

Half year 2022 revenue & results



**Momentum builds in the 1st six months of
the “*OneESI 2024 – Focus to grow*” plan**

INVESTOR'S CALL

ESI Group
September 7th, 2022

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Speakers



Cristel de Rouvray

CEO



Olfa Zorgati

EVP Operations & CFO

**Momentum builds in the 1st six months of our
3-year plan “*OneESI 2024 – Focus to grow*”**

Momentum built during the first 6 months of our plan

- Considerable progress in strategic focus
- Driving healthy growth: increase in recurring revenue
- Increased profit from more focus and more efficient organization
- Very solid cash situation → decrease in net financial debt
- Further increase in Annual Contract Value (ACV) & New business, a mid-term exercise to impact starting FY23
- On the right path to meet stakeholders' mid-to-long term expectations
- In-depth update on this progress, divestitures, Russia, and on the 3-year plan at our upcoming investor conference

HALF YEAR RESULTS

(current rate)

H1 revenue	H1 licenses revenue	EBIT Adj margin	Net result
+5.5%	+5.6%	30.4%	€14.0M +26.5%



We achieved significant progress in both growth of recurring software licenses and profit and sharpened our strategic focus- this includes divestitures and a global initiative to package, price, and increase value across our offerings.



key figures

Higher revenues & profitability

(€m)	H1-2022	H1-2021	Change	Change Constant exchange rate (cer)
Revenue	84.3	80.0	+5.5%	+4.0%
Gross margin	68.6	64.0	+7.2%	+8.5%
%revenue	81.3%	80.0%		
Adjusted Ebit	25.6	18.5	+38.2%	+37.3%
Adjusted Ebit margin	30.4%	23.2%		
Other operating income and expenses (incl. Restructuring)	1.5			
EBIT	21.9	18.1	+20.9%	+20.0%
Net result	14.0	11.0	+26.5%	+25.9%
%revenue	16.6%	13.8%		
Net financial Debt	-0,6	6,8		

Q2 & H1 revenues

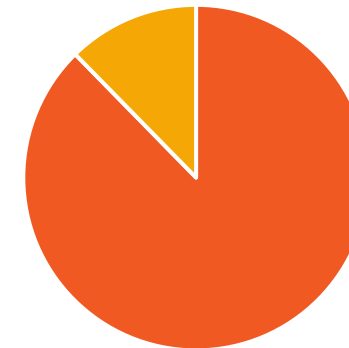
Revenues (€m)	H1-2022	H1-2021	Change	Change Constant exchange rate (cer)
Licenses	73.9	70.0	+5.6%	+4.0%
Services	10.4	9.9	+4.7%	+3.5%
Total	84.3	80.0	+5.5%	+4.0%

Q2 REVENUES

Revenues (€m)	Q2-2022	Q2-2021	Change	Change Constant exchange rate (cer)
Licences	20.8	20.4	+1.9%	-0.2%
Services	5.3	4.9	+7.9%	+6.5%
Total	26.0	25.3	+3.1%	+1.1%

H1 REVENUES

12.3%
(vs 12.5% in 2021)



87.7%
(vs 87.5% in 2021)

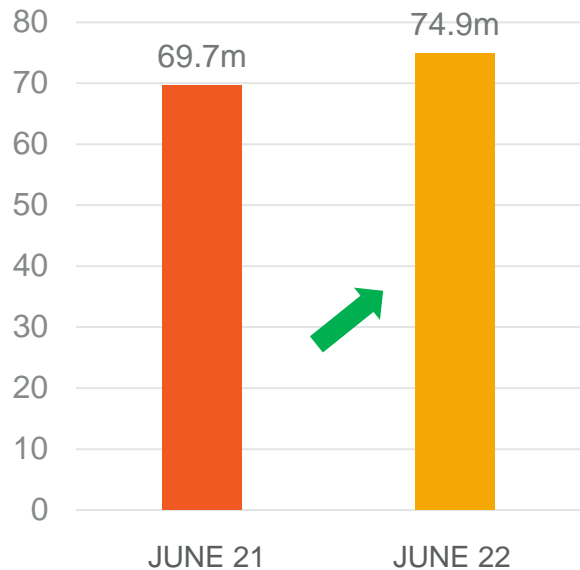
■ Licenses ■ service

License revenue – A healthy growth

Recurring + Perpetual (PUL) + Deferred revenue = Licence revenue (+5.6%)

