



2022

Investor Notebook





Shareholders messages

Alex DAVERN's Message

Chairman of the Board of Directors

ESI Group: new Core Strategic Vision to drive growth and new governance in line with the best market standards

2021 was a foundational year for ESI Group. It was marked by the introduction of a new Core Strategic Vision for growth, a profound governance evolution and also by the communication of its first publicly shared three-year plan. The Group led by Cristel de Rouvray and her Leadership Team demonstrated their vision for future growth and profitability and their ability to lead and transform this company. The 2021 financial results released in March 2022 validated this motion. I thank Cristel, her team, and all employees for this performance in 2021.

When joining the group's Board of Directors as Chairman a year ago, I was convinced by the value of this Group and that by releasing some historical constraints, Cristel and her team would be able to transform it into a best-in-class software company.

To unlock this value, we needed to focus our innovation and modernize our governance, and that's what we did.

A Clear and focused Core Strategic Vision (CSV)

As Cristel discusses below, she and the team introduced the new CSV to focus our innovation and drive the next phase of ESI's growth.

No majority shareholder

In May 2021, the legacy founders shareholders' agreement was terminated by its different stakeholders. The Group no longer has any majority shareholders.

Greater transparency

Continuing our journey toward more transparency in communication with its shareholders, the team unveiled the first-ever communicated three-year strategic plan.

An independent Board

Following the addition of both myself and Patrice Soudan, the former CFO and Deputy CEO of Legrand, the Board of Directors is now composed of seven Directors, including six independent ones, and is led by a Non-Executive Chairman.

The interests of ESI Group's stakeholders are now totally aligned in support of the new Core Strategic Vision and I'm convinced that the Group will unleash its full potential.



Cristel DE ROUVRAY's Message

Chief Executive Officer

2021, a turning point year for ESI Group

The introduction of our new Core Strategic Vision is designed to focus our innovation and deliver new value to our customers. ESI's CSV is:

"To be a leading software partner in selected virtual test markets, by leveraging our predictive physics IP and platform for chaining."

By focusing on our innovation on our core markets and by investing to win we will strengthen our market position and accelerate our growth by adding new value to our customers through integrating previously siloed steps in the engineering workflow, to accelerate our customers time to market. In addition, we are also globalizing our distribution and executing in a more consistent fashion.

In 2021 we also successfully steered our company through a governance change, announced our redefining three-year strategic plan, and demonstrated considerable performance improvements. We reignited growth (€136.6 million, +4.6% YoY at constant exchange rate) and more than doubled our Adjusted EBIT margin (from 4.5% to 9.6%). On this excellent foundation, we now enter the 1st year of our "OneESI 2024 - Focus to grow" plan. Across the globe, all our stakeholders are now experiencing the early benefits of this significant change in our ability to focus and drive results. I am confident in our ability to deliver our communicated multi-year objectives and long-term value to our shareholders by repositioning our Group.

We are entering a period of unprecedented change in our history, driven and accelerated by our "OneESI 2024 - Focus to Grow" plan. In 2022, we are becoming more global, more user-friendly, more reliable, more ambitious, to address all the needs of our customers to become one of their key software solutions partners.

Now more than ever, our talents are mobilized to deliver ESI Group's full value to industry.

Thank you to all our shareholders for their support and confidence. They can count on our collective motivation and enthusiasm to make ESI Group a reference in its sector.

To be a leading software partner in selected virtual test markets, by leveraging our predictive physics IP and platform for chaining.

€136.6 M
Revenue

€12.7 M
Adjusted EBIT





ESI Group in figures

The Group's improved performance forms the basis of the "OneESI 2024 – Focus to Grow" strategic plan for increased growth and profitability. The 2021 results confirm that ESI Group continues to deliver on its commitments. Fiscal year 2021 marks the first significant improvement in profitability; the result of the actions undertaken for over a year now while boosting growth.



