


Financial results Q3 and 9M 2023

Daniel Harari, *Chairman & CEO*

Olivier du Chesnay, *Chief Financial Officer*

FINANCIAL RESULTS Q3 AND 9M 2023


- **9M 2023 main highlights**
- Evolution of Lectra's markets
- Q3 2023 results
- 9M 2023 results
- 2023 outlook



**Decline in new
systems orders in a
degraded environment**



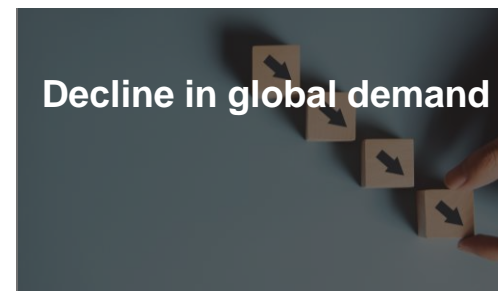
**Strong improvement
of the fundamentals
of the Group's
business model**



**Confirmation of the
growing adoption of
software in SaaS
mode**

9M 2023 MAIN HIGHLIGHTS

Persistent challenges in a continuing highly degraded environment



During Q3, uncertainties regarding growth intensified and interest rates continued to rise to reach historically high levels.

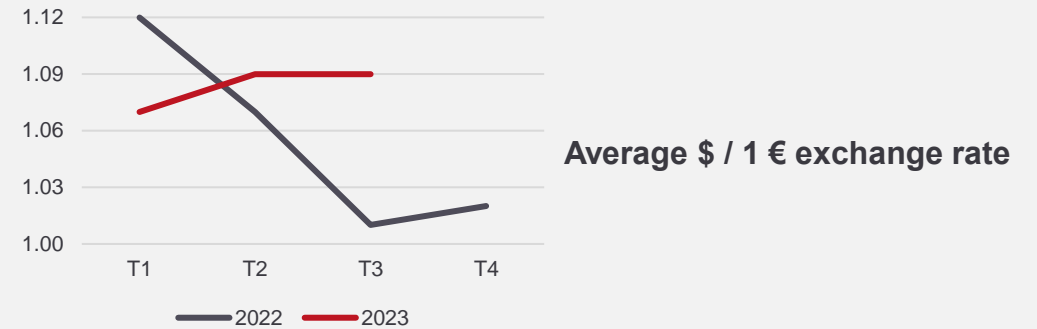
Moreover, recent tensions in the Middle East are accentuating these uncertainties and further disrupting an already deteriorated macroeconomic and geopolitical environment.

9M 2023 MAIN HIGHLIGHTS

Strong impact of exchange rate variations

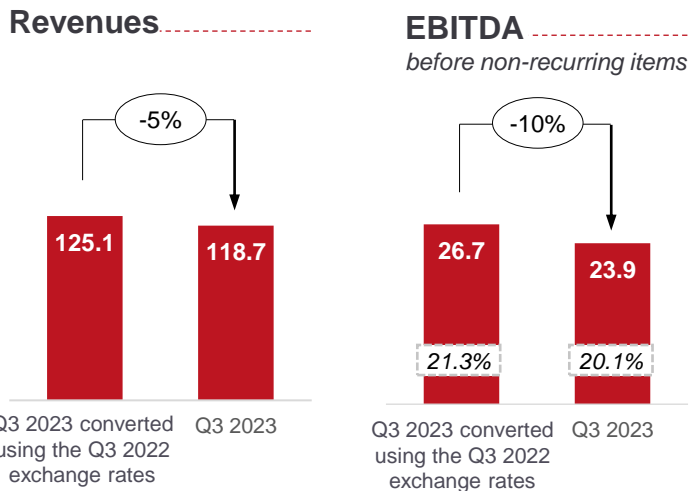
With an average exchange rate of \$1.09/€1 in Q3, the dollar was down 7% compared to Q3 2022 (\$1.01/€1) and the yuan declined by 12% against the euro.

With an average exchange rate of \$1.08/€1 in the first 9M 2023, the dollar was down 2% compared to the first 9M 2022 (\$1.06/€1) and the yuan declined by 8% against the euro.



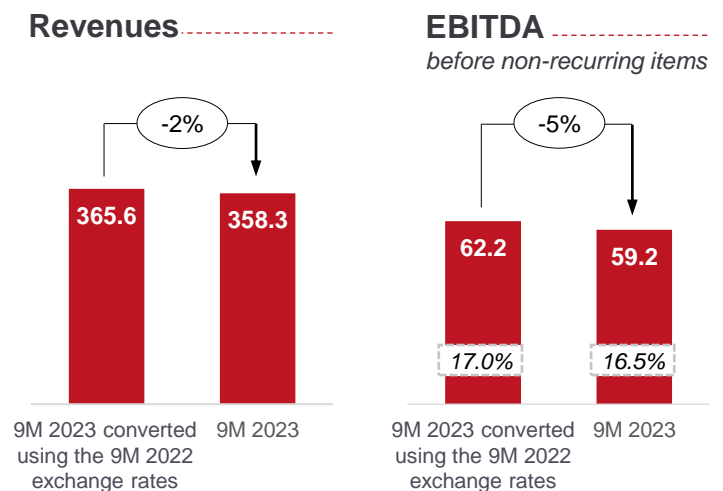
Conversion of Q3 2023 results using the Q3 2022 exchange rates

In millions of euros



Conversion of 9M 2023 results using the 9M 2022 exchange rates

In millions of euros



21.3% = In % of revenues

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EVOLUTION OF LECTRA'S MARKETS

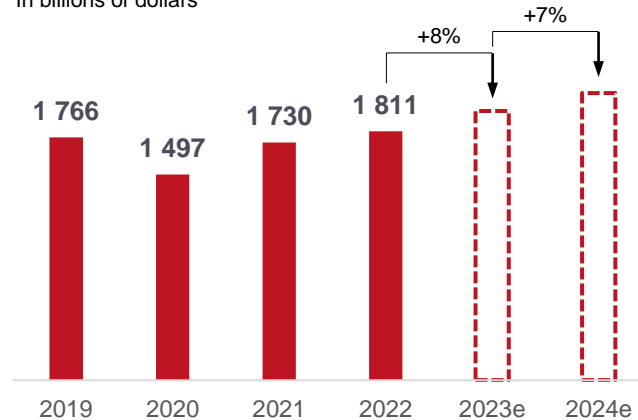
Fashion: uneven performances across all market segments



Source: Euromonitor / McKinsey

Worldwide Fashion sales

In billions of dollars



Growth in fashion sales in 2023 is driven by higher prices rather than higher volumes.

