

Company Background & Strategy

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

WHO IS LECTRA?

Company at a glance

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 on Euronext and member of the Euronext Tech Leaders

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



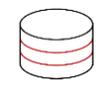
Software



Equipment



Data



Services



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?

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.

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

€53 million

2022 investments in R&D fully expensed

10%

of 2022 revenues

550

R&D resources¹ 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 quicker all the potential of Industry 4.0.



WHO IS LECTRA?

Lectra's offer at the leading-edge of technology

Software sold in perpetual licenses and in SaaS mode

KALEDO 

GERBER ACCUMARK
GERBER ACCUNEST

MODARIS

DIAMINO 

GEMINI
a LECTRA company

DESIGNCONCEPT 



Equipment and accompanying software

VECTOR 

GERBER ATRIA 

VERSALIS 

GERBER PARAGON 

FOCUSQUANTUM 

GERBER TAURUS 

VIRGA 

GERBER Z1 



Software sold in SaaS¹ mode only

FASHION ON DEMAND 

FURNITURE ON DEMAND 

QUICK OFFER
FLEX OFFER

KUBIX LINK 

GERBER YUNIQUEPLM 

ALGOPEX™ VALIA 

RETVIEWS 

neteven 

TextileGenesis 



WHO IS LECTRA?



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

An inclusive, diverse and vibrant work culture

- Diversity of profiles: **67** nationalities
- Training: **> €3.2 million**
- Gender equality index (France scope) **98/100**
- **1 out of 5 open positions** covered by internal mobility
- Listening to employees via “Your Voice” survey:
 - **64% team’s engagement rate**
 - **71% positive response rate** to the question on "Respect for diversity and differences" in employee engagement survey
- **92% of employees** having taken at least one training course in the year

Responsible and eco-designed offers

- Optimizing **material consumption** thanks to dedicated solutions
- **Over 7,700 Industry 4.0 compatible equipment** operating worldwide, capable of being connected to the Internet and monitored remotely
- **All R&D programs** for equipment launched since 2021 implement an **eco-design approach**
- **19% of Lectra brand equipment¹** sold with motion detection system to prevent accidents

Highest ethical standards

- **98% of industrial purchasing by Lectra** (exclusive of Gerber) covered by **the responsible purchasing charter**
- **No complaints** for violation of ethical standards since Lectra was founded in 1973

Support for future generations

- Support for close to **2,000 partner schools and universities**, with software licenses
- **Helping emerging creative talent to show their work** to industry professionals by supporting competitions and fashion parades with design schools

