

Financial results Q4 & FY 2022

Daniel Harari, *Chairman & CEO*


Jérôme Viala, *Executive Vice President*

Olivier du Chesnay, *Chief Financial Officer*

Maximilien Abadie, *Chief Strategy Officer, Chief Product Officer*

- **2022 main highlights**
- Q4 2022 results
- 2022 results
- Reminder of the Lectra 4.0 strategy
- 2023-2025 strategic roadmap
- 2023 outlook

2022 MAIN HIGHLIGHTS



**Strong growth in
revenues and earnings**

**Accelerating adoption
of Lectra's offers for
Industry 4.0**

**Positive net cash
position, less than two
years after the acquisition
of Gerber**

2022 MAIN HIGHLIGHTS

Great resiliency in a degraded environment



In this environment, the Group has once again demonstrated its resiliency, with strong earnings growth.

Extension of Lectra's software offer to material traceability



TextileGenesis provides a SaaS platform that enables fashion brands and sustainable textile manufacturers to ensure a reliable, secure, and fully digital mapping of their textiles, from the fiber to the consumer, and thereby guarantee their authenticity and origins.



Date of creation: 2018



Offices: Amsterdam (Netherlands), Hong-Kong, Bangalore (India)



Employees: 30

Several of the world's most prestigious fashion brands as well as leading sustainable fiber producers are already convinced of TextileGenesis' innovative offer.

Lectra announced the acquisition of the majority of the capital of TextileGenesis on December 8, 2022. The transaction, which involves the acquisition of 51% of TextileGenesis for 15.2 million euros was finalized on January 9, 2023. The acquisition of the remaining share capital and voting rights is expected to take place in two stages, in 2026 and 2028, for an amount that will be calculated based on a multiple of the 2025 and 2027 recurring revenues.

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The Gerber Technology (“Gerber”), Neteven, and Gemini CAD Systems (“Gemini”) accounts have been consolidated since June 1, July 28 and September 27, 2021, respectively. As a result, the Q4 2021 published figures are identical to the 2021 pro forma figures (as if these acquisitions had been consolidated from January 1, 2021).

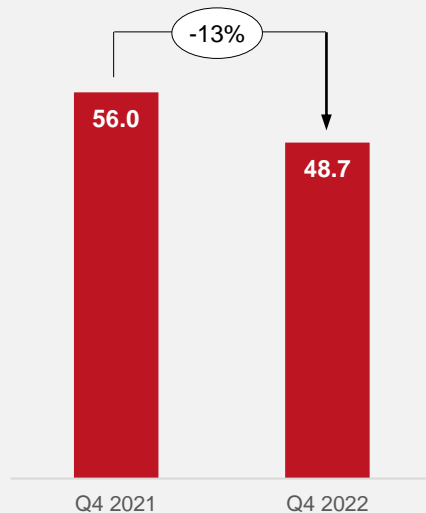
Comparisons between Q4 2022 and Q4 2021 are based solely on actual exchange rates due to the impossibility of calculating what the amounts would have been for the acquired companies when using different exchange rates.

Decline in orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

Very strong growth in new software subscription orders

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

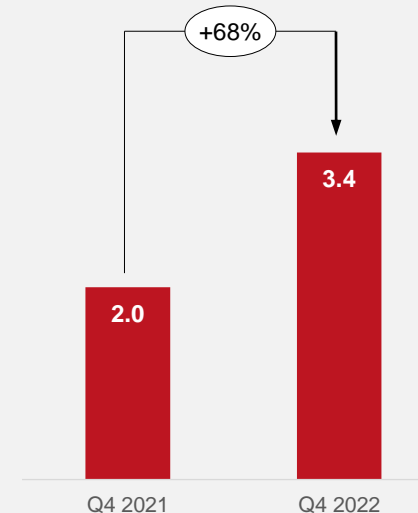
In millions of euros



This decline is attributable to the decrease recorded in Asia-Pacific, particularly in China owing to the impact of COVID-19, and in the countries of Northern and Eastern Europe, which, because of their geographical situation, are more exposed to the economic and social consequences of the war in Ukraine.

New software subscription orders

In millions of euros, annual value



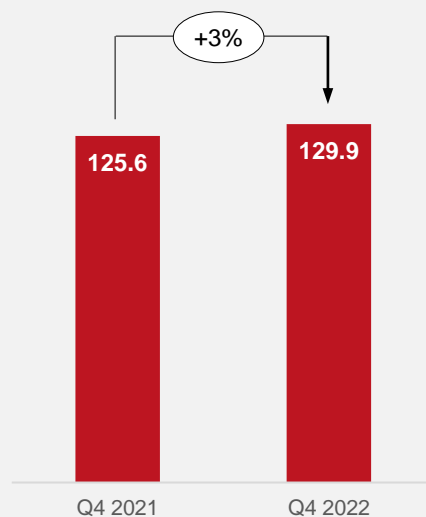
Orders for new software subscriptions increased, again confirming the success and excellent adoption of these products.

Q4 2022 RESULTS

Growth in revenues, EBITDA before non-recurring items, and EBITDA margin

In millions of euros

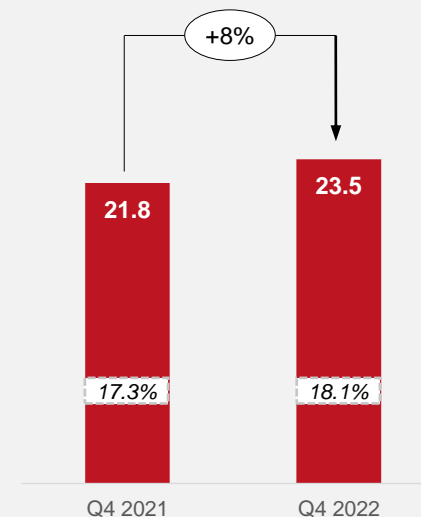
Revenues



In a particularly difficult macroeconomic environment in Q4 2022, Lectra reported growth in revenues and EBITDA before non-recurring items.

EBITDA

before non-recurring items



- 2022 main highlights
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To facilitate the analysis of the Group's results, the 2022 results are compared to the 2021 pro forma financial statement ("2021 Pro forma"), prepared by integrating the three acquisitions made in 2021 (the « 2021 Acquisitions ») – Gerber, Neteven, and Gemini – as if they had been consolidated from January 1, 2021, whereas they have been consolidated since June 1, July 28 and September 27, 2021, respectively.

Comparisons between 2022 and 2021 are based solely on actual exchange rates due to the impossibility of calculating what the amounts would have been for the acquired companies when using different exchange rates.

2022 RESULTS

2022 results within the range of the financial objectives published in February 2022 and revised on July 28

	Scenarios of February 9, 2022	Scenarios of July 28, 2022, confirmed on October 25	2022 actual
Revenues	€508m to €556m +31% to +43%	€514m to €534m +33% to +38%	€522m +35%
EBITDA <i>before non-recurring items</i>	€92m to €104m +41% to +60%	€95m to €102m +46% to +57%	€98m +51%

The 2022 scenarios, published on February 9, 2022, were based on the closing exchange rates on December 31, 2021, particularly \$1.13/€1.