CHALLENGES

- Sustainability becoming compulsory
- Consumers' wait-and-see attitude
- Cost-push inflation, especially due to the price increase of raw materials
- Slowdown in demand in the luxury segment

Fashion industry players must undertake far-reaching transformations in their distribution networks and supply chains, taking into account Corporate Social Responsibility (CSR) challenges, and the continuous adjustment of their product range and positioning strategies.

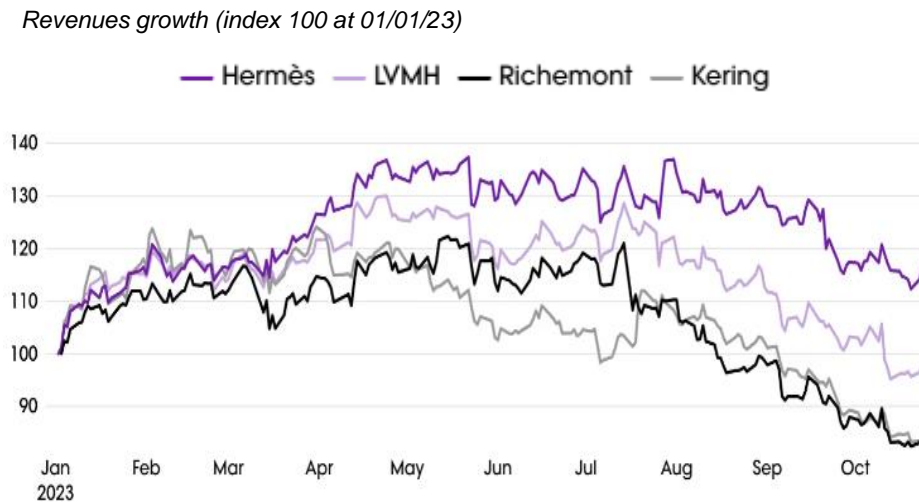
EVOLUTION OF LECTRA'S MARKETS

Fashion: uneven performances across all market segments



Source: Euromonitor / McKinsey

Luxury stock prices have fallen, but growth is still in sight



DATA SOURCE: LSEG WORKSPACE

© VOGUE BUSINESS

CHALLENGES

- Sustainability becoming compulsory
- Consumers' wait-and-see attitude
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EVOLUTION OF LECTRA'S MARKETS

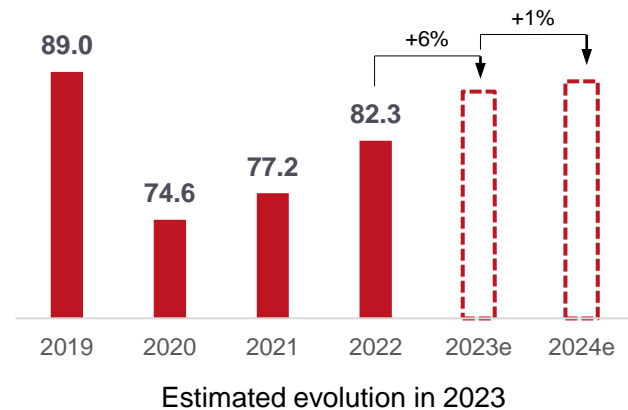
Automotive: recovery remains on track, but uncertainty persists



Source: IHS Markit / S&P Global

Worldwide production of light vehicles

In millions



+11% in Europe

+8% in the United States **+1%** in China

CHALLENGES

- Increased need to create a resilient, circular and sustainable supply chain
- Pressure on margins
- Fierce competition in the field of electric vehicles
- Since mid-September, unprecedented US auto workers strike

To remain competitive, suppliers have to boost the performance of their production tools and optimize material consumption.

EVOLUTION OF LECTRA'S MARKETS

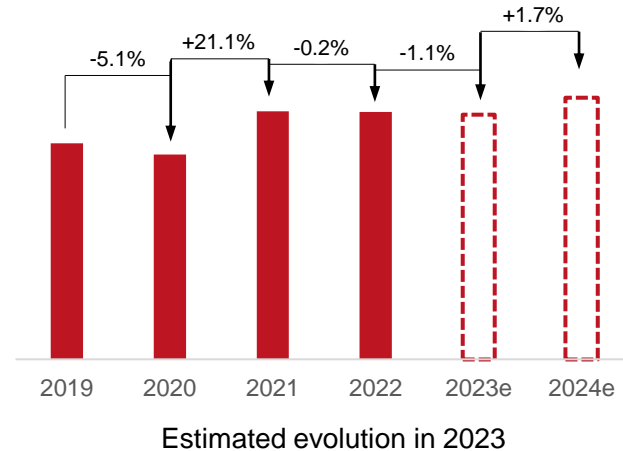
Furniture : a sign of uncertainty arising after two exceptional years



Sources: CSIL

Upholstered furniture sales

In billions of dollars



-4% in Germany, UK, France, Italy,
-3% in the United States **+2%** in China

CHALLENGES

- Need for rationalizing the supply chain
- Consumers' decreased appetite for furniture
- Financial difficulties for a growing number of companies

Furniture industry players are continuing to digitize and automate their industrial facilities, while transforming production methods and processes to give greater priority to on-demand production.

