



LECTRA

Company Background and Strategy

January 2024

- **Who is Lectra?**
- Reminder of the Lectra 4.0 strategy
- 2023-2025 Strategic roadmap
- 2023 outlook
- Appendices



- Founded in **1973**
- **2,500+** Employees
- **€522 million** 2022 Revenues
60% of which comes from recurring revenues
- **€98 million** 2022 EBITDA
(18.8% of Revenues)
- **€43.7 million** 2022 Free cash flow
- **€11.4 million** Net cash¹
- **-€6.3 million** Working capital requirement¹
- Listed in the CAC Mid 60 and SBF 120 indices of Euronext²

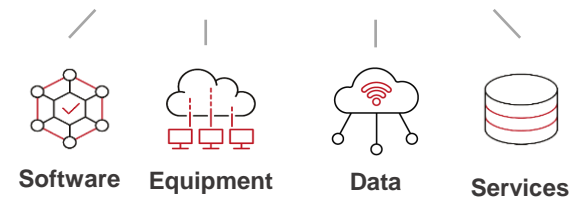
WE PIONEER. YOU LEAD.

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.

Values

Open-minded thinkers | Trusted Partners | Passionate innovators

INDUSTRY 4.0



WHO IS LECTRA?

50 years of innovation and challenges

Lectra has consistently demonstrated its resilience

Lectra 1.0

1973

Company founded

1976: First computer-aided design (CAD) systems sold. André Harari becomes a shareholder and helps Lectra's two founders to develop their business plan.

1985: Lectra becomes world leader in CAD solutions for the fashion and apparel industry and expands into computer-aided manufacturing (CAM).

1987: Initial public offering.

Lectra 2.0

1991

After the company's serious financial crisis of 1990, André Harari and Daniel Harari recapitalize Lectra and take over its management

1991-1996: Strategic redeployment plan: extensive R&D program, overhaul of the company's entire product range, new market sectors, new business model.

2000: Lectra becomes number one worldwide.

2004: Lectra acquires Investronica, Lacent and Humantec.

2008-2009: Lectra is severely affected by the consequences of the worldwide crisis on its markets. Reduction of overhead costs, safeguarding the company's core assets. Steadfast investments in R&D.

Lectra 3.0

2010-2011

Lectra proves its resilience after the global economic crisis. Very strong rebound in sales activity. Record income and free cash flow. Lectra becomes the leader in automotive

2012: Renewal of the entire technology offer for fabric and leather cutting. New versions of Lectra's main software. Far-reaching 4-year company transformation plan and €50 million investments for the future.

2013-2016: The strategic roadmap and transformation plan reach their objectives. Commercial success for Lectra's new generation of laser-cutting solutions for airbags.

Lectra 4.0

2017

The launch of Lectra's Industry 4.0 vision and strategy

2018: Lectra acquires Kubix Lab. Launch of new Industry 4.0 compliant offers.

2019: Lectra acquires Retviews. Global roll out of the offers for the Industry 4.0.

2020: Lectra shows great resilience in addressing the continuing impact of the COVID-19 pandemic.

2021: Lectra acquires Gerber Technology to create a world-class leader within Industry 4.0 for the fashion, automotive and furniture markets. Lectra acquires Neteven and Gemini CAD Systems.

2022: Lectra acquires the business assets of Glengo Teknoloji.

2023: Lectra acquires the majority of the capital of TextileGenesis.

WHO IS LECTRA?

A new dimension recognized by the entire ecosystem



Lectra recognized as one of the 11 French Best Managed Companies 2022 by Deloitte



36th in the Top 250 French software publishers



Lectra in the 2023 edition of the Choiseul Institute's ranking, which recognizes 200 companies that actively contribute to strengthening the French economy.



Lectra wins the BFM Business 2020 Grand Prix for Digital Acceleration



Microsoft recognizes Lectra with an award for its commitment to Industry 4.0



Lectra joins "Euronext Tech Leaders", the new stock market index for European technology companies



1st place among the most responsible companies in terms of the environment in the 2023 CSR ranking of the *Le Point* magazine and Statista.

WHO IS LECTRA?

Serving world-class customers in different market segments for decades

Fashion



49%¹

- Brands
- Manufacturers
- Retailers

Automotive



29%¹

- Fabric car seat and interiors
- Leather car seats and interiors
- Airbags

Furniture



11%¹

- Residential
- Outdoors
- Contract (*Hospitality, offices, etc.*)