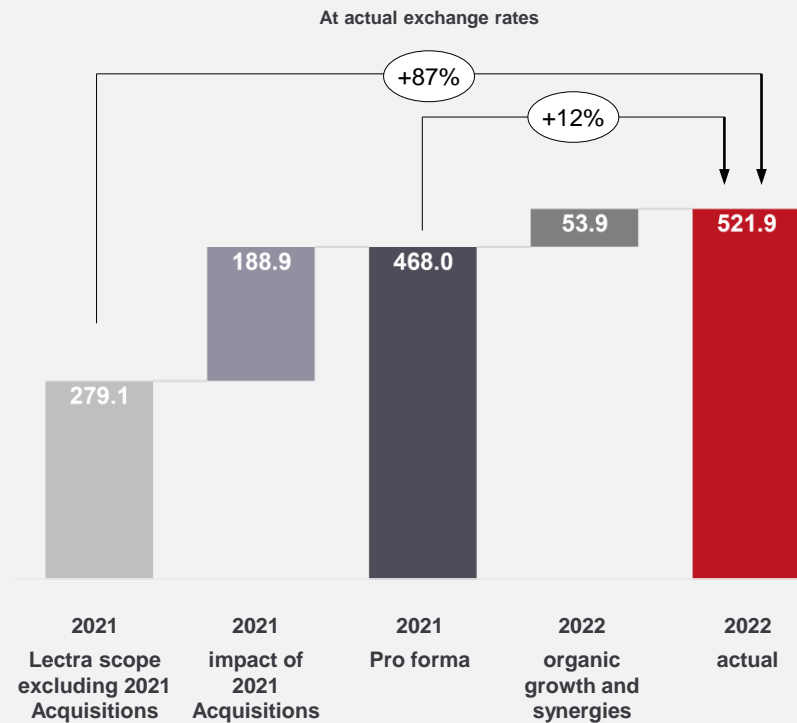
The 2022 revised scenarios, published on July 28, 2022, were based on actual exchange rates for H1 2022, and the rates on June 30, 2022, particularly \$1.04 /€1, for H2 2022.

2022 RESULTS

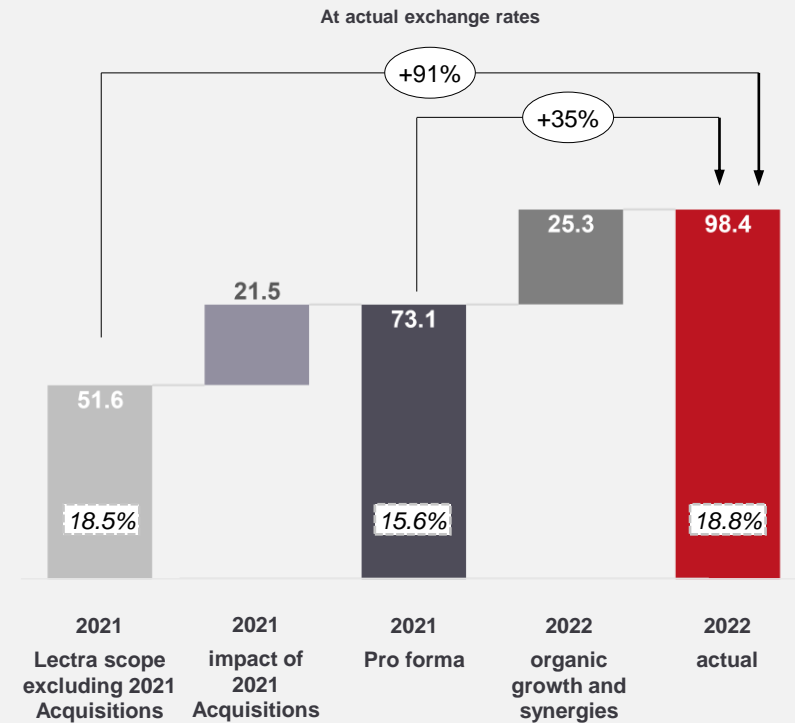
Strong increase in revenues and earnings

