



esi50
year anniversary

Q1 2023 Revenues Investor Presentation

ESI GROUP
4th of May, 2023

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Speakers



Cristel de Rouvray

CEO



Olfa Zorgati

EVP Operations & CFO



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ESI Exceeds Revenue Targets Supported by Double-Digit Growth in Annual Recurring Revenue

Solid Q1 2023

- Q1 revenues surpass communicated guidance led by:
 - Strong annual recurring revenue (ARR¹) → sustainable business (+ €6.1m, +6.6m cer)
 - Automotive industry → a leading sector driven by a strong growth
- Continued implementation of the “*OneESI 2024 – Focus to Grow*” plan with visible impacts on the top line.
- Continued focus on the core business with the divestiture of SYSTUS and its related services activity – no impact on Q1

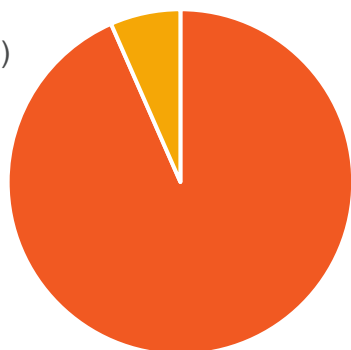
¹ARR: Annual Recurring Revenue – All revenues from license sales (including maintenance services) excluding revenues from perpetual licenses and before changes in deferred revenues.

Q1 Revenues at Constant Perimeter: Solid Growth +6.0%, + 7.2% cer, above Guidance (+ 5% to 7%)

Revenues (€m)	Q1-2023	Q1-2022	Change	Change Constant exchange rate (cer)
Licenses	56.8	52.1	+8.9%	+10.1%
Services	4.1	5.2	- 22.0%	- 20.9%
Total	60.8	57.4	+6.0%	+7.2%

REVENUES SPLIT

6.8%
(vs 9% in 2022)



■ Licenses ■ Services

93.2%
(vs 91% in 2022)