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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.

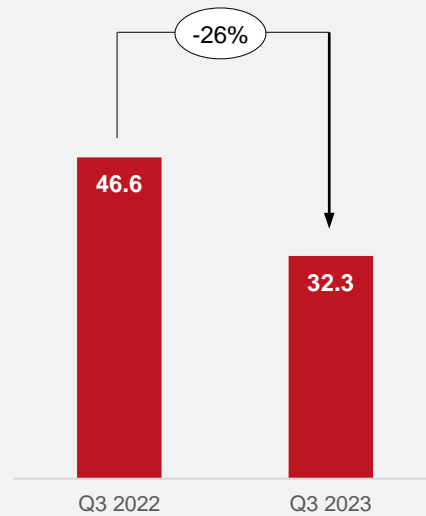
Q3 2023 RESULTS

Decrease in orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

Growth in orders for new software subscriptions

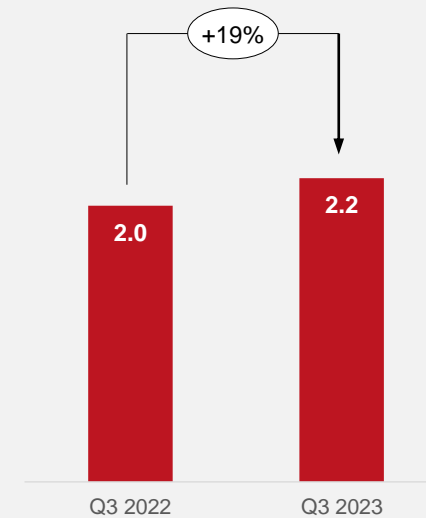
Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

In millions of euros



New software subscription orders

In millions of euros, annual value of new contracts

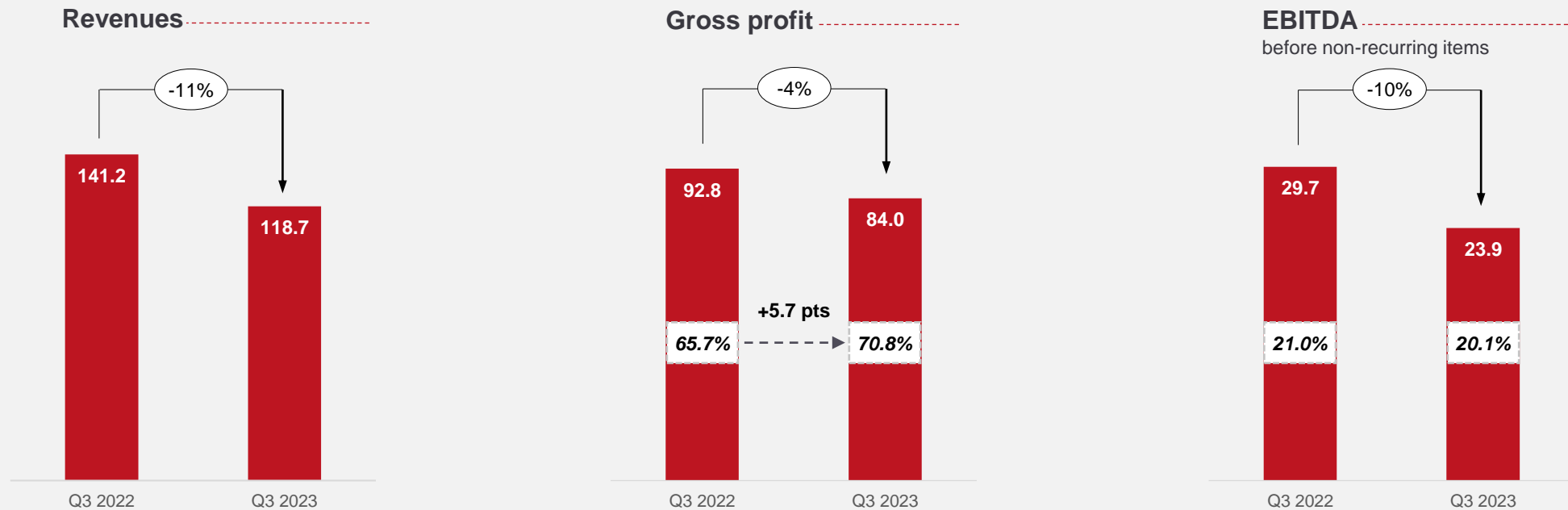



Q3 2023 RESULTS

Decline in revenues and EBITDA before non-recurring items

Sharp improvement in gross profit margin

In millions of euros



 = In % of revenues

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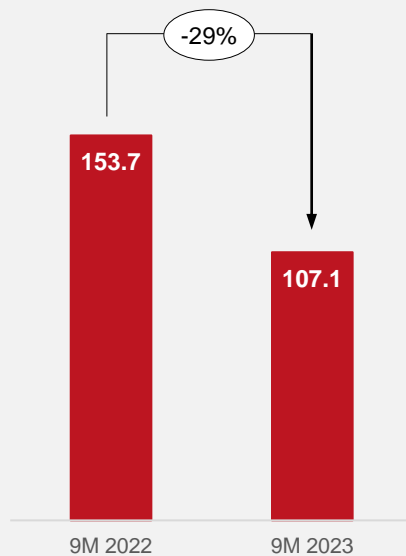
9M 2023 RESULTS