In millions of euros

Revenues



EBITDA before non-recurring items

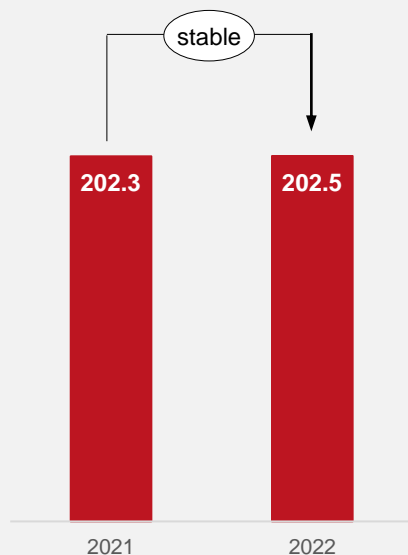


Steady level of new systems orders

Increase of new software subscription orders

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

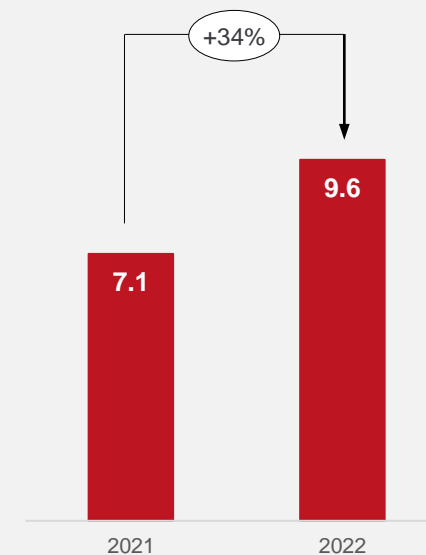
In millions of euros



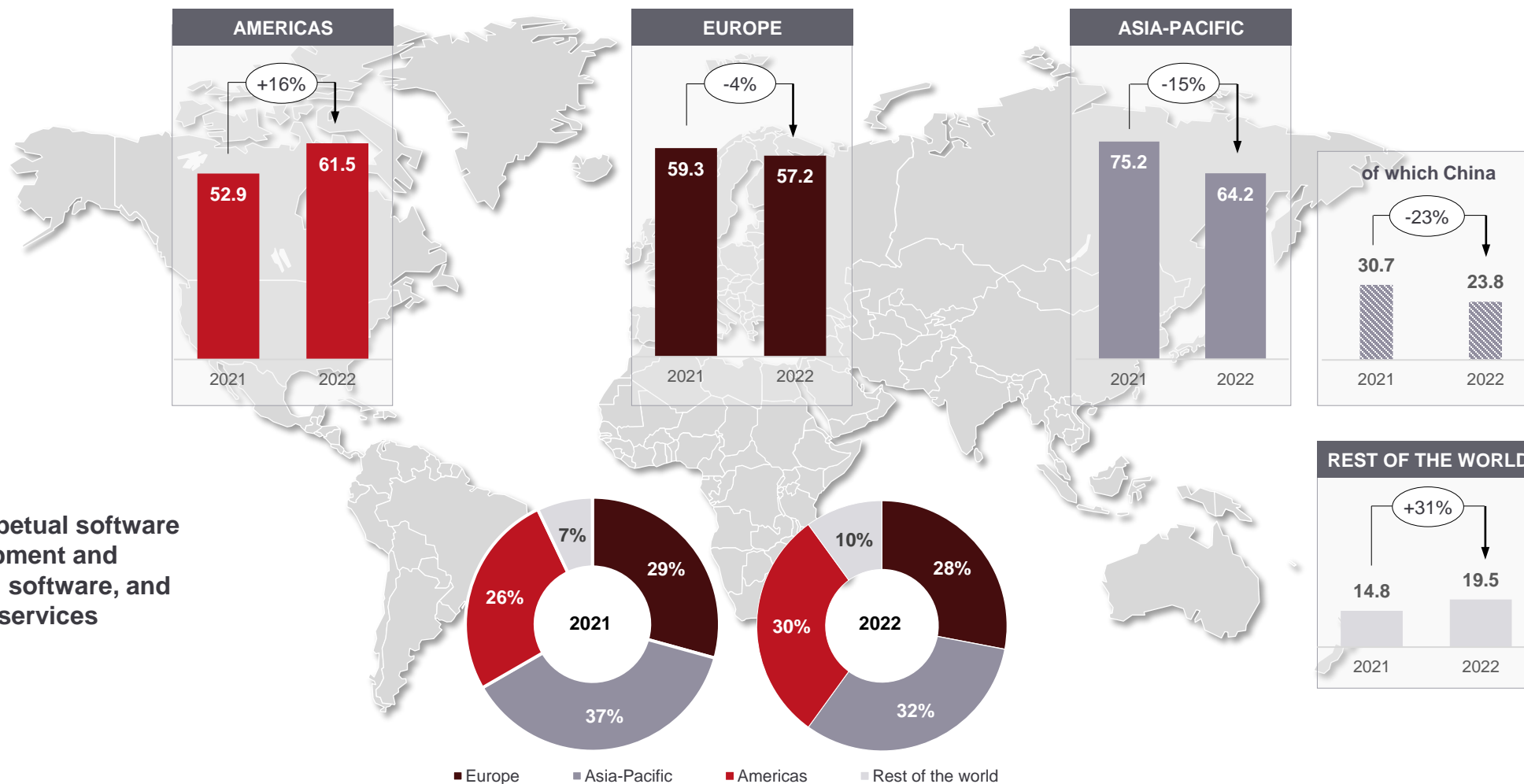
	2021	2022	Change At actual exchange rates
Total	202.3	202.5	stable
<i>of which perpetual software licenses</i>	16.8	18.5	+10%
<i>of which equipment and accompanying software</i>	164.4	161.1	-2%
<i>of which non-recurring services</i>	21.1	22.9	+9%

New software subscription orders

In millions of euros, annual value



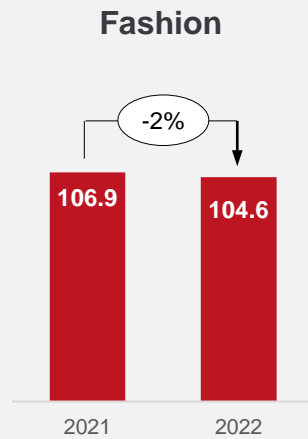
Geographically contrasted activity



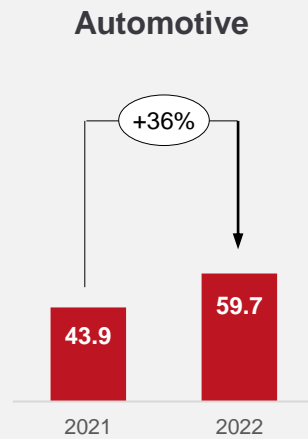
Strong growth in automotive orders, significant decline in furniture orders

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

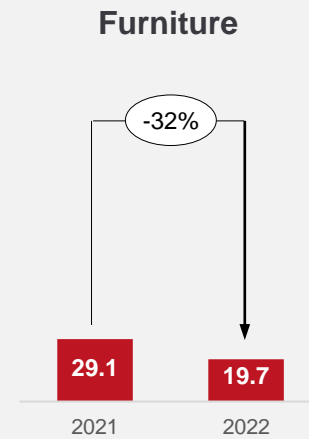
In millions of euros



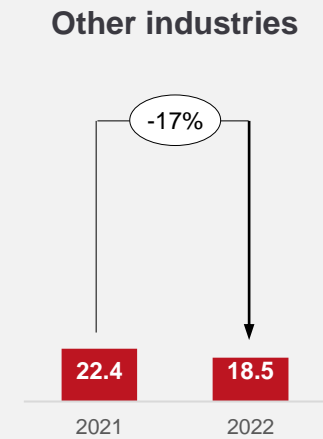
Strong negative impact of China, partially offset by North America and Southern Europe



Strong growth in all regions



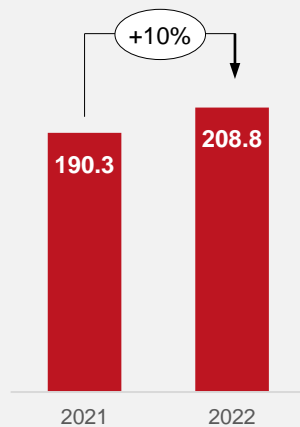
Negative impact of China, and Northern and Eastern Europe



Strong growth in revenues

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services

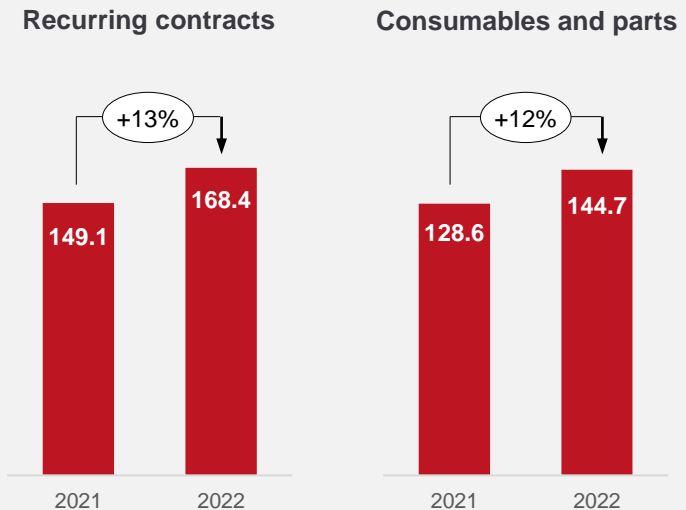
In millions of euros



	2022	Change
of which perpetual software licenses	18.4	+8%
of which equipment and accompanying software	170.2	+11%
of which training and consulting	15.3	+8%

Recurring revenues

In millions of euros

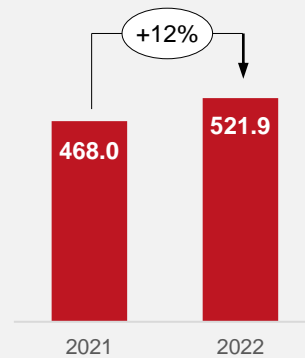


	2022	Change
of which software subscriptions	21.0	+58%
of which software maintenance contracts	52.9	+5%
of which equipment and accompanying software maintenance contracts	94.6	+11%