Other Industries



11%¹

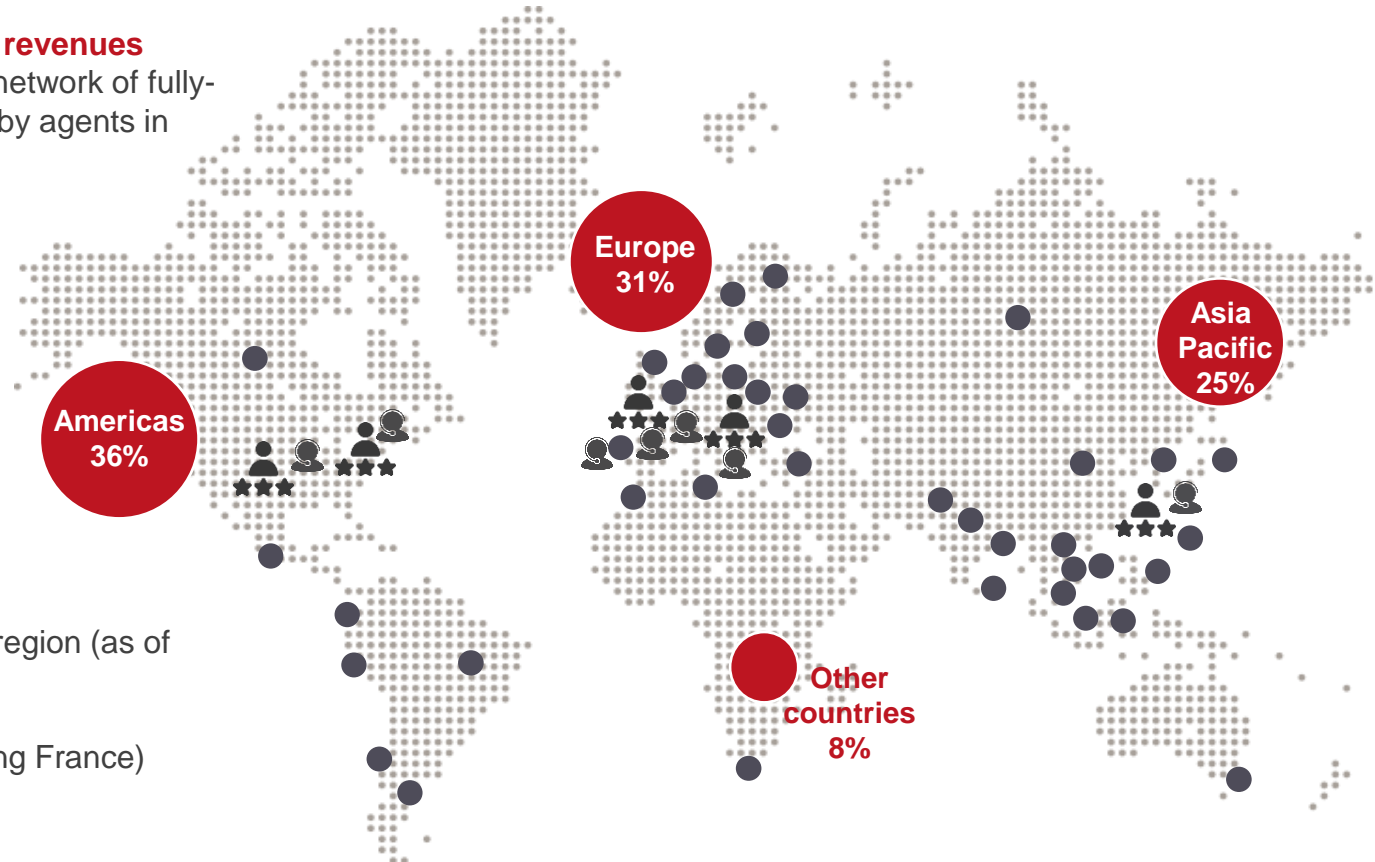
- Sign & graphics
- Aeronautic
- Marine



WHO IS LECTRA?

A unique worldwide presence

Lectra generates **95% of its revenues outside France** through its network of fully-owned subsidiaries, backed by agents in certain regions



Employees by geographic region (as of 31 December 2022)

- **35 %** in France
- **27 %** in Europe (excluding France)
- **20 %** in Americas
- **16 %** in Asia-Pacific
- **2 %** in Africa

Presence in +100 countries

reached by a global network of subsidiaries and agents

12 international expertise centers

6 international experience centers in Atlanta, Bordeaux-Cestas, Milan, Shanghai, innovation center in New York, innovation lab in Bordeaux-Cestas

WHO IS LECTRA?

Innovation at the service of excellence

Innovation is an integral part of
Lectra's genetic code



R&D at Lectra

€53 million

2022 investments in R&D¹ fully expensed

10%

of 2022 revenues¹

550

R&D resources² with competencies in mechanics, software development,
data, cloud, IoT, cyber security, electronics, etc.

**An unmatched investment in innovation to go beyond state of
the art and unlock the potential of Industry 4.0.**

WHO IS LECTRA?

A governance committed to achieving Lectra's vision

Board of Directors



Daniel Harari
Chairman and
Chief Executive Officer



Ross McInnes
Lead Director



Céline Abecassis-Moedas



Karine Calvet



Jean Marie (John) Canan



Nathalie Rossiensky



Pierre-Yves Roussel



Hélène Viot Poirier

Executive Committee



Jérôme Viala
Executive Vice President
(until March)



Maximilien Abadie
Chief Strategy Officer,
Chief Product Officer



Anne Borfiga
General Secretary



Fabio Canali
President, Southern
Europe & North Africa



Antonella Capelli
Senior Vice President
Sales, EMEA



Thierry Caye
Chief Technology
Officer



Olivier du Chesnay
Chief Financial
Officer



Javier Garcia
Chief Customer
Officer



Karen Gibbs
Deputy Chief Financial
Officer



Laurence Jacquot
Chief Customer
Success Officer



Eric Lespinasse
Chief Industrial Officer



Leonard Marano
President, Americas



Maria Modrono
Chief Marketing and
Communications
Officer



Frédéric Morel
President, Asia Pacific



Rani Rao
Chief People Officer



Daniel Harari
Chairman and
Chief Executive Officer

WHO IS LECTRA?

A solid proven business model

The three pillars of Lectra's business model

1

The distribution of business activity over market sectors and geographical markets with cycles that are different from each other, and the very large number of customers throughout the world.

2

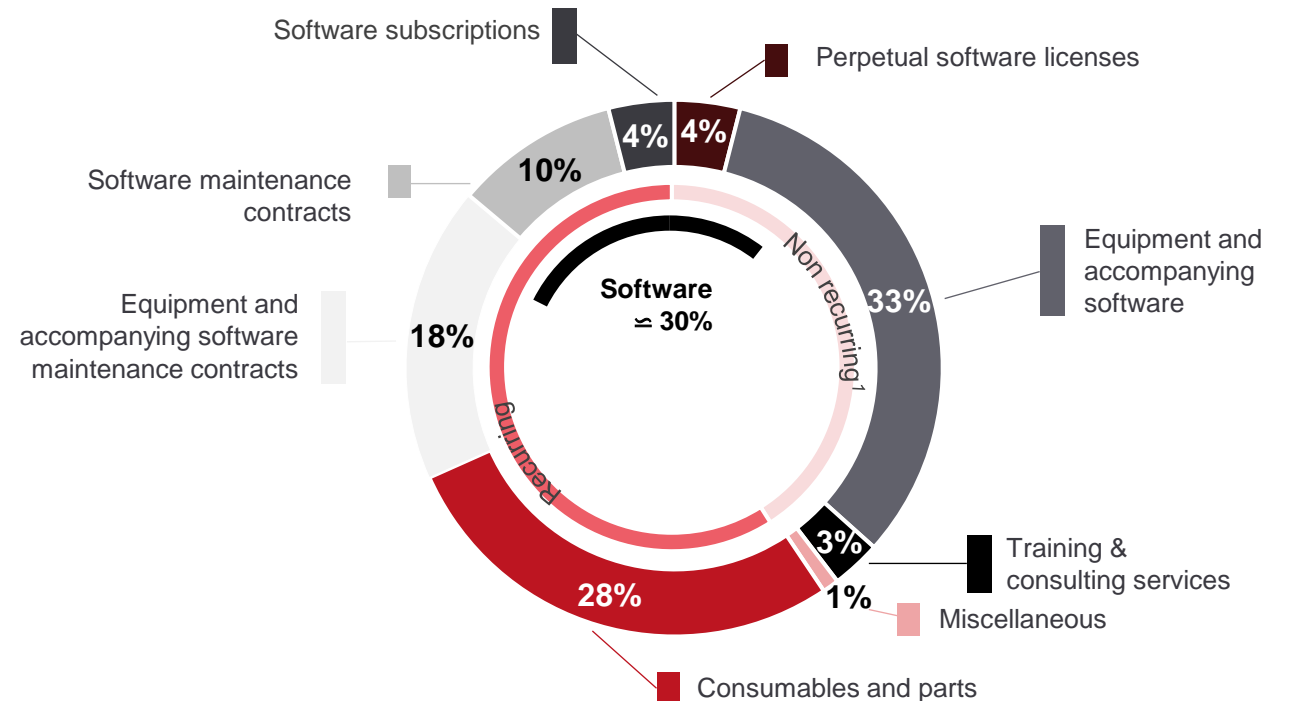
A balanced revenue mix between revenues from software licenses, equipment and non-recurring services and recurring revenues.