Decrease in orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

Strong growth in orders for new software subscriptions

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

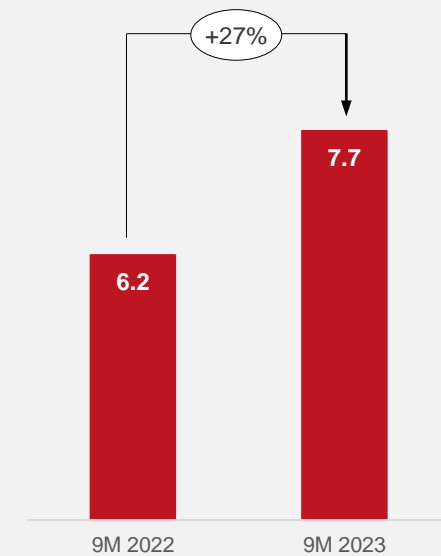
In millions of euros



	9M 2022	9M 2023	Change
Total	153.7	107.1	-29%
<i>of which perpetual software licenses</i>	13.3	10.2	-21%
<i>of which equipment and accompanying software</i>	124.2	82.5	-32%
<i>of which training and consulting</i>	12.1	11.0	-8%

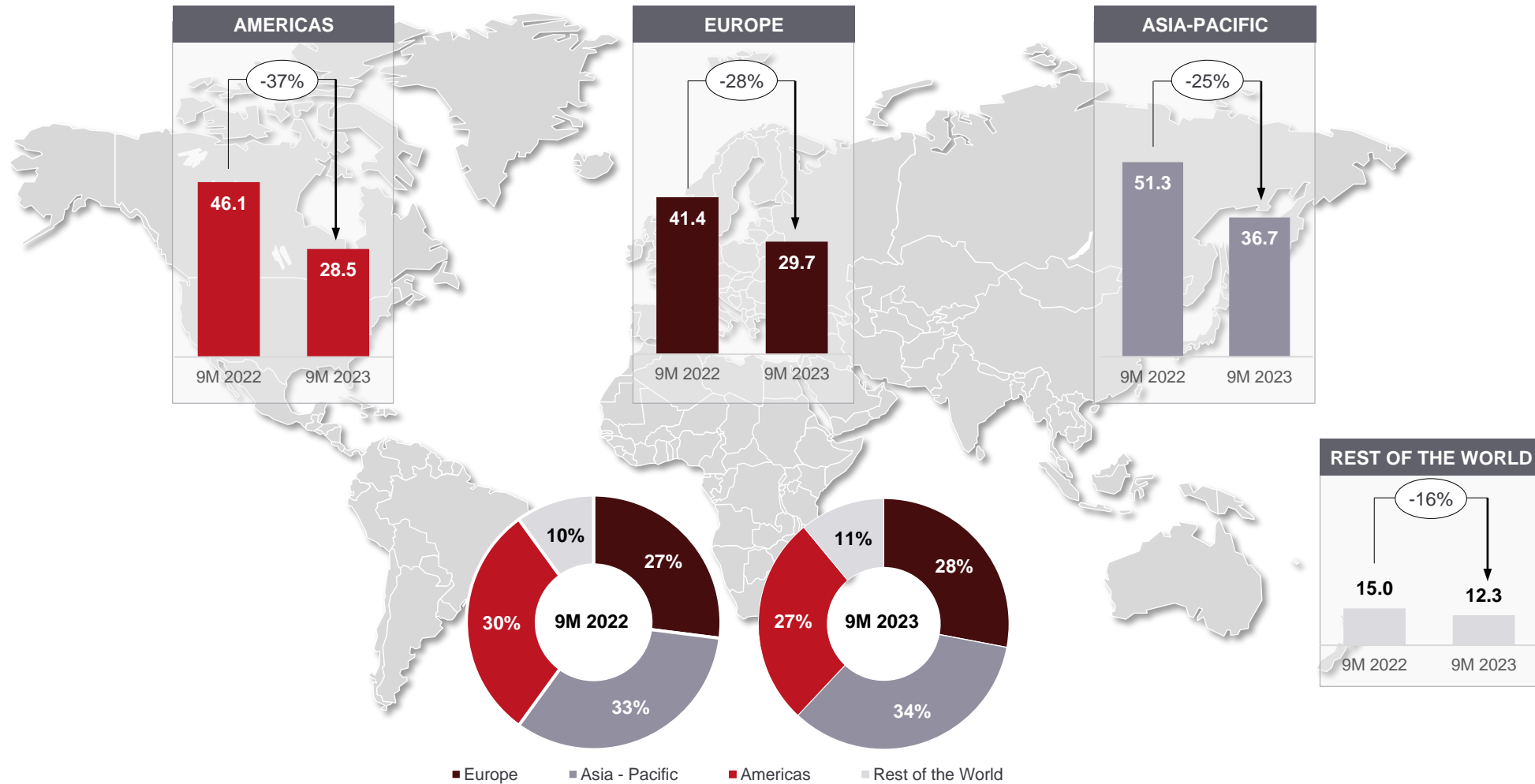
New software subscription orders

In millions of euros, annual value of new contracts



9M 2023 RESULTS

Decline in orders for perpetual software licenses, equipment and accompanying software, and non-recurring services in all regions



In millions of euros

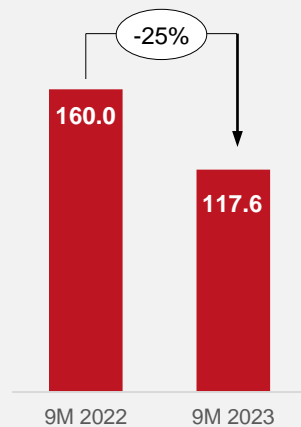
9M 2023 RESULTS

Decrease in non-recurring revenues

Growth in recurring revenues

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services

In millions of euros



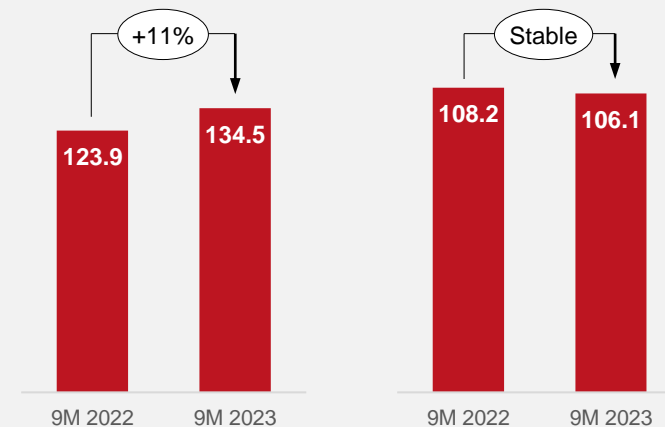
	9M 2023	Change
of which perpetual software licenses	10.3	-23%
of which equipment and accompanying software	90.9	-29%
of which training and consulting	13.0	+20%

