be paid net of any costs, following the Squeeze-Out, into a blocked account opened for this purpose in the books of the *Crédit Industriel et Commercial* ("**CIC**"), designated as the clearing agent for the Squeeze-Out compensation operations. After the closure of the accounts of the members, CIC, upon presentation of balance certificates issued by Euroclear France, will credit the depositary institutions holding accounts with the amount of the compensation, such institutions being responsible for crediting the accounts of holders of ESI Group Shares due to them.

In accordance with Article 237-8 of the AMF General Regulation, the unallocated funds corresponding to the compensation of ESI Group Shares whose beneficiaries have remained unknown will be kept by CIC for a period of ten years from the date of the Squeeze-Out and paid to the *Caisse des dépôts et consignations* at expiry of this period. These funds will be available to the rightful owners subject to the State's thirty-year statute of limitation.

(b) Subsequent buyout offer with squeeze-out (*offre publique de retrait*)

The Offeror also reserves the right, in the event that it subsequently holds at least 90% of the share capital and voting rights of the Company, and where a Squeeze-Out has not been implemented under the conditions referred to above, to file with the AMF a draft buyout offer with squeeze-out (*offre publique de retrait*), targeting Shares that it does not hold.

In this case, the buyout offer with squeeze-out (*offre publique de retrait*) will be conditional on the declaration of conformity of the AMF with regards, in particular, to the valuation report to be produced by the Offeror and the report of the Independent Expert which will be appointed in accordance with the provisions of Article 261-1 I and II of the AMF General Regulation.

(c) Delisting

Except for the Squeeze-Out or a subsequent buyout offer with squeeze-out (*offre publique de retrait*), the Offeror does not plan to request the delisting of the Shares within the next twelve months.

1.2.7 Intentions regarding dividend policy

At this stage, the Offeror does not plan to change the dividend distribution policy. However, it reserves the right to review the Company's dividend distribution policy at the end of the Offer. As a reminder, any change to the dividend distribution policy will be decided by the Board of Directors of the Company in accordance with the law and the Articles of Association of the Company and will take into account the distributive capacities, financial situation and financing needs of the Company.

1.3 Agreements that may have a significant impact on the assessment of the Offer or its outcome

Except for the agreements referred to in this paragraph 1.3, the Offeror is not aware of any other agreement and is not party to any other agreement related to the Offer or which would have a significant effect on the assessment of the Offer or its outcome.

1.3.1 SPA

(a) Shares transferred under the SPA

On September 22, 2023, the Offeror and the Sellers entered into the SPA, which provides for the transfer by the Sellers to the Offeror of 3,080,607 Shares to which are attached 3,080,607 voting rights, representing 50.56% of the share capital of the Company and 46.32% of the theoretical voting rights of the Company[18].

(b) Conditions precedent

The SPA provided for the following conditions precedent:

- obtaining the clearance from the German anti-trust authority; and
- obtaining the authorizations from the French and UK authorities in charge of the control of foreign direct investments.

(c) Price, price adjustment and earn-out

The purchase price per share transferred under the SPA is EUR 155 (the "**Purchase Price of the Controlling Block**").

If applicable, the Purchase Price of the Controlling Block may be reduced after the Controlling Block Transfer Date without this having an impact on the Offer Price, in compensation for any direct and certain damage suffered by the Offeror and/or a company of the Group and which would be the consequence of a fact or event that would constitute a violation of the declarations granted by the Sellers under the SPA.

[18] On the basis of a total number of 6,092,586 Shares representing 6,650,195 theoretical voting rights within the meaning of Article 223-11 of the AMF General Regulation after the Controlling Block Transfer.

Compensation for such damage will be paid by the Sellers to the Offeror as a reduction in the purchase price of the Sold Shares.

Under the terms of the SPA, it is provided that the Sellers may benefit from price adjustment in addition to the Purchase Price of the Controlling Block as follows:

(i) if, between the date of signature of the SPA (September 22, 2023), and twelve months thereafter, the Offeror, one of its affiliates or a representative acting on their behalf, acting alone or in concert, files a tender offer at a price per share higher than the Purchase Price of the Controlling Block (the "**Revised Offer**"), then the Offeror shall pay, within ten calendar days from the opening of such Revised Offer, to the Sellers (A) the difference between (x) the price per share of such Revised Offer (the "**Revised Offer Price**") and (y) the Offer Price, multiplied by (B) the number of Shares transferred by the Sellers to the Offeror on the Controlling Block Transfer Date. The Offeror specifies that it will not file such a Revised Offer during this period, and therefore this provision will not breach the equality between shareholders in the context of the Offer.

(ii) if, between the date of signature of the SPA, and June 30, 2024, the Offeror, one of its affiliates, one of its representatives acting on its behalf or one of its affiliates' representatives acting on their behalf acquires one or more blocks of Shares representing at the time of this purchase (individually or cumulatively) more than 1% of the share capital of the Company, at a price per Share of the Company higher than the Purchase Price of the Controlling Block (the "**Block Acquisition Price Per Share**") (an "**Overbid Block Purchase**"), it being specified that this undertaking does not prevent the Offeror from acquiring Shares of the Company on the market from unidentified sellers, then the Offeror shall pay, within thirty calendar days from the date of acquisition of the block(s), to the Sellers (A) the difference between (x) the Block Acquisition Price Per Share and (y) the Purchase Price of the Controlling Block (or, where applicable, the Revised Offer Price), multiplied by (B) the number of Shares transferred by the Sellers to the Offeror on the Controlling Block Transfer Date. It is specified that in the event that there are several Block Acquisition Prices Per Share, the highest will be retained. The Offeror specifies that it will not carry out, during this period, such an Overbid Block Purchase, and therefore this provision will not breach the equality between shareholders in the context of the Offer.

The Sellers benefit from an earn-out (the "**Earn-out Right**") if, as from the date of signature of the SPA until the expiry of an eighteen-month period following the Controlling Block Transfer Date, the Offeror, one of its affiliates or a representative acting on their behalf, acting alone or in concert, transfers one or more Shares of the Company to a third party, at a price per share (the "**Earn-out Price**") greater than the Controlling Block Purchase Price.

The amount to be paid under the Earn-out Right would be equal, for each Transferred Share so resold to a third party, to 50% of the positive difference between (i) the average Earn-out Price and (ii) the Purchase Price of the Controlling Block.

The Offeror specifies that it will not, during the period of the Earn-out Right, proceed with transfers of shares that may trigger the Earn-out Right, and therefore this provision will not breach the equality between shareholders in the context of the Offer.

1.3.2 Tender Offer Agreement entered into with the Company

On June 28, 2023, the Company and the Offeror entered into a Tender Offer Agreement (the "**TOA**"). The TOA aims at regulating the cooperation between the Company and the Offeror in the context of the Offer.

In particular, the TOA provides for:

(i) an undertaking by the Offeror to submit the Offer at a price of EUR 155 per share as soon as possible, and make the necessary filings with the competent authorities in order to obtain the approval from the German anti-trust authority and authorisations from the French and UK authorities in charge of the control of foreing direct investments;

(ii) an exclusivity undertaking from the Company, prohibiting it from seeking a competing offer;

(iii) an undertaking to carry out the business activites of the Company in the normal course of business; and

(iv) more generally, usual reciprocal cooperation commitments in the context of the Offer.

1.3.3 Liquidity agreements

The Offeror entered into with more than 85% of the beneficiaries of Free Shares (holding together more than 85% of the Free Shares), and intends to enter into with the remaining beneficiaries of Free Shares under acquisition and/or holding periods (as described in paragraph 2.2.3) that may not be tendered in the Offer given the current unavailability, a liquidity mechanism providing, in particular, under certain conditions, upon expiry, of the respective periods of acquisition and/or tax unavailability, as applicable, of the Free Shares (an "**Availability Date**") (i) the firm and irrevocable commitment of the relevant holder to sell all of its Free Shares (the "**Free Shares Call Option**") and (ii) the firm and irrevocable commitment of the Offeror to acquire them (the "**Free Shares Put Option**"). The Free Shares Call Option and the Free Shares Put Option are hereinafter collectively referred to as the "**Free Shares Options**" and individually as a "**Free Shares Option**". Under the Free Shares Options, the Offeror may acquire from the abovementioned holders of Free Shares a maximum number of 83,934 Free Shares.

For each Free Share, the Free Shares Call Option will be exercisable by the Offeror for a period of three months from the Availability Date (the "**Free Shares Call Option Exercise Period**"). The Free Shares Put Option will be exercisable for a period of three months from the expiry date of the Free Shares Call Option Exercise Period only if the Offeror has not exercised the Free Shares Call Option at the end of the Free Shares Call Option Exercise Period.

In the event of the exercise of a Free Shares Option:

- when the Free Shares Call Option Exercise Period starts prior to December 31, 2024, the exercise price per share under Free Shares Option will be equal to the Offer Price;

- when the Free Shares Call Option Exercise Period starts after December 31, 2024:

    - if the Company has already been delisted, the exercise price per share under Free Shares Option will be equal to the Offer Price; and

    - if the Company is still listed, the exercise price per share under Free Shares Option will be equal to the average closing price per Share weighted by daily volumes traded for the three months prior to the first day of the Free Shares Call Option Exercise Period.

In the event of the possible implementation of a Squeeze-Out, the Free Shares already issued (and still subject to a holding period) subject to the liquidity mechanisms described above will be deemed to be Shares held by the Offeror in accordance with Article L.233-9 I, 4° of the French Commercial Code, and will not be targeted by the Squeeze-Out (but will eventually be transferred to the Offeror in application of the Free Shares Options). The liquidity mechanisms will apply in all cases, including in the absence of the Squeeze-Out.

The liquidity agreements shall not contain any provision relating to a price adjustment or equivalent to a price adjustment.

2 Characteristics of the Offer

2.1 Terms of the Offer

The draft Offer Document was filed with the AMF on November 7, 2023. A notice of filing relating to the Offer was published by the AMF on November 7, 2023, on its website (www.amf-france.org).

In accordance with Article 231-16 of the AMF General Regulation, the draft Offer Document as filed with the AMF was published on the AMF website (www.amf-france.org). It was also published on ESI Group's website (htpps://investors.esi-group.com/fr) and made available free of charge to the public at ESI Group's registered office (3 bis rue Saarinen, Immeuble Le Séville, 94528 Rungis Cedex, France) and at the Presenting Banks' registered offices. A press release containing the main elements of the draft Offer Document was published by the Offeror and the Company and made public on the Company's website (htpps://investors.esi-group.com/fr).

The AMF published on November 28, 2023, on its website a clearance decision relating to the Offer after ensuring that the Offer complies with the applicable legal and regulatory provisions. This clearance decision also carry the approval (*visa*) of the Offer Document.