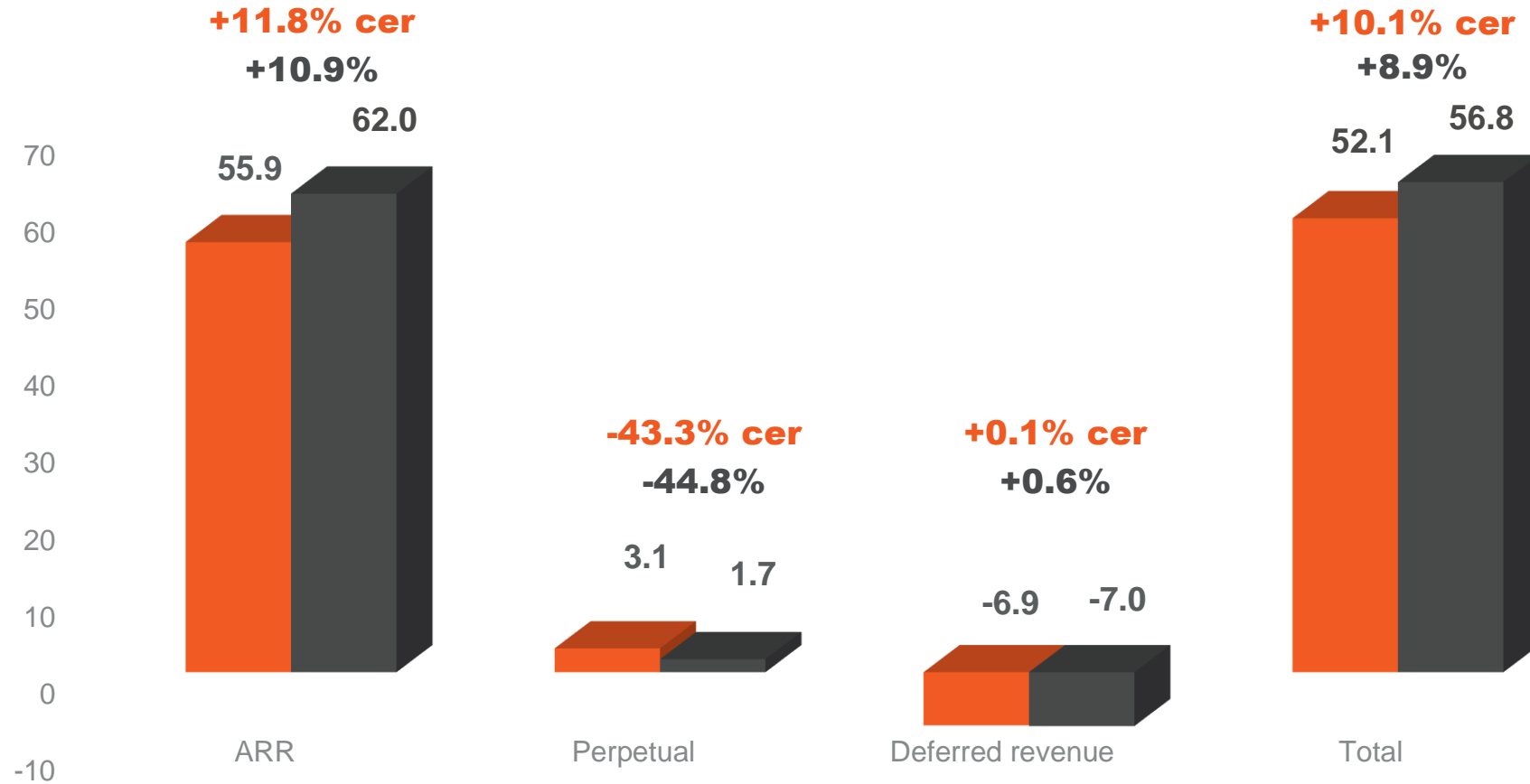
FINANCIAL AGGREGATES

Constant perimeter: In order to factor for the end of Russian activity (discontinued in 2022) as well as the sale of assets in the field of fluid simulation ('CFD'), in July 2022, corresponding revenue has been excluded from "constant perimeter" indicators.

Constant Exchange Rate ("cer"): Restatement of the currency effect consists of calculating aggregates for the current year at the exchange rate of the prior year.

Starting from January 2023, following to the upgrade of consolidation software, turnover of foreign subsidiaries is converted at the monthly average rate (formerly, turnover was converted at the quarterly average rate). This change in modality has no material impact on consolidated quarterly revenue.

Q1 2023 Revenue at Constant Perimeter: a record Q1 Annual Recurring Revenue¹

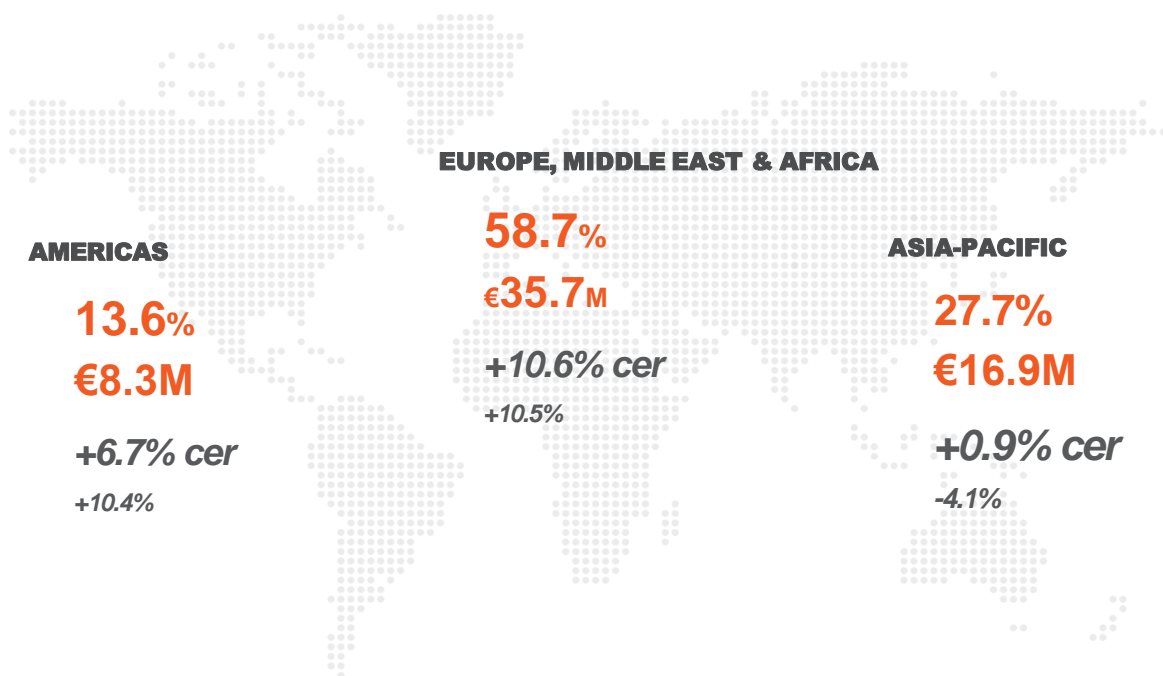


■ Q1 2022 ■ Q1 2023

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Q1 2023 Revenue per Geography & Industry