89% 2022 Security ratio²

3

The generation of significant annual free cash flow.

Breakdown of 2022 revenues



WHO IS LECTRA?

LECTRA

Lectra's offer at the leading edge of technology

Software sold in perpetual licenses and in SaaS mode



MODARIS



DESIGNCONCEPT

GERBER ACCUMARK

GERBER ACCUNEST

KALEDO



DIAMINO

Equipment and accompanying software



VECTOR

VERSALIS

FOCUSQUANTUM

VIRGA

GERBER PARAGON

GERBER ATRIA

GERBER Z1

GERBER TAURUS



Software sold in SaaS¹ mode only

KUBIX LINK

GERBER YUNIQUEPLM



FURNITURE ON DEMAND
by LECTRA

FASHION ON DEMAND
by LECTRA



QUICK OFFER
by LECTRA

FLEX OFFER
by LECTRA

ALGOPEX™

VALIA

RETVIEWS



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REMINDER OF THE LECTRA 4.0 STRATEGY

A long term vision

Supported by a long-term vision, launched in 2017, the **Lectra 4.0 strategy** aims to position Lectra as a **key Industry 4.0 player** in **its three strategic market sectors** before 2030.



REMINDER OF THE LECTRA 4.0 STRATEGY

Markets undergoing profound changes

Fashion



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

Automotive



Automotive suppliers face major challenges induced by macroeconomic and geopolitical events. To remain competitive, suppliers have to **boost the performance of their production tools and optimize material consumption.**

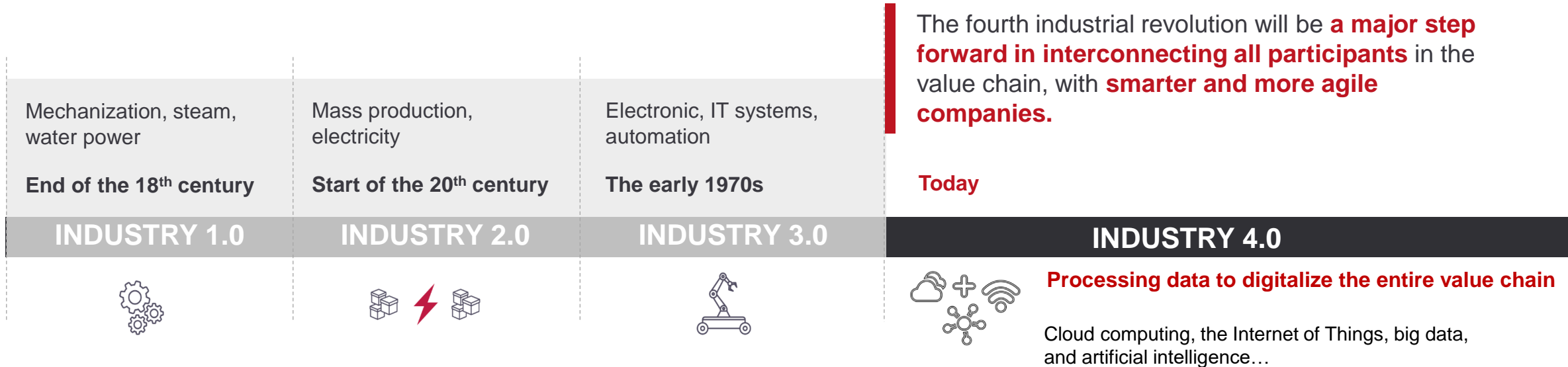
Furniture



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

REMINDER OF THE LECTRA 4.0 STRATEGY

Industry 4.0 transforming industrial processes

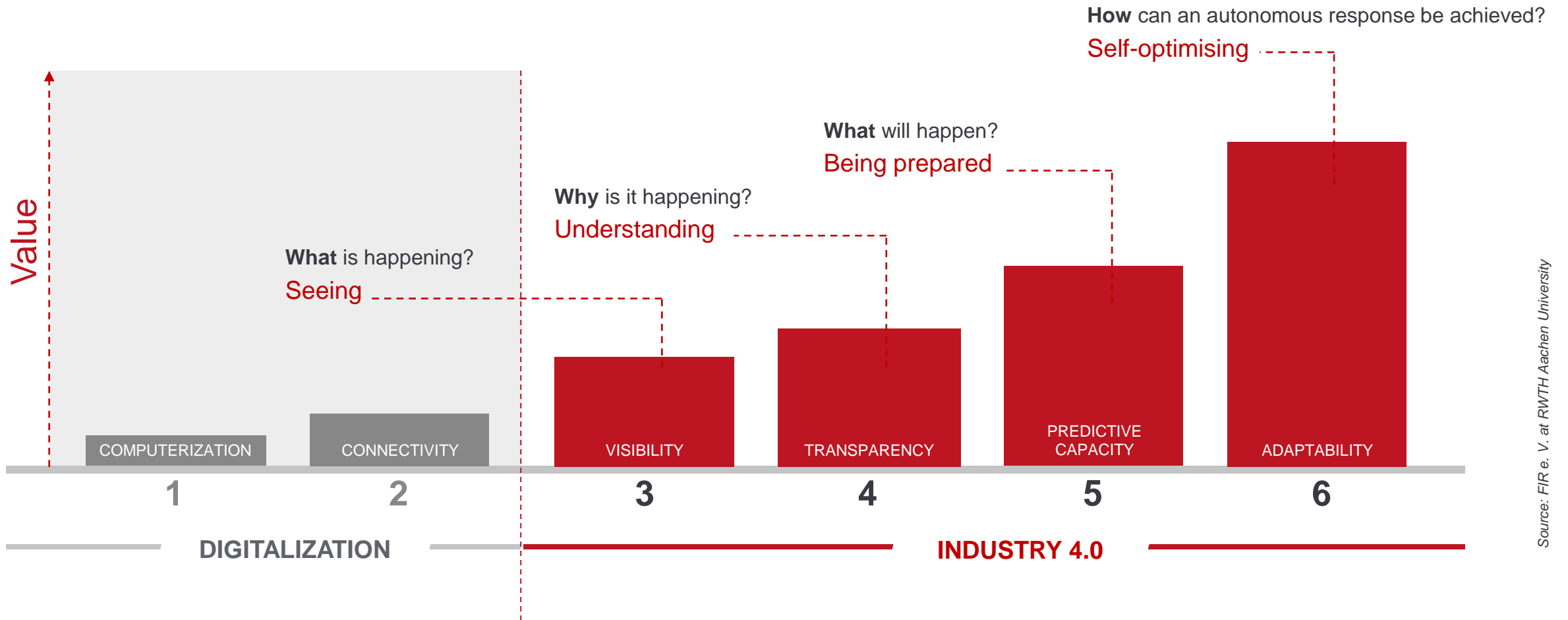


Accelerating adoption of key Industry 4.0 technologies

The COVID-19 crisis, and its impact on consumer habits and ecosystems, are **accelerating the digitalization of processes in product value chains.**