The Offer Document having thus received the approval of the AMF, as well as the document "Other information" relating to the legal, financial and accounting characteristics of the Offeror were, in accordance with Articles 231-27 and 231-28 of the AMF General Regulation, be deposited with the AMF and will be made available free of charge to the public at ESI Group's registered office (3 bis rue Saarinen, Immeuble Le Séville, 94528 Rungis Cedex, France) and at the Presenting Banks' registered offices, no later than the day before the opening of the Offer. These documents will also be available on the websites of the AMF (www.amf-france.org) and ESI Group (htpps://investors.esi-group.com/fr).

A press release specifying the details for obtaining or consulting these documents available will be published no later than the day before the opening of the Offer.

Prior to the opening of the Offer, the AMF will publish a notice of opening and the timetable of the Offer, and Euronext Paris will publish a notice setting out the content of the Offer and specifying the timetable and terms of the Offer.

The Offer will be open for 25 trading days.

2.2 Number and nature of Shares targeted by the Offer

In accordance with the provisions of Article 231-6 of the AMF General Regulation, the Offer targets:

(i) all outstanding Shares other than the Excluded Shares (as defined below), *i.e.* on September 30, 2023 and to the knowledge of the Offeror, 2,630,342 Shares;

(ii) all Shares that may be issued or transferred between September 30, 2023, and the closing of the Offer, or the Reopened Offer, as the case may be, and which to the knowledge of the Offeror, amount to a maximum of 88,860 Shares if all the outstanding stock options granted by the Company (the "**Stock Options**") described in paragraph 2.2.4 are exercised by their beneficiaries prior to the closing of the Offer, or the Reopened Offer, as the case may be; and

(iii) all Accelerated Free Shares that may be transferred between September 30, 2023, and the closing of the Offer, or the Reopened Offer, as the case may be, and which to the knowledge of the Offeror, amount to a maximum of 34,534 Shares to the holders of free shares plans previously in effect in the Company and of which the definitive vesting was accelerated to occur on the Controlling Block Transfer Date,

representing a total maximum number of 2,753,361 Shares.

It is mentioned that the Offer does not target the Excluded Shares, i.e.:

(i) the 3,080,607 Shares held by the Offeror;

(ii) the 381,637 treasury Shares[19].

With the exception of the Ordinary Shares, Free Shares and Options referred to below, there is, to the knowledge of the Offeror, no other valid right, security or financial instrument issued by ESI Group capable of granting, immediately or in the future, access to ESI Group's share capital or voting rights.

2.2.1 Existing ordinary shares

As of September 30, 2023, the Company's share capital consisted of 6,092,586 Ordinary Shares, of which 3,080,607 were acquired by the Offeror as part of the Controlling Block Transfer.

2.2.2 Treasury Shares or Shares held on behalf of the Company

To the knowledge of the Offeror, there are 381,637 treasury Shares, including 2,200 Shares held by the CIC on behalf of the Company under a liquidity contract, which was suspended in early July 2023, and terminated on October 30, 2023.

The treasury Shares are not targeted by the Offer.

2.2.3 Free Shares

To the knowledge of the Offeror and as of November 3, 2023, the Company has implemented several Free Shares plans to the benefit of certain employees of the Group.

On September 12, 2023, the Board of Directors acknowledged the automatic acceleration of the vesting, in accordance with the provisions of the relevant plans, of the acquisition periods, and/or holding periods, as the case may be, provided for under some regulations of the plans of Free Shares in effect within the Company, as described below, subject to the closing of the Controlling Block Transfer. As a consequence of the completion of the Controlling Block

[19] Number of treasury Shares as of September 30, 2023.

Transfer, 7,420 Free Shares (tranches 3 and 4 of plan n°11 and tranches 3 and 4 of plan n°11 quinquies) became definitively attributable on June 28, 2024.

On September 28, 2023, the Board of Directors decided to accelerate the vesting of the acquisition periods, and/or holding periods, as the case may be, provided for under some regulations of the plans of Free Shares currently in effect within the Company, as described below, subject to the closing of the Controlling Block Transfer. Following this decision, 25,913 Free Shares became definitively attributable on June 28, 2024, 1.250 Free Shares became definitively attributable on November 17, 2024, 300 Free Shares became definitively attributable on February 27, 2025, and 1.463 Free Shares became definitively attributable on June 28, 2025.

The table below summarizes the main features of the outstanding free share allocation plans as of November 3, 2023, to the knowledge of the Offeror.

All the free Shares described in the table below are subject to a condition of presence of the beneficiary.

Plan	General meeting date	Board meeting date / Allocation date	Tranches	Total number of free Shares allocated	Vesting date	End of the holding period
11	2022	28/06/2022	Tranche 1	3,345	28/12/2023	28/06/2024
			Tranche 2[a]	1,670	28/06/2024	28/06/2024
			Tranche 3[b]	2,510	28/06/2024	28/06/2024
			Tranche 4[b]	2,510	28/06/2024	28/06/2024
11 bis	2022	28/06/2022	Tranche 1	16,476	28/06/2024	28/06/2024
			Tranche 2[a]	8,233	28/06/2024	28/06/2024
11 ter	2022	28/06/2022	Tranche 1[a]	413	28/06/2024	28/06/2024
11 quater	2022	28/06/2022	Tranche 1	5,075	28/12/2023	28/12/2023
			Tranche 2[a]	2,545	28/06/2024	28/06/2024
11 quinquies	2022	28/06/2022	Tranche 1	1,600	28/06/2024	28/06/2024
			Tranche 2[a]	800	28/06/2024	28/06/2024
			Tranche 3[b]	1,200	28/06/2024	28/06/2024
			Tranche 4[b]	1,200	28/06/2024	28/06/2024
11 sexies	2022	28/06/2022	Tranche 1	7,256	28/12/2023	28/06/2024
			Tranche 2[a]	3,628	28/06/2024	28/06/2024
11 septies	2022	28/06/2022	Tranche 1	3,484	28/06/2024	28/06/2024
			Tranche 2[a]	1,749	28/06/2024	28/06/2024
11 octies	2022	28/06/2022	Tranche 1	6,875	28/06/2024	28/06/2024
			Tranche 2[a]	3,438	28/06/2024	28/06/2024
			Tranche 3[a]	3,437	28/06/2024	28/06/2024
11 nonies	2022	17/11/2022	Tranche 1	1,250	17/11/2024	17/11/2024
			Tranche 2[c]	625	17/11/2024	17/11/2024
			Tranche 3[c]	625	17/11/2024	17/11/2024
11 decies	2022	27/02/2023	Tranche 1	300	27/02/2025	27/02/2025
			Tranche 2[d]	150	27/02/2025	27/02/2025
			Tranche 3[d]	150	27/02/2025	27/02/2025
11 undecies	2023	28/06/2023	Tranche 1	927	28/12/2024	28/06/2025
			Tranche 2[e]	463	28/06/2025	28/06/2025
11 duodecies	2023	28/06/2023	Tranche 1	1,000	28/06/2025	28/06/2025
			Tranche 2[e]	500	28/06/2025	28/06/2025
			Tranche 3[e]	500	28/06/2025	28/06/2025

[a] Following the decision to accelerate the acquisition periods, and/or the holding periods, as applicable, the Free Shares of these tranches became definitively attributable on June 28, 2024.

[b] Following the acknowledgement of the automatic acceleration of the acquisition periods, and/or the holding periods, as applicable, the Free Shares of these tranches became definitively attributable on June 28, 2024.

[c] Following the decision to accelerate the acquisition periods, and/or the holding periods, as applicable, the Free Shares of these tranches became definitively attributable on November 17, 2024.
[d] Following the decision to accelerate the acquisition periods, and/or the holding periods, as applicable, the Free Shares of these tranches became definitively attributable on February 27, 2025.
[e] Following the decision to accelerate the acquisition periods, and/or the holding periods, as applicable, the Free Shares of these tranches became definitively attributable on June 28, 2025.

With regards to the Free Shares, it is specified that they correspond to a maximum of 83,934 Free Shares.

Notwithstanding the above, such Free Shares may become available by anticipation under certain circumstances in accordance with applicable laws or regulations (as for example in case of death or disability of the beneficiary).

It is hereby specified that Free Shares which would have been issued prior to the Squeeze-out, will be subject to the Squeeze-Out, if any, provided that the beneficiary has not tendered them in the Offer and has not subscribed to the liquidity mechanism described in paragraph 1.3.3.

2.2.4 Options

To the knowledge of the Offeror and as of November 3, 2023, the Company has implemented several Option plans for the benefit of certain employees and/or corporate agents of the Company and its Group.

On September 12, 2023, the Board of Directors acknowledged the automatic acceleration of the vesting, in accordance with the provisions of the relevant plans, of the exercise periods provided for under some regulations of the plans of Stock Options in effect within the Company, as described below, subject to the closing of the Controlling Block Transfer. Following this decision, 52,350 Options became exercisable on the Controlling Block Transfer Date.

The table below summarizes the main features of the ongoing plans for Options as of November 3, 2023, to the knowledge of the Offeror.

All the options described in the table below are subject to a condition of presence of the holder.

Plan	General meeting date	Board meeting date / Allocation date	Tranches	Total number of Options allocated	First date of the exercise period	Latest date on which an Option may be exercised
17 bis	2014	11/03/2016	Tranche 5	2,000	01/03/2021	10/03/2026
17 ter	2014	05/05/2017	Tranche 3	3,420	05/05/2021	04/05/2025
19	2017	18/07/2018	Tranche 1	2,210	18/07/2021	18/07/2026
19 bis	2017	01/02/2019	Tranche 1	5,000	01/02/2022	01/02/2027
19 ter	2017	18/12/2019	Tranche 1	6,705	18/12/2022	18/12/2027
21	2021	10/09/2021	Tranche 1*	9,600	03/11/2023	10/09/2029
			Tranche 2A Tranche 2B Tranche 2C*	14,400	First tier: 11/09/2022 Second tier: 11/09/2023 Third tier: 03/11/2023	
	2022	28/06/2022	Tranche 1*	14,400	03/11/2023	28/06/2030

21 bis			Tranche 2A Tranche 2B* Tranche 2C*	21,600	First tier: 28/12/2022 Second tier: 03/11/2023 Third tier: 03/11/2023	
21 ter	2022	28/06/2022	Tranche 1*	3,049	03/11/2023	28/06/2030
			Tranche 2*	1,525	03/11/2023	
			Tranche 3*	2,288	03/11/2023	
			Tranche 4*	2,288	03/11/2023	

* Following the acknowledgement of the automatic acceleration of the acquisition periods, the Options of these tranches became definitively exercisable on the Controlling Block Transfer Date.

With regard to Option plans, it is specified that they correspond to a total number of 88,485 remaining Options giving right to a maximum of 88,485 Shares, out of which 60,000 will be existing Shares allocated to holders of Options, and 28,485 will be newly issued.