GEOGRAPHY SPLIT



INDUSTRY SPLIT

96.9% of the license revenue (before deferred revenue) comes from four focus industries



Automotive &
Land
transportation



Aerospace,
Defense &
Naval



Heavy
industry



Energy

All industries of focus **grew** led by Auto in numbers and in percentage.

Continued Focus on Core Business: Divestiture of SYSTUS and its Related Service Activity

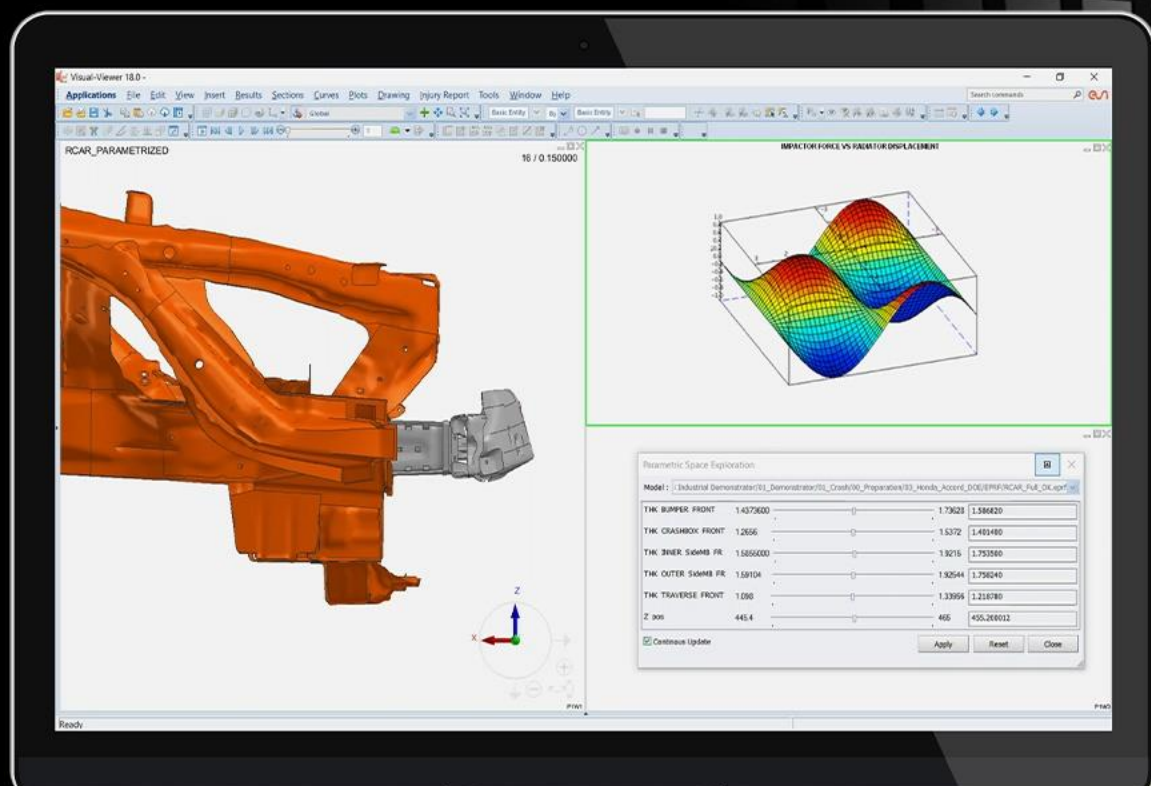
- **Sale of SYSTUS software and related engineering services to Framatome**
 - Activity represented €1.2m in license revenues, €3.2m in associated service revenues, and 27 people in 2022
 - Main customers were EDF and Framatome
- Sale is in line with the Group's **continued focus on its core business** – a key part of its strategic plan "*OneESI 2024 - Focus to Grow*".
- Divestiture **doesn't impact the Group's Q1 revenue**



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Progress on “*OneESI 2024 – Focus to Grow*”

A leading software partner in selected virtual test markets, leveraging predictive physics IP and platform for chaining¹ to enable a cleaner, safer, and more productive industry



A pioneer in virtual prototyping solutions solving critical and complex simulation problems at scale.