RECURRING

+7.5% (+6.1% cer)

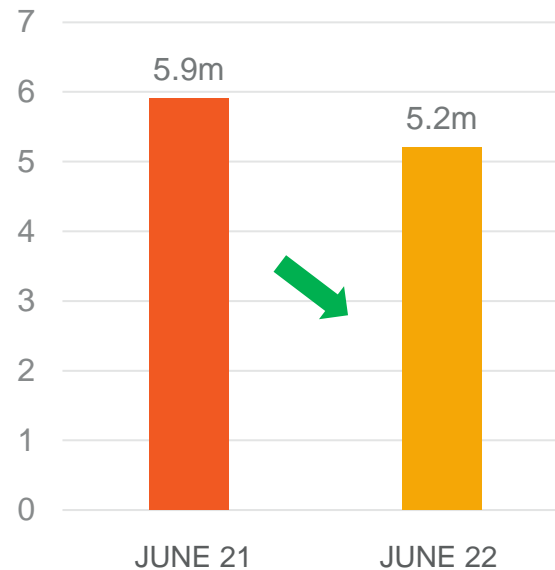


RECURRING RATE

93.5% vs 92.2% in H1FY21

PERPETUAL

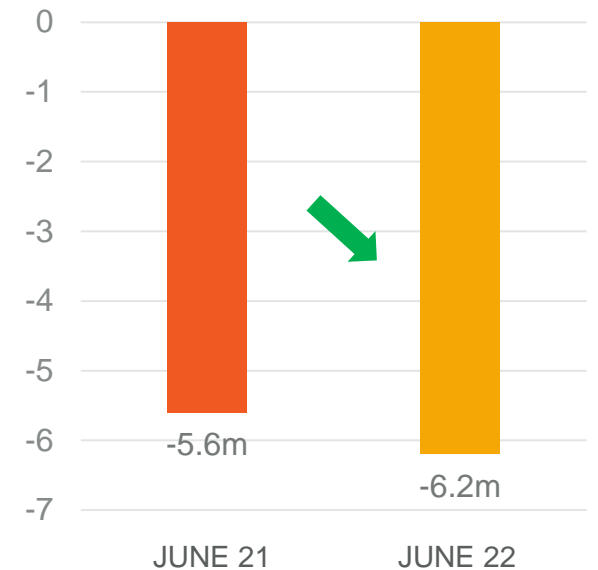
-15.0% (-11.8% cer)