2.3 Terms and conditions of the Offer

Pursuant to Article 231-13 of the AMF General Regulation, the Presenting Banks filed with the AMF, on November 7, 2023, the draft Offer in the form of a public tender offer targeting all[20] the Shares not yet held by the Offeror.

As a presenting and guarantor bank, BNP Paribas guarantees the content and irrevocable nature of the commitments made by the Offeror in connection with the Offer, in accordance with the provisions of Article 231-13 of the AMF General Regulation.

As part of this Offer, which will be implemented according to the normal procedure governed by Articles 232-1 *et seq.* of the AMF General Regulation, the Offeror irrevocably commits, during a period of 25 trading days, to acquire from ESI Group's shareholders all the Shares that will be tendered in the Offer, at the Offer Price per share.

The Offer price per share offered by the Offeror will be EUR 155 in cash per share (the "**Offer Price**"). The Offer Price has been fixed dividend attached. Accordingly, the Offer Price will be reduced by the amount of any dividend or distribution that is released or paid prior to the settlement and delivery date for each acquisition under the Offer.

The Offer Price results in a premium of approximatively:

(i) 72% on the closing price of EUR 90.0 per Share on May 17, 2023, the last business day before ESI Group announced it was having preliminary discussions with certain third parties in response to rumors in the press; and

(ii) 95% of the volume weighted average price of EUR 79.4 per Share for the three months prior to May 17, 2023.

2.4 Procedure for tendering Shares in the Offer

The Shares tendered in the Offer or the Reopened Offer must be freely transferable and free from any pledge, collateral, charge or restriction on the transfer of ownership of any kind. The Offeror reserves the right, at its sole discretion, to exclude tendered Shares that do not meet these conditions.

The Offer and all related contracts are subject to French law. Any dispute, whatever its purpose or basis, relating to this Offer, will be brought before the competent courts.

[20] See paragraph 2.2 for more information on the number of shares actually targeted by the Offer.

Shareholders of ESI Group who wish to tender their Shares in the Offer or the Reopened Offer must submit to their financial intermediary (credit institution, investment firm, etc.) a revocable sale order using the model made available to them by this intermediary. ESI Group shareholders who will tender their Shares in the Offer or the Reopened Offer will have to contact their respective financial intermediaries in order to learn about the possible constraints of each of these intermediaries as well as their own procedures for taking into account sale orders to be able to tender their Shares in the Offer within the time limits set out in paragraph 2.4.

Shares will have to be held in administrative registered form (*au nominatif administré*) or in bearer form (*au porteur*) to be tentered in the Offer. Consequently, it is specified that the holders of Shares in pure registered form (*au nominatif pur*) must first request the conversion of these Shares in in administrative registered form (*au nominatif administré*) or in bearer form (*au porteur*). The Offeror warns the holders of Shares that if they expressly request conversion to bearer form (*au porteur*), they will lose the advantages associated with holding the Shares in registered form (*au nominatif*), should the Offer be unsuccessful.

Orders for the presentation of Shares to the Offer will be revocable at any time until the closing of the Offer, or as the case may be, the closing of the Reopened Offer, as provided for under Article 232-2 of the AMF General Regulation. After such date, the orders will no longer be revocable.

No interest will be paid by the Offeror for the period between the date on which the Shares are tendered to the Offer and the date of the settlement-delivery of the Offer. The settlement-delivery will be indicated in the notice of result to be published by Euronext Paris. The settlement-delivery of the Offer will occur after the centralization of the orders as described below.

The Offeror will bear the brokerage fees and the related VAT paid by the holders of Shares, up to a limit of 0.2% of the amount of Shares tendered in the Offer (excluding all taxes) with a maximum of EUR 100 per holder of Shares (including all taxes), as further described in paragraph 2.15 below.

2.5 Centralization of the orders

The centralization of the orders will be organized by Euronext Paris.

Each financial intermediary and the institution holding the registered accounts of the Company's Shares must, on the date indicated in the Euronext Paris notice, transfer to Euronext Paris the Shares for which they have received an order to tender to the Offer.

Following receipt by Euronext Paris of all orders to tender to the Offer under the conditions described above, Euronext Paris will centralize all such orders, determine the results of the Offer and communicate them to the AMF.

As the case may be, the process described above will aslo be applicable to the Reopened Offer.

2.6 Situation of holders of Free Shares

As described in paragraph 2.2.3 above, the Offer does not target the Free Shares, which cannot be tendered in the Offer. On the date of this Offer Document, it is contemplated that holders of Free Shares will enter into a liquidity agreement under the conditions described in paragraph 1.3.3.

2.7 Situation of holders of Options

As described in paragraph 2.2.4 above, the Options granted by the Company entitle the beneficiaries of such Options to subscribe to and acquire a total maximum number of 88,485 shares of the Company, of which 60,000 will be existing Shares transferred to the beneficiaries and 28,485 will be new Shares to be issued. Holders of exercisable Options are invited to tender their Shares in the Offer in the manner described in paragraph 2.4.

2.8 Situation of shareholders whose Shares are held via the FCPE ESI Actionnariat

To the knowledge of the Offeror, 26,601 Shares are held on September 30, 2023 via the ESI Actionnariat corporate mutual fund (the *fonds commun de placement d'entreprise* ESI Actionnariat – the "**ESI Actionnariat FCPE**") which operates within the framework of company savings plans (*plans d'épargne entreprise*) set up within the companies of the Group (the "**PEEs**"), the Shares of which are targeted in the Offer.

The supervisory board of the ESI Actionnariat FCPE has decided on October 5, 2023 to tender in the Offer the Shares held by the ESI Actionnariat FCPE.

2.9 Conditions of the Offer

Given that the Offeror already holds, following the Controlling Block Transfer, more than 50% of the share capital of the Company, the Expiry Threshold of 50% of the share capital or voting rights of the targeted company provided for under Article 231-9, I of the AMF General Regulation is inoperant in the context of the Offer.

2.10 Withdrawal of the Offer

Under the normal procedure, and as provided for by Article 232-11 of the AMF General Regulation, the Offeror may withdraw the Offer within five (5) trading days of publication of the timetable for a competing offer or improved competing offer. If it does so, the Offeror must inform the AMF of its decision, which is made public.

The Offeror may also withdraw the Offer if it is frustrated or if the Company adopts measures that modify its substance, either during the Offer or in the event that the Offer is successful, or if the measures taken by the Company make the Offer more costly for the Offeror. The Offeror can only use this option with the prior authorization of the AMF, which shall rule on the basis of the principles set forth in Article 231-3 of the AMF General Regulation.

2.11 Reopening of the Offer

Under the normal procedure, and as provided for by Article 232-4 of the AMF General Regulation, any offer made following the normal procedure shall be re-opened within ten (10) trading days of publication of the final outcome.

The AMF shall publish the timetable for the Reopened Offer, which must last ten or more trading days.

However, if the Offeror proceeds directly to a squeeze-out in accordance with Articles 237-1 *et seq.* of the AMF General Regulation, the initial Offer need not be re-opened, on condition that a squeeze-out is mentioned in the Offeror's statement of intentions to be filed no later than ten (10) trading days after publication of the outcome of the Offer.

2.12 Publication of the results of the Offer

In accordance with Article 232-2 of the AMF General Regulation, the AMF will publish the result of the Offer at the latest nine (9) trading days after the closing of the Offer. Euronext will publish a press release stipulating the details of the settlement-delivery of the Offer.

The transfer of ownership of the Shares tendered in the Offer or in the Reopened Offer and all the rights attached, including the right to dividends, will take place on the date of settlement-delivery of the Offer.

2.13 Indicative timetable for the Offer

Prior to the opening of the Offer, the AMF and Euronext will publish notices announcing the opening date and the timetable of the Offer. A timetable is proposed below for illustrative purposes only.

Dates	Main stages of the Offer
7 November 2023	- Filing of the draft Offer and the draft Offer Document to the AMF - Publication of the Offeror's draft Offer Document on the AMF and Company websites - Offeror's draft Offer Document made available to the public at the registered offices of the Offeror and of the Presenting Banks - Publication of a press release of filing and publication of the draft Offer Document of the Offeror
7 November 2023	- Filing of the draft response document from the Company - Publication of the draft response document of the Company on the websites of the Company and the AMF - Draft response document made available to the public at the registered office of the Company - Publication of a press release of filing and publication of the draft response document of the Company
28 November 2023	- Clearance decision on the Offer by the AMF endorsing the Offer Document of the Offeror and the response document of the Company - Filing with the AMF of the document "Other Information" relating to the characteristics, in particular legal, financial and accounting characteristics of the Offeror - Filing with the AMF of the document "Other Information" relating to the characteristics, in particular legal, financial and accounting characteristics of the Company
29 November 2023	***1 - For the Offeror*** - Offer Document and the "Other Information" document relating to the Offeror's legal, financial and accounting characteristics made

	available to the public at the registered office of the Presenting Banks - Publication of the Offer Document on the Company's and AMF's websites ***2 - For the Company*** - Publication on the Company's and AMF's websites of the response document and the "Other Information" document relating to the Company's legal, financial and accounting characteristics, also made available to the public at the Company's registered office
30 November 2023	***1 - For the Offeror*** - Publication of a notice relating to the availability of the Offer Document referred to and the availability of the document "Other Information" relating to the characteristics, in particular legal characteristics of the Offeror ***2 - For the Company*** - Publication of a press release relating to the availability of the response document and the provision of the document "Other Information" relating to the characteristics, in particular the legal characteristics of the Company ***3 - For the AMF*** - Publication by the AMF of the notice of opening of the Offer ***4 - For Euronext Paris*** - Publication by Euronext Paris of the notice relating to the Offer and its terms and conditions
1 December 2023	Opening of the Offer for a period of 25 trading days
8 January 2024	Closing of the Offer (last day of placing sale orders on the market)
11 January 2024	Publication of the notice of the result of the Offer by the AMF
12 January 2024	Opening of the Reopened Offer or implementation of the Squeeze-Out if conditions are met
18 January 2024	Settlement-delivery of the Offer
25 January 2024	Closing of the Reopened Offer
30 January 2024	Publication of the notice of the result of the Reopened Offer by the AMF
6 February 2024	Settlement-delivery of the Reopened Offer

At the earliest following the publication of the results of the Reopened Offer	Implementation of the Squeeze-Out and delisting of Euronext Paris if conditions are met

2.14 Costs and terms of financing the Offer

2.14.1 Costs

The total amount of the costs incurred by the Offeror in connection with the Offer, in the event that all the Shares targeted by the Offer are tendered, including in particular those relating acquisitions of Shares after the filing of the draft Offer Document, fees and other external financial and legal advice costs, accountants and any experts and other consultants and communication costs, but not including the cost of financing the operation, are estimated at approximately EUR 12.3 million excluding taxes.

2.14.2 Terms of financing of the Offer and of the Controlling Block Transfer

The acquisition of the Controlling Block by the Offeror for a total price of EUR 477,494,085 was financed entirely using equity and through an intra-group loan granted by a wholly-owned subsidiary of Keysight Technologies Inc.