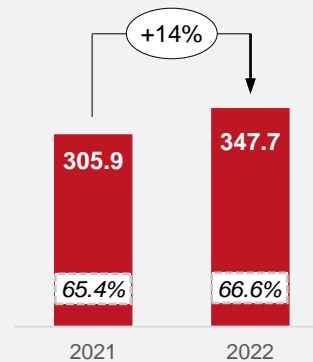
Very strong increase in results

In millions of euros

Revenues

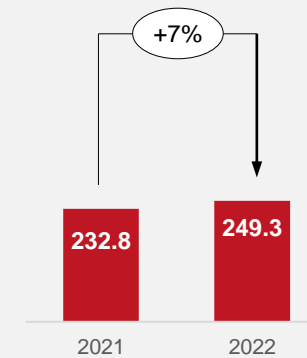


Gross profit



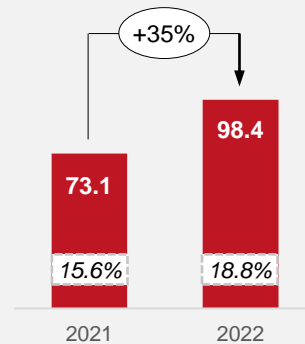
Overhead costs

excluding depreciation and amortization



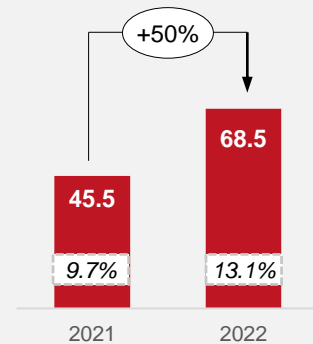
EBITDA

before non-recurring items

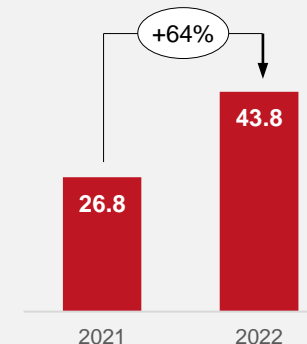



Income from operations

before non-recurring items



Net income

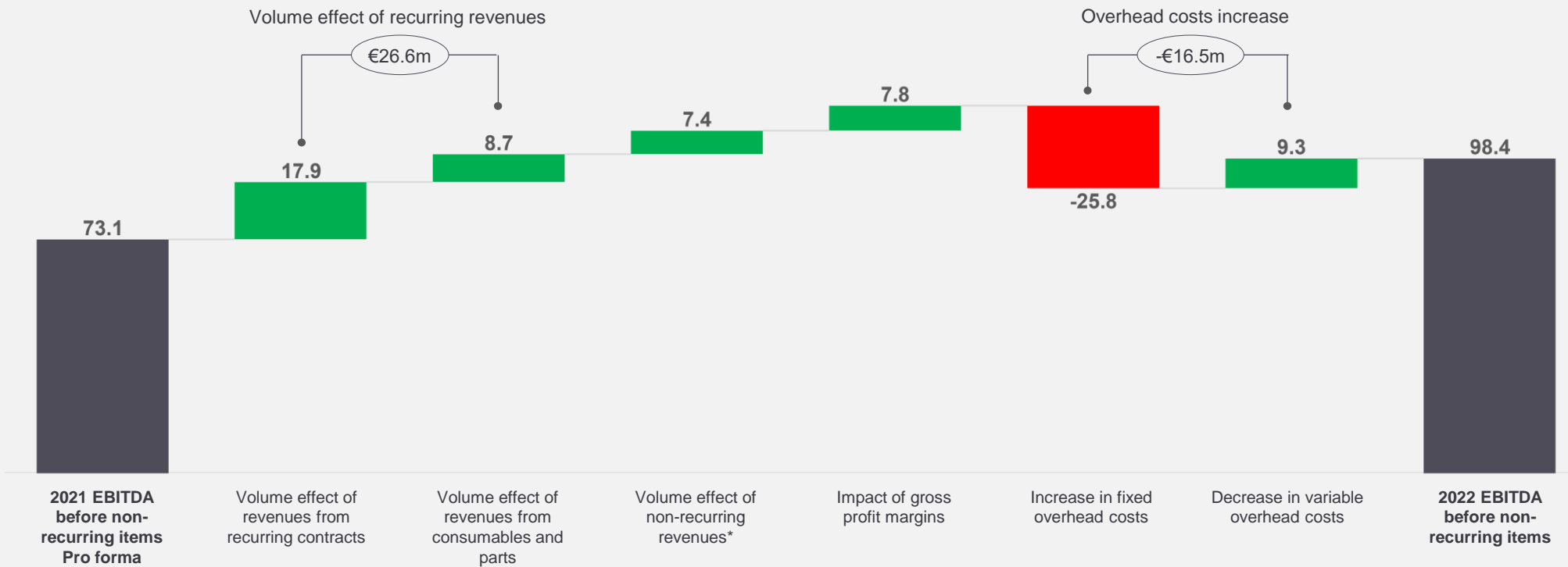


 = In % of revenues

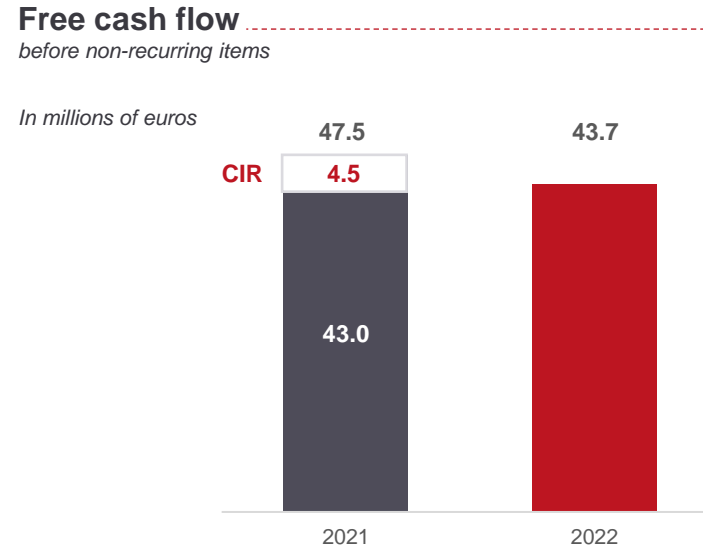
Gross margin, generated by recurring revenue growth, offset by increase in fixed costs

Evolution of EBITDA *before non-recurring items*

In millions of euros



Slight decrease in free cash flow before non-recurring items



CIR : research tax credit (Crédit d'Impôt Recherche)

Free cash flow before non-recurring items was down slightly compared to 2021 due to a temporary increase in working capital requirement.

