



Press Release
Rungis, France, May 4th, 2023 – 6 pm CET

First Quarter Revenues 2023

ESI's strong momentum continues as the Group exceeds Q1 revenue guidance, supported by double-digit growth in Annual Recurring Revenue¹ (ARR).

All information below concerns 'constant perimeter'², unless stated otherwise

- ARR – reaching €62.0m, double-digit growth at +10.9% YoY, +11.8% at constant exchange rate (cer³) adding €6.1m in ARR.
- Total revenue over guidance at €60.8m, +6.0% YoY, + 7.2% cer.
- Continued focus on the core business with the divestiture of SYSTUS and its related services activity – no impact on Q1

ESI Group, Rungis, France, (ISIN Code: FR0004110310, Symbol: ESI), today releases its sales for the first quarter of 2023 (period from January 1st to March 31st).

Cristel de Rouvray, Chief Executive Officer of ESI Group, comments:

"Thanks to our dedicated team and steadfast commitment to customers, we are thrilled to report that our Q1 revenue has exceeded our guidance. Our focus on Annual Recurring Revenue, combined with the strategic actions we put in place since the inception of our plan, have resulted in significant growth on our top line. We remain committed to driving growth and delivering exceptional value to our customers, and we look forward to building on this momentum in the quarters ahead."

Revenues (€m)	Q1-2023	Q1-2022	Change	Change Constant exchange rate (cer)
Q1 - Licenses	56.8	52.1	+8.9%	+10.1%
ARR	62.0	55.9	+10.9%	+11.8%
PUL	1.7	3.1	-44.8%	-43.3%
Deferred revenue	-7.0	-6.9	+0.6%	+0.1%
Q1 – Services	4.1	5.2	-22.0%	-20.9%
Q1 - Total	60.8	57.4	+6.0%	+7.2%

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

² 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.

³ "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 quarterly average rate). This change in modality has no material impact in quarterly consolidated revenue.



In the first quarter of its fiscal year (January 1, 2023 - March 31, 2023), ESI recorded revenues of €60.8m, up 6,0% (+7.2% cer), above the guidance (5% to 7%). At current perimeter and exchange rates, quarterly revenue increases by +4.4%. The first quarter is the biggest quarter of the Group in terms of license business. The Group has been focusing on its core business to sustain such growth and saw an 8.9% increase in licensing revenues (+10.1% cer) in Q1. Conversely, the Group continues to focus on services that drive software usage thus shifting away from other types of services, experiencing a reduction of 22.0% in Q1 (-20.9% cer).

Significant development in Annual Recurring Revenue (ARR) supporting the Group's long-term growth

In continuity with the FY22 results, the Group is pursuing growth in its ARR revenues. Q1-23 saw a significant jump in ARR at +10.9% (+11.8% cer). This increase, which adds €6.1 million in ARR revenues, illustrates the results of ESI's strategic focus and global sales transformation.

Continued focus on the core business

On April 17, ESI Group announced the sale of SYSTUS software and related engineering services. The sale of SYSTUS software and related activities to Framatome, an international player in the nuclear energy sector, illustrates the Group's continued execution of its strategic plan to focus on its core business. This activity represented €1.2 million in license revenues, €3.2 million in associated services revenues in 2022, and employed 27 people. The main customers are EDF and Framatome. This divestiture doesn't impact the Group's Q1 revenue.

More info [HERE](#).

Group's new corporate documents available for shareholders

2022 Universal Registration Document – [HERE](#)

Forward-looking Statements

H1 – FY23 Revenue perspectives

H1 - FY23 - constant perimeter

Growth excl. forex 5% to 7%

Long-term perspective, as shared during the Group's investor day on September 27, 2022

At constant perimeter	2023	2024	2025
Revenue Growth	5%-7%	6%-9%	7% - 10%
Adjusted EBIT	13%-15%	17%-20%	>20%

These statements are subject to a number of 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.

Upcoming event

- Annual General meeting – June 29th, 2023
- Half-year results – September 14th, 2023
- The Group will organize an investor's conference in early Fall 2023 and will give an update on the plan

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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 18 countries, employs 1000 people around the world, and reported 2022 sales of €130 million. ESI is headquartered in France and is listed in compartment B of Euronext Paris. For further information, go to www.esi-group.com.

<https://www.esi-group.com/company/who-we-are>

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