The total cost of acquiring the Shares targeted by the Offer (assuming that all the Shares targeted by the Offer are tendered in the Offer) would amount to EUR 426,770,955 on the basis of an Offer price of EUR 155 per Share, excluding transaction costs.

This amount will be financed entirely by equity contributed by Keysight Technologies Netherlands B.V. and through an intra-group loan granted by a wholly-owned subsidiary of Keysight Technologies Inc.

2.15 Reimbursement of brokerage fees

The Offeror will bear the brokerage fees and the related VAT paid by the holders of Shares, up to a limit of 0.2% of the amount of Shares tendered in the Offer (excluding all taxes) with a maximum of EUR 100 per holder of Shares (including all taxes). Any request for reimbursement of brokerage fees, as mentioned above, must be sent to the financial intermediaries (who will submit the request to Euronext) within 40 calendar days from the closing of the Offer. After this date, no claims will be accepted.

2.16 Offer restrictions outside of France

The Offer was not subject to any application for registration or visa with a financial market supervisory authority other than the AMF. Consequently, the shareholders of the Company located outside France may validly tender their Shares in the Offer only to the extent that the foreign law to which they are subject allows them to do so. The publication of the draft Offer Document, the Offer Document, the Offer and the acceptance of the Offer may be subject to specific regulations or restrictions in certain countries. Information regarding such purchases or agreements will be published by the AMF on its website (www.amf-france.org).

Accordingly, the Offer is not addressed to persons subject to such restrictions, either directly or indirectly, and is not subject to any kind of acceptance from a country where the Offer is subject to restrictions. It is the responsibility of the Company’s shareholders located outside France to inquire about any restrictions that may apply to them and to comply with them. The Offer

Document does not constitute an Offer Call Option or a solicitation of an Offer to buy Shares in any jurisdiction in which such Offer or solicitation is unlawful. Persons who come into possession of the Offer Document must be aware of and comply with applicable legal restrictions. Failure to comply with these restrictions may constitute a violation of the applicable stock exchange laws and regulations in one of these countries. The Offeror declines all responsibility in the event of violation by any person located outside France of the foreign rules that may apply to him.

United States of America

The Offer is made for the shares of ESI Group, a company organized under French law, and is subject to French disclosure and procedural requirements, which are different from those of the United States. Shareholders in the United States are advised that the shares of ESI Group are not listed on a U.S. securities exchange and that ESI Group is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the "SEC") thereunder.

The Offer is made in the United States pursuant to Section 14(e) and Regulation 14E of the U.S. Exchange Act, subject to exemptions provided by Rule 14d-1(c) under the U.S. Exchange Act for a Tier I tender offer (the "**Tier I Exemption**"), and otherwise in accordance with the disclosure and procedural requirements of French law, including with respect to withdrawal rights, the offer timetable, squeeze-out, settlement procedures, waiver of conditions and timing of payments, which are different from those applicable under U.S. domestic tender offer procedures and law. Holders of the shares of ESI Group domiciled in the United States (the "U.S. Holders") are encouraged to consult with their own advisors regarding the Offer.

The Offer is made to the U.S. Holders on the same terms and conditions as those made to all other shareholders of ESI Group to whom an offer is made. Any information documents, including the Offer Document, are being disseminated to U.S. Holders on a basis comparable to the method pursuant to which such documents are provided to ESI Group's other shareholders.

As permitted under the Tier I Exemption, the settlement of the Offer is based on the applicable French law provisions, which differ from the settlement procedures customary in the United States, particularly as regards to the time when payment of the consideration is rendered. The Offer, which is subject to French law, is being made to the U.S. Holders in accordance with the applicable U.S. securities laws, and applicable exemptions thereunder, in particular the Tier I Exemption. To the extent the Offer is subject to U.S. securities laws, those laws only apply to U.S. Holders and thus will not give rise to claims on the part of any other person.

It may be difficult for ESI Group's shareholders to enforce their rights and any claims they may have arising under the U.S. federal or state securities laws in connection with the Offer, since ESI Group is located outside the United States, and some or all of its officers and directors may be residents of countries other than the United States. ESI Group's shareholders may not be able to sue ESI Group or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, it may be difficult to compel ESI Group and/or its respective affiliates to subject themselves to the jurisdiction or judgment of a U.S. court.

To the extent permissible under applicable law or regulations, Keysight and its affiliates or its brokers and its brokers' affiliates (acting as agents for Keysight or its affiliates, as applicable) may from time to time and during the pendency of the Offer, and other than pursuant to the Offer, directly or indirectly purchase or arrange to purchase shares of ESI Group outside the United States, or any securities that are convertible into, exchangeable for or exercisable for such shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In addition, to the extent permissible under applicable law or regulation, the financial advisors to Keysight may also engage in ordinary course trading activities in securities of ESI Group, which may include purchases or arrangements to purchase such securities as long as such purchases or arrangements are in compliance with the applicable law. Information regarding such purchases or agreements will be published by the AMF on its website (www.amf-france.org).

The receipt of cash pursuant to the Offer by a U.S. Holder may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each shareholder is urged to consult an independent professional adviser regarding the tax consequences of accepting the Offer. Neither Keysight nor any of its affiliates and their respective directors, officers, employees or agents or any other person acting on their behalf in connection with the Offer shall be responsible for any tax effects or liabilities resulting from acceptance of this Offer.

2.17 Tax regime of the Offer

Based on the current state of French law, certain characteristics of the French tax regime applicable to the shareholders of the Company who participate in the Offer are described below.

Shareholders should take note that this information is merely a summary of the main tax regimes applicable under the legislation in force to date, not intended to constitute an exhaustive analysis of all the situations and tax effects that may apply to them. Shareholders are therefore urged to contact their usual tax advisor in order to find out with them the tax regime applicable to their specific situation.

In addition, this summary is based on the French legal provisions in force at the date of the Offer Document, which are likely to be affected by any changes in the French tax rules that could be retroactively applied or apply to the current year or financial year, as well as by any interpretation made by the French tax authorities and case law.

Persons not having their tax residence in France must also comply with the tax legislation in force in their State of residence and, where applicable, with the stipulations of the double tax treaty entered into by France and that State. In general, shareholders who do not have their tax residence in France will have to consult their usual tax advisor about the tax regime applicable to their specific situation, both in France and in their State of residence.

2.17.1 Individual shareholders resident in France acting within the framework of the management of their private assets and not carrying out stock exchange operations on a regular basis under the same conditions as a professional

Individuals carrying out stock exchange transactions under similar conditions to those which characterize an activity carried out by a person engaged in such transactions in a professional capacity and those holding shares acquired under a company or group savings plan or in the context of an employee share ownership scheme (Options, Free Shares) are urged to check, with their usual tax advisor, the tax regime applicable to their specific situation.

(a) Ordinary law regime

(i) Personal income tax

Pursuant to the provisions of Articles 200 A, 158, 6 bis and 150-0 A *et seq.* of the French General Tax Code ("**CGI**"), net gains from the transfer of securities realized by individuals who are French tax residents are subject to a flat rate tax of 12.8% without any tax rebate (i.e. an overall rate of 30% taking into account social levies, see below).

However, pursuant to Article 200 A, 2 of the CGI, taxpayers have the possibility to exercise an express and irrevocable election within the time limit for filing their tax return for the relevant year, resulting in these gains being taken into account in determining their overall net income that will be subject to the progressive income tax rate scale. This option is global and applies on an annual basis to all investment income and investment income deriving from movable assets (*revenus de capitaux mobiliers*) falling within the scope of the above-mentioned flat tax rate rate of 12.8% and realized in the same year.

If such election is made, the net gains on the sale of the Shares acquired or subscribed before January 1, 2018, will be taken into account for the determination of the net global income subject to the progressive income tax scale after deduction of a tax rebate for depending on the holding as provided for in Article 150-0 D of the CGI, equal, except in special cases, to:

- 50% of their amount when, on the date of their disposal, the shares have been held for at least two years and less than eight years; or

- 65% of their amount when the shares have been held for at least eight years on the date of their disposal.

Except for special cases, for the purpose of applying this rebate, the holding period is computed from the date of subscription or acquisition of the shares and ends on the date of transfer of their legal ownership.

This rebate based on the holding period shall not apply to shares acquired or subscribed after 1 January 2018 (except for special cases).

Taxpayers are urged to check with their usual tax advisor the consequences of such election.

In accordance with the provisions of Article 150-0 D, 11 of the CGI, capital losses from the disposal of securities may be deducted from capital gains of the same nature realized in the same year and, in the event of a negative balance, against share capital gains of the following ten years (no deduction from overall income is possible). The rebate based on the holding period shall apply, where applicable, to the net gain thus obtained.

Persons with carried forward net capital losses or realizing a capital loss on the sale of Shares in the context of the Offer are urged to contact their usual tax advisor to study the conditions for deducting these losses.

As the case may be, the tendering of the Shares in the Offer may trigger the termination of any tax deferral or roll-over relief which the shareholders could have benefited from in the context of previous transactions in respect of the same Shares tendered in the Offer and/or challenge the benefit of specific tax reductions. The persons concerned are also urged to contact their usual tax advisor to determine the consequences applicable to their specific situation.

(ii) Social levies

Net gains from the disposal of securities are also subject (before application of the rebated based on the holding period described above in the event of the election for the application of the income tax rate scale) to social levies at an overall rate of 17.2%, down as follows:

- 9.2%, as part of the general social contribution (contribution sociale généralisée) ("CSG");

- 0.5% for the contribution for the repayment of social debt (contribution pour le remboursement de la dette sociale); and

- 7.5% for the solidarity levy (*prélèvement de solidarité*).

If earnings are subject to the above-mentioned flat-rate levy at the rate of 12.8%, these social contributions are not deductible from the taxable income. On the other hand, for the net gains from the transfer of Shares subject to option to the income tax rate scale, including in the case of application of the rebate based on the holding period, the CSG is deductible up to 6.8% of the overall taxable income of the year in which it is paid, adjusted where appropriate in proportion of the rebate based on the holding period, the balance of social levies not being deductible from the taxable income.

(iii) Exceptional contribution on high incomes (*contribution exceptionnelle sur les hauts revenus*)

Article 223 sexies of the CGI provides for an exceptional contribution on high incomes for taxpayers liable to income tax applicable when the taxpayer's reference income for tax purposes (*revenue fiscsal de réference*) exceeds certain limits.

This contribution is calculated by applying a rate of:

- 3% (i) to the portion of the reference income for tax purposes exceeding EUR 250,000 and representing less than or equal to EUR 500,000 for single, widowed, separated or divorced taxpayers and (ii) to the portion exceeding EUR 500,000 and representing less than or equal to EUR 1,000,000 for taxpayers subject to joint taxation;

- 4% (i) to the portion of the reference income for tax purposes exceeding EUR 500,000 euros for single, widowed, separated or divorced taxpayers and (ii) to the portion exceeding EUR 1,000,000 for taxpayers subject to joint taxation.

