

## 2023: Decline in revenues and EBITDA before non-recurring items in a very degraded environment. Strong improvement in the Group's fundamentals

- Revenues: 477.6 million euros (-6%)\*
- EBITDA before non-recurring items: 79.0 million euros (-15%)\*
- Net income: 32.6 million euros (-26%)
- Free cash flow before non-recurring items: 45.3 million euros
- Dividend<sup>\*\*</sup>: €0.36 per share

\* Like-for-like

\*\* Proposed to the Annual Shareholders' Meeting on April 26, 2024

In millions of euros	October 1 – December 31		January 1 – December 31	
	2023	2022	2023	2022
Revenues	119.3	129.9	477.6	521.9
<i>Change like-for-like (%)<sup>(1)</sup></i>	-5%		-6%	
EBITDA before non-recurring items <sup>(2)</sup>	19.8	23.5	79.0	98.4
<i>Change like-for-like (%)<sup>(1)</sup></i>	-8%		-15%	
EBITDA margin before non-recurring items (in % of revenues)	16.6%	18.1%	16.5%	18.8%
Net income	7.7	8.4	32.6	43.8
<i>Change at actual exchange rates (%)</i>	-9%		-26%	
Free cash flow before non-recurring items <sup>(2)</sup>	13.2	12.1	45.3	43.7
Shareholders' equity <sup>(3)</sup>			417.9	452.2
Net cash (+) / Net financial debt (-) <sup>(3)</sup>			17.0	11.4

(1) Like-for-like : 2023 figures restated at 2022 exchange rates

(2) The definition for performance indicators appears in the Management Discussion of December 31, 2023

(3) At December 31

**Paris, February 14, 2024.** Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the fiscal year 2023. 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 28, 2024.

Comparisons between 2023 and 2022 are based on 2022 exchange rates unless otherwise stated ("like-for-like"). As the impact of the acquisition of TextileGenesis on the financial statements for 2023 is not material, like-for-like changes exclude only the variations in exchange rates.

Currency changes between 2022 and 2023 mechanically decreased revenues and EBITDA before non-recurring items by 3.9 million euros (-3%) and 1.7 million euros (-8%) respectively in Q4, and by 11.2 million euros (-2%) and 4.8 million euros (-6%) respectively in the year, at actual exchange rates compared to like-for-like figures.

### 1. Q4 2023

In Q4, uncertainties continued to weigh on investment decisions by the Group's customers. Against this backdrop, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (38.3 million euros) were 19% lower than in Q4 2022. Orders for the first nine months of the year decreased by 29%.

In parallel, new subscriptions for software (with an annual value of 3.1 million euros) were down 6% from Q4 2022, when several exceptionally high value orders were booked.

Q4 2023 revenues (119.3 million euros) decreased by 5%, EBITDA before non-recurring items (19.8 million euros) declined by 8% and the EBITDA margin before non-recurring items came to 16.6% (-0.6 percentage points).

## 2. 2023

The year 2023 was marked by a severely degraded macroeconomic and geopolitical environment, with many companies worldwide delaying investment decisions. Against this backdrop, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (145.4 million euros) decreased by 26% while new subscriptions for software sold in Software-as-a-Service (SaaS) mode, of which the annual value amounted to 10.8 million euros, continued to grow (+15%), confirming their success and increasing adoption by Group customers.

### Results in line with revised objectives

Revenues (477.6 million euros) and EBITDA before non-recurring items (79.0 million euros) were in line with the expectations published on October 25 (revenues in the range of 474 to 481 million euros and EBITDA before non-recurring items in the range of 78 to 82 million euros).

### Strong improvement in the fundamentals of the Group's business model

The 2023 results showed a strong improvement in the fundamentals of the Group's business model, largely due to synergies arising from the Gerber acquisition. Revenues from recurring contracts rose by 10% and the gross profit margin increased by 3.5 percentage points, on a like-for-like basis. Moreover, the Group decided to raise salaries, twice in 2022 and again in early 2023, in order to protect employees from inflation; it also continued to invest for the future by strengthening its R&D teams. These decisions raised fixed costs in the first quarter of 2023 by 11%, compared to the first quarter of 2022. Measures to reduce certain overhead costs brought the increase down to 2% in the fourth quarter, without sacrificing investments for the future.

These improvements, many of which can be considered permanent, will have a positive impact on the Group's future earnings growth, in addition to the positive impact of the rebound in new systems orders.

### Decline in revenues and earnings

Revenues (477.6 million euros) decreased by 6%. While revenues from software licenses, equipment and accompanying software, and non-recurring services (154.3 million euros) were down 24%, those from recurring contracts (181.3 million euros) rose by 10%. Revenues from consumables and parts (141.9 million euros) increased by 1%. Overall, recurring revenues (323.2 million euros) were up 6% and accounted for 68% of total revenues.

Gross profit amounted to 333.2 million euros, down 1% compared to 2022, while revenues fell by 6%. The gross profit margin came to 69.8%, up 3.5 percentage points. This increase stems mainly from the synergies coming from the Gerber acquisition.

EBITDA before non-recurring items (79.0 million euros) decreased by 15% and the EBITDA margin before non-recurring items came to 16.5%, down 1.7 percentage points.

Income from operations came to 48.5 million euros. This includes a 12.6-million-euro charge for amortization of intangible assets arising from the acquisitions carried out since 2021, as well as non-recurring items, the net amount of which is a charge of 0.6 million euros.

Net income (32.6 million euros) was down 26% at actual exchange rates.