This increase stems from:

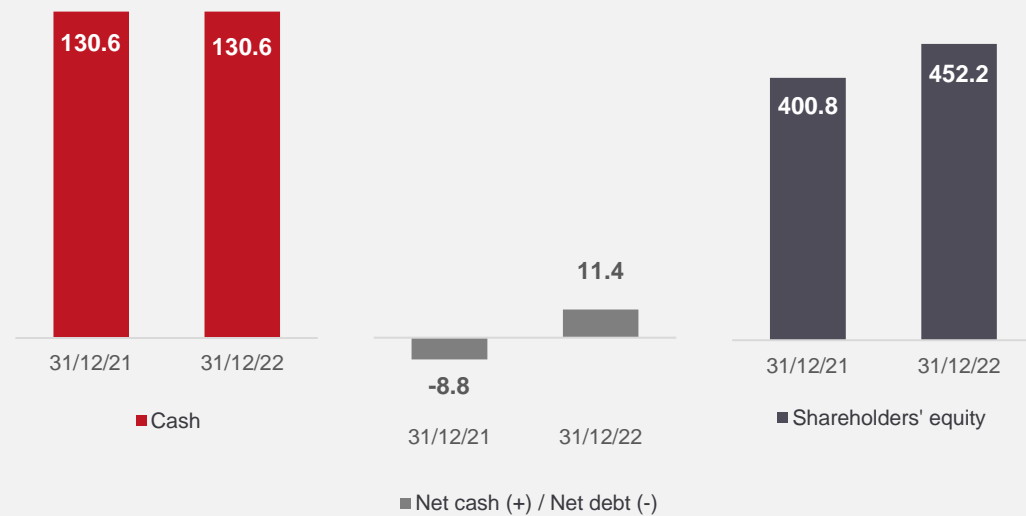
- the payment in 2022 of the variable portion of compensation and the incentive plan for 2021, which were €10.6m higher than the amount paid in 2021 in respect of 2020 performance,
- the €15.3m increase in inventories since January 1st,
- the fact that the balance of the 2018 research tax credit (€5.0m) has not been received due to the ongoing tax audit.

After disbursement of €3.4m in respect of non-recurring charges, free cash flow came to €40.3m.

Particularly robust balance sheet and positive net cash position

Balance sheet

In millions of euros



- The Group took out a €140m loan in 2021 to finance the cash portion of the acquisition price of Gerber in the amount of €175m.
- A first installment of €21.0m was paid back on June 1, 2022.
- The dividend in respect of FY 2021 (€13.6m) was paid on May 6, 2022.

Lectra has a positive net cash position, less than two years after the acquisition of Gerber.

2022 RESULTS

Evolution of the share price

AT FEBRUARY 7, 2023

- Share price: €38.90
- Market cap.: €1,470m
- Enterprise Value: €1,459m
- EV/2022 Revenues: 2.8x
- EV/2022 EBITDA*: 14.8x

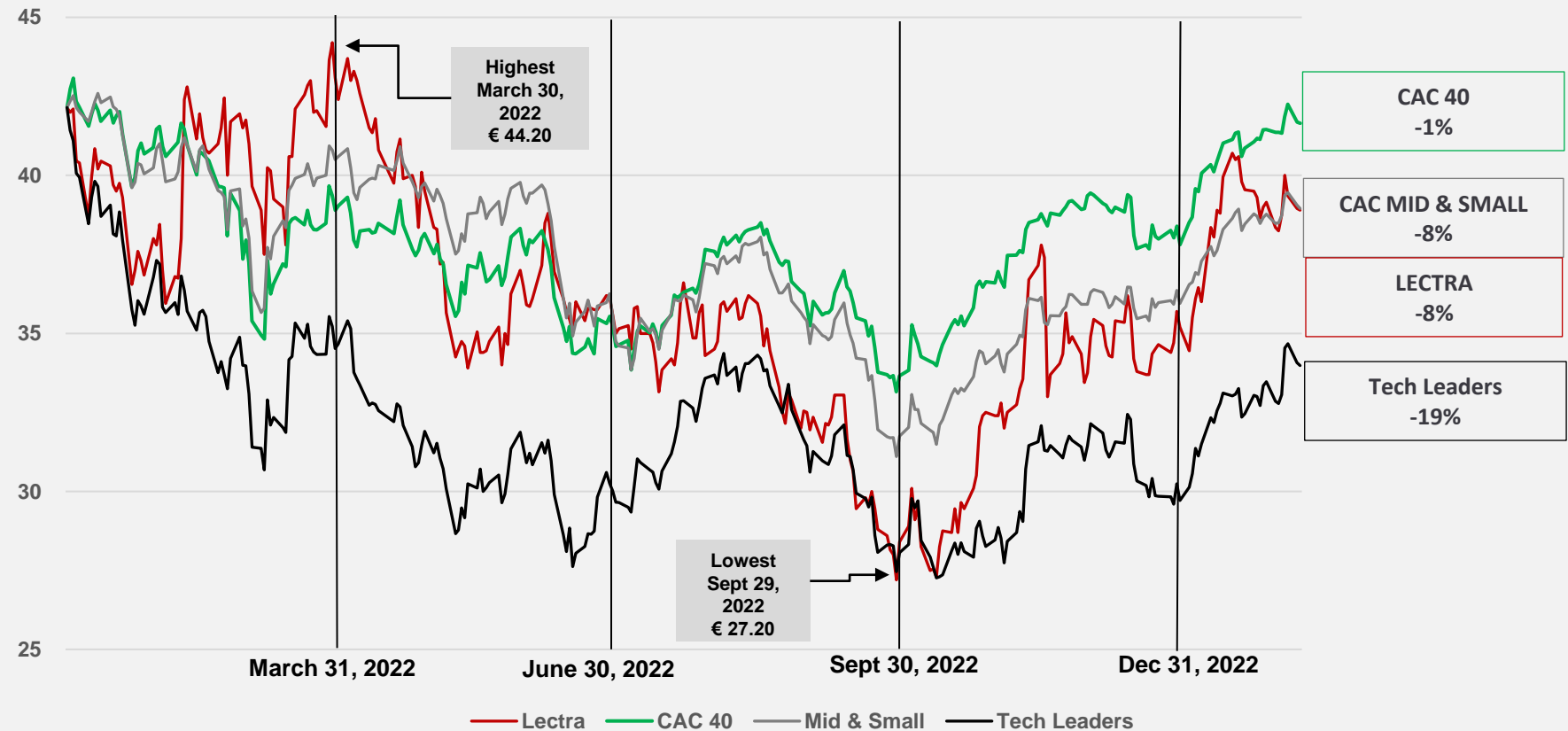
CAPITAL TRADED ON EURONEXT

- 2022: €208.0m
- 2021: €137.8m

Volume traded on Euronext represented 31% in 2022 and 30% in 2021 of total volume traded on all trading platforms (source Bloomberg)

Evolution from January 1, 2022 to February 7, 2023

In euros, closing price



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REMINDER OF THE LECTRA 4.0 STRATEGY

A long term vision

Supported by a long-term vision, launched in 2017, the **Lectra 4.0 strategy** aims to position Lectra as a **key Industry 4.0 player in its three strategic market sectors before 2030.**



REMINDER OF THE LECTRA 4.0 STRATEGY

Markets undergoing profound changes

Fashion



Fashion industry players **must undertake far-reaching transformations** in their distribution networks and supply chains, **taking into account Corporate Social Responsibility (CSR) issues**, and the continuous adjustment of their product range and positioning strategies.

