

APPENDIX – PROVISIONAL ACCOUNTS – NON-AUDITED

CONSOLIDATED ACCOUNTS

In 2022, the Group closed the sale of its non-strategic fluid simulation software (CFD) and discontinued its activities in Russia. As the impact of these transactions was not considered significant (€ -6.6 million on revenues in 2021 and € -4.4 million euro in 2022), it was decided not to issue *pro forma* accounts.

1. Consolidated Income Statement

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021 restated (a)	December 31, 2021
Licenses and maintenance	113,957	111,356	111,356
Consulting	18,648	20,773	20,773
Co-financed projects		—	4,017
Other	1,313	449	449
Revenue	133,918	132,578	136,595
Cost of sales	(27,685)	(29,700)	(33,717)
Research and development costs	(36,112)	(31,302)	(31,302)
Selling and marketing expenses	(33,526)	(38,990)	(38,990)
General and administrative expenses	(23,942)	(21,723)	(21,586)
Current operating result	12,651	10,863	11,000
Other operating income and expenses	12,791	(27,401)	(27,401)
Operating result	25,442	(16,538)	(16,401)
Financial result	(1,312)	(883)	(883)
Share of profit of associates	99	80	80
Income before income tax expense and minority interests	24,229	(17,341)	(17,204)
Provision for income tax	(8,835)	(1,244)	(1,280)
Net income before minority interests	15,395	(18,585)	(18,484)
Non-Controlling interests	(26)	(10)	(10)
NET INCOME (GROUP SHARE)	15,421	(18,575)	(18,474)
Earnings per share (in €)	2.69	(3.26)	(3.24)
Diluted earnings per share (in €)	2.63	(3.19)	(3.17)

(a) The financial statements for the year ended December 31, 2021 have been retrospectively restated to reflect the implementation of the IFRIC decision on the recognition of configuration or customization costs of software used in SaaS mode and the reclassification of revenue related to Co-funded projects from cost of sales to research and development expenses. The comparative information has therefore been restated.

Consolidated statement of comprehensive income

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021 restated (a)	December 31, 2021
Net income before minority interests	15,395	(18,585)	(18,484)
Other comprehensive income recycled to income			
Change in the fair value of hedging instruments	139	7	7
Translation differences	(433)	1,170	1,170
Other comprehensive income (loss) not recycled to income			
Actuarial gains and losses (2)	1,825	876	876
Income and expenses recorded directly in equity	1,532	2,053	2,053
COMPREHENSIVE INCOME	16,927	(16,532)	(16,431)
Attributable to Group equity holders	16,950	(16,524)	(16,423)
Attributable to non-controlling interests	(24)	(8)	(8)

2. Consolidated balance sheet

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021 restated (a)	December 31, 2021
Assets			
Non-current assets	109,701	125,420	125,828
Goodwill	39,236	41,381	41,381
Intangible assets	33,154	40,487	41,042
Property, plant and equipment	4,100	4,094	4,094
Rights-of-use assets	12,484	16,706	16,706
Equity in net earnings of affiliated companies	961	883	883
Deferred tax assets	13,438	18,538	18,391
Other non-current assets	6,123	3,102	3,102
Cash-flow hedging instruments	205	229	229
Current assets	90,089	75,186	75,186
Trade receivables	37,142	35,548	35,548
Other current receivables	7,585	6,371	6,371
Prepaid expenses	3,763	2,948	2,948
Cash and cash equivalents	41,599	30,319	30,319
TOTAL ASSETS	199,789	200,606	201,014
Liabilities			
Equity	90,004	72,215	72,623
Equity (Group share)	90,002	72,129	72,537
Capital	18,227	18,192	18,192
Additional paid-in capital	27,318	26,986	26,986
Reserves and retained earnings ^(b)	28,831	44,949	45,256
Net income (loss)	15,421	(18,575)	(18,474)
Translation differences	205	577	577
Non-controlling interests	2	86	86
Non-current liabilities	38,739	55,586	55,586
Non-current share of financial debt	22,846	33,832	33,832
Non-current lease obligation	8,240	11,818	11,818
Provision for employee benefits	6,713	9,124	9,124
Deferred tax liabilities	—	—	—
Cash-flow hedging instruments	34	4	4
Other long term debt and provisions	905	808	808
Current liabilities	71,046	72,805	72,805
Current share of financial debt	11,439	8,954	8,954
Current lease obligation	3,896	4,552	4,552
Trade payables	6,859	5,288	5,288
Accrued compensation; taxes and others current liabilities	30,274	26,609	26,609
Current provisions	2,528	7,129	7,129
Contract liabilities	16,050	20,273	20,273
TOTAL LIABILITIES	199,789	200,606	201,014

(b) Other comprehensive income (excluding translation reserves) is classified as "Reserves".