PUL RATE

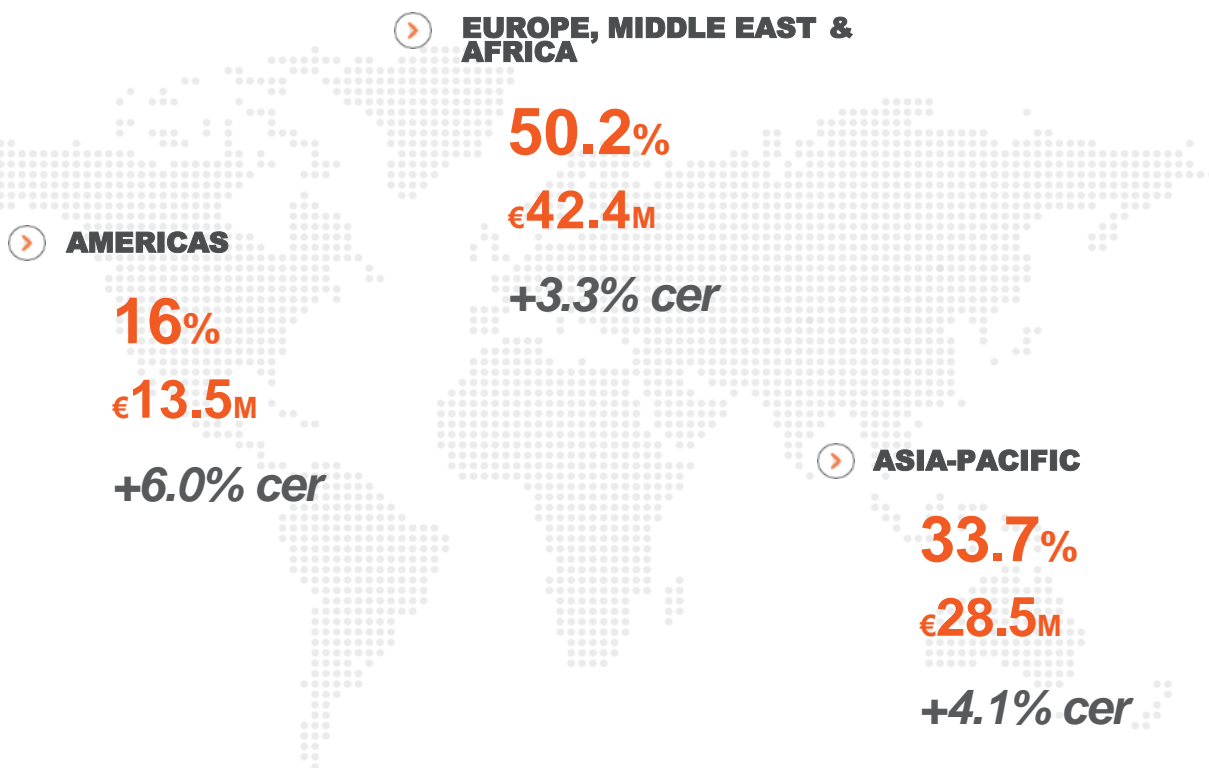
6.5% vs 7.8% in H1FY21

DEFERRED



H1 2022 revenue

Geographies & industries split



4 industries of focus



Automotive &
Land
transportation



Aerospace,
Defense &
Naval



Heavy
industry



Energy

Auto industry continues to drive the business.
Good recovery from Aero led by the Americas
region.