Automotive



Automotive suppliers face major challenges induced by macroeconomic and geopolitical events. To remain competitive, suppliers have to **boost the performance of their production tools and optimize material consumption.**

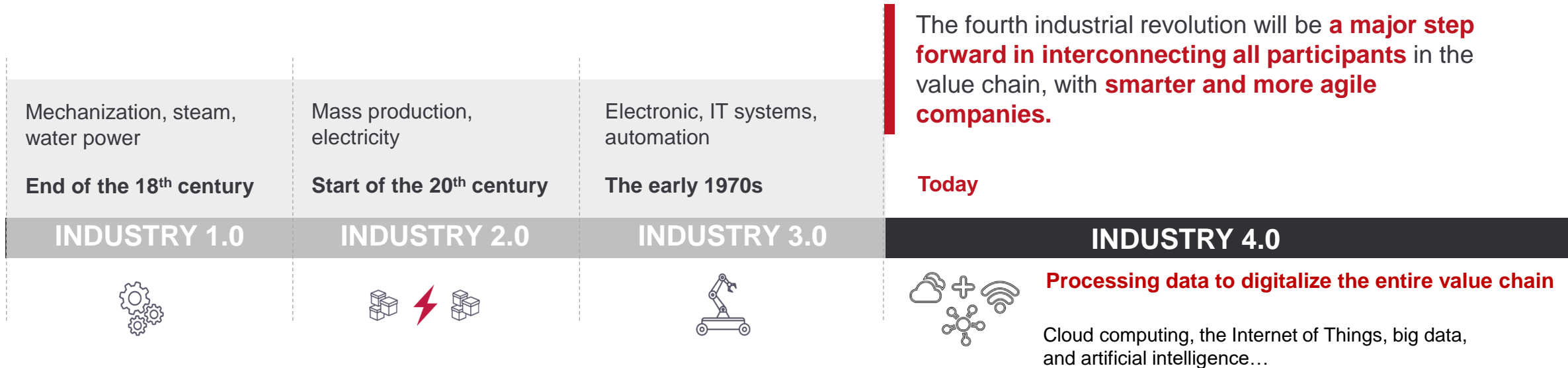
Furniture



Furniture industry players are continuing to modernize, digitize and automate their industrial facilities, while also **transforming their production methods and processes** to give greater priority to on-demand production.

REMINDER OF THE LECTRA 4.0 STRATEGY

Industry 4.0 transforming industrial processes



Accelerating adoption of key Industry 4.0 technologies

The COVID-19 crisis, and its impact on consumer habits and ecosystems, are **accelerating the digitalization of processes in product value chains**.

REMINDER OF THE LECTRA 4.0 STRATEGY

Lectra has all the necessary assets to become a key Industry 4.0 player

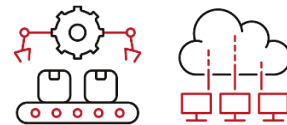
INDUSTRY 4.0



16 years of experience in IoT

More than 7,700 cutting machines, equipped with sensors and capable of being connected to the Internet, are compatible with the new offers for Industry 4.0.

Prestigious customer base



Combination of equipment, software, data and services

The sole player in its industry to integrate the 4 key technologies of Industry 4.0 (cloud, big data, IoT, AI) in its products and services offers.

Strong technological leadership



Strong business-line expertise

More than 850 consultants and solution experts accompany customers on a daily basis and will be by their side during their transformation towards Industry 4.0.

Virtuous business model and strong financial position

Presence in +100 countries reached by a global network of subsidiaries and agents

REMINDER OF THE LECTRA 4.0 STRATEGY

Corporate Social Responsibility: an increasingly central role for all activities



Ethical, environmental, social and societal issues are becoming essential to companies in conducting their business:

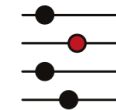
- **Increased expectations from consumers** in terms of product traceability, sustainability, and ethics
- **More and more countries** are introducing regulations
- **Increased concerns from employees** regarding corporate values and working conditions



To address these issues, organizations must **reassess the way they operate** and their decision-making processes.



Eco-design of products will progressively become the norm, optimizing production systems will be a necessity, and transparency will be imperative.



All players in the fashion, automotive and furniture industries will have to **adjust to these new conditions**.

REMINDER OF THE LECTRA 4.0 STRATEGY

Fundamentals of the Lectra 4.0 strategy enriched with a pillar dedicated to CSR

Premium positioning

High value-added solutions and services with strong business-line expertise.



Focus on three strategic market sectors

Fashion, automotive, and furniture, with a specific approach for each in terms of offers, organization and processes.



Customers at the heart of the activities

A commitment from Lectra teams to do everything in their power to enable customers to make optimal use of its solutions.



New 4.0 services

Gradually launched on the market, they will combine data analysis, Lectra's expertise and artificial intelligence, to enable customers to continuously improve their operations.



A committed CSR policy

Capitalize on the Group's achievements in terms of CSR and continue leading the way by integrating social, societal, ethical and environmental responsibilities in all business activities and practices.



New

REMINDER OF THE LECTRA 4.0 STRATEGY

3-years strategic roadmaps to implement a long-term strategy

**LAUNCH OF
THE LECTRA 4.0
STRATEGY**

2017

Establish the key fundamentals for the future of the Group, notably with the progressive launch of new offers integrating key Industry 4.0 technologies.

2017-2019

2020

Capture the full potential of its new offers for Industry 4.0, while delivering sustainable, profitable business growth.

2020-2022

2023

**2023-2025
strategic roadmap**

...2030

Position Lectra as a key Industry 4.0 player in its three strategic market sectors.

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Further position Lectra as an Industry 4.0 leader

iNDUSTRY 4.0

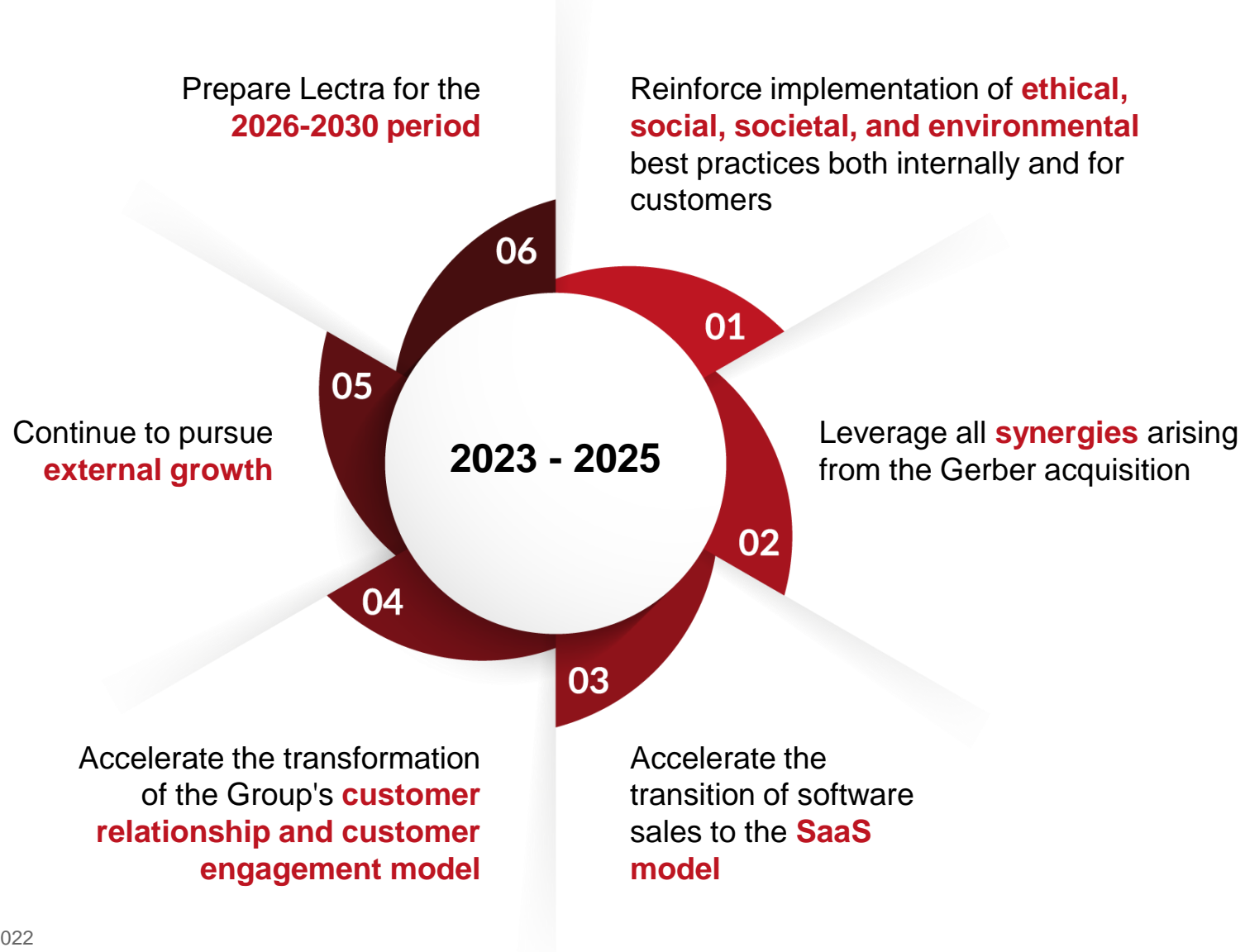
Take full advantage of the Group's change in dimension to accelerate growth