For the application of these rules, the reference tax income of the tax household is defined in accordance with the provisions of 1° of IV of Article 1417 of the CGI, without applying the "quotient" rules defined in Article 163-0 A of the CGI and, where applicable, by applying the specific "quotient" rules provided for in II of Article 223 *sexies* of the CGI.

The abovementioned reference income for tax purposes includes in particular the net gains on the sale of shares realized by the concerned taxpayers (before application of the rebate based on the holding period where it is applicable, in the case of an election to be subject to the progressive income tax scale).

(b) Specific regime applicable to shares held under a share savings plan ("**PEA")**

Individuals who hold shares under a PEA may be eligible to participate in the Offer.

Under certain conditions, the PEA gives the right:

- for the duration of the PEA, to an exemption from income tax and social levies in respect of the capital gains generated by the investments made under the PEA, provided in particular that these capital gains are reinvested in the PEA; and

- at the time of the closure of the PEA (if it occurs more than five years after the opening date of the PEA) or at the time of a partial withdrawal of the PEA funds (if it occurs more than five years after the opening date of the PEA, except in specific cases), to benefit from an income tax exemption on the basis of a net gain realized since the PEA was opened.

  This net gain is not taken into account for the calculation of the exceptional contribution on high incomes described above but remains subject to the social levies described above at the rate in force on the date of the event giving rise to the capital gain for PEAs opened since 1 January 2018. The overall rate of social levies at the date of the Offer Document is 17.2%, as described above. For PEAs opened before 1 January 2018, the applicable social security contribution rate may vary. The taxpayers concerned are urged to consult their usual tax advisor.

Specific provisions, not described in the Offer Document, are applicable in the event of capital losses, of closure of the plan before the end of the fifth year following the opening of the PEA, or in the event of withdrawal from the PEA in the form of a life annuity. The individuals concerned are urged to consult their usual tax advisor.

Individuals holding their Shares through a PEA and wishing to participate to the Offer are urged to consult their usual tax adviser in order to determine the tax consequences of the sale of their Shares held through the PEA in the context of the Offer and the taxation regime applying to this sale, in particular regarding the deduction of costs.

(c) Regime applicable to shares resulting from free share allocation plans (excluding holding under a PEG/FCPE and excluding allocation under the law of 6 August 1986 n°86-912 on the modalities of privatizations)

The tendering in the Offer of free shares granted pursuant to the provisions of Articles L.225-197-1 *et seq.* of the French commercial Code will be a taxable event of the acquisition gain and will also give rise to the recognition of a capital gain or loss.

The net gains on the shares concerned will be taxed according to the regime applicable to the free share allocation plan under which the shares tendered in the Offer were allocated. Taxpayers concerned are urged to discuss their specific tax situation with their usual tax advisor.

Net gains realized on the tendering in the Offer of shares resulting from free share allocation plans for which the acquisition period has expired, corresponding to the difference between the Offer Price, net of any expenses borne by the shareholder and the first quoted price of the shares of the Company on the day of the definitive acquisition of the Free Shares, will be taxed in accordance with the regime described in paragraph 2.17.1(a)(i).

The abovementioned transfer or acquisition gains are taken into account in the calculation of the reference income for tax purposes on which the exceptional contribution on high incomes is based, where applicable.

Persons who hold free shares as part of an employee savings scheme are urged to consult their usual tax advisor to determine the tax and social regime applicable to them.

(d) Regime applicable to Shares resulting from Stock Option Plans (except in the case of holding through a company or group savings plan (including through a FCPE))

Tendering Shares resulting from the exercise of Stock Options in accordance with the provisions of Articles L. 225-177 et seq. of the French Commercial Code in the Offer will constitute a taxable event in respect of the gain relating to the exercise of the Stock Option in accordance with the regime applicable to the Stock Option Plan giving rise to the Shares tendered in the Offer. The individuals concerned are urged to examine their specific tax situation with their usual tax adviser.

The net gains on disposal realized, as the case may, on the tendering of Shares referred to in the previous paragraph in the context of the Offer, corresponding to the difference between the Offer Price (ex-Extraordinary Distribution), net of expenses, if any, borne by the shareholder, and the first quoted price of the Shares on the day of exercise of the Stock Options, will be taxed in accordance with the regime described in paragraph 2.17.1(a)(i).

The gains on the sale or exercise of Stock Options mentioned above are taken into account in the calculation of the reference income for tax purposes on which the exceptional contribution on high incomes, if applicable, is based.

Individuals holding their Shares through an employee savings scheme are urged to consult their usual tax adviser to determine the tax and social regime applicable to them.

2.17.2 Shareholders which are legal entities, resident in France for tax purposes and subject to corporate tax under the conditions of ordinary law

(a) Standard tax regime

Except in the case of a specific tax regime, net capital gains realized on the sale of the Company's Shares in the context of the Offer will in principle be included in the taxable income for corporate income tax purposes at the standard rate of 25%, with respect to financial years opened as from 1 January 2022. If their annual turnover exceeds €7,630,000 (excluding tax) (over twelve months as the case may be), they will also be subject, where applicable, to the social contribution on corporate income tax (*contribution sociale sur l'impôt sur les sociétés*) at the rate of 3.3%, assessed on the amount of corporate income tax, after application of a rebate which may not exceed €763,000 per period of twelve months (article 235 ter ZC of the CGI).

However, companies whose turnover, over twelve months as the case may be, is less than €10,000,000 and with a fully paid-up share capital at least 75% of which has been continuously held during the fiscal year in question by individuals or by companies which themselves meet these conditions, benefit from a 15% reduced rate of corporate income tax, up to a taxable profit, as at the date of the Offer Document, of €42,500 for a period of twelve months as regards the taxation of results of financial years ending on or after 31 December 2022. These companies are also exempt from the social contribution on this tax mentioned above.

Capital losses realized on the sale of the Company's Shares in the Offer will, in principle and except for the specific regime described below, be deducted from the legal entity's taxable income for the purposes of corporate income tax. Furthermore, it should be noted that (i) certain of the above-mentioned thresholds follow specific rules if the taxpayer is a member of a tax consolidation group and (ii) the tendering of the Company's Shares in the Offer is likely to have the effect of terminating any tax deferral from which the holders of such Shares may have benefited in the context of previous transactions and/or to challenge the benefit of specific tax reductions.

Taxpayers are urged to consult their usual tax adviser to determine the rate applicable to their situation.

(b) Special regime for long-term capital gains (capital gains on the sale of equity interest)

In accordance with the provisions of Article 219, I-a *quinquies*, of the CGI, net capital gains realized on the sale of securities which qualify as "equity interest" (*titres de participation*) within the meaning of said article and which have been held for at least two years on the date of sale are exempt from corporate income tax, subject to the recapture into the taxable results of a lump sum equal to 12% of the gross amount of the capital gains realized. This share of costs and expenses is subject to corporate income tax at the standard rate and, where applicable, to the 3.3% social contribution.

For the application of the provisions of Article 219, I-a *quinquies*, of the CGI, the following constitute equity interest: (i) shares having this nature from an accounting standpoint, (ii) shares acquired pursuant to a public tender offer for the purchase or exchange of shares by the company that initiated it, as well as (iii) shares qualifying for the parent-subsidiary tax regime (as defined in Articles 145 and 216 of the CGI) provided that they hold at least 5% of the voting rights of the issuing company, if these shares or securities are recorded in the accounts as equity interest or in a special subdivision of another balance sheet account corresponding to their accounting classification, with the exception of securities of real estate companies (as defined in Article 219, I-a *sexies-0 bis*, of the CGI).

Individuals likely to be concerned are urged to consult their usual tax adviser in order to examine whether or not the Shares they hold constitute "equity interest" within the meaning of Article 219, I-a *quinquies*, of the CGI.

The conditions for using long-term capital losses are subject to specific rules and taxpayers are also urged to consult their usual tax adviser on this point.

2.17.3 Shareholders not resident in France for tax purposes

Subject to the provisions of double tax treaties and any specific rules that may apply, for example, to individual shareholders who have acquired their shares under employee ownership arrangements (including through a FCPE), capital gains realized on the sale of shares by individuals who are not French tax resident within the meaning of Article 4-B of the CGI or by legal entities who are not French tax resident (and which do not own their Shares in connection with a fixed base or permanent establishment subject to tax in France, in which the Shares would be registered), are in principle not subject to taxation in France, provided that (i) the rights in the profits of the company held, directly or indirectly, by the transferor (individual, legal entity or organization), together with his or her spouse, ascendants and descendants, do not and have not, at no time during the five years preceding the transfer, exceeded 25% of such profits (Articles 244 *bis* B and C of the CGI), (ii) the Company's assets are not principally real estate assets within the meaning of Article 244 *bis* A of the CGI and (iii) the transferor is not domiciled, established or incorporated outside France in a non-cooperative state or territory within the meaning of Article 238-0 A of the CGI (a "**NCST**").

In the latter case, subject to the provisions of any applicable double tax treaties, regardless of the percentage of rights held in the profits of the company whose shares are sold, capital gains realized on the sale of such shares shall be taxed at the flat rate of 75%, unless it is demonstrated that the transactions to which such profits correspond have a principal purpose and effect other than to enable them to be located in a NCSTs.

The list of NCSTs published by ministerial order may be updated at any time and in principle at least once a year, in accordance with Article 238-0 A of the FTC. In this respect, it should be noted that Law no. 2018-898 of 23 October 2018 on combating tax fraud, which entered into force on 1 December 2018, has extended the list of NCSTs as defined in Article 238-0 A of the FTC to include jurisdictions included in the European list of countries and territories that are uncooperative for tax purposes (known as the “black list”) published by the Council of the European Union and updated regularly.

Persons who do not meet the conditions of the exemption are urged to consult their tax advisor.

The sale of the Shares in the context of the Offer may to put an end to the deferral of payment which applies, as the case may be, to individuals subject to the exit tax system provided for in Article 167 bis of the CGI, upon the transfer of their tax residence outside France. Taxpayers concerned are urged to consult their usual tax advisor.

Shareholders of the Company who are not resident in France for tax purposes are urged to consult their usual tax adviser in order to take into consideration the tax regime applicable to their particular case, both in France and in their State of tax residence, as well as any applicable double tax treaty.

2.17.4 Shareholders subject to a different tax regime

Shareholders of the Company participating in the Offer who are subject to a tax regime other than those referred to above, in particular taxpayers whose transactions go beyond the mere management of a private portfolio, who have recorded their Shares as assets on their commercial balance sheet, or who hold Shares received in the context of an employee benefit scheme, or employee incentive scheme (including through an FCPE), or investment funds, trusts or partnerships, are urged to examine their specific tax situation with their usual tax adviser.