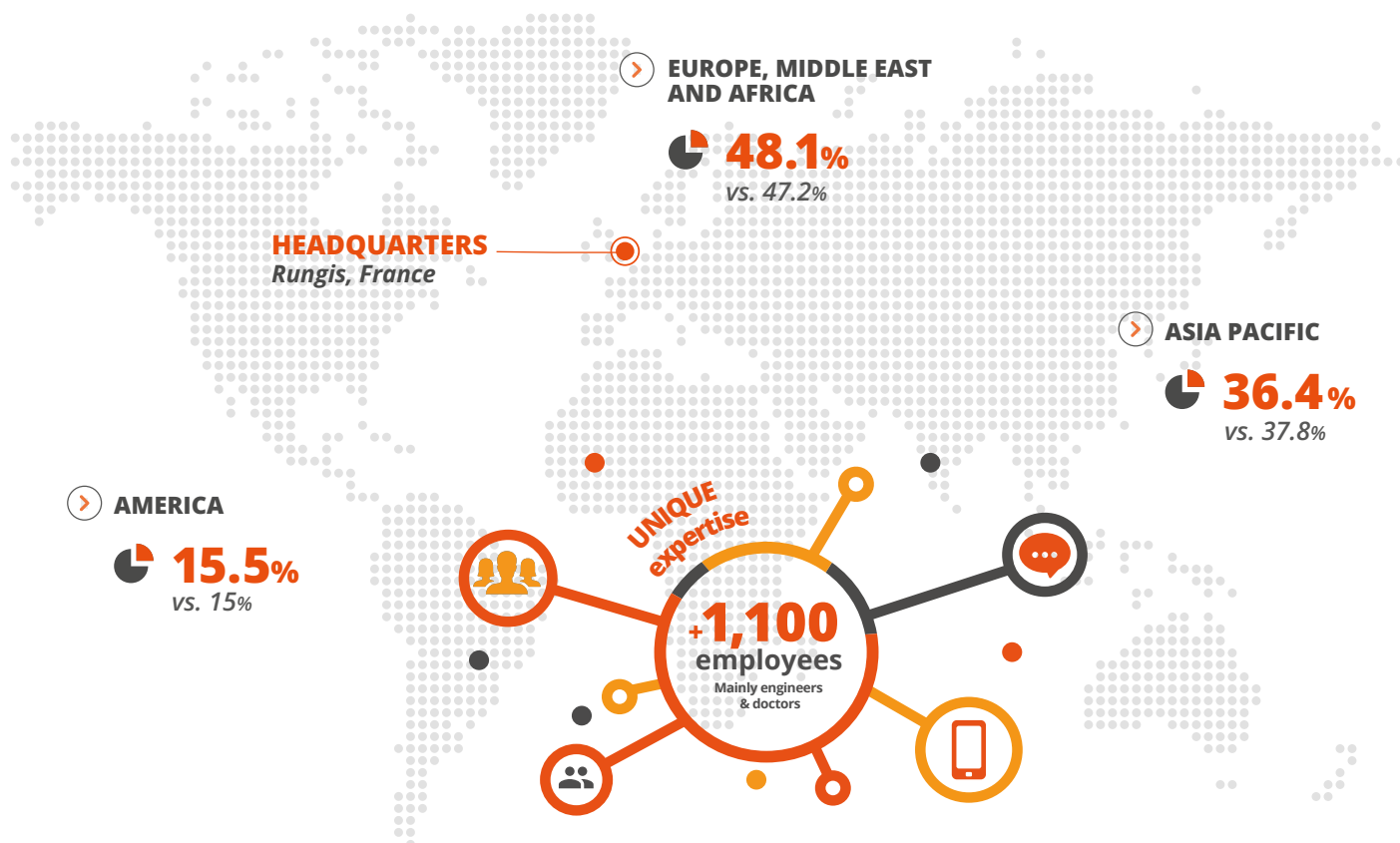
€136.6 M
REVENUE

+ 4.6% cer
REVENUE'S EVOLUTION

€12.7 M
ADJUSTED EBIT ⁽¹⁾

Global reach

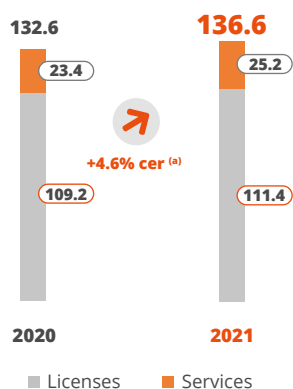
 **+ 20** Present in **countries**



(1) Adjusted EBIT is a non-GAAP indicator based on EBIT (IFRS). Adjusted EBIT corresponds to EBIT before stock-based compensation expenses, restructuring charges, impairment charges and amortization of intangibles charges related to acquisition, the application of IFRS 16 standard on leases and other non-recurring items.