Significantly increase the volume of SaaS in the Group's total revenues

Seize acquisition opportunities

With the **commitment and engagement of employees**, and **recognition by customers**, Lectra will be at the forefront in **building a more sustainable future**.

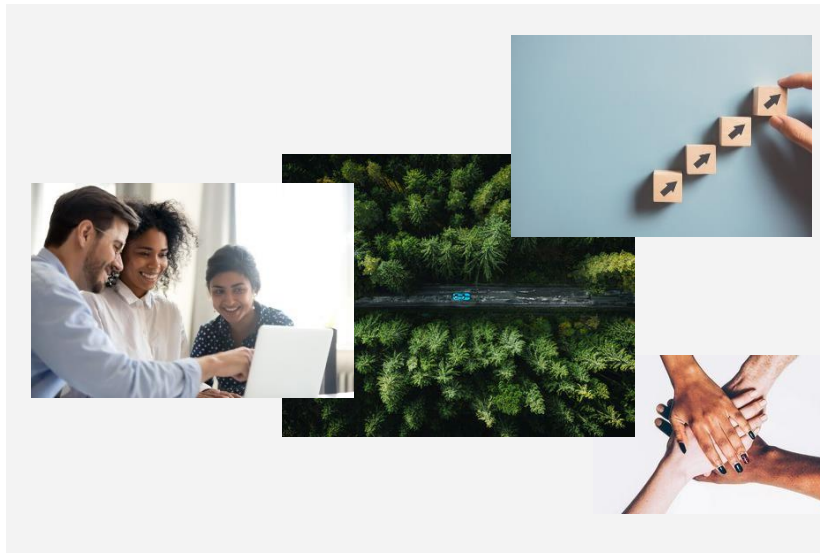
Six strategic priorities to guide Lectra for the next three years



Reinforce implementation of ethical, social, societal, and environmental best practices both internally and for customers

Formalized in 2021, Lectra's structured CSR policy will enable it to sustain growth while fully integrating the expectations of all stakeholders.

Meet commitments in the following five categories



- **Respect the highest ethical standards**
- **Design eco-responsible offers**
- **Promote an inclusive, diverse and vibrant work culture**
- **Reduce the environmental footprint of its activities**
- **Provide support for the next generation**

Leverage all synergies arising from the Gerber acquisition

With this acquisition, Lectra's fundamentals such as its rich, robust, advanced experience in the key technologies of Industry 4.0, its worldwide presence, its leadership and business model have all been strengthened.

Maximize the impact of synergies to drive growth and profitability

- **Leverage the potential of the expanded installed base**

- **Launch new joint offers**



- **Unify R&D efforts**

- **Reorganize industrial operations around three sites**

- Bordeaux – Cestas (France)
- Tolland (United States)
- Shanghai (China)

Accelerate the transition of software sales to the SaaS model

New software offers launched after 2018 and those from the acquisitions of Kubix Link, Retviews, Neteven, and TextileGenesis are only sold in SaaS mode.

Strengthen market penetration of software offers sold in SaaS mode

and facilitate the progressive selling strategy



- **Increase sales and marketing programs** to encourage customers to adopt or migrate to these offers
- **Intensify prospecting actions**
- **Accelerate R&D investments** to upgrade current offers and progressively launch new solutions

Accelerate the transformation of the Group's customer relationship and customer engagement model

With the change in the Group's dimension and the enrichment of its product portfolio, the customer engagement and customer relationship model will continue to evolve.

Increase customer commitment, and maximize recurring revenues per customer



Increase customer satisfaction and loyalty, throughout their journey with Lectra



Continue to increase the number of customer success managers in coming years to support a growing number of customers using an ever-expanding range of Lectra solutions



Adjust the responsibilities of some sales teams to focus more time on prospecting actions

Continue to pursue external growth

Since 2018, Lectra made 7 acquisitions: Kubix Lab, Retviews, Gerber, Neteven, Gemini, Glengo Teknoloji's business assets, and TextileGenesis.

Access additional growth drivers in the long-term



Privileges companies (mainly start-ups) that could **complete Lectra's range of products**



Build new expertise in areas beyond its core fashion operations

Prepare Lectra for the 2026-2030 period

Enable the Group to achieve more rapidly and more efficiently its position as an indispensable player in Industry 4.0 in all three strategic market sectors.

Concentrate efforts on the most promising activities going forward



- **Develop new solutions** that will be available starting 2026

10%

of 2023-2025 revenues will be invested in R&D over the next few years*

- **Progressively phase out certain non-strategic activities**, which accounted for less than 5% of the Group's revenues
- **Formally set out the next steps in the evolution of the Group's governance**

2023-2025 STRATEGIC ROADMAP

3-years strategic roadmaps to implement a long-term strategy

LAUNCH OF THE LECTRA 4.0 STRATEGY

2017

Establish the key fundamentals for the future of the Group, notably with the progressive launch of new offers integrating key Industry 4.0 technologies.

2017-2019

2020

Capture the full potential of its new offers for Industry 4.0, while delivering sustainable, profitable business growth.

2020-2022

2023

Take full advantage of its change in dimension to accelerate growth, to significantly increase the contribution of SaaS to its revenue, and to seize acquisition opportunities.

2023-2025 strategic roadmap

...2030

Position Lectra as a key Industry 4.0 player in its three strategic market sectors.