(1) Differentiated capability to chain physics, processes and data within customers' digital thread allows customers to connect previously siloed elements on the simulation workflow, brought to life by a common user interface

Why We Win: ESI is a Leading Innovator in Virtual Prototyping Software Solutions



*Predictive
Physics IP*



Expertise & Talent



Innovation



Partnership



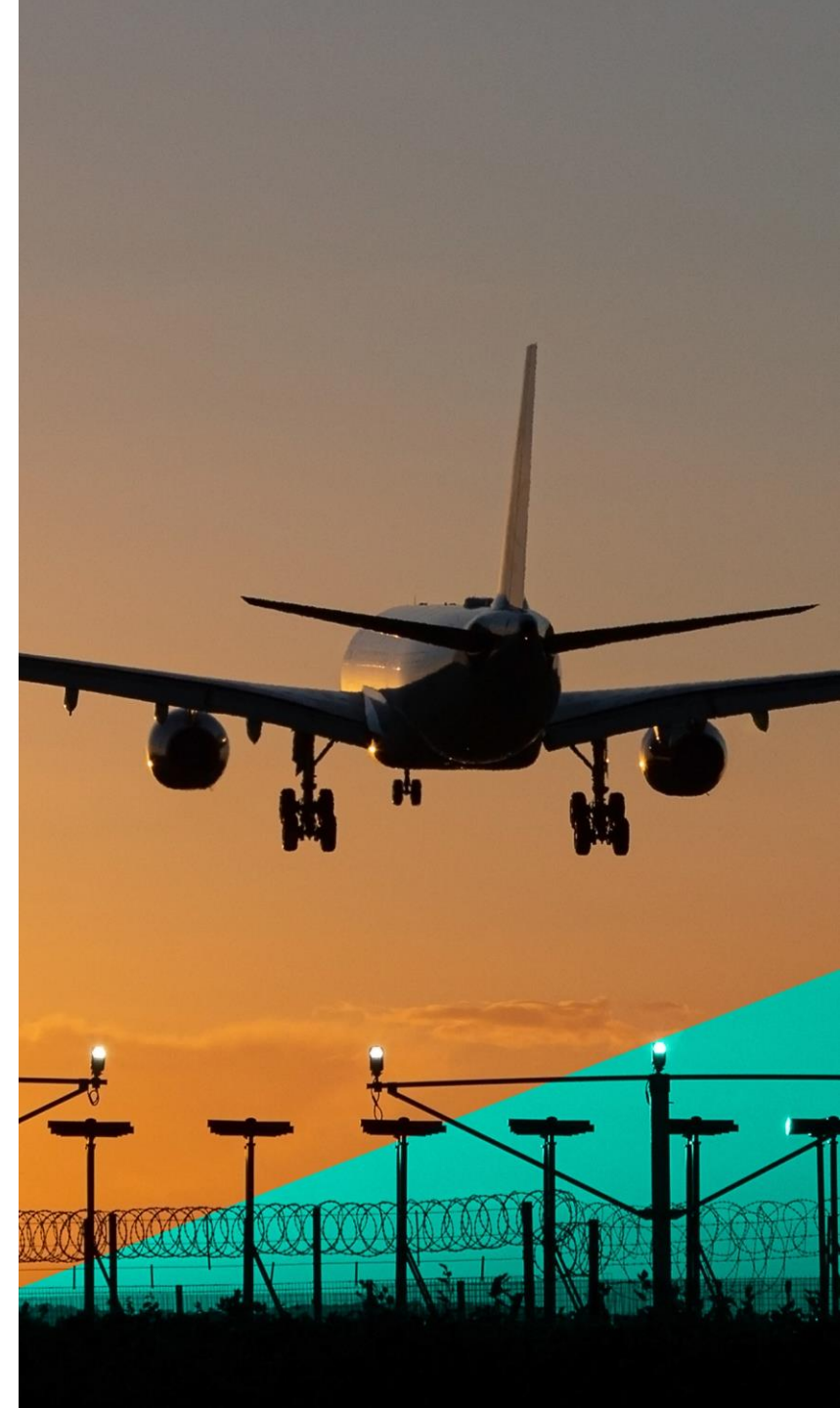
Results

Rolls-Royce **Customer Voice**

Whether creating new geometries or looking for a new supplier, Rolls-Royce engineers have adopted a “smart customer” approach. They now try to design with manufacturing in mind right from the start.