Revenue evolution

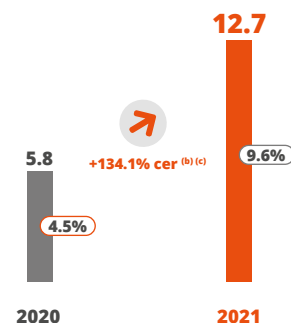
(In € millions)



(a) Constant exchange rate.

Adjusted EBIT (a)

(In € millions and % of revenue)



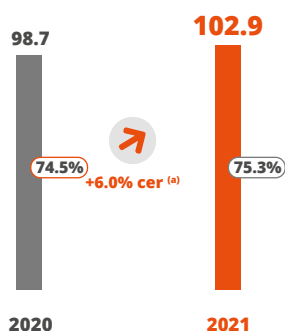
(a) Adjusted EBIT is a non-GAAP indicator based on EBIT (IFRS). Adjusted EBIT corresponds to EBIT before stock-based compensation expenses, restructuring charges, impairment charges and amortization of intangibles charges related to acquisition, the application of IFRS 16 standard on leases and other non-recurring items.

(b) Adjusted EBIT margin is calculated based on revenue excluding special projects (public grant for R&D projects).

(c) Constant exchange rate.

Gross margin

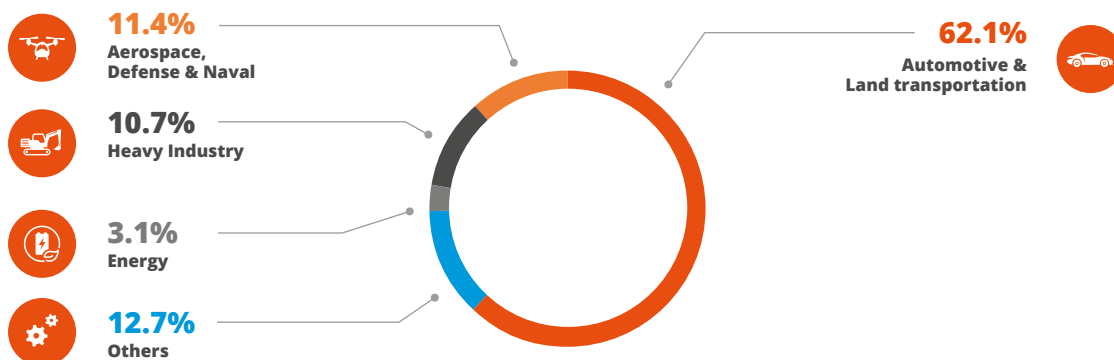
(In € millions and % of revenue)



(a) Constant exchange rate.

A multi-sector offer

Industrial diversification (as a % of revenues)





Strategic plan

"OneESI 2024 – Focus to Grow"

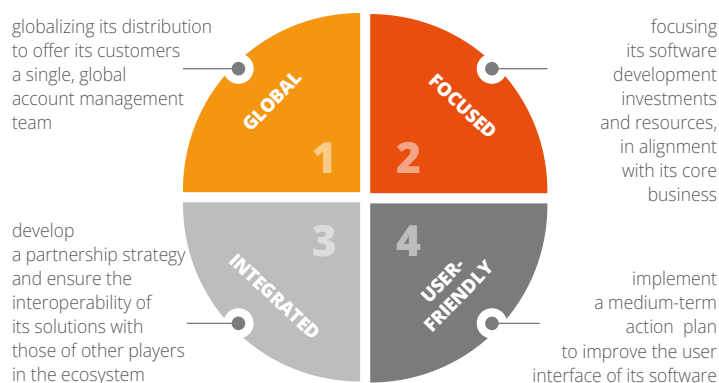
A three-year & self-help plan

In October 2021, ESI Group announced a three-year strategic plan named "OneESI 2024 – Focus to Grow". To increase its performance both in term of revenue and in term of profitability, the Group built a self-help plan founded on the focus of its teams on core activities. To help in this focus exercise, the Group unveiled a new Core Strategic Vision: "Being a **leading software partner** in selected **virtual test markets**, leveraging its **predictive physics IP** and **platform for chaining**".

