

## First nine months of 2022: very strong growth in revenues and earnings

- Revenues: 392.1 million euros (+50%)
- EBITDA before non-recurring items: 74.9 million euros (+73%)
- Net income: 35.4 million euros (multiplied by 2.1)
- Free cash flow before non-recurring items: 31.6 million euros

In millions of euros	July 1 – September 30		January 1 – September 30	
	2022	2021	2022	2021
Revenues	141.2	115.3	392.1	262.0
<i>Change at actual exchange rates (%)</i>	+22%		+50%	
EBITDA before non-recurring items <sup>(1)</sup>	29.7	20.1	74.9	43.4
<i>Change at actual exchange rates (%)</i>	+47%		+73%	
EBITDA margin before non-recurring items (in % of revenues)	21.0%	17.5%	19.1%	16.5%
Net income	15.2	7.9	35.4	16.8
<i>Change at actual exchange rates (%)</i>	+92%		+111%	
Free cash flow before non-recurring items <sup>(1)</sup>	16.9	19.3	31.6	33.6
Shareholders' equity <sup>(2)</sup>			475.2	400.8
Net cash (+) / Net financial debt (-) <sup>(1)(2)</sup>			3.8	(8.8)

(1) The definition of the key performance indicators is shown in the September 30, 2022 Financial Report

(2) At September 30, 2022 and December 31, 2021

**Paris, October 25, 2022.** Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the third quarter and first nine months of 2022, which have not been reviewed by the Statutory Auditors.

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

The first nine months of the year were 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 lockdown periods in China had a negative impact on the amount of orders and revenues in this country.

The climate of uncertainty since the year began has been intensified more recently 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 are postponing purchasing decisions until their business environment and visibility improve.

Finally, since the beginning of 2022, the dollar has significantly strengthened against the euro. With an average exchange rate of \$1.06/€1 in the first nine months of 2022, the dollar was up 12% compared to the first nine months of 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. Q3 2022**

In a particularly difficult macroeconomic environment, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (46.6 million euros) decreased by 2% compared to the Q3 2021 Pro forma. The annual value of new software subscription orders amounted to 2.0 million euros, up 1%.

Q3 revenues (141.2 million euros) increased by 22% (+22% compared to the 2021 Pro forma as well). In Q3, the Group fully caught up with any delays in deliveries of equipment and accompanying software caused by the long lockdown in China during Q2.

EBITDA before non-recurring items (29.7 million euros) increased by 47% and the EBITDA margin before non-recurring items was 21.0% (+3.5 percentage points). Compared to the 2021 Pro forma, EBITDA increased by 49% and the EBITDA margin by 3.8 percentage points.

Net income (15.2 million euros) was multiplied by 1.9 compared to Q3 2021.

Free cash flow before non-recurring items came to 16.9 million euros (19.3 million euros in Q3 2021, which included the 4.5-million-euro outstanding balance of the research tax credit for 2017).

## **3. FIRST NINE MONTHS OF 2022**

The first nine months revenues (392.1 million euros) were up 50%.

EBITDA before non-recurring items (74.9 million euros) increased by 73% and the EBITDA margin before non-recurring items was 19.1%.

Income from operations before non-recurring items (52.8 million euros) was up 78%. This includes an 8.7-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber, Neteven and Gemini, and of the activity of Glengo Teknoloji.

Net income (35.4 million euros) was multiplied by 2.1.

Free cash flow before non-recurring items was 31.6 million euros, down slightly compared to the first nine months of 2021 and lower than the net income of the same period due to a temporary increase in working capital requirement.

### **Comparison to the 2021 Pro forma**

The first nine months orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (153.7 million euros) were up 5% compared to the amount of 2021 Pro forma orders. The annual value of new software subscription orders (6.2 million euros) increased by 21%.

Despite the negative impact of the war in Ukraine and the lockdown measures in China, revenues (392.1 million euros) increased by 14% compared to the 2021 Pro forma. Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (160.0 million euros) increased by 16%, those from recurring contracts (123.9 million euros) by 13% and those from consumables and parts (108.2 million euros) by 14%.

EBITDA before non-recurring items increased by 46% and the EBITDA margin before non-recurring items by 4.1 percentage points.

## Balance sheet at September 30, 2022

At September 30, 2022, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 475.2 million euros (400.8 million euros at December 31, 2021) and a positive net cash position of 3.8 million euros.

The working capital requirement at September 30, 2022 was a negative 13.4 million euros.

## 4. ASSESSMENT OF THE 2020-2022 STRATEGIC ROADMAP

The Lectra 4.0 strategy was launched in 2017 with the aim of positioning the Group as a key Industry 4.0 player in its markets before 2030. It has been implemented to date through two consecutive strategic roadmaps. The second roadmap, for 2020-2022, was designed to enable Lectra to capture the full potential of its new offers for Industry 4.0, while delivering sustainable, profitable business growth.

The 2020-2022 strategic roadmap has been conducted with success despite the consequences of the COVID-19 crisis and a challenging macroeconomic and geopolitical environment. Thanks to the acquisition made during this period, Lectra's corporate profile has changed compared to 2019, with a stronger than ever financial structure, an extended global reach, an enlarged customer base, a reinforced product portfolio incorporating more and more 4.0 technologies and a revamped brand image. These major advances give Lectra a new dimension with increased opportunities for continued growth.

For the detailed assessment of the strategic roadmap refer to the financial report at September 30, 2022, published on October 25, 2022.

## 5. BUSINESS TRENDS IN 2022

In its 2021 Financial Report, published February 9, 2022, the Group indicated that the acquisitions made in 2021, and particularly the acquisition of Gerber, give the Group a new dimension and open new perspectives.

It further explained that uncertainties persist regarding the evolution of the pandemic and its impacts on the macroeconomic environment and could continue to weigh on investment decisions by the Group's customers. To those uncertainties have been added the consequences of the war in Ukraine and of the strict lockdown measures implemented in China in H1.

At the beginning of 2022, the Group set itself objectives of achieving, in the current fiscal year, revenues in the range of 508 to 556 million euros (+31% to +43%) and EBITDA before non-recurring items in the range of 92 to 104 million euros (+41% to +60%). These objectives had been prepared on the basis of the closing exchange rates on December 31, 2021, and particularly \$1.13 to the euro.

On July 28, 2022, Lectra finetuned its objectives for 2022: revenues in the range of 514 to 534 million euros (+33% to +38%) and EBITDA before non-recurring items in the range of 95 to 102 million euros (+46% to +57%), established on the basis of the actual exchange rates in H1, and the rates on June 30, 2022, particularly \$1.04/€1, for H2 2022.

The third quarter results enable Lectra to confirm the revised targets announced on July 28.



*The 2021 Annual Financial Report, as well as the Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for the first nine months of 2022 are available on [lectra.com](http://lectra.com). Q4 and FY 2022 earnings will be published on February 8, 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 388 million euros in 2021 and is listed on Euronext Paris (LSS).*

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

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