Reducing the environmental impact

CO2 emissions
scopes 1 and 2 (tCO2-eq)
4,893

Waste²
75% of waste recycled



72/100

ecovadis **55/100**

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



Daniel Harari
Chairman and
Chief Executive Officer



Jérôme Viala
Executive Vice
President



Maximilien Abadie
Chief Strategy Officer,
Chief Product Officer



Fabio Canali
President, Southern
Europe & North Africa



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



Holger Max-Lang
President, Northern &
Eastern Europe,
Middle East



Maria Modrono
Chief Marketing and
Communications
Officer



Rani Rao
Chief People Officer



Edward Wang
President, Asia-Pacific

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

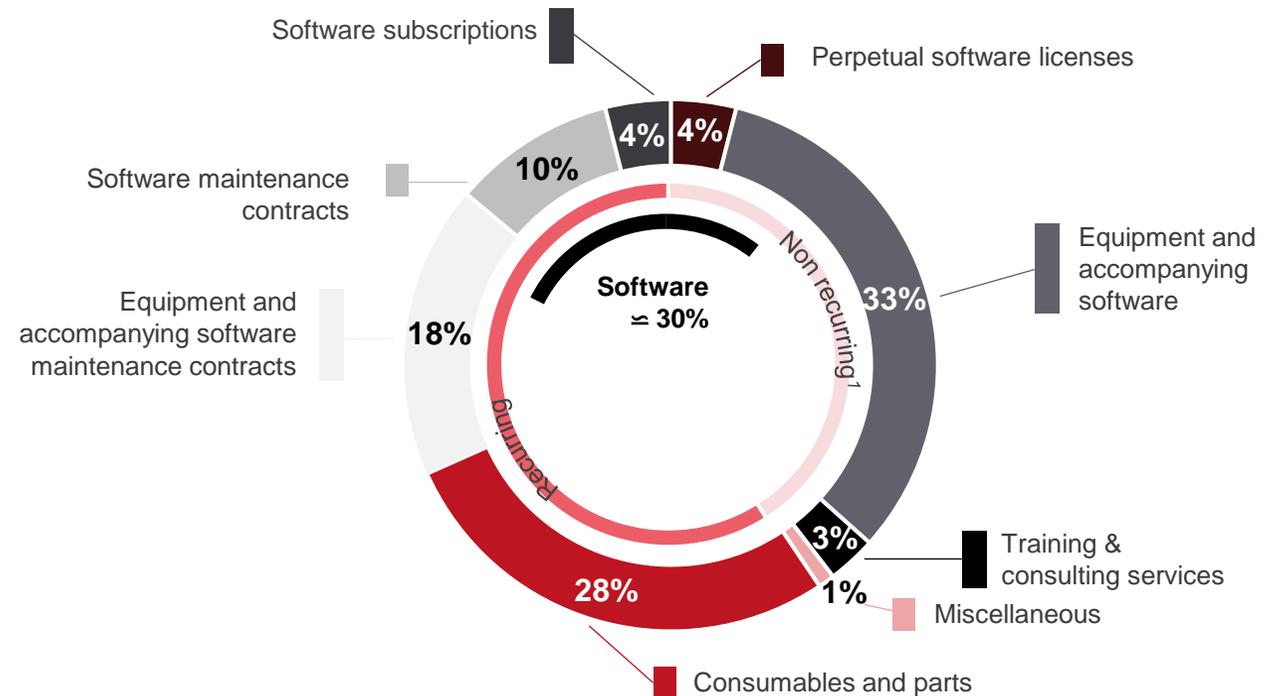
A balanced revenue mix between revenues from software licenses, equipment and non-recurring services and recurring revenues.

89% 2022 Security ratio²

3

The generation of significant annual free cash flow.

Breakdown of 2022 revenues



WHO IS LECTRA?

Great resiliency in a degraded environment



In this environment, the Group has once again demonstrated its resiliency, with strong earnings growth.

AGENDA

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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.**