A plan to multiply the value created for its customers

Thanks to the implementation of its strategic plan, the Group is strengthening its value proposition for its customers.

It is based on **4 main levers**:



2024 Ambitions

- A high single-digit growth
- An adjusted EBIT to exceed 20%

At constant exchange rate	2022	2023	2024
Revenue (adjusted for special projects) ⁽¹⁾	4% – 6%	6% – 8%	7% – 9%
Adjusted EBIT ⁽²⁾	10% – 12%	15% – 17%	20% – 22%

In the light of recent events and the Russian aggression against Ukraine over the last weeks, ESI Group has decided to suspend all business development with Russia and Belarus customers, which represents less than 1.5% of revenues in 2021.

To achieve this plan, ESI counts on its key levers



A confirmed opportunity in a growing and vibrant simulation market



A renewed operating model



Best-in-class governance practices



Committed teams

(1) For the 3-year plan, the growth of revenue excludes special projects.

(2) Adjusted EBIT is a non-GAAP indicator based on EBIT (IFRS). Adjusted EBIT corresponds to EBIT before stock-based compensation expenses, restructuring charges, impairment and amortization of intangibles related to acquisition, IFRS 16 standard on leases and other non-recurring items.

Risks and Risk Management

ESI has reviewed the major risks that could have a significant effect on its business, financial position or results. The data presented below constitute the main risks for the Group:

	RISK	IMPACT
STRATEGIC AND OPERATIONAL RISKS	Concentration among top customers and industry sector	ESI seeks to manage a profitable path to scale and continued growth via focus and simplification. It has structured its approach in four main industries & three lines of business, allowing focused R&D & Innovation investments. The Group is transforming to globalize customer facing activities, to deepen footprint in existing customers and increase new business.
	Competition, differentiation*	ESI clearly outlines the differentiators in its offering and positioning, focusing on the core business. It creates more clarity and simplification of the offer around three lines of business, to increase the value by chaining our predictive physics capabilities, and to invest to win by aligning on the core business.
	Intellectual property*	ESI controls the intellectual property of codes developed in house for which ESI retain the ownership through the clauses on the employment contracts, ad-hoc development agreements inside the Group and through the protection of codes via bailiff deposits. The Group implements a password protection method on most of its products, and a counterfeit detection software associated with a legal assistance service to prosecute counterfeiters. ESI is managing a protection through contracting based on the generalization of our EULA (End User License Agreement) and negotiation with customers on general terms and conditions.
	Alignment of human resources	ESI constantly manages the evolution in headcount to align with the core activities. ESI implements retention and loyalty policies, by setting up talent development plans and attractive compensation policy for key people.
DIGITAL RISK	Information security	ESI relies on the reliability of its Information Management System based on the requirements of the ISO 27001. The Group benefits from a TISAX (Trusted Information Security Assessment Exchange) certification for several sites. The setting up of a global cyber insurance policy allows the Group to protect its activities, while reviewing and validating its internal systems and control points.
RISK RELATED TO THE ENVIRONMENT	International, geopolitical, and regulatory environment*	The Group's presence in many countries protects it from the adverse effects of unfavorable local economic conditions. The Group ensures compliance with Export Trade laws and regulations as they evolve, when necessary.
	Environment: global pandemic situation	The health crisis created opportunities for increased engagement with the customers in a different manner but also for bringing new working methods to ensure the continuity of the operations.

* Risks with a significant level of exposure after mitigation measures are considered.

For more information, please refer to the Universal Registration Document 2021, available on ESI Group's website: <https://investors.esi-group.com/financial-information/reports>



Balanced corporate Governance

COMPOSITION OF THE BOARD OF DIRECTORS



5 SPECIALIZED COMMITTEES

Strategic Committee

Audit Committee

Nominations and Governance Committee

Compensation Committee

Technology and Marketing Committee



2021 KEY EVENTS

› January 14, 2021

ESI Group collaborates on R&D French project for sustainable automotive aluminum solutions

ESI Group is to develop lightweight, recyclable and cost-efficient aluminum solutions for the automotive market along with Constellium, Groupe Renault, *Institut de Soudure* (Welding Institute) and the University of Lorraine.