Highlights

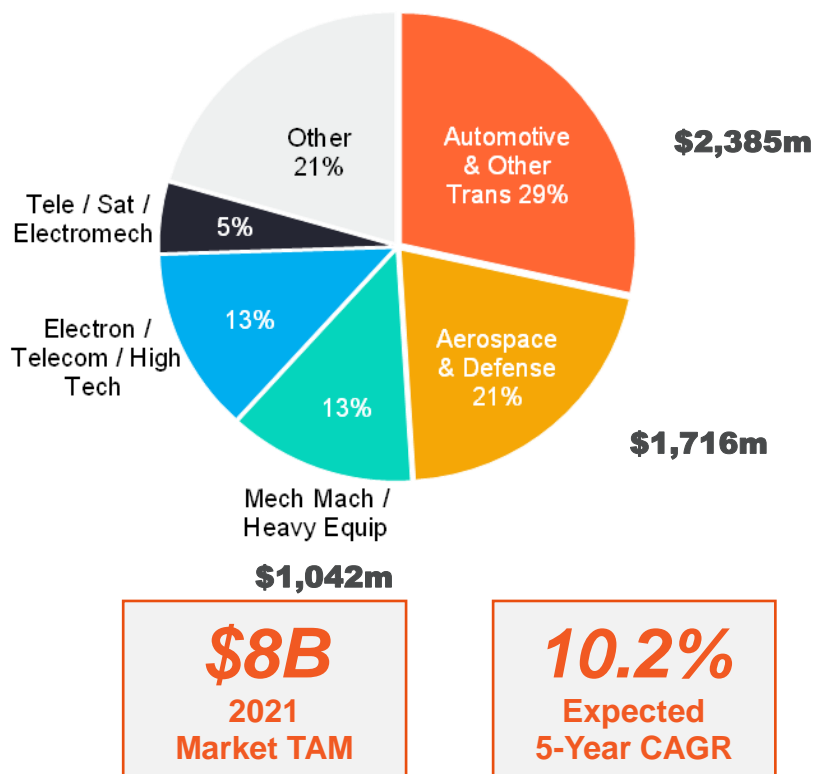
- **Complex, high-stakes use cases:** "helping RR deliver their most complex casting designs for a sustainable future"
- **Unique reliability:** >95% of potential design issues identified before the manufacturing phase
- **UX driving adoption** among non-simulation experts



Numerous Mega Trends & Industry Tailwinds

In this market, ESI has a point of view: while physical testing will always be here, everything should be simulated.

Simulation & Analysis Market...



...Supported by Mega Trends & Industry Tailwinds

Autonomous Vehicles



47%
of vehicles sold include ADAS by
2025

Electrification



\$824B
in global electric vehicle market by
2030

Factory Automation



\$141B
in industrial robotics total spending by
2026

Industrial IoT



\$125B
in Industrial IoT spending by
2024

Sustainability



\$12B
in carbon footprint management spending by
2025

Key Take-Aways

▶ **Double digit growth of ESI's ARR at €62.0m, +11.8% cer**

▶ **Total Revenue over guidance at €60.8m, +7.2% cer**

▶ **Momentum keeps building on “*OneESI 2024 - Focus to Grow*” plan**

Reaffirming our Financial Objectives

@ constant perimeter¹

	H1-FY23	FY23	FY24	FY25
Growth ¹	5% - 7%	5% - 7%	6% - 9%	7% - 10%
Adjusted EBIT		13% – 15%	17% - 20%	> 20%

¹ Constant perimeter: In order to factor for end of Russian activity (discontinued in 2022) as well as sale of assets in the field of fluid simulation ('CFD'), in July 2022, corresponding revenue have been excluded from "constant perimeter" indicators.

These statements are subject to a number of risks and uncertainties, including those related to the COVID-19 virus and the war in Ukraine and associated further economic and market disruptions; further adverse changes or fluctuations in the global economy; further adverse fluctuations in our industry, foreign exchange fluctuations, changes in the current global trade regulatory environment; fluctuations in customer demands and markets; fluctuations in demand for our products including orders from our large customers; cyber-attacks; expense overruns; and adverse effects of price changes or effective tax rates. The company directs readers to its Universal Registration Document – Chapter 3 presenting the risks associated with the company's future performance.

Upcoming Events



- **Annual General Meeting – June 29th, 2023**
- **Half Year results 2023 – September 14th, 2023**
- **Investor Conference – early Fall 2023**

Thank you!

Any Questions

investors@esi-group.com

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