Recurring revenues

In millions of euros

Recurring contracts

Consumables and parts



	9M 2023	Change
of which software maintenance contracts	40.2	+4%
of which software subscriptions	21.9	+49%
of which equipment and accompanying software maintenance contracts	72.5	+7%

9M 2023 RESULTS

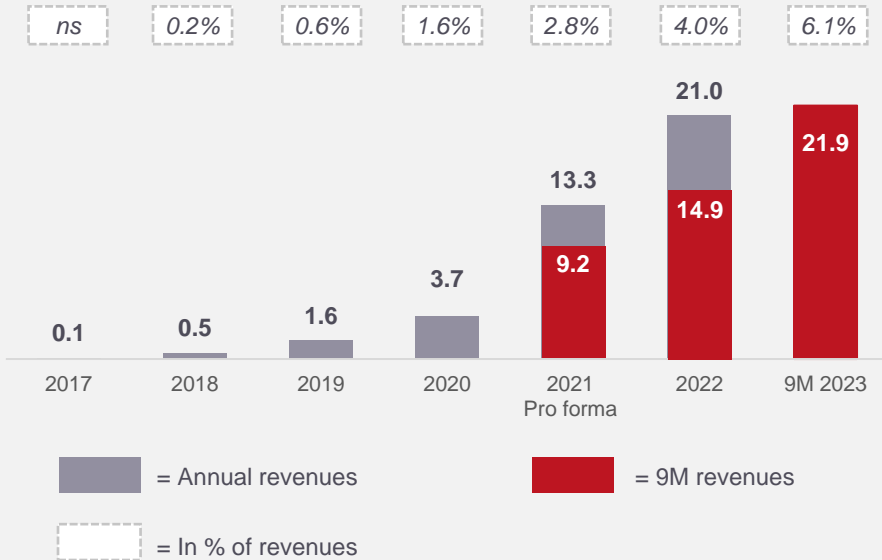
Confirmation of the growing adoption of software in SaaS mode

+1200

customers having subscribed to one or several offers in SaaS mode*

Revenues from software subscriptions

In millions of euros



These results prove customers' acceptance of the SaaS model

FASHION ON DEMAND
by LECTRA

FURNITURE ON DEMAND
by LECTRA



ALGOPEX **RETVIEWS**

GERBER YUNIQUEPLM

KUBIX LINK

QUICK OFFER
by LECTRA

MODARIS

FLEX OFFER
by LECTRA



GERBER ACCUMARK

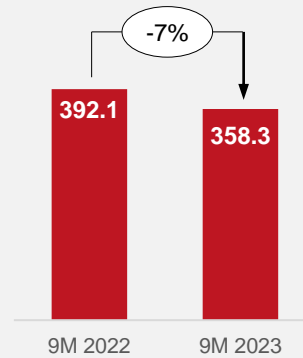
All the new software offers launched after 2018 are only sold in SaaS mode.

9M 2023 RESULTS

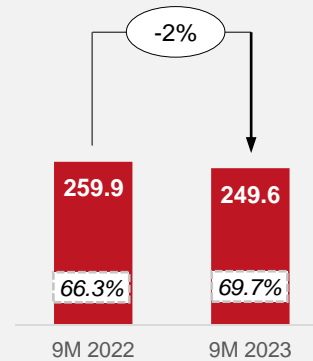
Decline in revenues and EBITDA before non-recurring items

In millions of euros

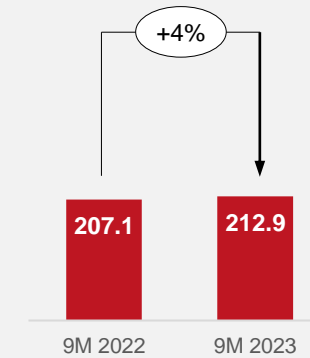
Revenues



Gross profit

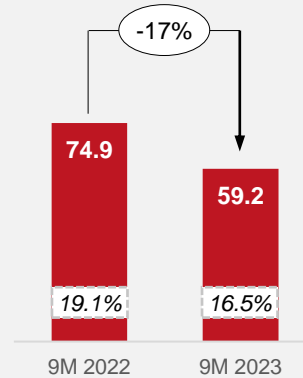


Overhead costs



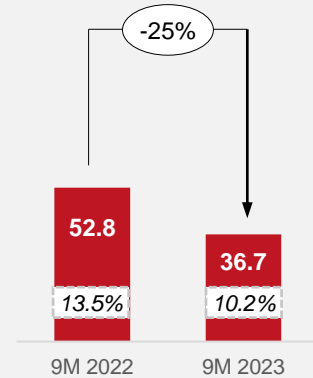
EBITDA

before non-recurring items

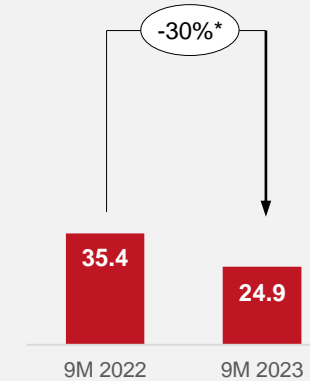


Income from operations

before non-recurring items



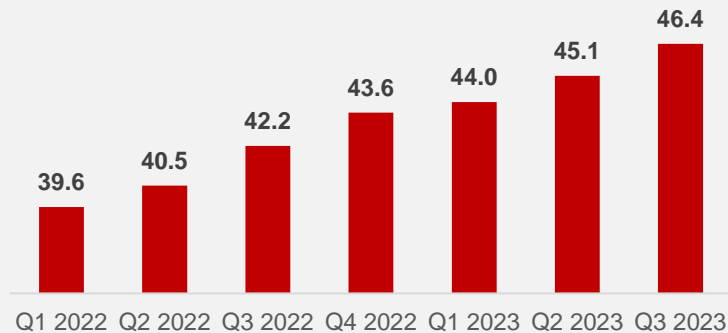
Net income



Improvement of the fundamentals of the Group's business model

Evolution of the recurring contracts revenues

In millions of euros, like-for-like (\$1.07/€1)