REMINDER OF THE LECTRA 4.0 STRATEGY

Six key steps to exploit the full potential of the industry 4.0



Source: FIR e. V. at RWTH Aachen University

REMINDER OF THE LECTRA 4.0 STRATEGY

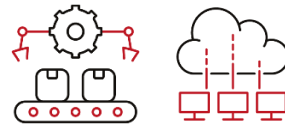
Lectra has all the necessary assets to become a key Industry 4.0 player

INDUSTRY 4.0



16 years of experience in IoT

More than 7,700 cutting machines, equipped with sensors and capable of being connected to the Internet, are compatible with the new offers for Industry 4.0.



Combination of equipment, software, data and services

The sole player in its industry to integrate the 4 key technologies of Industry 4.0 (cloud, big data, IoT, AI) in its products and services offers.



Strong business-line expertise

More than 850 consultants and solution experts accompany customers on a daily basis and will be by their side during their transformation towards Industry 4.0.

Prestigious customer base

Presence in +100 countries reached by a global network of subsidiaries and agents

Strong technological leadership

Virtuous business model and strong financial position

Corporate Social Responsibility (CSR) : an increasingly central role for all activities



Ethical, environmental, social and societal issues are becoming essential to companies in conducting their business:

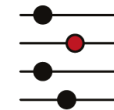
- **Increased expectations from consumers** in terms of product traceability, sustainability, and ethics
- **More and more countries** are introducing regulations
- **Increased concerns from employees** regarding corporate values and working conditions



To address these issues, organizations must **reassess the way they operate** and their decision-making processes.



Eco-design of products will progressively become the norm, optimizing production systems will be a necessity, and transparency will be imperative.



All players in the fashion, automotive and furniture industries will have to **adjust to these new conditions**.

REMINDER OF THE LECTRA 4.0 STRATEGY

Fundamentals of the Lectra 4.0 strategy enriched since 2023 with a pillar dedicated to CSR

Premium positioning

High value-added solutions and services with strong business-line expertise.



Focus on three strategic market sectors

Fashion, automotive, and furniture, with a specific approach for each in terms of offers, organization and processes.



Customers at the heart of the activities

A commitment from Lectra teams to do everything in their power to enable customers to make optimal use of its solutions.



New 4.0 services

Gradually launched on the market, they will combine data analysis, Lectra's expertise and artificial intelligence, to enable customers to continuously improve their operations.



A committed CSR policy

Capitalize on the Group's achievements in terms of CSR and continue leading the way by integrating social, societal, ethical and environmental responsibilities in all business activities and practices.



REMINDER OF THE LECTRA 4.0 STRATEGY

3-years strategic roadmaps to implement a long-term strategy

LAUNCH OF THE LECTRA 4.0 STRATEGY



With the **commitment and engagement of employees**, and **recognition by customers**, Lectra will be at the forefront in **building a more sustainable future**.

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2023-2025 STRATEGIC ROADMAP

Further position Lectra as an Industry 4.0 leader

iNDUSTRY 4.0

Take full advantage of the Group's change in dimension to accelerate growth

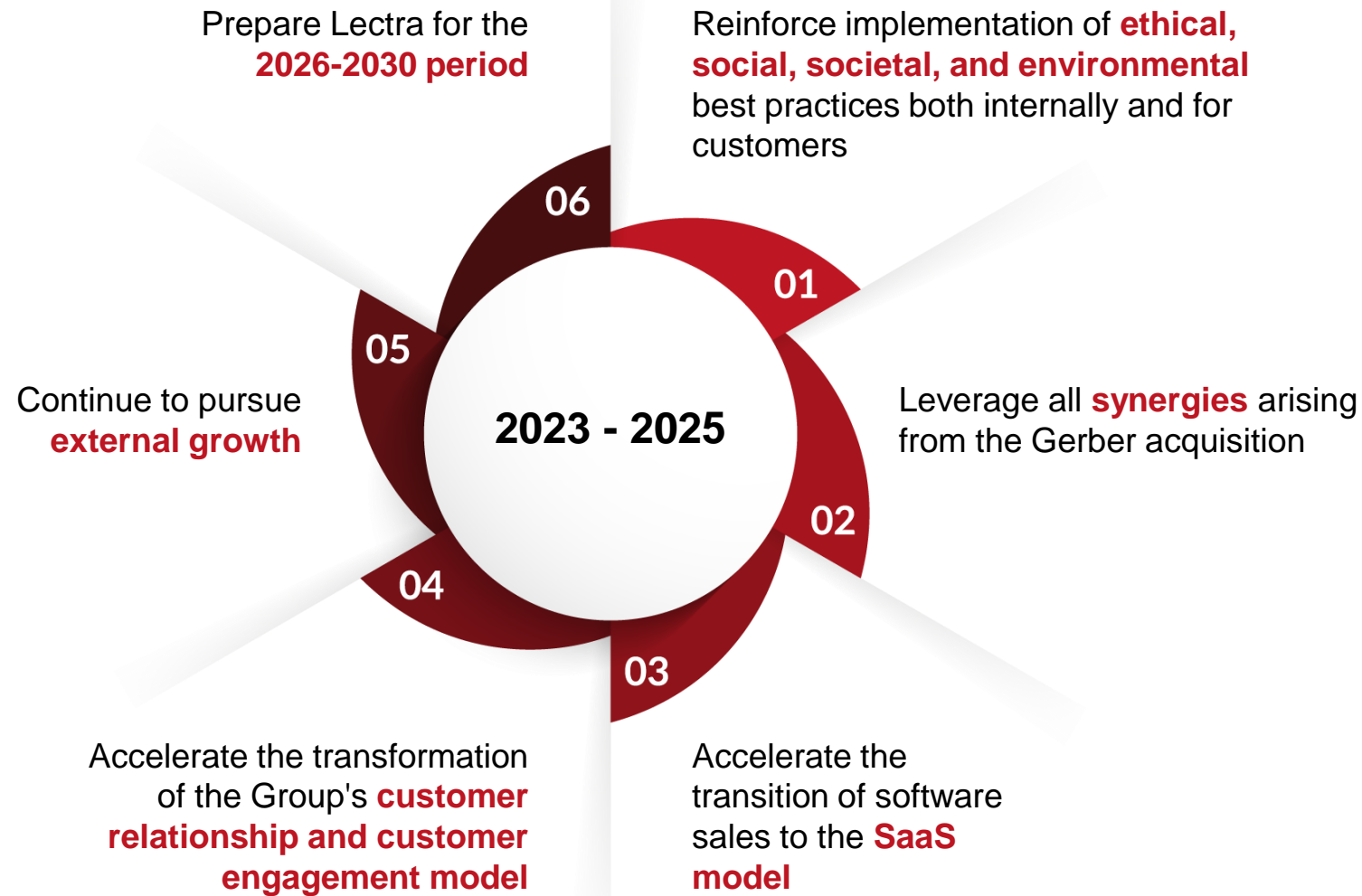
Significantly increase the volume of SaaS in the Group's total revenues

