

2022: strong increase in revenues and earnings

- Revenues: 521.9 million euros (+35%)
- EBITDA before non-recurring items: 98.4 million euros (+51%)
- Net income: 43.8 million euros (+55%)
- Free cash flow before non-recurring items: 43.7 million euros
- Dividend*: €0.48 per share (+33%)

* Proposed to the Annual Shareholders' Meeting on April 28, 2023

In millions of euros	October 1 – December 31		January 1 – December 31	
	2022	2021	2022	2021
Revenues	129.9	125.6	521.9	387.6
<i>Change at actual exchange rates (%)</i>	+3%		+35%	
EBITDA before non-recurring items ⁽¹⁾	23.5	21.8	98.4	65.1
<i>Change at actual exchange rates (%)</i>	+8%		+51%	
EBITDA margin before non-recurring items (in % of revenues)	18.1%	17.3%	18.8%	16.8%
Net income	8.4	11.4	43.8	28.2
<i>Change at actual exchange rates (%)</i>	-26%		+55%	
Free cash flow before non-recurring items ⁽¹⁾	12.1	13.9	43.7	47.5
Shareholders' equity ⁽²⁾			452.2	400.8
Net cash (+) / Net financial debt (-) ⁽¹⁾⁽²⁾			11.4	(8.8)

(1) The definition for performance indicators appears in the Management Discussion of December 31, 2022

(2) At December 31

Paris, February 8, 2023. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the fiscal year 2022. Audit procedures have been performed by the Statutory Auditors. The certification report will be issued at the end of the Board of Director's meeting of February 23, 2023.

To facilitate the analysis of the Group's results, the financial statements are compared to those published in 2021 and to the 2021 pro forma financial statement ("2021 Pro forma"), prepared by integrating the three acquisitions made in 2021 – Gerber Technology ("Gerber"), Neteven, and Gemini CAD Systems ("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.

1. GREAT RESILIENCY IN A DEGRADED ENVIRONMENT

2022 was significantly marked by the war in Ukraine and its consequences. As soon as the conflict began, the Company decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia and stopping all deliveries of products or services. The Group's direct exposure to Ukraine and Russia is low; the contribution of these two countries in 2021 accounted for less than 1 percent of revenues.

This war has accelerated price increases, energy shortfalls and shortages in some raw materials. However, their impact on the Group's financial statements was limited due to its low exposure to energy costs and a limited dependency on those raw materials affected the most.

The Group also adjusted sale prices to compensate for the increase in its production costs in January and in July.

In addition, the COVID-19 epidemic in China, involving very strict lockdowns and then, following the change in strategy, a surge in contaminations late in the year, had a negative impact on business in Asia, and particularly in China.

The climate of uncertainty since the year began was intensified during the second half of the year by growing fears of recession in many countries.

These situations have led some of the Group's customers to reduce their investment budgets to cope with cost increases, shortages, or potential reductions in activity, while others have postponed purchasing decisions until their business environment and visibility improve.

Finally, since the beginning of 2022, the dollar has significantly strengthened against the euro. With a yearly average exchange rate of \$1.05/€1, the dollar was up 12% compared to 2021. This change and other currency changes mechanically increased revenues by roughly 7%.

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

2. Q4 2022

In Q4 2021, the Gerber, Neteven and Gemini accounts were consolidated for the entire period. As a result, the published figures and the 2021 Pro forma figures were identical.

In a particularly difficult macroeconomic environment, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (48.7 million euros) decreased by 13% compared to Q4 2021. 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.

At the same time, orders for new software subscriptions (equivalent to 3.4 million euros in annual revenues) increased by 68%, again confirming the success and excellent adoption of these products.

Q4 2022 revenues (129.9 million euros) increased by 3%. EBITDA before non-recurring items (23.5 million euros) increased by 8% and the EBITDA margin before non-recurring items was 18.1% (+0.8 percentage points).

Net income (8.4 million euros) was down 26% compared to Q4 2021.

Free cash flow before non-recurring items came to 12.1 million euros (13.9 million euros in Q4 2021).

3. 2022

Acquisition of the majority of the capital of TextileGenesis

On December 8, 2022, Lectra announced the signature of an agreement to acquire the majority of the capital and voting rights of the Dutch company TextileGenesis (see press release issued on that date).

The transaction was finalized on January 9, 2023.

Revenues and earnings in line with published objectives

2022 revenues (521.9 million euros) and EBITDA before non-recurring items (98.4 million euros) were in the range of the objectives published in February 2022, as fine-tuned in July and confirmed in October.

Revenues increased by 35% and EBITDA before non-recurring items by 51% compared to the financial statements published in 2021. The EBITDA margin before non-recurring items was 18.8%.

Income from operations before non-recurring items (68.5 million euros) was up 54%. This includes an 11.8-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber,

Neteven, Gemini, and of the activity of Glengo Teknoloji. After recognizing a non-recurring charge of 4.0 million euros in 2022, income from operations amounted to 64.5 million euros.

Net income (43.8 million euros) was up 55%.

Free cash flow before non-recurring items (43.7 million euros) was down slightly compared to 2021 due to a temporary increase in working capital requirement.

Comparison to the 2021 Pro forma

In 2022 orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (202.5 million euros) were stable compared to the amount of 2021 Pro forma orders. The annual value of new software subscription orders (9.6 million euros) was up 34%, illustrating the success of the SaaS offers for Industry 4.0.