2.17.5 Registration duties

In principle, no registration duties are payable in France on the sale of shares in a listed company whose registered office is in France unless the sale is recorded in a deed. In the latter case, the transfer of shares must be registered in the month following its completion, which gives rise, pursuant to Article 726 of the CGI, to the payment of a registration duty at the proportional rate of 0.1% assessed on the higher of (i) the sale price and (ii) the fair market value of the securities, subject to certain exceptions. The proportional registration duty of 0.1% referred to in Article 726, I-1° of the CGI is not, however, due where the financial transaction tax applies.

2.17.6 Financial transaction tax

Since the market capitalization of the Company did not exceeded one billion euros on December 1, 2022 (BOI-ANNX-00046 dated December 21, 2022), transactions in the Company’s securities carried out in 2023 will not be subject to the financial transaction tax provided for in Article 235 *ter* ZD of the CGI.

3 Assessment of the Offer Price

3.1 Valuation methods and criteria

The Offer Price proposed by the Offeror is €155.00 per ESI Group Share (the "**Offer Price**").

The assessment of the Offer Price has been prepared by the Presenting Banks on behalf and with the consent of the Offeror, on the basis of a multi-criteria analysis relying on customary valuation references and methods notably used in the engineering software industry. The selection of the retained methods was based on the specific characteristics of the Company, its size, business model and business sector.

The assessment of the Offer price below has been prepared on the basis of a business plan covering the period 2023 to 2025, prepared by the Company's management and validated by its Board of Directors (the "**Business Plan**"), as well as on the basis of publicly available information and information provided by the Company and the Offeror. This information has not been independently verified by the Presenting Banks, in particular with respect to its accuracy and completeness. The sources of information are indicated in this section 3.

The financial information, data and analysis contained in this Offer Document, other than historical data, reflect forward-looking information, expectations and assumptions that involve risk, uncertainty and other factors, in respect of which no guarantee can be given, and actual events and results may differ materially from what is indicated in this Offer Document.

3.1.1 Retained valuation methods and criteria

In the context of the multi-criteria analysis, the following valuation methodologies and price references were retained to value ESI Group:

Main methodologies:

- **The Discounted Cash Flows methodology ("DCF") applied to ESI Group**
- **Reference to the purchase price of the Company's Controlling Block by the Offeror**

Secondary methodologies:

- **Reference to Share prices before rumors** – *limitation regarding this methodology is the low liquidity of the stock on the market*
- **Reference to financial analysts' target price –** *limitation due to limited number of analysts covering the Company*

Methodologies for illustrative purposes:

- **Reference to Share prices pre-announcement** – *limitation regarding these datapoints is the impact on the share price of the announcement by ESI Group of the existence of preliminary discussions with certain third parties in response to press rumors*
- **The trading multiple methodology applied to ESI Group** through separate samples of selected European engineering software companies – *limitation regarding this methodology is the lack of direct peers given the size and geography differential with simulation peers, with main names retained for illustration purposes*

being Dassault Systèmes (with a c.€51bn market capitalization and broader product offering compared to ESI Group) and other European engineering software companies (Lectra and Mensch & Machine) with operational and financial similarities and mid-cap size but exposed to different end-markets. Given the specific nature of the Company's business model and size, there are no companies fully comparable.

- **Transactions multiple methodology applied to ESI Group** through separate samples of similar historical and disclosed transactions – *The Presenting Banks have retained this methodology for illustrative purposes only given i) the recent transactions in the sector concerned Targets with a different positioning and/or financial profile from those of ESI Group and ii) the application of this method requires having reliable information relating to the companies which have been acquired and which is not publicly available most of the time*

The presenting banks have adopted a pre-IFRS 16 valuation approach in line with the methodology used in the Company's financial publications and to ensure consistency between the different valuation methodologies. Valuation has been prepared as of October 27, 2023.

3.1.2 Discarded valuation methods

The following methods – considered not relevant to the assessment of the proposed price – were not retained:

- **Net Book Value ("NBV")**

This patrimonial method consists in valuing a company based on it book equity. It is not relevant for valuing a company that is being considered as a going concern, as it reflects the accumulation of past results and does not take into account the distributive capacity or growth prospects.

For information, the Company's consolidated net book value as of June 30th, 2023 was €95 million, or €16.21 per share.[21]

This accounting method was therefore not used by the Presenting Banks.

- **Net Assets Value ("NAV")**

This approach defines the value of a company's equity as the difference between its assets and liabilities, after revaluation of the main assets – particularly intangible assets - at their market value.

The net asset value method does not appear to be relevant for the valuation of a company such as ESI Group in the context of a long-term operating perspective. This method is mainly used in the case of diversified holdings.

This method has therefore been rejected by the Presenting Banks.

- **Dividend Discount Model ("DDM")**

[21] Based on equity attributable to equity holders of the parent of €95.40 million on the consolidated balance sheet at June 30th, 2023 and 5,885,514 fully diluted shares taken into account in the valuation

This approach consists in assessing the value of a company's equity according to its distributive capacity, by discounting future dividend flows received by shareholders.

This approach is not applicable as the Company has not paid dividends historically. At a lesser extent, even with theoretical projections, it appears to be redundant with Discounted Cash Flows methodology.

This accounting method was therefore not used by the Presenting Banks.

- **Sum-of-the-parts ("SOTP")**

This approach consists in valuing a diversified group by adding up the value of its various businesses, then deducting the value of the structural costs, capital surplus/deficit and other items not attributable to the business lines. This method takes into account the capital allocated by the group to each of its business lines.

This approach is not appropriate as the Company's business segments cannot be valued on a standalone basis due to strong correlation between segments. ESI Group's business activity is broken down only at revenue level between licensing of software (c.85% of revenue 2022) and consulting services (c.15% of revenue 2022) directly related to its software. The underlying product is therefore similar and the business plan cannot be accurately divided into distinct business line in order to apply a sum-of-the-parts valuation methodology. Moreover, given the size differential with peers, the use of revenue multiple applied to sum-of-the-part valuation is less relevant than other methodologies.

This method has therefore been rejected by the Presenting Banks.

3.2 Financial data used for the valuation

3.2.1 Data sources

The following main publications and documents were used for the valuation:

Publicly available information:

- Publicly available historical financial data of the Company on a consolidated basis, up to the results of the Company as of June 30th, 2023 H1 results on a consolidated basis to provide the most recent snapshot of the Company's financial situation;
- Research analyst reports on the Company;
- Market information from financial databases: Bloomberg, Refinitiv Eikon and Factset.

Information provided by the Offeror:

- The 2022-2024 triennial Business Plan was validated by the strategic committee of the Board of Directors during the board retreat of July 2021. The 2023-2025 plan was validated by the strategic committee of the Board of Directors during the board retreat of February 2023;
- Organizational structure of the Company;
- Revenue and growth strategies intended to be implemented for further development;

- Company's view on current trading;
- Interactions of the Presenting Banks with the Company's Chief Financial Officer and other top-management members.

It is specified that the communication of such information by the Company was carried out in accordance with the recommendations contained in the AMF guide to permanent information and the management of inside information.[22]

3.2.2 Enterprise value to equity value adjustments

The bridge from enterprise value to equity value of the Offer is based on latest balance sheet provided by the Company as of June 30th, 2023 (H1 2023 – unaudited figures):

- Consolidated net financial debt, pre-IFRS 16 (excluding the amount of debt corresponding to operating lease contracts which represented €9.7m as of June 30th, 2023)
    - No other net debt adjustments as per legal documentation provided by the Offeror
- Consolidated cash and cash equivalents items as per Company's balance sheet
- Other common adjustment items calculated from the consolidated balance sheet as of June 30th, 2023 provided by the Company

Offer made by the Offeror related to the acquisition of the Controlling Block has been submitted on June 28th, 2023 on the basis of March 31st, 2023 balance sheet of the Company (unaudited figures). However, to provide the most accurate view on the Company financial situation, the valuation analysis has been updated with the most recent statements of June 30th, 2023. Thus, the subsequent multi-criteria valuation exercise presented below follows the Equity Value to Enterprise Value bridge as per H1 2023 (published on September 14th, 2023) so post the announcement of the Offer by the Offeror made on June 29th, 2023.

As of June 30th, 2023 (H1 2023):

Bridge items	Value	Comments
Financial debt	€ 27.30m	*As of half-year 2023 company report*
Cash and Cash equivalents	€ -63.12m	*As of half-year 2023 company report*
Net financial debt as of June 30th, 2023	**€ -35.82m**	
Non-controlling interests	€ 0.00m	*As of half-year 2023 company report*
Current provisions mainly related to restructuring (after taxes)	€ 1.52m	*As of half-year 2023 company report*
Provision for employee benefits (after taxes)	€ 4.89m	*As of half-year 2023 company report*
Tax-loss carry-forwards	€ -11.49m	*As of half-year 2023 company report*
Equity in net earnings of affiliated companies	€ -0.60m	*As of half-year 2023 company report*

[22] AMF Position recommendation DOC-2016-08, dated October 26, 2016, amended on April 29, 2021.

Other equity value to enterprise value bridge adjustments as of June 30th, 2023	**€ -5.68m**
Total equity value to enterprise value bridge	**€ -41.50m**

ESI Group has access to R&D tax credit over the last years under the French law of "Credit Impot Recherche". We acknowledge one could consider this element can be a bridge item. However, given the limited information available on future R&D tax credits, and its potentially minor impact, we decided to not take it into consideration in this exercise.

3.2.3 Total number of shares on a fully-diluted basis

The number of shares selected is based on the 6,092,586 shares issued as of September 30, 2023 adjusted for the following items:

- Subtraction of 381,637 treasury shares as of September 30, 2023 (*source: Company*)
- Addition of 56,097 CEO and non-CEO option dilution[23] as of September 30, 2023 (*source: Company*)
- Addition of 34,534 Restricted Stock Units ("RSUs") delivered as of November 3, 2023 (*source: Company*)
- Addition of 83,934 shares outstanding not transferable at OPA

On this basis, the total number of shares retained on a fully-diluted basis is 5,885,514.

3.3 Description of the valuation methods used

The main components of this analysis, prepared by the Presenting Banks, are set out below.