› April 28, 2021

To protect its employees work-life balance and restore the importance of taking time

This "No-meeting Wednesday" means that every Wednesday is a "No-meeting Wednesday", leaving the employee freer and more flexible in the organization of his or her work, thus reducing stress and increasing concentration and productivity.

› January 26, 2021

ESI Group contributes to the reforestation of the planet by planting 10,000 trees by 2025

Each participant can follow the evolution of the reforestation and its benefits in real time (impact on climate, biodiversity, health and employment) on <https://www.reforestaction.com/en/esi-group>.

› February 8, 2021

ESI appoints Alex Davern as Director and Chairman of the Board of Directors

Alex Davern served National Instruments, a global leader in automated test and automated measurement systems, for 26 years in successive leadership positions including as Chief Operating Officer and Chief Executive Officer.

› May 12, 2021

ESI helps improve vibration and acoustic comfort and raw material savings in Bentley's Flying Spur test phase.

Relying on Virtual Prototyping, allowing Flying Spur designers to use digital mock-ups that helped identify NVH before building a physical version of the car.

GOVERNANCE



Cristel de Rouvray
Chief Executive Officer



Florence Barré
Chief of Staff



Yannick Charron
Vice-President
Human Resources



Ajit Gokhale
Executive
Vice-President Engineering

Leadership Team



Francis Griffiths
Executive
Vice-President Sales



Dominique Lefebvre
Senior Vice-President
Product Development
Planning



Emmanuel Leroy
Executive Vice-President
Product, Innovation &
Industry Solutions



Corinne Romefort-Régnier
Senior Vice-President General
Secretary & Governance



Mike Salari
Corporate Chief
Operating Officer,
Revenue Generation



Olfa Zorgati
Executive Vice-President
Operations &
Chief Financial Officer

› June 8, 2021

ESI participates in the successful development phase of the Nivus made by Volkswagen do Brazil: 100% digitally and virtually – a world premiere

Thanks to Virtual Prototyping/Digital Development (a change in product development), time was shortened in about 10 months and saved 65% in prototype production costs: a major shift in the industry.

› October 5, 2021

ESI announces its strategic plan “OneESI 2024 - Focus to Grow”

The 3-year plan is expected to generate high double-digit growth and an adjusted EBIT over 20%.

› October 20, 2021

ESI ranked first in the Gaïa -Index for the 5th year. ESI, committed to a cleaner, safer and more productive industry, has once again been **awarded the first Gaïa prize** in the category of Small and medium-sized enterprises (SME) with a revenue of less than €150 M.



› November 4, 2021

The SEAT S.A. Technical Centre and ESI Group are setting new standards for automotive development, moving towards 100% digital with the all-new CUPRA Formentor

As a result, the need for physical testing and prototyping has been significantly reduced while guaranteeing a 5-star rating in NCAP safety tests.

› December 1, 2021

Apave, ESI Group and Onet Technologies – A unique alliance for an outstanding EPR project at the Jaitapur site in India

With an installed capacity of 9.6 GW, this plant would be the most powerful in the world covering the annual consumption of 70 million Indian households, while avoiding the emission of about 80 million tons of CO₂ per year.



