

Third quarter and 9-month revenues 2022

- 9-month revenues: + 4.1%, +2.7% at constant exchange rate (cer) proforma¹
- 9-month Licenses proforma: +5.0%, +3.6% cer
- 9-month Recurring revenues increased by 7.3% at current rate (+5.8% cer) at 93.2% compared to 91.0% year to date

ESI Group, Rungis, France, (ISIN Code: FR0004110310, Symbol: ESI), today releases its sales for the third quarter of 2022 (period from July 1st to September 30th). The proforma figures consider the July divestitures and the cessation of sales in Russia. Note that there was still €0.6m linked to these divestitures and Russia in Q3, and €2.7m Year to date (9 months).

Cristel de Rouvray, Chief Executive Officer of ESI Group, comments: “The first nine months of the year show strong growth in our recurring revenues at +7,3%, as well as a decline in perpetual software licenses and services. Our decisions to divest non-core activities, stop operations in Russia and rigorously manage costs bode well for the execution of our 3-year plan “One ESI 2024 – Focus to Grow”, aiming for considerable improvements in both profit and growth. These figures align with our messages at last month’s Investor Conference and illustrate our business’s strengthened health and resiliency. We are moving in the right direction to ensure the sustainability of our company and to fulfill the expectations of all our stakeholders.”

Financial highlights

Current scope

Revenues (€m)	2022	2021	Change	Change Constant exchange rate (cer)
Q3 - Licenses	17.8	17.9	-0.2%	-1.9%
Q3 - Services	4.6	4.9	-7.2%	-7.6%
Q3 - Total	22.4	22.8	-1.7%	-3.1%
9m - Licenses	91.8	87.9	+4.4%	+2.8%
9m - Services	15.0	14.9	+0.8%	-0.2%
9m - Total	106.7	102.8	+3.9%	+2.4%

Proforma – excluding divestitures & Russian business

Revenues (€m)	2022	2021	Change	Change Constant exchange rate (cer)
Q3 - Licenses	17.6	16.9	+4.0%	+2.3%
Q3 - Services	4.3	4.9	-13.3%	-13.7%
Q3 - Total	21.8	21.8	+0.1%	-1.3%
9m - Licenses	89.3	85.0	+5.0%	+3.6%
9m - Services	14.7	14.9	-1.3%	-2.2%
9m - Total	104.0	99.9	+4.1%	+2.7%

¹ The proforma includes the impact of Q3 divestitures and the closing of ESI’s Russian business. These decisions had an estimated impact on the revenue of €0.6m, and €2.7m Year to date (9 months).

Third-quarter year-over-year and proforma comparison

In Q3 2022, ESI Group generated sales of €21.8m (+0.1%, -1.3% cer) driven by licenses at €17.6m (+4.0%, +2.3% cer). The New Business activity is stable year to date.

9-month, year-over-year and proforma comparison

ESI Group's sales for the first 9-months of 2022 amounted to €104.0m (+4.1%, +2.7% cer) compared to €99.9m for the same period last year, driven by licenses +5.0% at current rate. Recurring revenues increased by 7.3%, at current rate, at 93.2% compared to 91.0% in 2021.

The business grew across all geographies at a current (Americas at 16.0%) and constant rate. The 9-month 2022 sales geographical breakdown by region was as follows: EMEA represents 46.8% (vs 48.3%), Asia represents 37.2% (vs 37.1%) and the Americas represent 16.1% (vs. 14.4%).

All the industries of focus of the Group (Automotive, Aerospace, Energy, and Heavy Industry) grew during the first 9 months of the year. The main driver of ESI Group's business, Automotive led that growth confirming the positioning of the company.

Forward-looking Statements

Proforma guidelines	2022 at current rate
Revenue	2%-4%
Adjusted EBIT	9%-11%

Proforma Goal	2023	2024	2025
Revenue	5%-7%	6%-9%	7% - 10%
Adjusted EBIT²	13%-15%	17%-20%	>20%

ESI Group continues to aim for high single-digit growth and 20% Adjusted EBIT by 2024/ 2025 and will continue to communicate transparently.

This release contains “forward-looking statements”. These statements are subject to several risks and uncertainties, including those related to the COVID-19 virus 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 presents the risks associated with the company's future performance.

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 acquisitions, IFRS 16 standard on leases, and other non-recurring items

Upcoming events

- 2022 Full-year sales and results – February 28th, 2023

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About ESI Group

Founded in 1973, ESI Group envisions a world where Industry commits to bold outcomes, addressing high-stakes concerns - environmental impact, safety & comfort for consumers and workers, and adaptable and sustainable business models. ESI provides reliable and customized solutions anchored on predictive physics modeling and virtual prototyping expertise to allow industries to make the right decisions at the right time while managing their complexity. Acting principally in automotive & land transportation, aerospace, defense & naval and heavy industry, ESI is present in more than 20 countries, employs 1,100 people around the world, and reported 2021 sales of €136.6 million. ESI is headquartered in France and is listed in compartment B of Euronext Paris. For further information, go to www.esi-group.com.

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