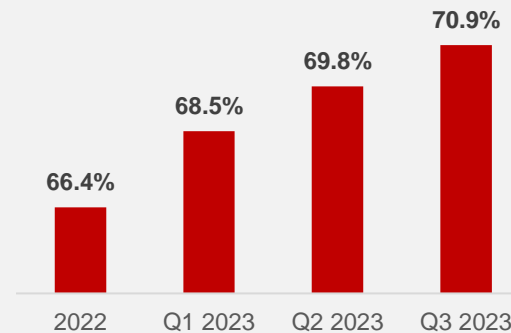


In the last 6 quarters, the recurring contract revenues have grown by 17%.

Thus, in 18 months, the annual value of recurring contract revenues has increased by around €27m.

Evolution of the gross profit margin

In % of revenues, like-for-like (\$1.07/€1)

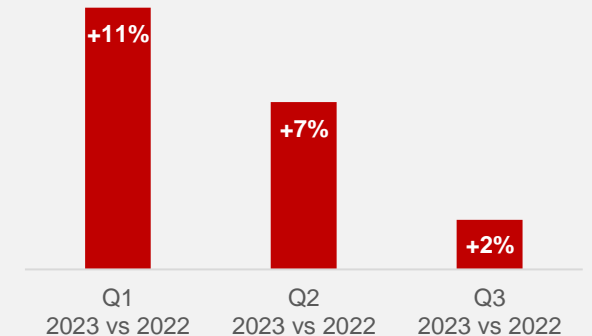


The total gross profit margin has shown a constant progression since the beginning of 2022.

The increase in gross profit margin on its own results in an increase in the annual value of gross profit of nearly €18m.

Evolution of the overhead costs

Like-for-like



The measures taken in April to reduce certain overhead costs have enabled the Group to lower quarterly growth, relative to 2022, from +11% in Q1 to +2% in Q3.

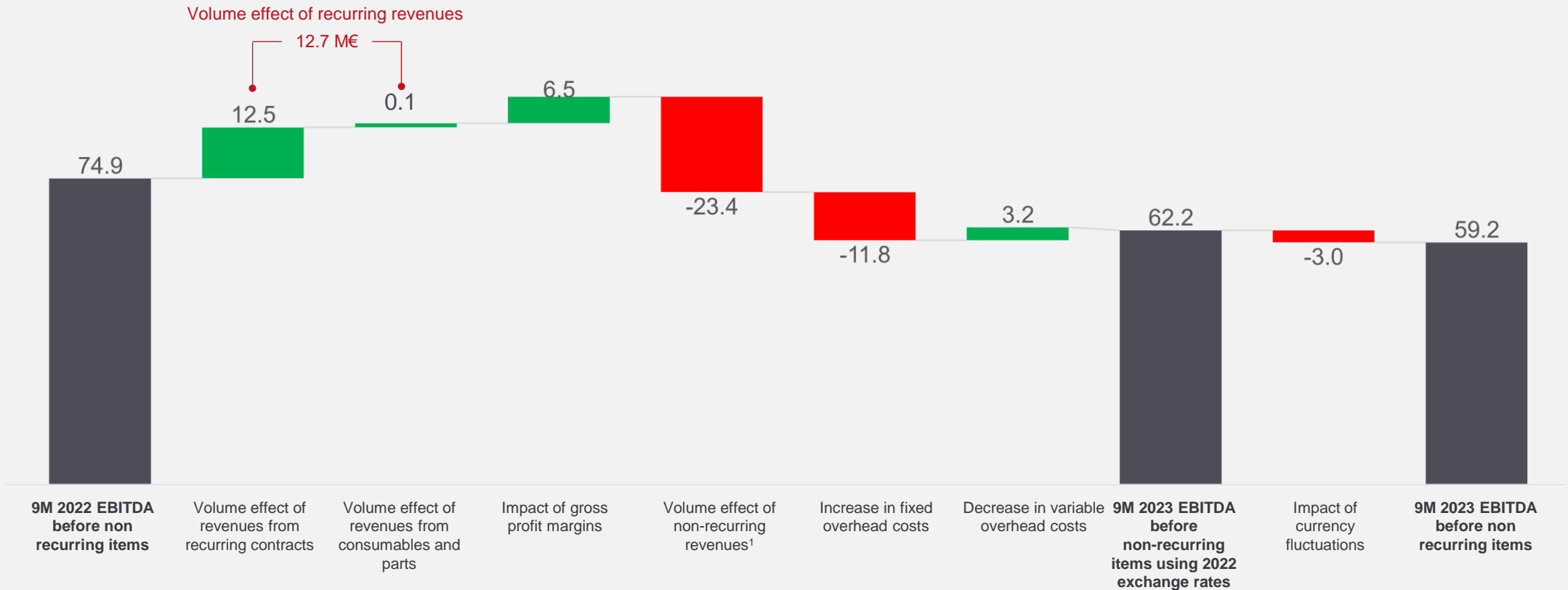
This slowdown will have a positive effect in 2024.