Despite the negative impact of the war in Ukraine and the COVID-19 epidemic in China, revenues (521.9 million euros) increased by 12% compared to the 2021 Pro forma. Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (208.8 million euros) increased by 10%, those from recurring contracts (168.4 million euros) by 13% and those from consumables and parts (144.7 million euros) by 12%.

EBITDA before non-recurring items increased by 35% and the EBITDA margin before non-recurring items by 3.2 percentage points.

Balance sheet at December 31, 2022

At December 31, 2022, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 452.2 million euros (400.8 million euros at December 31, 2021) and a positive net cash position of 11.4 million euros, less than two years after the acquisition of Gerber. The working capital requirement was a negative 6.3 million euros.

4. DIVIDEND INCREASED TO €0.48 PER SHARE

The Board of Directors will propose to the Shareholders' Meeting of April 28, 2023, the payment of a dividend at €0.48 per share in respect of fiscal year 2022.

5. OUTLOOK

A new strategic roadmap for 2023-2025

Launched in 2017, the Lectra 4.0 strategy aims to position the Lectra as a key Industry 4.0 player in its three strategic market sectors, fashion, automotive and furniture, before 2030. The strategy has been implemented up to now through two strategic roadmaps covering the periods 2017-2019, then 2020-2022.

Lectra will continue to implement the Lectra 4.0 strategy over the next three years through a new strategic roadmap for 2023-2025.

The Group intends to take full advantage of its change in dimension – mainly following the acquisition of Gerber in June 2021 – to accelerate growth, to significantly increase the volume of SaaS in its revenue, and to 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.

To achieve these objectives, the Group has set six strategic priorities for 2023-2025:

- reinforce implementation of ethical, social, societal and environmental best practices both internally and for customers;
- leverage all synergies arising from the Gerber acquisition;
- accelerate the transition of software sales to the SaaS model;
- accelerate the transformation of the Group's customer relationship and customer engagement model;
- following on from the previous two roadmaps, continue to pursue external growth;
- prepare Lectra for the 2026-2030 period.

These six strategic priorities provide the Group with a structure for the work required to achieve the ambitions of its strategic roadmap. They are detailed in the financial report on the activity and the consolidated financial statements for the fourth quarter and fiscal year 2022.

Financial objectives

Lectra's ambition is to achieve, in 2025, revenues of over 700 million euros (including 10% in SaaS revenues), combining both organic growth and acquisitions, and an EBITDA margin before non-recurring items of over 20%. These objectives were prepared on the basis of the closing exchange rates on December 30, 2022, in particular \$1.07 to the euro.

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.

Free cash flow generation will also contribute to financing the Group's internal development strategy and acquisitions, as well as the repayment of debt.

Outlook for 2023

In its financial report on the third quarter and first nine months of the year, which included a review of the 2020-2022 roadmap, the Group confirmed that the progress made during the period, as well as the acquisitions of 2021, and the Gerber acquisition in particular, had given the Group a new dimension and increased opportunities for continued growth.

While this new status enables Lectra to look ahead with confidence at its development over the medium term, the year 2023 remains unpredictable given the degraded macroeconomic and geopolitical environment, as numerous uncertainties could continue to weigh upon the investment decisions of the Group's customers. Still, the lifting of restrictions in China that was announced at the end of 2022, and which resulted in the reopening of the country at the start of the year, is expected to have a positive impact in 2023.

In a challenging context, the Group invested in 2022 to prepare for execution of its strategic roadmap for 2023-2025. By proceeding with two general salary increases during the year, it also decided to protect employees against the impact of inflation, thereby strengthening their engagement and commitment to the Group.

Despite the persistent lack of visibility for 2023, Lectra, which has a particularly strong balance sheet and a proven business model featuring a very high percentage of recurring revenues, will continue to invest in order to prioritize medium-term growth.

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 the 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 EBIDTA before non-recurring items.

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.

Financial objectives for 2023

In light of the above, Lectra has set its objectives for 2023, with revenues in the range of 522 to 576 million euros (+2% to +12% at constant exchange rates relative to 2022) and EBITDA before non-recurring items in the range of 90 to 113 million euros (-5% to +20% at constant exchange rates relative to 2022).

The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for Q4 and the fiscal year 2022 are available on lectra.com. First quarter earnings for 2023 will be published on April 27, 2023. The Annual Shareholders' Meeting will take place on April 28, 2023.

As a major player in the fashion, automotive and furniture markets, Lectra contributes to the Industry 4.0 revolution with boldness and passion by providing best-in-class technologies.

The group offers industrial intelligence solutions - software, equipment, data and services - that facilitate the digital transformation of the companies it serves. In doing so, Lectra helps its customers push boundaries and unlock their potential. The group is proud to state that its 2,500 employees are driven by three core values: being open-minded thinkers, trusted partners and passionate innovators.

Founded in 1973, Lectra reported revenues of 522 million euros in 2022 and is listed on Euronext (LSS).

For more information, please visit www.lectra.com.



Lectra – World Headquarters: 16–18, rue Chalgrin • 75016 Paris • France

Tel. +33 (0)1 53 64 42 00 – www.lectra.com

A French Société Anonyme with capital of €37,788,949 • RCS Paris B 300 702 305