With the **commitment and engagement of employees**, and **recognition by customers**, Lectra will be at the forefront in **building a more sustainable future**.

2025 financial objectives

€700+m*

Revenues

10%
of revenues

SaaS revenues

20+%
of revenues

EBITDA margin
before non-recurring items

The Company intends to keep its **attractive shareholder payment policy** with dividends that over the roadmap period should represent a **payout ratio of about 40% of net income** excluding non-recurring items.

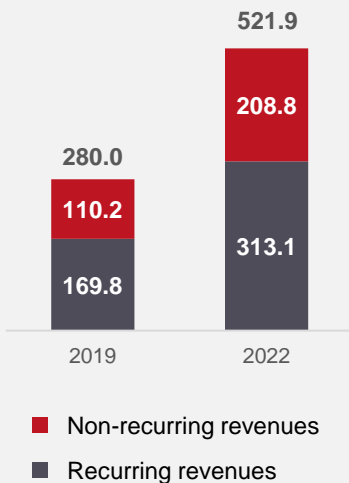
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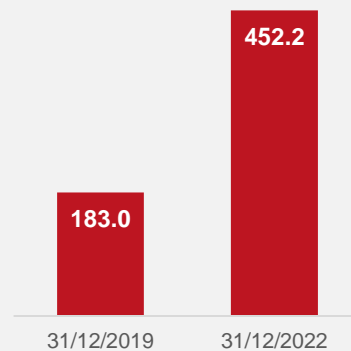
A new dimension for Lectra with increased opportunities for continued growth

In millions of euros, changes at actual exchange rates

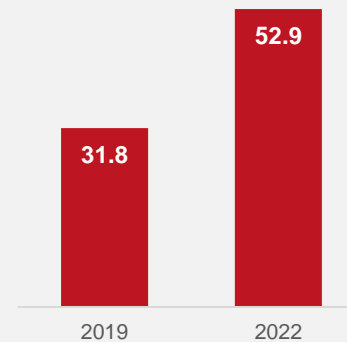
Revenues



Shareholders' equity



R&D investments



Extended global reach and enlarged customer base

Unmatched capacity for innovation

Strategic acquisitions opening new horizons for Lectra

Major technical advances to meet companies' needs

A still degraded environment with signs of improvement



Despite the persistent lack of visibility for 2023, **the Group will continue to invest in order to prioritize medium-term growth.**



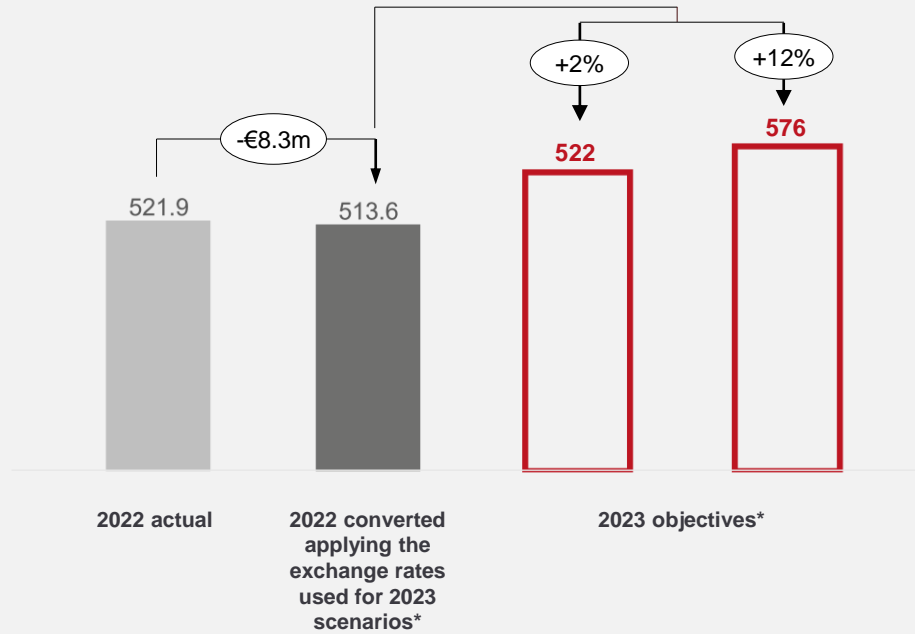
Q1: Because of an exceptionally large order backlog at January 1, 2022 (4.3 million euros higher than the backlog at January 1, 2023), and the very high amount of orders booked in January 2022, before start of the war in Ukraine, revenues for the first quarter of 2023 are expected to be slightly lower than for the first quarter of 2022. Combined with the increase in overhead costs, this decline is expected to also lead to a decrease in EBITDA.

More generally, the contextual elements that affected the Group's activity and results in 2022 were reflected heterogeneously over each quarter, making quarterly comparisons between 2023 and 2022 less relevant.

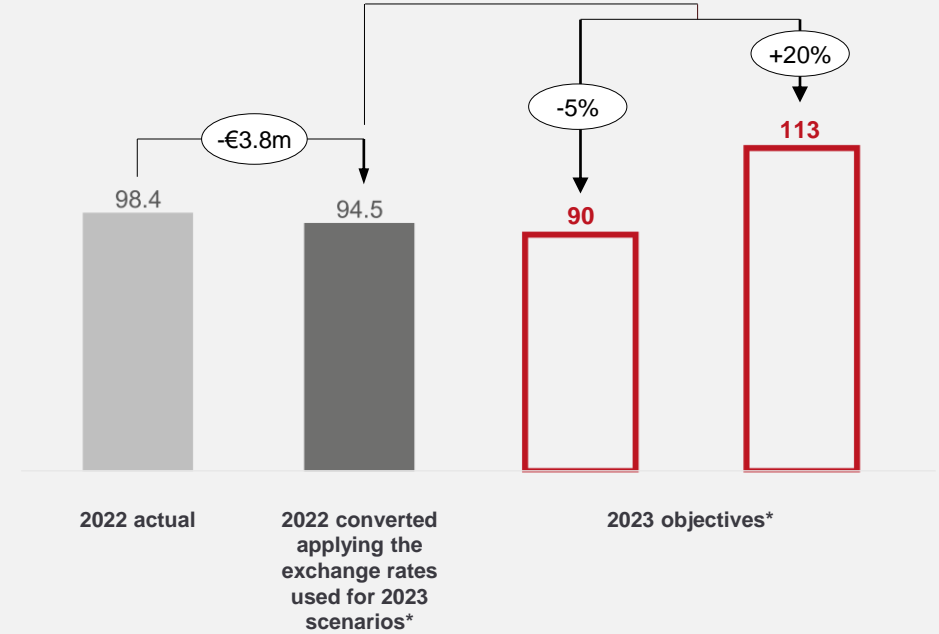
2023 financial objectives

In millions of euros

Revenues



EBITDA before non-recurring items



*The 2023 scenarios were prepared on the basis of the closing exchange rates on December 30, 2022, and particularly \$1.07 to the euro.

UPCOMING FINANCIAL CALENDAR

Annual Shareholders' Meeting

April 28, 2023

Quarterly results

Q1 April 27, 2023

Q2 July 27, 2023

Q3 October 25, 2023

Q4 February 14, 2024

Analyst conference

October 26, 2023

LECTRA

We pioneer. You lead.