Seize acquisition opportunities

With the **commitment and engagement of employees**, and **recognition by customers**, Lectra will be at the forefront in **building a more sustainable future**.

2023-2025 STRATEGIC ROADMAP

Six strategic priorities to guide Lectra for the next three years



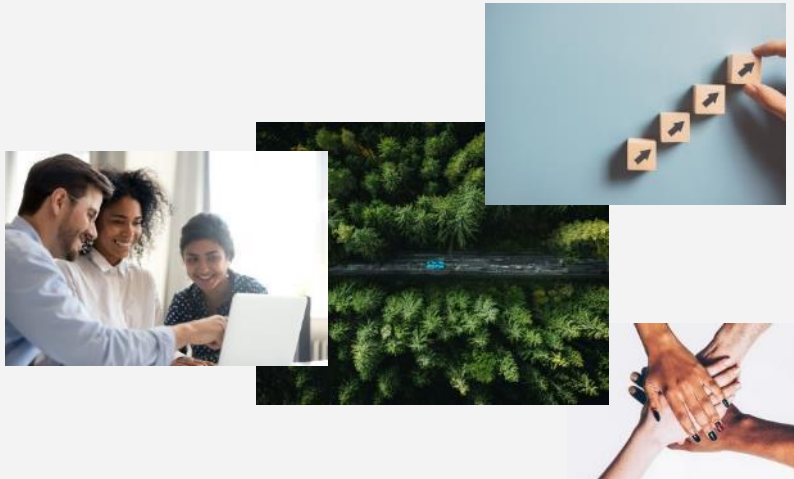
2023-2025 STRATEGIC ROADMAP



Reinforce implementation of ethical, social, societal, and environmental best practices both internally and for customers

Formalized in 2021, Lectra's structured CSR policy will enable it to sustain growth while fully integrating the expectations of all stakeholders.

Meet commitments in the following five categories



- **Respect the highest ethical standards**
- **Design eco-responsible offers**
- **Promote an inclusive, diverse and vibrant work culture**
- **Reduce the environmental footprint of its activities**
- **Provide support for the next generation**

2023-2025 STRATEGIC ROADMAP



Leverage all synergies arising from the Gerber acquisition

With this acquisition, Lectra's fundamentals such as its rich, robust, advanced experience in the key technologies of Industry 4.0, its worldwide presence, its leadership and business model have all been strengthened.

Maximize the impact of synergies to drive growth and profitability

- Leverage the potential of the expanded installed base

- Launch new joint offers



- Unify R&D efforts

- Reorganize industrial operations around three sites

- Bordeaux – Cestas (France)
- Tolland (United States)
- Shanghai (China)

2023-2025 STRATEGIC ROADMAP



Accelerate the transition of software sales to the SaaS model

New software offers launched after 2018 and those from the acquisitions of Kubix Link, Retviews, Neteven, and TextileGenesis are only sold in SaaS mode.

Strengthen market penetration of software offers sold in SaaS mode

and facilitate the progressive selling strategy



- **Increase sales and marketing programs** to encourage customers to adopt or migrate to these offers
- **Intensify prospecting actions**
- **Accelerate R&D investments** to upgrade current offers and progressively launch new solutions

2023-2025 STRATEGIC ROADMAP

Accelerate the transformation of the Group's customer relationship and customer engagement model

With the change in the Group's dimension and the enrichment of its product portfolio, the customer engagement and customer relationship model will continue to evolve.

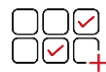
Increase customer commitment, and maximize recurring revenues per customer



Increase customer satisfaction and loyalty, throughout their journey with Lectra



Continue to increase the number of customer success managers in coming years to support a growing number of customers using an ever-expanding range of Lectra solutions



Adjust the responsibilities of some sales teams to focus more time on prospecting actions

2023-2025 STRATEGIC ROADMAP



Continue to pursue external growth

Since 2018, Lectra made 7 acquisitions: Kubix Lab, Retviews, Gerber, Neteven, Gemini, Glengo Teknoloji's business assets, and TextileGenesis.

Access additional growth drivers in the long-term



Privileges companies (mainly start-ups) that could **complete Lectra's range of products**



Build new expertise in areas beyond its core fashion operations

2023-2025 STRATEGIC ROADMAP

Prepare Lectra for the 2026-2030 period

Enable the Group to achieve more rapidly and more efficiently its position as an indispensable player in Industry 4.0 in all three strategic market sectors.

Concentrate efforts on the most promising activities going forward



- **Develop new solutions** that will be available starting 2026

10%

of 2023-2025 revenues will be invested in R&D over the next few years*

- **Progressively phase out certain non-strategic activities**, which accounted for less than 5% of the Group's revenues
- **Formally set out the next steps in the evolution of the Group's governance**

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Persistent challenges in a continuing highly degraded environment



Geopolitical tensions
that are global threats



Uncertainty regarding
the growth of the
world's main economies



Strong increase in
interest rates / heavily
reduced access to
loans for companies



Persistent high
inflation / increase in
energy prices



Decline in global demand

During Q3 2023, 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.

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€.