3. Consolidated statement of changes in equity

<i>(In € thousands except number of shares)</i>	Number of shares	Capital	Additional paid-in capital	Net income, reserves and retained earnings	Translation differences	Equity attributable to parent company owners	Minority interests	Total Equity
At December 31, 2020 published	6,036,592	18,110	26,280	43,894	(502)	87,779	82	87,861
Change in accounting method (1)				(307)		(307)		(307)
At December 31, 2020 restated	6,036,592	18,110	26,280	43,587	(502)	87,472	82	87,554
Change in fair value of hedging instruments				7		7		7
Translation differences					1,167	1,167	3	1,170
Actuarial gains and losses				877		877	(1)	876
Income and expenses recognized directly in equity				884	1,167	2,051	2	2,053
Net income restated				(18,575)		(18,575)	(10)	(18,585)
Comprehensive income				(17,691)	1,167	(16,524)	(8)	(16,532)
Proceeds from issue of shares	27,549	83	705			788		788
Treasury shares				(84)		(84)		(84)
Share-based payments				681		681		681
Transactions with non-controlling interests				(150)	(51)	(201)	12	(189)
Other movements				34	(37)	(3)		(3)
At December 31, 2021 restated	6,064,141	18,192	26,986	26,377	577	72,129	86	72,215
Change in fair value of hedging Instruments				139	—	139	—	139
Translation differences				—	(435)	(435)	2	(433)
Actuarial gains and losses				1,825	—	1,825	—	1,825
Income and expenses recognized directly in equity				1,964	(435)	1,529	2	1,532
Net income				15,421	—	15,421	(26)	15,395
Comprehensive income				17,385	(435)	16,950	(24)	16,927
Proceeds from issue of shares	11,475	34	333	—		367	—	367
Treasury shares				(2,192)		(2,192)	—	(2,192)
Share-based payments				3,031		3,031	—	3,031
Transactions with non-controlling interests (a)				(290)	3	(287)	(60)	(347)
Other movements				(56)	60	3	—	3
AT DECEMBER 31, 2022	6,075,616	18,226	27,319	44,255	205	90,002	2	90,004

(a) Transactions with non-controlling interests: this is buyout of minority shares (ESI Mecas 5%).

4. Consolidated statement of cash flows

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021 restated (a)	December 31, 2021
Net income before minority interests	15,395	(18,585)	(18,484)
Share of profit of associates	(99)	(80)	(80)
Amortization and provisions ^(b)	3,799	14,085	14,222
Net impact of capitalization of research & development costs	(124)	223	223
Income taxes (current and deferred)	8,835	1,244	1,280
Income taxes paid	(2,943)	(2,624)	(2,624)
Unrealized financial gains and losses	(899)	(559)	(559)
Share-based payment transactions	3,031	681	681
Gains (losses) on sales of assets	(15,911)	20,983	20,983
Operating cash flow ^(a)	11,084	15,368	15,642
Trade receivables	(345)	(1,010)	(1,010)
Trade payables	1,063	(1,477)	(1,477)
Other receivables and other liabilities (b)	(4,550)	5,222	5,222
Change in working capital requirement	(3,832)	2,735	2,735
Net cash from operating activities	7,251	18,103	18,377
Purchase of intangible assets	(300)	(158)	(432)
Purchase of property, plant and equipment	(1,614)	(1,285)	(1,285)
Proceeds from the sale of assets (c)	20,993	—	—
Other investment operations	277	(33)	(33)
Net cash used for investing activities	19,356	(1,476)	(1,750)
Proceeds from loans	365	716	716
Repayment of borrowings and lease debt ^(b)	(13,896)	(11,176)	(11,176)
Proceeds from issue of shares	367	788	788
Purchase and proceeds from disposal of treasury shares	(2,192)	(84)	(84)
Purchase of non-controlling interests	—	(380)	(380)
Net cash used for financing activities	(15,356)	(10,136)	(10,136)
Effect of exchange rate changes on cash and cash equivalents	28	1,362	1,362
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,279	7,853	7,853
Opening cash position	30,319	22,466	22,466
Closing cash position	41,599	30,319	30,319
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,279	7,853	7,853

(b) IFRS 16 application results in an increase of amortization cost and reimbursement of lease debt, it thus implies an improvement of Operating cash flow by +4.9 million in 2022 (vs. +€5.7 million in previous year), and increase of repayments in the financing part of the Cash Flow Statement for -€4.9 million (vs. -€5.7 million in 2021).

Additional information: Interested paid amounted to -€666 thousand in 2022 (compared to -€714 thousand in 2021).

NOTE ON IFRS AND NON-IFRS INDICATORS

The financial statements for the year ended December 31, 2021 have been retrospectively restated to reflect the implementation of the IFRIC decision on the recognition of configuration or customization costs for software used in SaaS mode and the reclassification of revenue relating to Co-funded Projects from revenues to research and development costs - the corresponding costs have been reclassified from cost of sales to research and development costs.