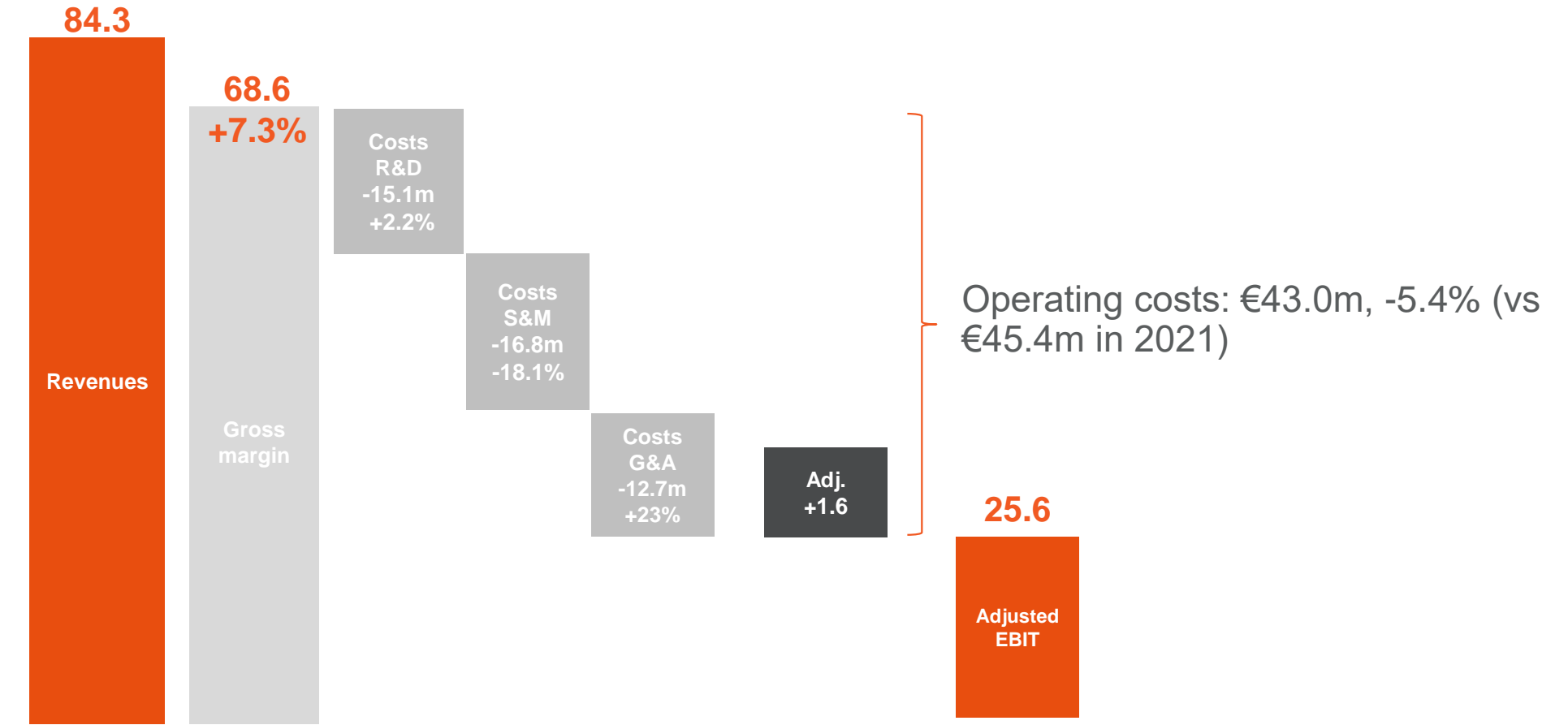
Adjusted EBIT per nature – Overview

Decrease of Costs to Adj. EBIT @current rate by €2.7 m mostly due to decrease of staff costs

€m	H1 2022		H1 2021		Variation	
	Amount	%revenue	Amount	%revenue	Amount	% Var
Revenue	84.3		80.0		+4.4	+5.5%
Expenses linked to revenue	-5.2	6.2%	-5.2	6.5%	-0.0	-0.0%
Staff costs	-44.8	53.1%	-47.5	59.4%	-2.7	-5.6%
Other costs	-8.7	10.3%	-8.8	10.9%	-0.0	-0.3%
Total costs to Adjusted EBIT	58.7	-69.6%	61.5	-76.8%	-2.7	-4.4%
Adjusted EBIT	25.6	30.4%	18.5	23.2%	+7.1	+38.2%