3.3.1 Main valuation methodology

(a) Discounted Cash Flows ("DCF")

The discounted cash flows method consists of determining the fundamental value of a company's economic asset or enterprise value by discounting with the weighted average cost of capital (WACC) the sum of the projected free cash flows.**Operational assumptions (free cash flows projections)**

The free cash flow assumptions for ESI Group are based on:

- **The Company's Business Plan which covers the period H2 2023-2025. This business plan notably assumes:**
  - Improved topline growth with a CAGR of 10.4% between 2023-2025, mainly driven by licensing activity which aims at representing c.90% of total revenue as per Company's Business Plan
  - Ramp-up of EBITDA (pre-IFRS 16) margin of c.+710bps to reach 23.6% in 2025 vs. 16.5% in 2023 on a full year basis

23 The option dilution is computed using the treasury stock method (TSM).

- Level of depreciations and amortizations ("D&A") to remain slightly superior to the absolute level of capex over the Business Plan

- Corporate tax rate of 25.0% (tax rate retained for France in 2023 and subsequent years)

- Slight increase of the level of CAPEX from 1.5% in 2023E of revenue to 1.6% of revenue by 2025E

- Change in working capital to remain stable at around -€1mm cash outflow per annum, except in H2 2023 as change in working capital also includes fees and expenses related to the transaction as indicated by the Offeror

- **An extrapolation from 2026 to 2032:**

  - Linear revenue evolution with top line growth to gradually decrease as the Company matures to reach +2.5% by 2032

  - Gradual linear growth of EBITDA (pre-IFRS 16) margin from 23.6% at the end of the Business plan in 2025E to reach 30.0% by 2032 in line with EBITDA margins observed in mature engineering software companies

  - Steady level of D&A as of percentage of revenue

  - Steady level of Capex as of percentage of revenue

  - Corporate tax rate to remain at 25.0%

  - Change in working capital extrapolated as of -5.8% of change in revenue, in line with the last year of the Business Plan

- **An additional one-year normalized period ("Terminal Value"):**

  - Terminal growth rate of the Company's revenue of +2.5% based on long-term inflation rate average in the OECD (source: BMI, a Fitch Solutions Company)

  - EBITDA (pre-IFRS 16) margin landing at 30.0% towards mature engineering software companies' margin. As a reference point, Dassault Systèmes had in December 2022 an EBITDA margin of 34.1%, even though its margin is not fully comparable to ESI group due to its significant higher scale

  - D&A considered as 100% of CAPEX level at the normative year

  - Corporate tax rate to remain at 25.0%

  - Assuming no change in working capital

Free cash flows are calculated as the Company's after-tax operating income plus depreciations and amortizations, minus capital expenditure and changes in working capital.

To be noted, we did not include the potential impact of cash flows expected from *Crédit Impôt Recherche* (R&D tax credit). While we acknowledge this element could have a small cash impact, given the limited information available on tax credit projections, we did not take into account in the context of our Discounted Cash Flow assumptions.

Weighted Average Cost of Capital ("WACC")

The WACC is the weighted sum of the cost of equity and the cost of debt after tax. The cost of equity is estimated based on Capital Asset Pricing Model (“CAPM”) formula, according to which the cost of equity is the sum of a risk-free rate corresponding to the expected return on an investment without default risk and a risk premium corresponding to the excess profitability requested by an investor with regards to the risk profile of the investment. This risk premium is calculated based on a market risk premium weighted by a measure of the Company’s own volatility (“beta”).

Discount rate summary (with market data as of October 2023):

Components	**Mid-point assumed**	***Source***
Risk free rate (“Rf”)	3.4%	*Eurozone estimate - J.P. Morgan Research*[24]
Equity risk premium (“ErP”)	4.6%	*Eurozone estimate - J.P. Morgan Research*[25]
Levered beta (“β”)	1.22	*Barra global - Median of peers*[26]
Cost of Equity	**9.0%**	*= Rf + β * ErP*
Pre-tax cost of debt	6.0%	*In line with the Company's current financing rate*
Post-tax cost of debt	4.5%	*Corporate tax rate of 25.0%*
Debt / Total cap. Target	5.0%	*Median gearing of selected peers*
Calculated discount rate	**8.8%**	

The enterprise value was obtained by discounting, the free cash flows, as defined above, at the Weighted Average Cost of Capital (“WACC”).

<u>Outcome of the DCF</u>

A sensitivity analysis of ESI Group’s value per share obtained using DCF methodology was carried out, with:

- A WACC varying between 8.3% and 9.3%
- A terminal growth rate varying between 2.0% and 3.0%

The resulting values are presented below:

Equity value per share (€)		**Terminal growth rate (%)**		
		2.0%	*2.5%*	*3.0%*
WACC (%)	*8.3%*	€107.1	€113.2	**€120.5**
	8.8%	€98.7	**€103.7**	€109.6
	9.3%	**€91.4**	€95.6	€100.5

24 Risk-free rate is based on a weighted average of the risk-free rates in the Eurozone countries

25 ERP estimate based upon discounted dividend methodology based on IBES consensus and long-term forecasts

26 Median of selected listed peers (i.e. Dassault Systemes, Lectra and Mensch und Maschine)

Based on this sensitivity analysis, the DCF approach gives a value per ESI Group share of between €91.4 and €120.5, with a central value of €103.7. As a result, the Offer Price represents a 49.5% premium to the mid-point of the DCF valuation range, a 69.5% premium to the lower end of the range and a 28.7% premium to the upper end of the range.

(b) Reference to the Controlling Block Transfer

The Offer follows the closing on November 3rd, 2023 of the sale to the Bidder by the Sellers of the Controlling Block representing in aggregate 50.56% of the share capital of the Company and 55.73% of its theoretical voting rights at that time. The Controlling Block Transfer was made at a Price of €155.00 per Company share. Such price includes a change of control premium which will also benefit the shareholders tendering their shares into the Offer.

The price of this transaction is an important reference in the context of a multicriteria approach of the equity value of the Company as it results from a formal competitive process for a controlling stake in the Company, which led to the conclusion of an exclusive negotiations agreement between the Offeror and the holders of the Controlling Block on June 29th, 2023[27].

The price offered for this Offer represents a premium of 72% of the closing price of €90.00 per share on May 17, 2023, the last business day before the announcement by ESI Group of the existence of preliminary discussions with certain third parties in response to rumors in the press ("**Leak Announcement Date**") and 95% of the volume-weighted average price for the three months preceding the Leak Press Release Date, which corresponds to a premium higher than the median of the premiums observed during recent public takeover offers in France (for reference, E&Y mentions a median premium of 30.5% on the last share price paid in 2022 during public offers in France)[28].

3.3.2 Secondary methodologies

(a) Reference to stock market prices

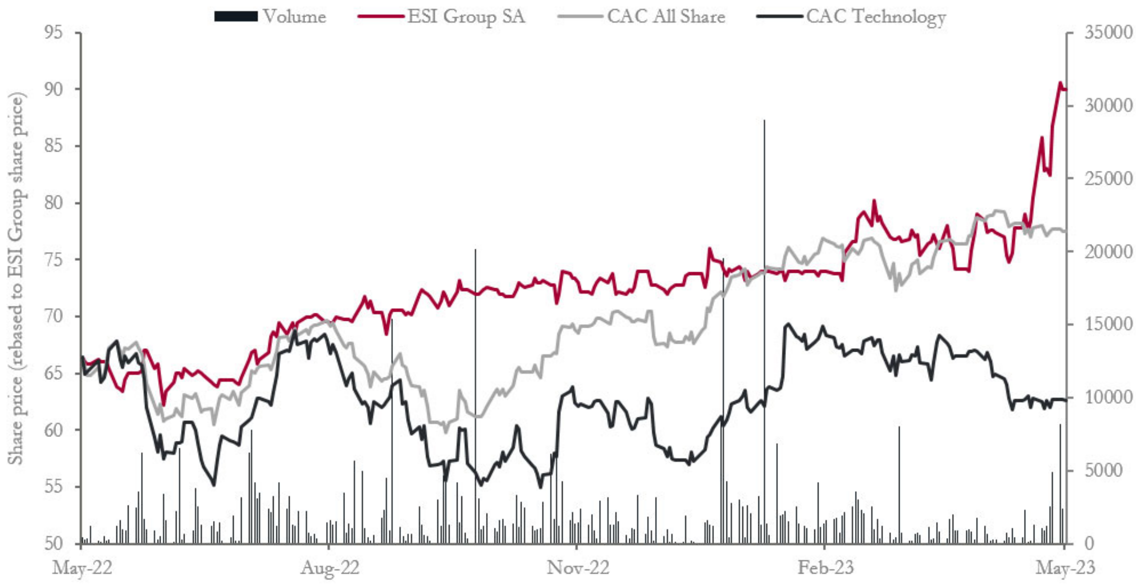
ESI Group shares are included in the CAC All Share index, representing all main-market French equities listed on Euronext Paris; and CAC Technology index, covering the technology sector for France. Over the last 3 years, ESI Group has overperformed both CAC All Share and the CAC Technology indexes as reference below.

The share price approach takes as a reference the closing price on May 17th, 2023 of €90.00 per share, being the last business day before the Leak Announcement Date. ESI Group share price already increased by +16.0% in the last two weeks preceding the announcement by ESI Group on May 17th, 2023, while the CAC All Share index and the CAC Technology indexes slightly decreased by -0.3% and -0.6%, respectively, over the same timeframe. As an additional reference, ESI Group released on May 4, 2023 their Q1-2023 results, exceeding Q1 revenue guidance which could have also impacted ESI Group share price performance.

Evolution of the share price and trading volumes over the last 12 months preceding rumors on preliminary discussions with a third-party (rebased to ESI Group share price)

[27] As per the press release of the Company as of June 29th, 2023, presenting the binding offer submitted by the Offeror and the beginning of the exclusivity phase

[28] Source: E&Y, https://www.ey.com/fr_fr/strategy-transactions/14eme-observatoire-des-offres-publiques



Source: Bloomberg from May 17th, 2022 to May 17th, 2023 included

In the 12 months prior to the "Leak Announcement Date", the Company's share price fluctuated between €61.90 and €91.16 and increased by +35.5% (in comparison, the France CAC All Share reference index increased only by +16.7% over the same period, while the France Technology decreased by -5.8%).

The share price performance analysis has been conducted prior to the "Leak Announcement Date" as the Company's share price increased by +11.7% between May 17th, 2023, the last trading day prior to market rumors on a potential Offer by the Offeror and June 28th, 2023, the last trading day prior to the announcement of the Offer by the Offeror on the acquisition of a controlling block.

The share price approach is also based on the volume weighted average trading prices ("**VWAP**", average closing prices weighted by daily volumes traded) on Euronext Paris as at May 17th, 2023 ("Leak Announcement Date"). Thus, the table below shows the premiums implied by the Offer Price based on the closing price of the ESI Group share on May 17th, 2023 and the VWAP at different horizons. The premiums offered on the basis of the last trading day preceding the announcement of the acquisition of a controlling block by the Offeror followed by the launching of a mandatory cash tender offer of June 28th, 2023 are also presented for information purposes.

