

Q1 2022: strong growth in orders, revenues and earnings

- Revenues: 122.0 million euros (+83%)
- EBITDA before non-recurring items: 21.6 million euros (+90%)
- Net income: 9.3 million euros (+55%)
- Free cash flow before non-recurring items: 7.1 million euros

in millions of euros	January 1 – March 31	
	2022	2021
Revenues	122.0	66.7
<i>Change (%)</i>	+83%	
EBITDA before non-recurring items ⁽¹⁾	21.6	11.4
<i>Change (%)</i>	+90%	
EBITDA margin before non-recurring items (in % of revenues)	17.7%	17.0%
Net income	9.3	6.0
<i>Change (%)</i>	+55%	
Free cash flow before non-recurring items ⁽¹⁾	7.1	9.8

(1) The definition of the performance indicators is illustrated in the Financial Report at March 31, 2022

Paris, April 28, 2022. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2022.

To facilitate analysis of the Group's results, the financial statements are compared to those published in 2021 and to the Q1 2021 pro forma figures ("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.

(Detailed comparisons between 2022 and 2021 are at actual exchange rates).

1. SUMMARY FOR Q1 2022

From February 24 onwards, the first quarter of 2022 was marked by the war in Ukraine.

As soon as the war began, the Company decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia (which has a workforce of five) 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.

The climate of uncertainty surrounding this conflict caused some of the Group's customers to postpone investment decisions, starting in late February, especially in Europe. This war has also accelerated price increases, energy shortfalls, and shortages in some raw materials. The impact of these inflationary factors on the Group's financial statements should remain limited, due to low exposure to energy costs and to the prices of those raw materials affected the most.

At the same time, lockdown measures implemented by the Chinese government, which became even stricter in late March, had a negative impact on orders in China. Those measures also prevented shipment of 3.5 million euros' worth of orders for CAD/CAM equipment, which had a negative impact of the same amount on Q1 revenue.

In this peculiar environment, Q1 2022 revenues amounted to 122.0 million euros, up 83% compared to Q1 2021.

EBITDA before non-recurring items totaled 21.6 million euros, up 90%, and the EBITDA margin before non-recurring items was 17.7%.

Income from operations before non-recurring items amounted to 14.4 million euros (8.5 million euros in Q1 2021), up 71%. This includes a 2.7-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber, Neteven and Gemini.

Net income totaled 9.3 million euros (+55% compared to Q1 2021).

Free cash flow before non-recurring items came to 7.1 million euros (9.8 million euros in Q1 2021).

Comparison to the 2021 Pro forma

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (51.9 million euros) were up 14% compared to the amount of 2021 Pro forma orders. As for the annual value of new software subscription orders (2.3 million euros), it increased by a factor of 2.4.

Despite the negative impact of the war in Ukraine and the lockdown measures in China, revenues (122.0 million euros) increased by 10%.

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (48.6 million euros) were up 9%, those from recurring contracts (39.2 million euros) by 10% and those from consumables and parts (34.2 million euros) by 11%.

EBITDA before non-recurring items (21.6 million euros) increased by 37% and EBITDA margin before non-recurring items was 17,7%, up 3.5 percentage points.

Income from operations before non-recurring items (14.4 million euros) increased by 62% and the operating margin before non-recurring items (11.8%) by 3.7 percentage points.

Balance sheet at March 31, 2022

At March 31, 2022, the Group's consolidated shareholders' equity amounted to 416.9 million euros (400.8 million euros at December 31, 2021) and the net financial debt stood at 3.2 million euros, consisting in financial debt of 139.4 million euros and available cash of 136.3 million euros.

The working capital requirement at March 31, 2022 was a negative 24.5 million euros.

2. BUSINESS TRENDS AND OUTLOOK

At the beginning of 2020, Lectra had developed its long-term vision and its new strategic roadmap for the 2020-2022 period.

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 (e.g., inflation, difficulties in the automotive industry, and transportation costs), 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.

Financial objectives for 2022

The Group has set itself objectives of achieving, in 2022, 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 were prepared on the basis of the closing exchange rates on December 31, 2021, and particularly \$1.13 to the euro.

While revenues through March 31, 2022, were affected by the war in Ukraine and the strict lockdown measures in China, business activity and the other parameters of the income statement for Q1 2022 are in line with the roadmap. Together with the particularly strong order backlog on March 31, these elements reinforce Lectra's confidence in the ability to achieve its objectives.

However, the consequences of the war in Ukraine and the strict lockdown measures in China remain uncertain and could adversely affect the Group's business and results for the remainder of 2022.

The 2021 Financial Report, as well as the Management Discussion and analysis of financial conditions and results of operations and the financial statements for Q1 2022 are available on lectra.com. The Shareholders' Meeting will be held on April 29, 2022, in the Company's offices. Q2 and H1 2022 earnings will be published on July 28, 2022, after the close of trading on Euronext Paris.

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 2,400 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.

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