9M 2023 RESULTS

The growth in recurring contracts and the increase in gross profit margins partially compensate the impact of the decrease in new systems revenues and the increase in fixed overhead costs

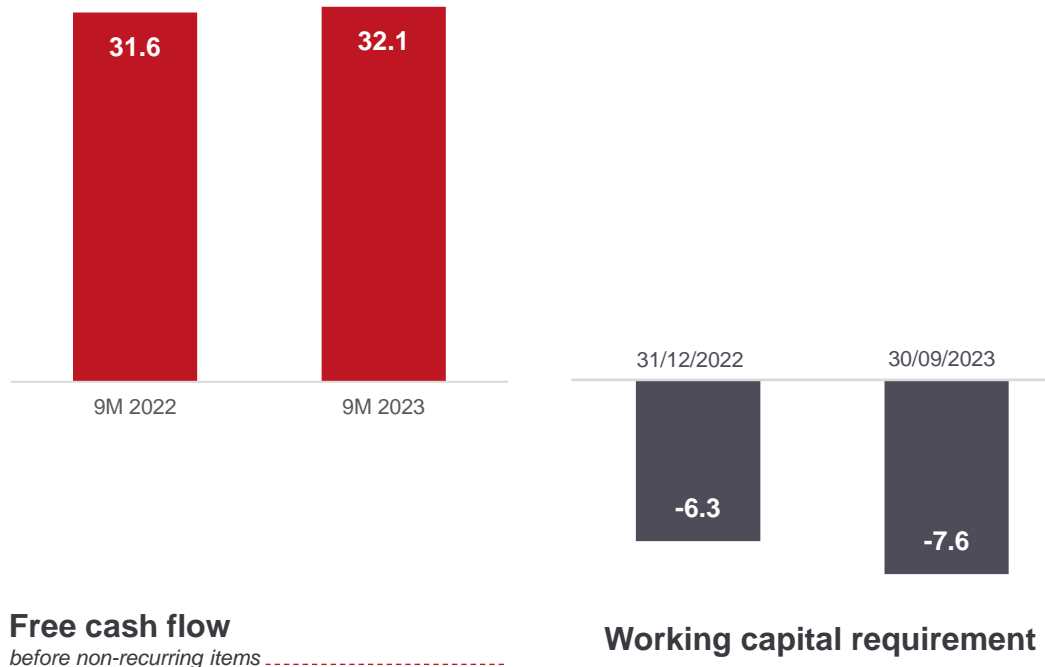
Evolution of EBITDA *before non-recurring items*

In millions of euros



Strong generation of free cash flow, negative working capital requirement

In millions of euros



Free cash flow before non-recurring items totaled €32.1m (€31.6m in the first nine months of 2022). It is higher than net income (€24.9m).

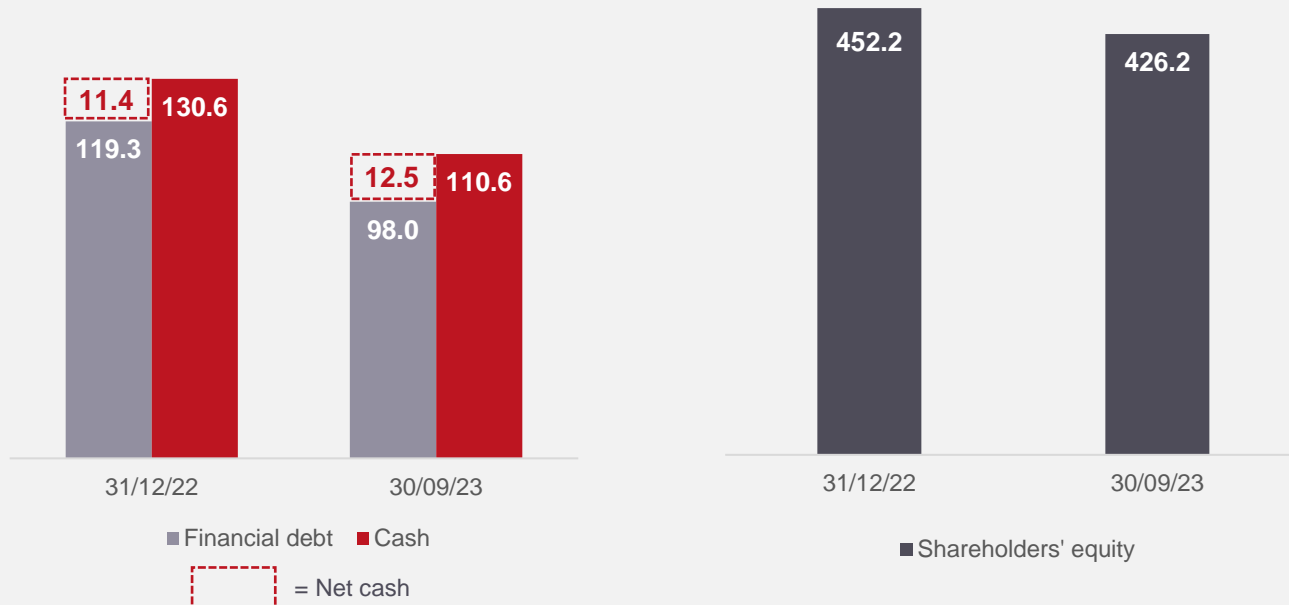
After disbursement of €0.5m in respect of fees and other related expenses in connection with the acquisition of Gerber, free cash flow amounted to €31.7m (€29.0m in 2022 after the non-recurring disbursements of €2.6m).

The working capital requirement at September 30, 2023 was a negative €7.6m (it was a negative €6.3m at December 31, 2022).

A particularly robust balance sheet with a positive net cash position two years after the acquisition of Gerber

Balance sheet

In millions of euros



In the first nine months of the year, the Company paid out:

- 15.2 million euros in respect of the acquisition of the majority of the capital of TextileGenesis;
- 18.1 million euros in respect of dividends for fiscal year 2022.