	As of 17 May 2023 (main reference) Before leak announcement date		*As of 28 June 2023 (indicative reference) Before public announcement date*	
Reference to the share price	**Value per share**	**Premium resulting from a price of €155**	**Value per share**	**Premium resulting from a price of €155**
Spot price at closing	90.00 €	72.2%	100.50 €	54.2%
Volume weighted average price - 1 month	84.39 €	83.7%	108.05 €	43.4%
Volume weighted average price - 3 month	79.44 €	95.1%	99.00 €	56.6%
Volume weighted average price - 6 month	75.90 €	104.2%	86.07 €	80.1%
Volume weighted average price - 12 month	72.70 €	113.2%	78.96 €	96.3%
Lowest 12 months (16-June-22 / 12-July-22)	61.90 €	150.4%	64.17 €	141.5%
Highest 12 months (15-May-23 / 29-May-23)	91.16 €	70.0%	112.70 €	37.5%
All-time high (15-May-23 / 29-May-23)	91.16 €	70.0%	112.70 €	37.5%

Source: Bloomberg, Factset

The Offer Price of 155€ per share represents a premium of +72.2% compared to the closing price of the ESI Group at May 17th, 2023 (“Leak Announcement Date”) and a +95.1% for the three-month VWAP as of May 17th, 2023.

The Offer Price of 155€ per share represents a premium ranging from +70.0% to +150.4% compared to the maximum and minimum share price over the 12-month period prior to May 17th, 2023.

(b) *Research analysts' price targets*

Over the last year, ESI Group has been covered by three research analysts: (i) Bryan Garnier, (ii) CIC Market Solutions, and (iii) Invest Securities.

The Presenting Banks had access to the share price targets issued by these analysts and had retained the price targets issued before the “Leak Announcement Date”. It is being noted that all reports have been updated after the release of the Company's Q1 2023 results as at May 4th, 2023.

Prior to first rumors on the potential transaction, as at May 17th, 2023, the average of the three research analysts' price target was c.€80.00, representing a premium implied by the Offer Price of +93.8%.

To note that after the “Leak Announcement Date”, Invest Securities published a note on May 22nd, 2023 with a revised target price of €120.00. CIC Markets Solutions also published a note on May 22nd, 2023 after the Leak Announcement Date but did not revise the target price of €75 which has been released on May 5th, 2023.

	As of 17/05/2023 (main reference) *Before leak announcement date*		As of 28/06/2023 (indicative reference) *Before public announcement date*		Post announcement on 29/06/2023	
	Date	Target price (€)	Date	Target price (€)	Date	Target price (€)
CIC Markets Solutions	05/05/2023	75 €	22/05/2023	75 €	24/07/2023	155 €
Bryan Garnier	05/05/2023	89 €	05/05/2023	89 €	29/06/2023	155 €
Invest Securities	05/05/2023	76 €	22/05/2023	120 €	30/06/2023	155 €
Average		**80 €**		**95 €**		**155 €**
Median		**76 €**		**89 €**		**155 €**
Maximum		*89 €*		*120 €*		*155 €*
Minimum		*75 €*		*75 €*		*155 €*

Source: Bloomberg – rounded figures

The Presenting Banks also conducted a review of research analysts' price targets after the announcement of the Offer. As at October 27, 2023, all three research analysts had respectively released reports since the date of the announcement on June 28th, 2023 of the acquisition of a controlling block by the Offeror followed by the launching of a mandatory cash tender offer, and the average price target was upgraded to €155.00, reflecting the alignment towards the price targets with the Offer Price.

3.3.3 Methods cited for indication

(a) *Trading multiples*

This method determines a company's enterprise value by applying the valuation multiples of a sample of listed companies to the financial aggregates, in particular based on activity, business model, profitability and growth prospect. The financials of the sample retained have been adjusted to follow pre-IFRS 16 requirement to be consistent with the Company's financials.

The application of the EV/Revenues and EV/EBITDA multiples (aggregate used in the engineering software sector) therefore provide an estimated enterprise value for ESI Group.

The years 2023 and 2024 were retained as reference years and multiples of comparable companies were calculated by dividing the enterprise value of each company by the Revenues and EBITDA projections from the analyst consensus aggregated by Factset as of October 27, 2023.

Sample retained: Dassault Systèmes, Lectra and Mensch und Maschine have been selected as European engineering software peers to ESI Group. The limitation regarding this methodology is the lack of perfect peers given the size and geography differential with simulation peers, with main names retained being Dassault Systèmes (with a c.€51bn market capitalization and broader product offering compared to ESI Group offset however by a strong footprint in France) and other European engineering software companies (Lectra and Mensch und Maschine) with operational and financial similarities, even if exposed to different end-markets. Given the specific nature of the Company's business model and size, there are no companies fully comparable.

ANSYS, Altair Engineering, PTC and AspenTech were also considered as relevant peers in the scope of work regarding their business model and operational similarities. However, given the size (+$22bn market capitalization for ANSYS, +$4bn for Altair Engineering, +$15bn for PTC and +$10bn for AspenTech), geographical footprint (mainly U.S. market for all four of these peers) differential and US listing, these peers were not included in the trading multiples analysis. In addition, Ansys, PTC and AspenTech have very significantly different EBITDA margin profiles (40%+ EBITDA margins), much higher than ESI Group at the end of its business plan.

European engineering software:

			EV / Revenue		EV / EBITDA	
CYE 12/31 (€/$ bn)	**Market cap.**	**EV**	**CY23E**	**CY24E**	**CY23E**	**CY24E**
European engineering software						
Dassault Systèmes	€ 51.4	€ 51.1	8.6 x	7.9 x	25.5 x	23.1 x
Lectra	€ 0.9	€ 0.9	1.8 x	1.8 x	12.3 x	11.0 x
Mensch und Maschine	€ 0.8	€ 0.8	2.5 x	2.3 x	16.0 x	14.2 x
Average			**4.3 x**	**4.0 x**	**18.0 x**	**16.1 x**
Implied share price			€ 102.0	€ 103.5	€ 72.7	€ 87.6
Implied Offer price premium			52.0%	49.8%	113.1%	77.0%
Median (for reference only)			**2.5 x**	**2.3 x**	**16.0 x**	**14.2 x**
Implied share price			€ 62.0	€ 62.3	€ 65.8	€ 78.0
Implied Offer price premium			150.0%	148.7%	135.7%	98.8%

Based on the average EV / Revenue multiples, the trading multiples method results in a value of €102.0 per share by applying CY23E multiple to ESI Group' management estimated revenue for CY23E, and a value of €103.5 per share by applying CY24E multiple to ESI Group' management estimated revenue for CY24E.

Based on the average EV / EBITDA multiples, the trading multiples method results in a value of €72.7 per share by applying CY23E multiple to ESI Group' management estimated EBITDA (pre-IFRS 16) for CY23E, and a value of €87.6 per share by applying CY24E multiple to ESI Group' management estimated EBITDA (pre-IFRS 16) for CY24E.

(b) Transaction multiples

Transactions retained: Recent transactions (2022-2023) in the industrial engineering software sector with a focus on European transactions with NTM financials available. We limited our sample to transactions in 2022 or later in order to ensure comparability with current market conditions.

Relevant transactions:

As per industry market practice, NTM financials have been applied for the computing of valuation multiples of the selected transactions. The computation of the implied share price has also been based on average 2023E-24E financial estimates of ESI Group to provide a proxy for NTM figures.

Based on the average EV / Revenue NTM multiples, the peers' trading multiples method results in a value of €97.6 per share by applying NTM average transaction multiple to ESI Group' management estimated revenue 2024E NTM.

Based on the average EV / EBITDA NTM multiples, the peers' trading multiples method results in a value of €102.9 per share by applying NTM average transaction multiple to ESI Group' management estimated EBITDA 2024E NTM.

Announced Date	Target	Acquirer	Value ($bn)	EV / Revenue NTM	EV / EBITDA NTM
Apr-23	Software AG	Silver Lake	2.4	2.2 x	12.0 x
Jan-23	Meltwater NV	MW Investment B.V.	0.6	1.2 x	13.3 x
Aug-22	AVEVA	Schneider Electric	12.5	7.6 x	26.5 x
Apr-22	Basware Ovi	Accel-KKR; Briarwood	0.7	3.9 x	24.8 x
Average				**3.7 x**	**19.2 x**
Implied share price				97.6 €	102.9 €
Implied Offer Price premium				58.7%	50.6%
Median (for reference only)				**3.1 x**	**19.1 x**
Implied share price				81.2 €	102.4 €
Implied Offer Price premium				90.8%	51.4%

3.4 Summary of valuation work

The table below presents the summary of the valuation derived from the valuation methods used and the premiums implied by the Offer Price:

Methodology	References	Implied share price	Implied Offer Price premium
Main valuation method			*Offer price per share: €155*
Discounted cash flow	DCF - Central case	103.7 €	49.5%
	Sensitivity - low range	91.4 €	69.5%
	Sensitivity - high range	120.5 €	28.7%
Secondary valuation methods			
Market value (price as of 17-May-23, pre-rumours)	Spot price as closing	90.0 €	72.2%
	Volume weighted average price 1 month	84.4 €	83.7%
	Volume weighted average price 3 month	79.4 €	95.1%
	Volume weighted average price 6 month	75.9 €	104.2%

	Volume weighted average price 12 month	72.7 €	113.2%
	Lowest 12 months	61.9 €	150.4%
	Highest 12 months	91.2 €	70.0%
Target prices	Average (pre-rumours)	80.0 €	93.8%
	Median (pre-rumours)	76.0 €	103.9%
Indicative valuation methods			
Market value (price as of 28-Jun-23, pre-announcement)	Spot price as closing	100.5 €	54.2%
	Volume weighted average price 1 month	108.1 €	43.4%
	Volume weighted average price 3 month	99.0 €	56.6%
	Volume weighted average price 6 month	86.1 €	80.1%
	Volume weighted average price 12 month	79.0 €	96.3%
	Lowest 12 months	64.2 €	141.5%
	Highest 12 months	112.7 €	37.5%
Trading multiples (as of 28-Jun-23)	Average EV / Revenue 23E	102.0 €	52.0%
	Average EV / EBITDA 23E	72.7 €	113.1%
	Average EV / Revenue 24E	103.5 €	49.8%
	Average EV / EBITDA 24E	87.6 €	77.0%
Transaction multiples	Average EV / NTM Revenue	97.6 €	58.7%
	Average EV / NTM EBITDA	102.9 €	50.6%

4 Persons responsible for the Offer Document

4.1 For the Offeror

"*In accordance with Article 231-18 of the General Regulation of the Autorité des marchés financiers, I certify that, to the best of my knowledge, the information in the Offer Document is in conformity with reality and does not contain any omission likely to alter its scope.*"

Keysight Technologies Netherlands B.V.

4.2 Presenting Banks

"*In accordance with Article 231-18 of the General Regulation of the Autorité des marchés financiers, J.P. Morgan SE and BNP Paribas, the banks presenting the Offer, certify that, to the best of their knowledge, the presentation of the Offer, which it has examined on the basis of the information provided by the Offeror, and the information on the assessment of the proposed price, are in conformity with reality and do not contain any omission likely to alter its scope.*"

J.P. Morgan Securities SE

BNP Paribas