

First half 2023: decline in revenues and EBITDA before non-recurring items in a degraded environment. Confirmation of 2023 objectives revised on April 27.

- Revenues: 239.6 million euros (-4%)*
- EBITDA before non-recurring items: 35.3 million euros (-21%)*
- Net income: 13.9 million euros (-31%)
- Free cash flow before non-recurring items: 16.6 million euros (+13%)

*Like-for-like

In millions of euros	April 1 – June 30		January 1 – June 30	
	2023	2022	2023	2022
Revenues	115.9	128.9	239.6	250.8
Change (%) ⁽¹⁾	-8%		-4%	
EBITDA before non-recurring items ⁽²⁾	15.6	23.7	35.3	45.2
Change (%) ⁽¹⁾	-30%		-21%	
EBITDA margin before non-recurring items (in % of revenues)	13.4%	18.4%	14.7%	18.0%
Net income	6.6	10.9	13.9	20.2
Change (%)	-40%		-31%	
Free cash flow before non-recurring items ⁽²⁾	7.4	7.7	16.6	14.7

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

(2) The definition of the key performance indicators is shown in the June 30, 2023 Financial Report

Paris, July 27, 2023. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the first half of 2023, which have been subject to a limited review by the Statutory Auditors.

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 (see press release dated December 8, 2022) on the financial statements for 2023 is not material, like-for-like changes exclude only the variations in exchange rates.

1. Q2 2023

Against the backdrop of slower global growth, the anticipation of a recession risk in certain countries, persistent inflation, and continuously rising interest rates, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (39.2 million euros) were down 27% compared to Q2 2022. The accelerating pace of sales in June brought Q2 2023 orders to 35.7 million euros, an 11% increase over Q1.

Orders for new software subscriptions, of which the annual value came to 2.8 million euros, continued to rise, displaying a growth of 53% compared to Q2 2022, and 7% compared to Q1 2023.

Q2 revenues (115.9 million euros) were down 8%.

EBITDA before non-recurring items (15.6 million euros) decreased by 30% and EBITDA margin before non-recurring items came to 13.4%, down 4.4 percentage points.

2. FIRST HALF 2023

In the uncertain environment that characterized the first half of the year, as many companies continued their wait-and-see attitude, H1 orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (74.8 million euros) were down 30% compared to H1 2022.

The annual value of new software subscription orders came to 5.5 million euros, up 31%.

Revenues came to 239.6 million euros, down 4% compared to H1 2022.

While revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (79.5 million euros) were down 21%, recurring contract revenues (88.6 million euros), which benefited from the growth in software subscription orders and the acceleration of synergies from the Gerber acquisition, increased by 11%. Revenues from consumables and parts (71.4 million euros) were up 2%.

EBITDA before non-recurring items was 35.3 million euros, down 21% and the EBITDA margin before non-recurring items came to 14.7%, down 3.2 percentage points

Income from operations came to 23.0 million euros. This included a 6.3-million-euro charge for amortization of intangible assets arising from the acquisitions carried out since 2021 and a non-recurrent income item of 2.6 million euros.

Net income (13.9 million euros) decreased by 31% at actual exchange rates.

Free cash flow before non-recurring items came to 16.6 million euros (14.7 million euros in H1 2022). It is higher than net income.

At June 30, 2023, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 406.4 million euros and a net financial debt of 4.6 million euros, consisting in financial debt of 99.1 million euros and cash of 94.5 million euros, after the payment in H1 of 15.2 million euros in respect of the acquisition of the majority of the capital of TextileGenesis, and 18.1 million euros in respect of dividends for fiscal year 2022.

The working capital requirement at June 30, 2023 was a negative 6.4 million euros.

3. BUSINESS TRENDS AND OUTLOOK

In its 2022 Annual Financial Report, published February 8, 2023, Lectra presented its new roadmap for 2023-2025. The Group also specified that 2023 remained unpredictable given the degraded macroeconomic and geopolitical environment, which lead to numerous uncertainties that could continue to weigh upon the investment decisions of its customers.

At the beginning of the year, the Group had set itself objectives of achieving, in 2023, revenues in the range of 522 to 576 million euros and EBITDA before non-recurring items in the range of 90 to 113 million euros.

Given the delay in orders for new systems in the first quarter, and poor visibility on new systems orders for subsequent quarters, the Group reported on April 27 that it now anticipated revenues in the range of 485 to 525 million euros (-5% to +3% at constant exchange rates relative to 2022) and EBITDA before non-recurring

items in the range of 78 to 95 million euros (-15% to +3% at constant exchange rates relative to 2022). The Group also noted that despite limited visibility regarding new systems orders over the next few quarters, there is strong visibility regarding recurring revenues, which should enjoy substantial growth and account for 65% of total revenues in 2023. These revised scenarios had been prepared on the basis of the closing exchange rates on April 27, 2023, for the remaining nine months of the year, and particularly \$1.10/€1.

The results of the second quarter support these revised objectives.

A 1-cent appreciation of the euro against the U.S. dollar in the second half of the year (at an exchange rate of \$1.10/€1) would mechanically decrease revenues by approximately 1.0 million euros and EBITDA before non-recurring items by 0.45 million euros. On the contrary, a 1-cent fall in the euro against the dollar would mechanically raise revenues and EBITDA before non-recurring items by the same amounts.

Because the Group's customers operate in a highly competitive environment that demands they continue to improve performance, their investments will pick up as soon as the macroeconomic situation improves. Lectra's roadmap for 2023-2025, which was launched on January 1, 2023, will enable the Group to take full advantage of the upturn and accelerate its growth.

The 2022 Annual Financial Report, as well as the Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for H1 2023 are available on lectra.com. Q3 and the first nine months of 2023 earnings will be published on October 25, 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.



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