

Third Quarter and 9-month Revenues 2023

All information below concerns ‘constant perimeter’¹, unless stated otherwise.

- **9-month Revenues: +6.8% at constant exchange rate (cer)² +4.0% YoY (year-over-year)**
- **9-month Licenses: +10.0% cer, +7.2% YoY**
- **9-month Recurring Revenues³ increased by +14.0% cer (+11.3% YoY) representing 90.0% of total revenues compared to 84.0% in 2022**

ESI Group, Rungis, France, (ISIN Code: FR0004110310, Symbol: ESI), today reveals its revenue for the first nine months of 2023 (period from January 1 to September 30) and the third quarter of 2023 (period from July 1 to September 30).

Recent Key Events

On November 3, ESI Group and Keysight Technologies announced the completion of the acquisition of a controlling block of shares in ESI Group by Keysight Technologies.
More info [HERE](#).

On November 6, ESI Group’s board of directors issued a favorable opinion on the tender offer to be initiated by Keysight Technologies. Consequently, a draft mandatory tender offer (« *Offre publique d’achat* ») has been filed by Keysight with the French *Autorité des marchés financiers* (the “AMF”) on 7 November 2023 to acquire all the outstanding shares issued by ESI Group not already held by Keysight (the "Offer"), at a price of 155 euros per share in cash.

On the same day, ESI Group also announced changes to its board of directors and its CEO. The new chairman is Hamish Gray (SVP Corporate Services Keysight) et Olfa Zorgati was announced as the new CEO.

More info [HERE](#).

Revenues at Constant Perimeter

(€m)	2023	2022	Change	Change Constant exchange rate (cer)
Q3 - Licenses	17.4	17.3	+0.5%	+6.9%
Q3 - Services	3.4	3.5	-3.6%	+0.8%
Q3 - Total	20.7	20.8	-0.2%	+5.9%
9m - Licenses	94.4	88.0	+7.2%	+10.0%

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, and the sale of its SYSTUS software and its related consulting activities in April 2023, corresponding revenue have been excluded from “constant perimeter” indicators.

2 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)..

3 Annual Recurring Revenue - Total ESI Group Licenses revenue excluding PUL (Paid-up License) & deferred revenue.

9m - Services	9.7	12.1	-19.8%	-17.2%
9m - Total	104.1	100.1	+4.0%	+6.8%

(€m)	30/09/2023 9m	30/09/2022 9m	Change	Change Constant exchange rate (cer)
Total Revenue	104.1	100.1	+4.0%	+6.8%
Licenses	94.4	88.0	+7.2%	+10.0%
ARR (Annual Recurring Revenue)	93.5	84.0	+11.3%	+14.0%
PUL (Paid-up License)	3.6	6.2	-42.9%	-40.4%
Deferred Revenue	-2.6	-2.2	+21.2%	+19.9%
Services	9.7	12.1	-19.8%	-17.2%

Third-quarter, year-to-year, and constant perimeter comparison

In Q3 2023, ESI Group generated sales of €20.7m (+5.9% cer, and -0.2% YoY) driven by licenses at €17.4m (+6.9% cer, +0.5% YoY). The impact of the forex rates intensified in Q3, primarily driven by the Japanese Yen variation against Euro.

9-month, year-to-year, and constant perimeter comparison

ESI Group's sales for the first 9 months of 2023 amounted to €104.1m (+6.8% cer, +4.0% YoY) compared to €100.1m for the same period last year, driven by licenses +10.0% cer. The ongoing growth of the ARR (Annual Recurring Revenue) is bolstering the Group's expansion, with a +14.0% cer increase, reaching €93.5 million compared to €84.0 million in the same period of 2022.

The business grew across all geographies at cer, led by EMEA with +10.0% growth. The 9-month 2023 sales geographical breakdown by region at current exchange rates is as follows: EMEA represents 48% (vs 45% in 2022), Asia represents 36% (vs 39% in 2022) and the Americas represent 16% (stable against 2022). The variations of the Japanese Yen continued to impact the Asian performance when looking at the numbers at current exchange rates.

Over the past 9 months, the Automotive industry has remained the primary driver of growth for ESI Group.

Revenues at Current Perimeter

(€m)	2023	2022	Change	Change Constant exchange rate (cer)
Q3 - Licenses	17.0	17.8	-4.1%	+2.1%
Q3 - Services	3.4	4.6	-26.4%	-23.0%
Q3 - Total	20.4	22.3	-8.7%	-3.1%
9m - Licenses	95.2	91.7	+3.9%	+6.6%
9m - Services	10.7	15.0	-28.2%	-26.1%
9m - Total	106.0	106.7	-0.6%	+2.0%



Contacts

ESI - Shareholder Relations

Florence Barré

investors@esi-group.com

+33 1 49 78 28 28

orson. - Press & Shareholder Relations

Gaël Durand-Perdriel

gael.durand-perdriel@orson.ai

+33 7 85 63 63 19

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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