Adjusted EBIT per destination

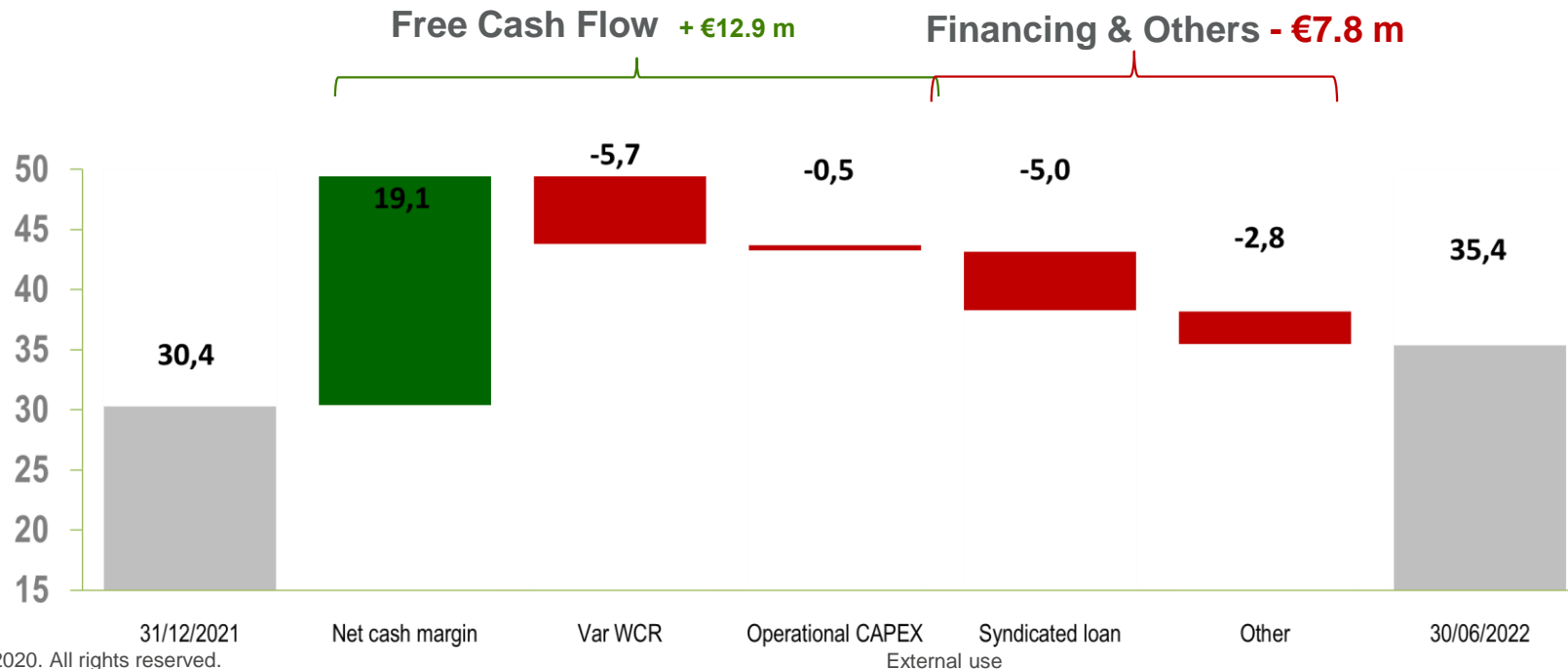
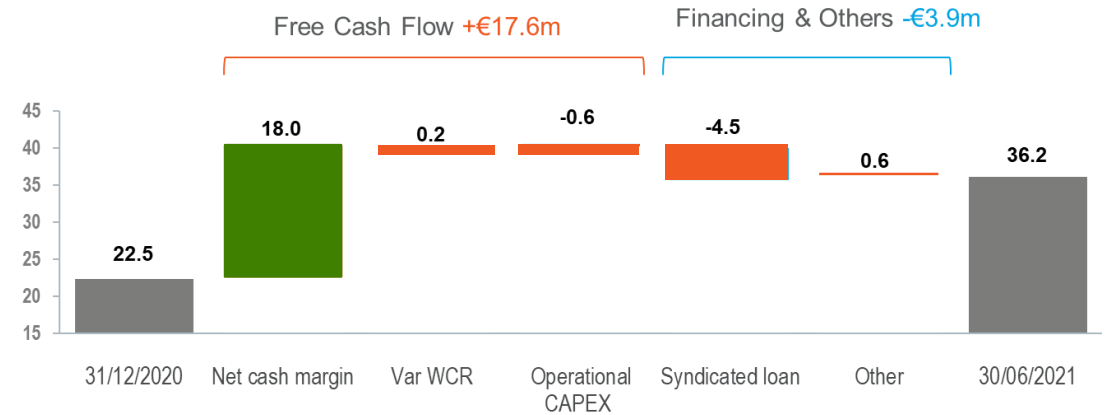
Better gross margin and less operating costs