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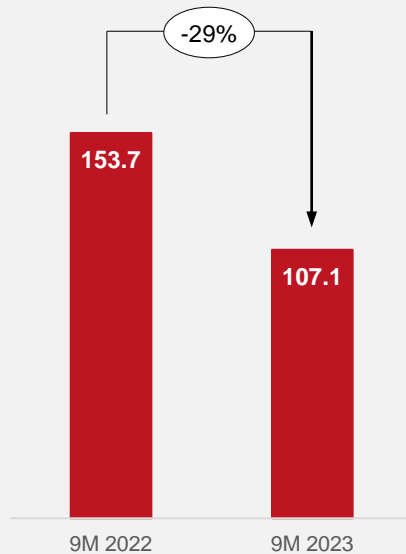
APPENDICES – 9M 2023 RESULTS

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

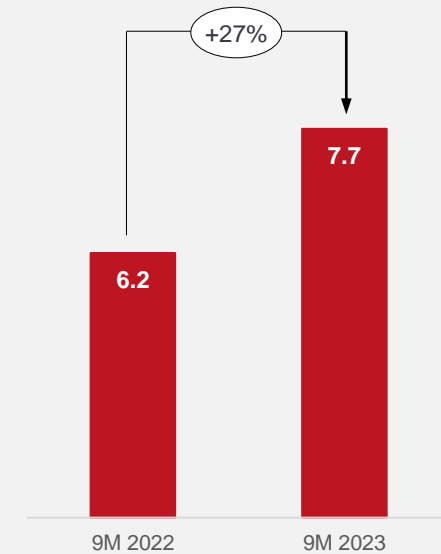
In millions of euros



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

New software subscription orders

In millions of euros, annual value of new contracts



APPENDICES – 9M 2023 RESULTS

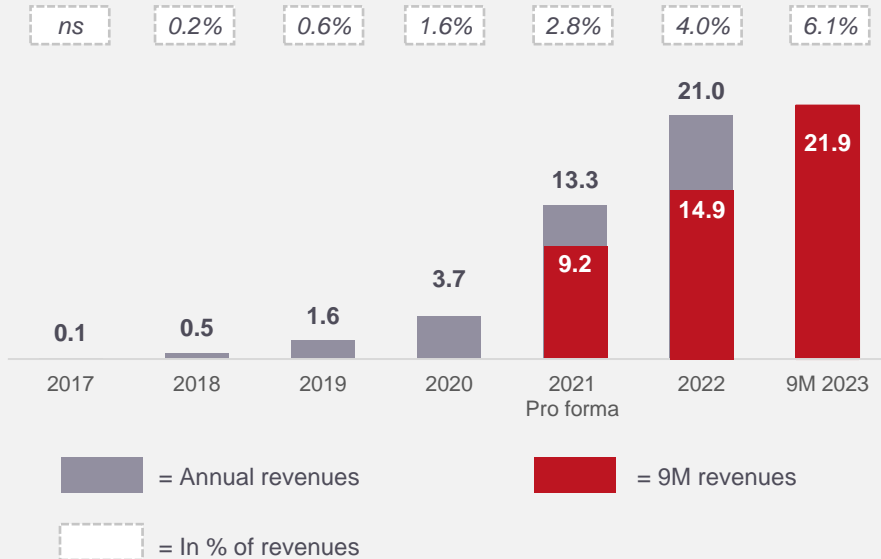
Confirmation of the growing adoption of software in SaaS mode

+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

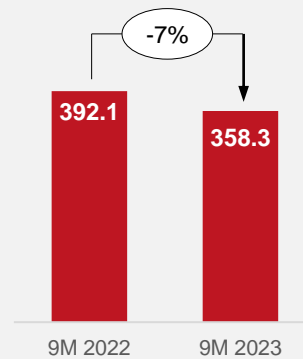
All the new software offers launched after 2018 are only sold in SaaS mode.

APPENDICES – 9M 2023 RESULTS

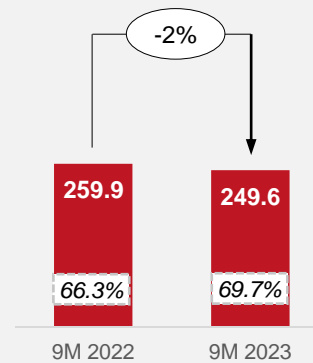
Decline in revenues and EBITDA before non-recurring items

In millions of euros

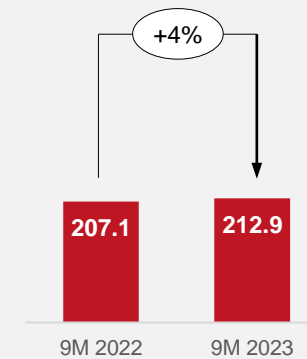
Revenues



Gross profit

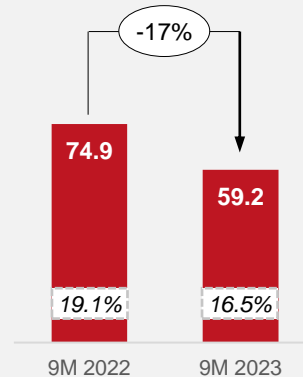


Overhead costs



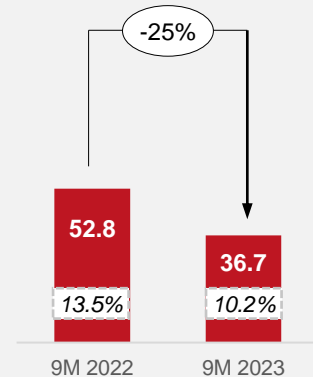
EBITDA

before non-recurring items

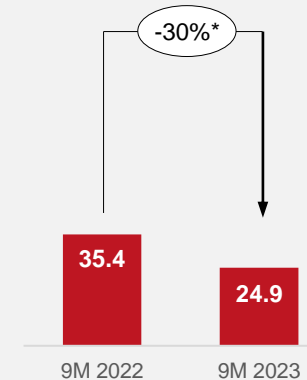


Income from operations

before non-recurring items



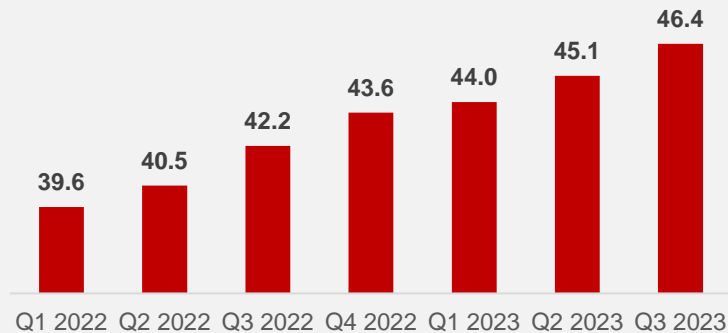
Net income



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)

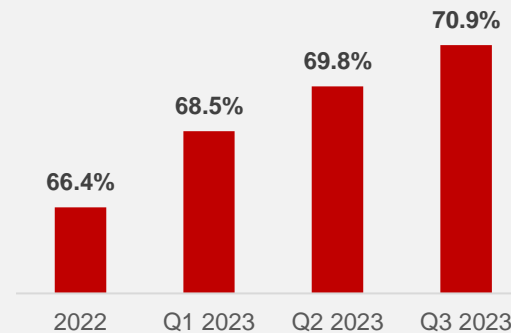


In the last 6 quarters, the recurring contract revenues have grown by 17%.