9M 2023 RESULTS

Evolution of the share price

AT OCTOBER 24, 2023

- Share price: €22.00
- Market cap.: €832m
- Enterprise Value: €820m
- EV/LTM Revenues: 1.7x
- EV/LTM EBITDA: 9.9x

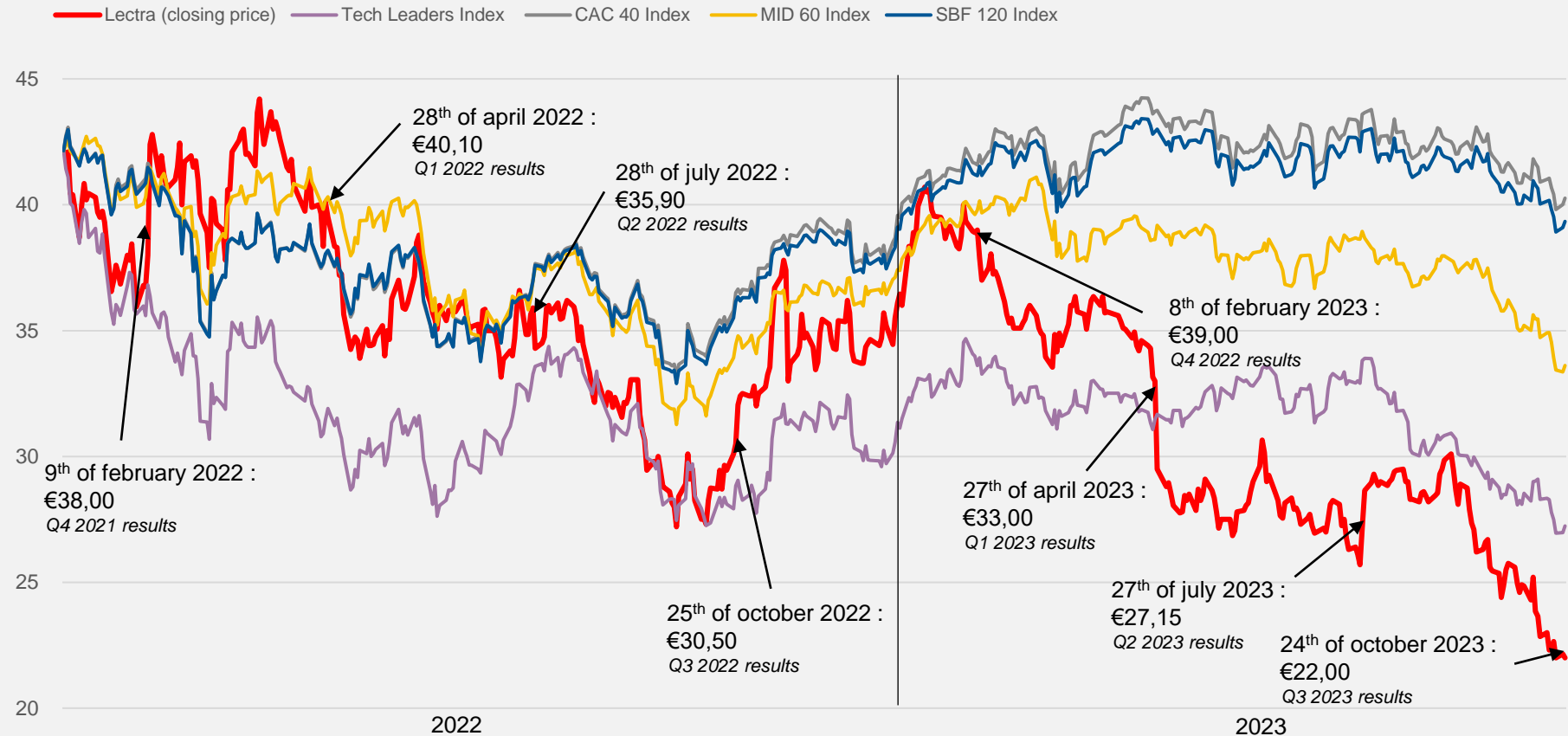
CAPITAL TRADED ON EURONEXT

- 9M 2023: €151.9m
- 9M 2022: €147.6m

Volume traded on Euronext represented 37% in 9M 2023 and 26% in 9M 2022 of total volume traded on all trading platforms (source Bloomberg)

Evolution from January 1, 2022 to October 24, 2023

In euros, closing price



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2023 OUTLOOK

2023 financial objectives: revised revenues – confirmation of the EBITDA before non-recurring items

In what continues to be a highly degraded environment in macroeconomic and geopolitical terms, where uncertainties are weighing on business investment decisions, orders and revenues from new systems in Q3 were lower than anticipated by the Group.

Recurring revenues, on the other hand, which should account for over 65% of total revenues in 2023, continued to grow in Q3, and provide good visibility. In addition, the initial measures to reduce overhead costs have begun to bear fruit.

	Scenarios of February 8, 2023 ¹	Scenarios of April 27, 2023 ²	Scenarios of October 25, 2023 ³
Revenues	€522m to €576m	€485m to €525m	€474m to €481m
EBITDA before non-recurring items	€90m to €113m	€78m to €95m	€78m to €82m

¹These scenarios were prepared on the basis of the closing exchange rates on December 30, 2022, and particularly \$1.07 / 1 €.

²These new scenarios were prepared on the basis of the closing exchange rates on April 27, 2023, for the last nine months of the year, and particularly \$1.10 / 1€.

³These scenarios are based on September 30 exchange rates for Q4, and particularly \$1.06 / 1€.

UPCOMING FINANCIAL CALENDAR

Quarterly results

Q4 February 14, 2024

Analyst conference

February 15, 2024

Annual Shareholders' Meeting

April 26, 2024

LECTRA

We pioneer. You lead.