Cash Flow Generation in H1

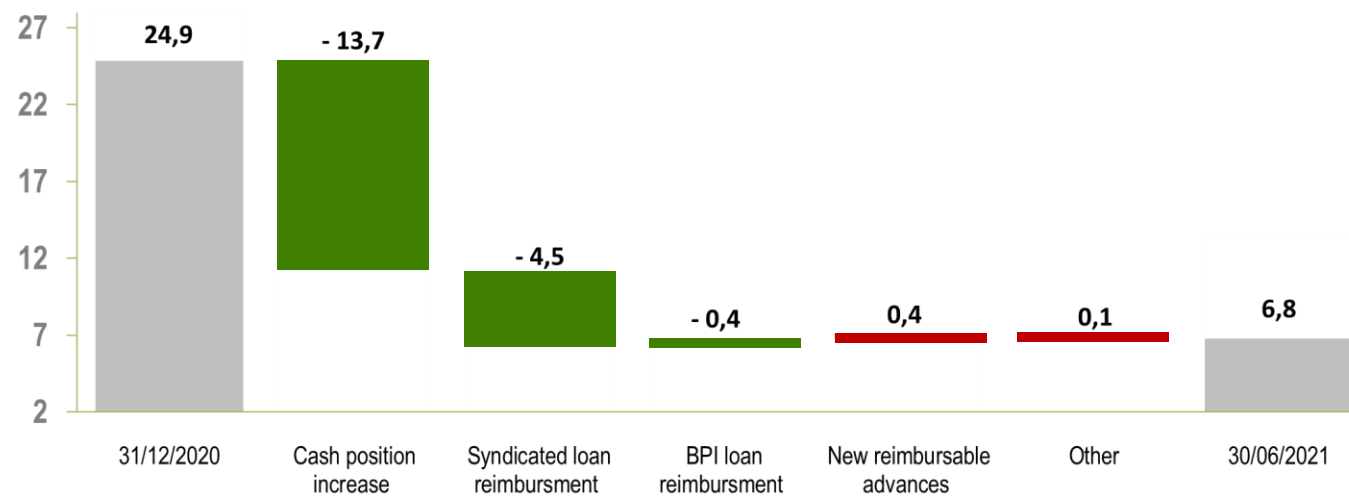
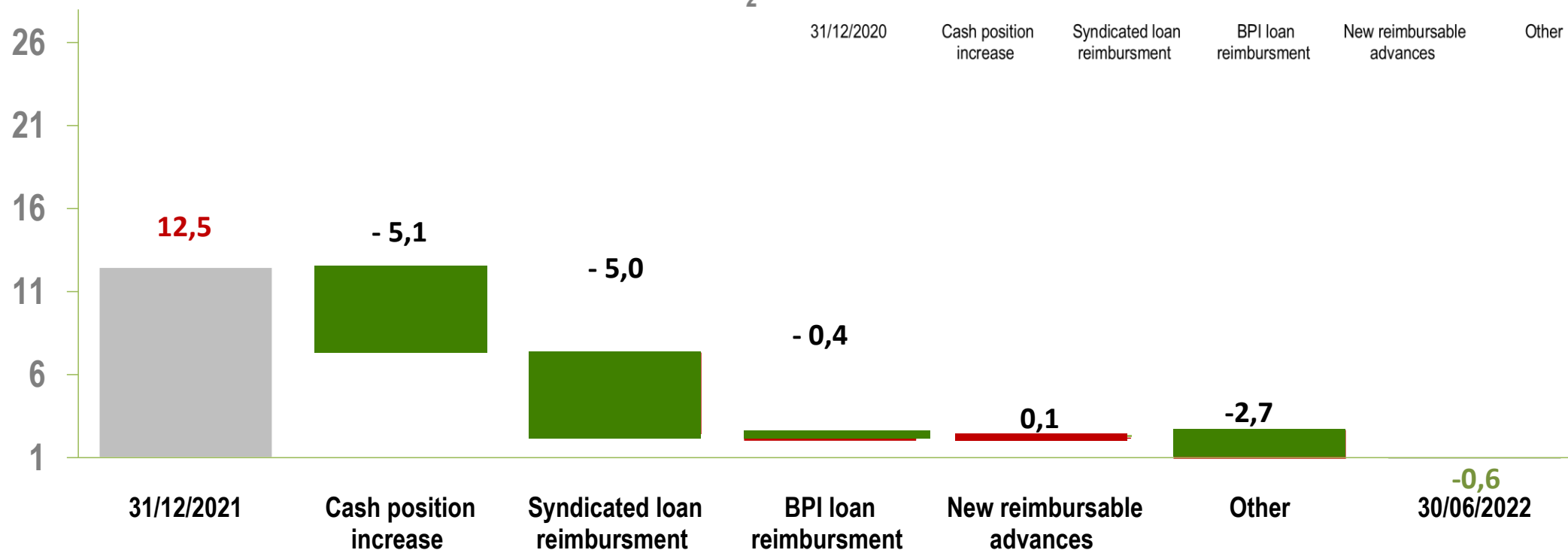
Free cash flow at + €12.9m

- Increased net cash margin + €1.1m versus 21
- Decreased Free Cash-flows due to payments of FY 21 provisions
- Increased loan reimbursements