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)

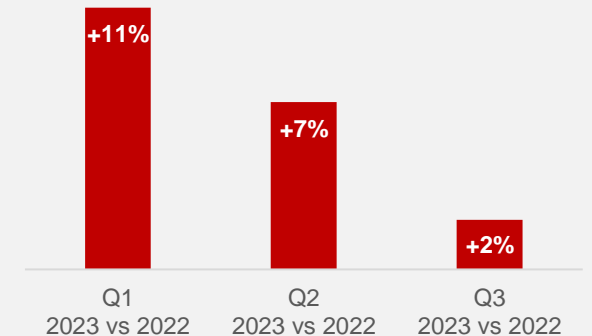


The total gross profit margin has shown a constant progression since the beginning of 2022.

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



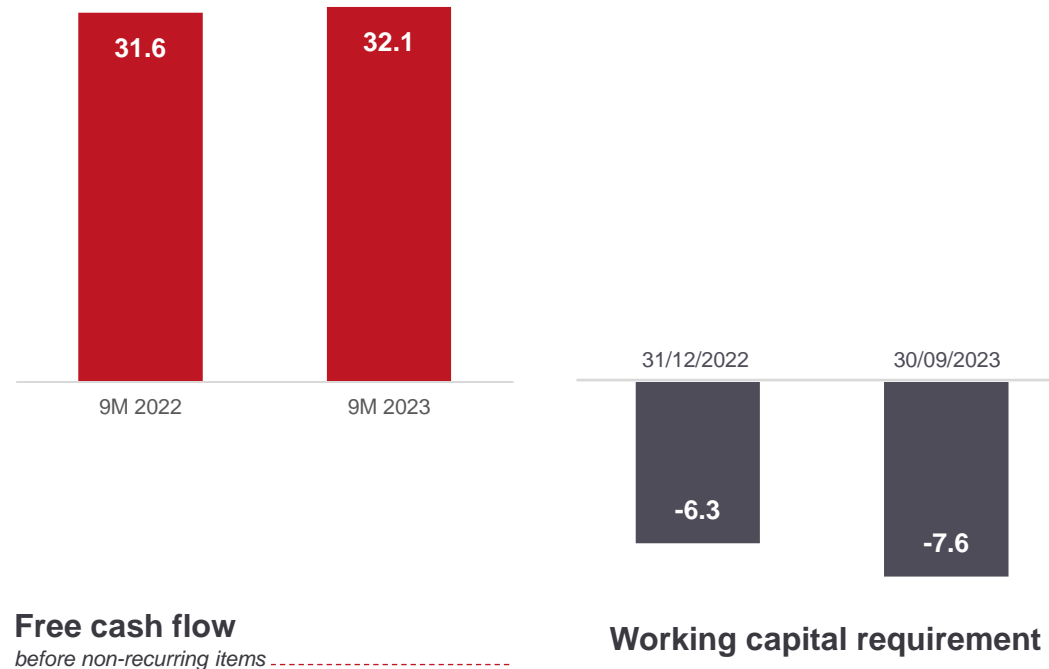
The measures taken in April to reduce certain overhead costs have enabled the Group to lower quarterly growth, relative to 2022, from +11% in Q1 to +2% in Q3.

This slowdown will have a positive effect in 2024.

APPENDICES – 9M 2023 RESULTS

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).

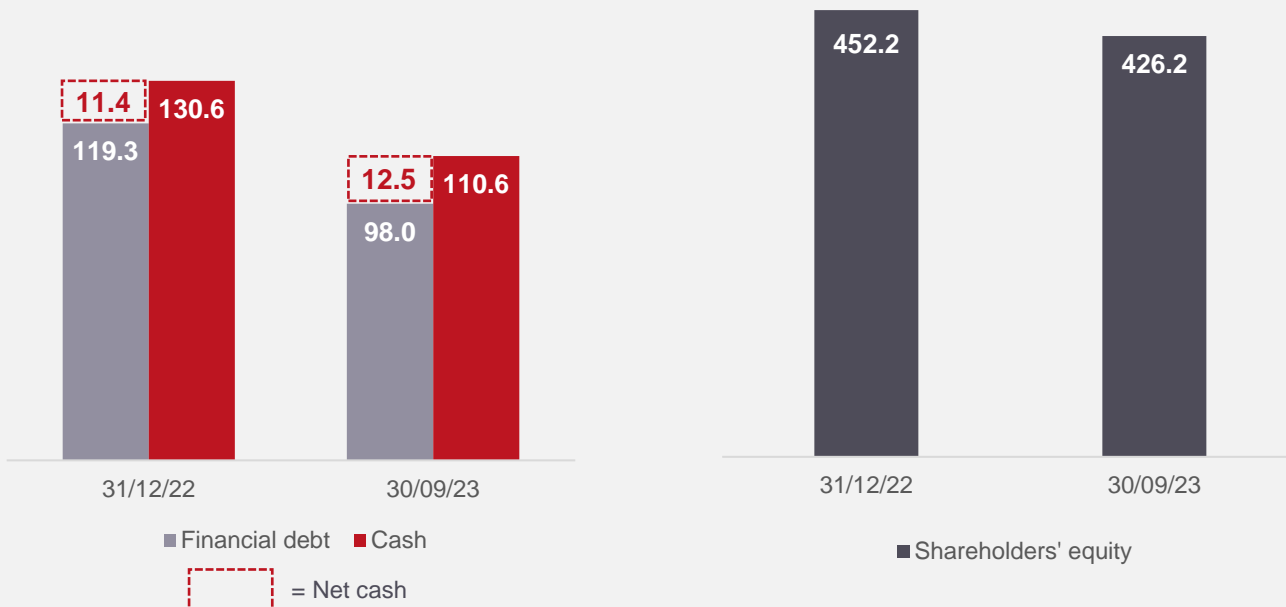
The working capital requirement at September 30, 2023 was a negative €7.6m (it was a negative €6.3m at December 31, 2022).

APPENDICES – 9M 2023 RESULTS

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.

A sustainable Group, committed to social, societal and environmental matters

All information is given for the 2022 Group scope unless stated otherwise.

An inclusive, diverse and vibrant work culture

The **expertise and commitment** exemplified by Lectra's teams are of critical importance to a fast-growing and innovative technology company.

- Diversity of profiles: **67** nationalities
- Gender equality index (France scope) **98/100**
- **1 out of 5 open positions** covered by internal mobility

Responsible and eco-designed offers

Lectra's offers respond to a strong efficiency challenge, at the **crossroads of economic, social, societal and environmental considerations**.