ESI, a committed Group

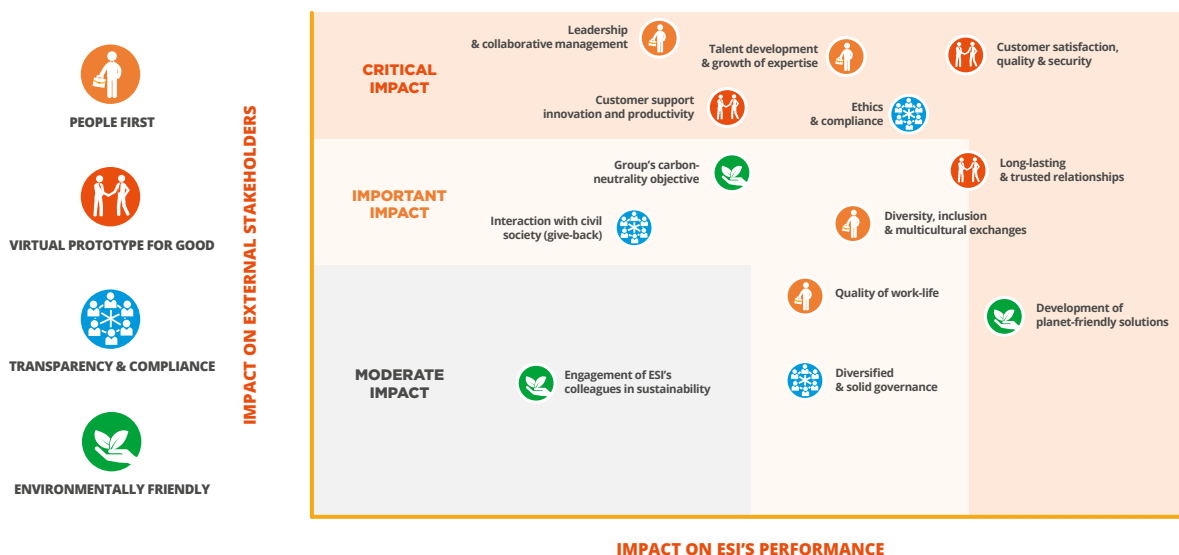
Aware of its responsibility in each of the three pillars of sustainable development, ESI has gradually developed a Corporate Social Responsibility (CSR) policy that contributes to shared economic and social development and the preservation of human balance.

Structured around 4 axes and broken down into **13 commitments**, ESI Group's CSR approach is aligned with its business approach and contributes to achieving its strategic objectives. It enables ESI to create social and economic value for its four CSR pillars: **people first**, **virtual prototyping for good**, **transparency and compliance**, **environmentally friendly**.



ESI Group's materiality matrix

In 2021, ESI updated its materiality matrix: a key tool in the execution of the corporate CSR strategy, allowing to define priorities according to their importance for the group's stakeholders and according to their impact on ESI's performance. For more information, please refer to the Universal Registration Document 2021.



Performance



(a) Average calculated based on 2020 data provided by ESI sites representing 98.4% of the total workforce.

(b) Average calculated for countries with data available for the last 3 consecutive years.

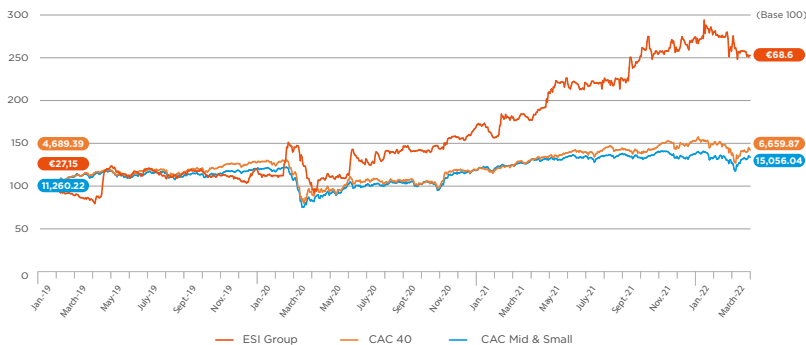
(c) Estimation for the year 2021, given by Gelato, a global print-on-demand platform used by ESI group.



Selected financial informations

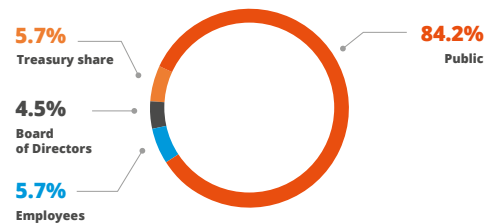
Share price trends

Between January 2019 and March 2022 (base 100)



Share capital breakdown

As of December 2021



Data as of march 31, 2022



€68.60

Stock market price

€408.52 M

Market capitalization

Our analysts

- Berenberg
- CIC Market Solutions
- Idmidcaps
- Invest Securities
- Midcap Partners

Identity Card

Listed on: Euronext Paris

Compartment B

Sector: Software

ISIN: FR0004110310

Bloomberg: ESI FP



YOUR NEXT MEETINGS

ANNUAL GENERAL MEETING
June 28, 2022

FIRST HALF RESULTS
September 7, 2022

INVESTOR'S CONFERENCE
September 27, 2022

Q3 FY22 REVENUES
October 24, 2022

Contact us

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