Free cash flow before non-recurring items totaled 45.3 million euros (43.7 million euros in 2022). It is higher than net income.

### A particularly robust balance sheet

At December 31, 2023, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 417.9 million euros and a positive net cash position of 17.0 million euros, consisting in financial debt of 98.1 million euros and cash of 115.0 million euros.

The working capital requirement at December 31, 2023 was a negative 4.1 million euros.

## 3. ASSESSMENT OF THE 2023-2025 STRATEGIC ROADMAP

Launched in 2017, the Lectra 4.0 strategy aims to position the Group 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 three strategic roadmaps.

The first strategic roadmap, which covered the 2017-2019 period, established the key fundamentals for the future of the Group.

The second roadmap, which ran from 2020 through 2022, achieved a new dimension for the Group – primarily through the acquisition of Gerber in June 2021 – and opened new perspectives, with a financial position stronger than ever before, an extended worldwide presence, a broader customer base, a powerful product portfolio, a growing number of customers using its new offers for Industry 4.0, and a new brand image.

For the 2023-2025 period, the Group intends to take full advantage of its change in dimension to accelerate growth, to significantly increase the volume of SaaS in its revenues, and to seize acquisition opportunities. With the commitment of employees, and recognition by customers, Lectra will be at the forefront in building a more sustainable future.

The Group has set six strategic priorities for 2023-2025, which guided the actions led by Lectra in 2023:

- 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;
- continue to pursue external growth;
- prepare Lectra for the 2026-2030 period.

Details of the first progress report on this 2023-2025 strategic roadmap can be found in the December 31, 2023 Management Discussion, available on Lectra.com.

### Financial objectives

In February 2023, Lectra announced its ambition to achieve 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%.

In light of the improved fundamentals of the Group's business model and the acquisition of the majority of the capital of the company Launchmetrics, and despite a degraded environment, Lectra's ambition now is to achieve 2025 revenues of over 600 million euros (including 90 million euros in SaaS revenues), and an

EBITDA margin before non-recurring items of over 20% (based on the closing exchange rates on December 29, 2023, in particular \$1.10/€1).

## 4. DIVIDEND

The Board of Directors will propose to the Shareholders' Meeting of April 26, 2024, the payment of a dividend at €0.36 per share in respect of fiscal year 2023.

## 5. OUTLOOK

While the 2023 full-year results were affected by the adverse environment, they also attest to the substantial improvement in the fundamentals of the Group's business model, which will have a positive impact on 2024 results. Persistent macroeconomic and geopolitical uncertainties could nevertheless continue to weigh on investment decisions by the Group's customers.

While the most recent indicators seem to suggest that the situation is unlikely to deteriorate further, the timing and magnitude of a rebound in new system orders remain uncertain.

### Outlook for 2024

To facilitate analysis, the accounts of Lectra excluding the Launchmetrics acquisition ("Lectra 2023 Scope") will be analysed separately from the Launchmetrics accounts in 2024.

The Group has based its 2024 objectives on the exchange rates in effect on December 29, 2023, in particular \$1.10/€1. When converting 2023 results using the exchange rates retained for 2024, 2023 revenues are mechanically reduced by 4.7 million euros (to 472.9 million euros) and 2023 EBITDA before non-recurring items is reduced by 2.2 million euros (to 76.8 million euros). Thus, for the Lectra 2023 Scope, the comparisons between 2024 and 2023 printed below are based on constant exchange rates.

At this early stage of 2024, continuing low visibility regarding orders and revenues from new systems makes it impossible to predict the actual timing and scale of the future rebound in this area. On the other hand, visibility is high for recurring revenues, which accounted for 68% of total revenues in 2023 and will continue to grow in 2024.

In light of the above, Lectra has set as its objective for 2024, for the Lectra 2023 Scope, to achieve revenues in the range of 480 to 530 million euros (+2% to +12%) and EBITDA before non-recurring items in the range of 85 to 107 million euros (+10% to +40%).

The low end of the revenues range is based on the absence of a rebound in new systems orders, which would remain stable in 2024 relative to 2023, with a 6% decline in revenues from perpetual software licenses, equipment and accompanying software and non-recurring services, as the order backlog was lower on December 31, 2023 than a year before.

The high end of the revenues range reflects a gradual rebound in new systems orders, which at year-end 2024 would be back to year-end 2022 level.

In addition, Launchmetrics revenues (for the consolidation period from January 23 to December 31) are projected to be in the range of 42 to 46 million euros, with an EBITDA margin before non-recurring items of more than 15% (assuming an exchange rate of \$1.10/€1).

### Confidence in prospects for growth in the medium term

Bolstered by a robust business model and balance sheet, contributions from new products launched in recent years and others planned for the coming years, and by synergies achieved through the acquisitions of Gerber Technology, Neteven, Gemini CAD Systems, TextileGenesis and Launchmetrics, the Group is confident in its medium-term growth prospects.

*The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for Q4 and the fiscal year 2023 are available on [lectra.com](http://lectra.com). First quarter earnings for 2024 will be published on April 24, 2024. The Annual Shareholders' Meeting will take place on April 26, 2024.*

*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 3,000 employees are driven by three core values: being open-minded thinkers, trusted partners and passionate innovators.*

*Founded in 1973, Lectra reported revenues of 478 million euros in 2023. The company is listed on Euronext, where it is included in the following indices: SBF 120, CAC Mid 60, CAC Mid&Small, CAC All Shares, CAC All-Tradable, CAC Technology, EN Tech Leaders and ENT PEA-PME 150.*

*For more information, visit [lectra.com](http://lectra.com).*



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