- Optimizing **material consumption** thanks to dedicated solutions
- **All R&D programs** for equipment launched since 2021 implement an **eco-design approach**
- **86%** of **maintenance operations performed remotely** for Lectra and **46%** for Gerber

Highest ethical standards

Lectra has always placed **ethics and respect for values such as integrity, probity and transparency** at the heart of its business conduct.

- **98% of industrial purchasing by Lectra** (exclusive of Gerber) covered by **the responsible purchasing charter**

Support for future generations

The Group intends to move forward **in building direct relationships with students, to develop their knowledge and expertise in Industry 4.0 technologies**, and to provide support as they embark on their careers.

- Support for close to **2,000 partner schools and universities**, with software licenses

Reducing the environmental impact

The Group's greatest direct environmental responsibility lies in **reducing the environmental footprint of its solutions** (software, equipment, data and services) over their entire life cycle.

CO2 emissions

scopes 1 and 2 (tCO₂-eq)
4,893



74/100

Waste¹

75% of waste recycled

ecovadis

55/100

Extension of Lectra's software offer to material traceability



TextileGenesis provides a SaaS platform that enables fashion brands and sustainable textile manufacturers to ensure a reliable, secure, and fully digital mapping of their textiles, from the fiber to the consumer, and thereby guarantee their authenticity and origins.



Date of creation: 2018



Offices: Amsterdam (Netherlands), Hong-Kong, Bangalore (India)



Employees: 30

Several of the world's most prestigious fashion brands as well as leading sustainable fiber producers are already convinced of TextileGenesis' innovative offer.

Lectra announced the acquisition of the majority of the capital of TextileGenesis on December 8, 2022. The transaction, which involves the acquisition of 51% of TextileGenesis for 15.2 million euros was finalized on January 9, 2023. The acquisition of the remaining share capital and voting rights is expected to take place in two stages, in 2026 and 2028, for an amount that will be calculated based on a multiple of the 2025 and 2027 recurring revenues.

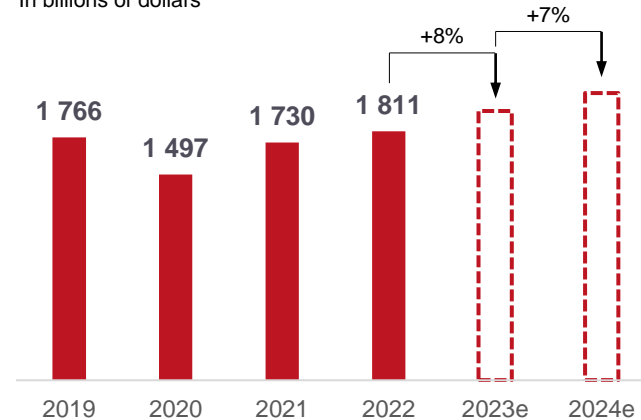
Fashion: uneven performances across all market segments



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

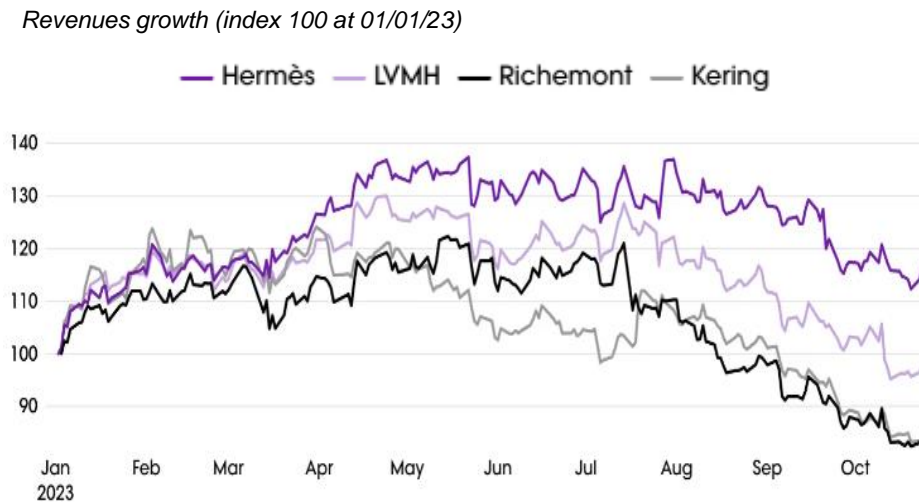
Fashion industry players must undertake far-reaching transformations in their distribution networks and supply chains, taking into account Corporate Social Responsibility (CSR) challenges, and the continuous adjustment of their product range and positioning strategies.

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

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CHALLENGES

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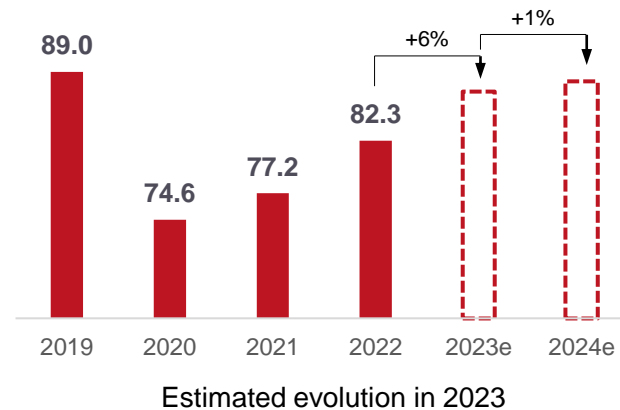
Automotive: recovery remains on track, but uncertainty persists



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.

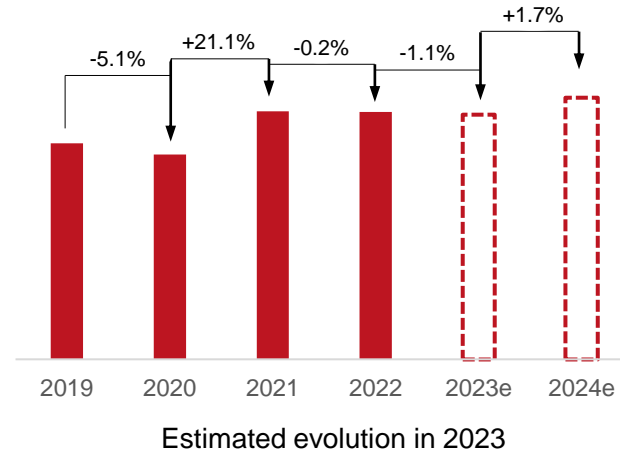
Furniture: a sign of uncertainty arising after two exceptional years



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.

LECTRA

We pioneer. You lead.