Constant perimeter: FY2021 and FY2022 have been restated to exclude Russian business (discontinued) and CFD activity (sold in July 2022) from revenue & costs

Adjusted EBIT and Adjusted EBIT Margin are non-GAAP indicators used by the management to monitor performance, as presented in the strategic 3-year plan, excluding items that, because of their nature, cannot be considered as inherent to the recurring performance of the Group. They do not represent a substitute for GAAP indicators.

Adjusted EBIT means operational income (EBIT) adjusted for:

- Stock-based compensation expenses,
- Restructuring charges,
- Impairment & amortization of intangible assets related to acquisitions or disposals (including goodwill and revalued assets),
- Application of IFRS 16 (leases),
- and other non-recurring items.

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

€m	2022 Current perimeter	2022 Constant perimeter	2021 Current perimeter	2021 Constant perimeter
REVENUE	133.9	129.7	132.6	126.0
EBIT	25.5	22.9	-16.4	-20.5
<i>EBIT Margin (IFRS) In % of revenue</i>	<i>19.0%</i>	<i>17.7%</i>	<i>-12.4%</i>	<i>-16.7%</i>
- impact of application of IFRS 16	0.5	0.5	0.5	0.5
EBIT before IFRS 16	25.0	22.5	-16.9	-21.0
- Restructuring	2.7	2.5	27.6	27.6
- Other non-recurring items	-15.5	-15.5	-0.2	-0.2
- Stock-based compensation expenses	3.5	3.5	0.9	0.9
- Impairment & amortization of intangible assets related to acquisitions	1.4	1.4	1.3	1.3
- Exceptional Profit Sharing linked with CFD sale	0.7	0.7		
Adjusted EBIT (Non-IFRS)	17.8	15.0	12.7	8.6
<i>Adjusted EBIT Margin (Non-IFRS) In % of revenue</i>	<i>13.3%</i>	<i>11.6%</i>	<i>9.6%</i>	<i>6.8%</i>

ESI GROUP – STATUTORY ACCOUNTS

1. Income statement

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021
Revenue	88,496	85,821
Production held as inventory	—	—
Capitalized production	26,729	30,151
Operating subsidies	—	—
Reversals of provisions and amortization, expense transfers	5,278	5,477
Other income	1,112	1,409
Operating income	121,615	122,858
Purchase and change in stock of goods	143	11
Other purchases and external expenses	52,589	56,888
Taxes and duties	922	1,287
Wages and salaries	14,502	17,878
Payroll taxes	8,257	8,500
Depreciation and amortization of non-current assets	27,815	31,686
Provisions	930	1,983
Other expenses	2,257	2,262
Operating expenses	107,415	120,495
OPERATING RESULT	14,200	2,363
FINANCIAL RESULT	16,481	(3,184)
CURRENT RESULT BEFORE TAX	30,681	(821)
EXCEPTIONAL RESULT	12,447	(30,197)
Employee profit-sharing	(698)	0
Income tax	(693)	3,026
NET PROFIT (LOSS)	41,737	(27,992)

2. Balance sheet

Assets

<i>(In € thousands)</i>	December 31, 2022			December 31, 2021
	Gross value	Amortization/Provisions	Net value	Net value
Intangible assets	72,434	(33,756)	38,678	46,873
Property, plant and equipment	10,442	(8,280)	2,161	1,888
Financial assets	57,109	(9,615)	47,494	43,897
Non-current assets	139,985	(51,651)	88,334	92,658
Inventories	—	—	—	—
Down payments to suppliers	358	—	358	414
Trade receivables	57,435	(4,450)	52,984	51,848
Other receivables	10,803	—	10,803	6,461
Marketable securities (treasury shares)	17,060	—	17,060	3,663
Cash	9,214	—	9,214	8,539
Current assets	94,869	(4,450)	90,419	70,925
Prepaid expenses	3,045	—	3,045	2,094
Expenses capitalized, to be amortized	250	—	250	350
Foreign exchange gains and losses	2,110	—	2,110	6,033
TOTAL ASSETS	240,259	(56,101)	184,158	172,060

Liabilities

<i>(In € thousands)</i>	December 31, 2022	December 31, 2021
Share capital	18,227	18,193
Additional paid-in capital	39,849	39,516
Legal reserve	1,805	1,809
Retained earnings	(29,735)	(1,746)
Net profit (loss)	41,737	(27,992)
Regulated provisions	1,454	1,513
Equity	73,337	31,293
Other equity	1,887	1,772
Provisions for contingencies and charges	7,243	16,433
Bank borrowings	32,628	38,825
Miscellaneous financial debt	—	2,500
Financial liabilities	32,628	41,325
Down payments from clients	171	72
Trade payables	44,290	48,775
Tax payables and employee-related liabilities	11,443	8,502
Other liabilities	10,719	12,924
Operating liabilities and miscellaneous debts	66,623	70,273
Deferred income	432	3,612
Foreign exchange gains and losses	2,007	7,352
TOTAL LIABILITIES	184,158	172,060