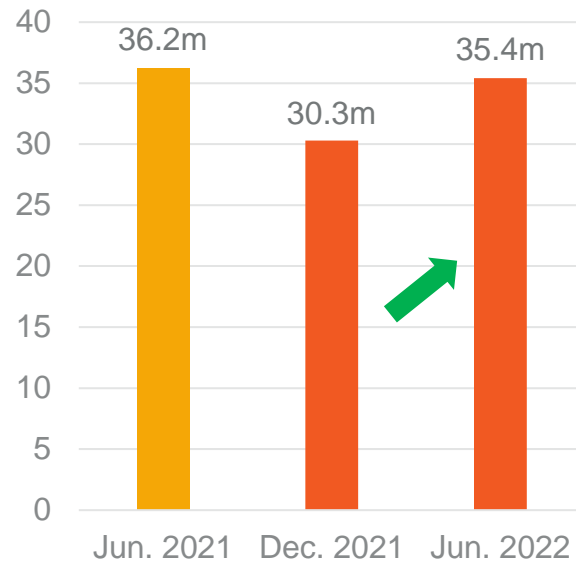
Net Financial debt

Decrease of net financial debt to - € 0.6 m before divestitures



A solid financial situation before positive impact of divestitures

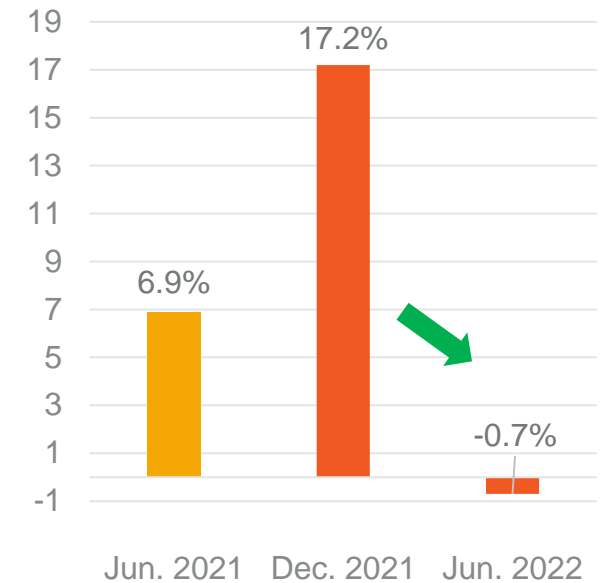
Cash



Net financial debt



Gearing Net financial debt/Equity



ESI Group strategic plan “OneESI 2024 – Focus to grow”

OneESI 2024 – Focus to grow

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Upcoming



- **Investor conference – September 27th, 2022**
- **ESI Live – September 21st, 2022**
- **Third quarter 2022 revenues – October 24th, 2022**

Thank you



Any Questions?

Email: investors@esi-group.com

Definitions

Total revenue excludes special projects and H1-FY21 has been restated.

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, the impacts of IFRS 16 standard on leases, and other non-recurring items.

Adjusted EBIT margin is a non-GAAP indicator margin corresponding to the Adjusted EBIT out of the Revenues.

Net financial debt: Financial debts (long term and short term) less cash and cash equivalent

Restated accounts – Special projects (€1.9 m in H1 21 & €1.2 m in FY 22) & costs (€1.9 m in H1 21 & €1.2 m in FY 22) are reclassified in R&D versus costs of sales

Gearing: net financial debt /Equity

APPENDIX – ADJUSTED EBIT

The Board of Directors of ESI Group reviewed and closed, on September 6th, 2022, the Group's consolidated financial statements for the half year ended June 30, 2022. Limited review procedures on the interim consolidated financial statements have been completed. The auditors are in the process of issuing their reports.

Adjusted EBIT definition: operational income (EBIT) adjusted for:

- Stock-based compensation expenses,
- Acquisition, integration and restructuring charges,
- Impairment & amortization of intangible assets related to acquisitions,
- The application of IFRS 16 (leases),
- and other special items not related to current operations.

€m

EBIT

- application of IFRS 16
- Other operating income and expenses
- stock-based compensation expenses
- impairment & amortization of intangible assets related to acquisitions
- other non-recurring items

Adjusted EBIT

In % of revenue

Adjusted EBIT has been presented for the 1st time during Strategic plan presentation on Oct 5th, 2021.

The adjusted EBIT margin corresponds to the ratio of adjusted operating income to revenues.

Disclaimer: EBIT and Adjusted EBIT are non-IFRS indicators used by the management to monitor performance, as presented in the strategic 3-year plan. They do not represent a substitute to IFRS indicators.

	1 st semester 2022	1 st semester 2021
EBIT	21.9	18.1
- application of IFRS 16	-0.1	-0.2
- Other operating income and expenses	1.5	0.0
- stock-based compensation expenses	1.4	0.2
- impairment & amortization of intangible assets related to acquisitions	0.8	0.4
- other non-recurring items	0.0	0.0
Adjusted EBIT	25.6	18.5
<i>In % of revenue</i>	<i>30.4%</i>	<i>23.2%</i>