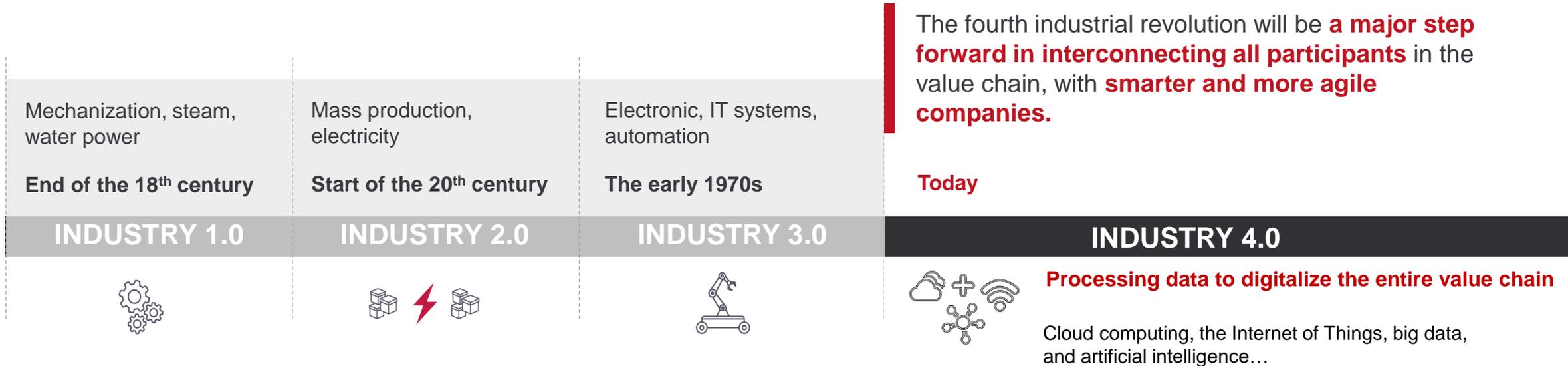
Furniture



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

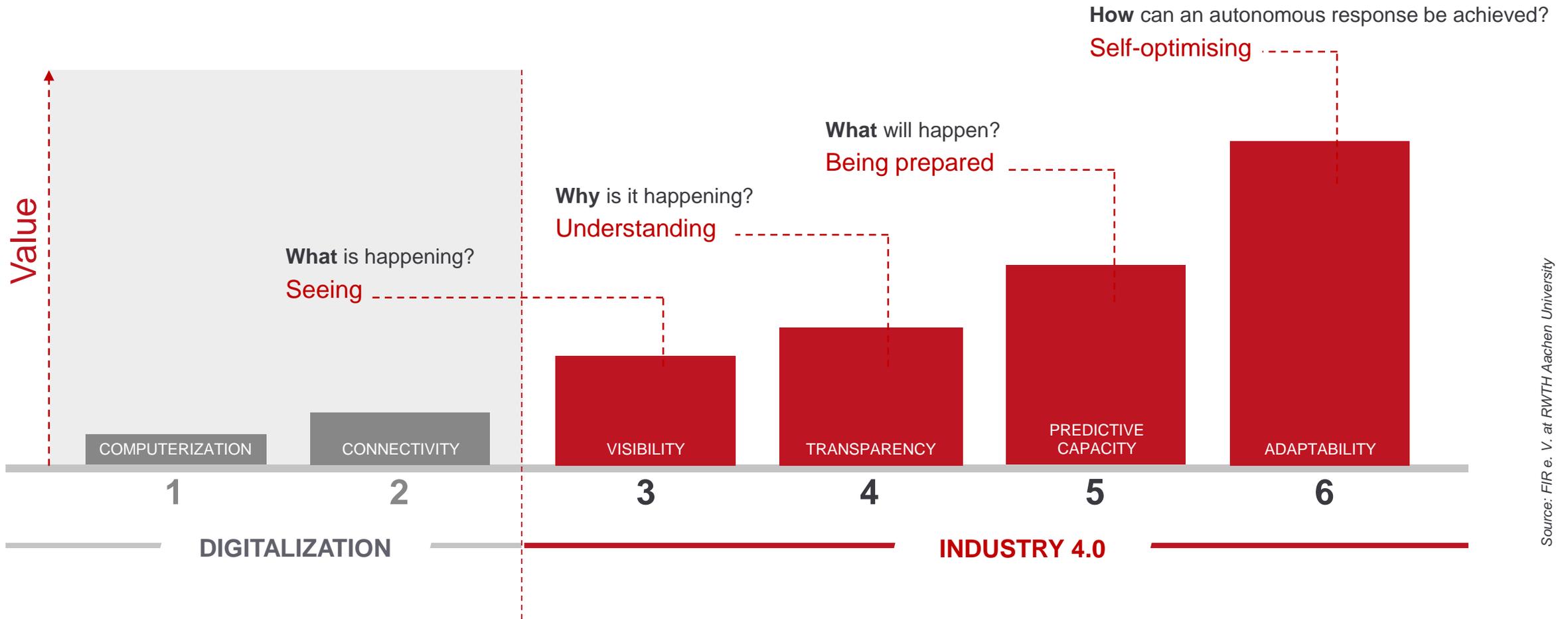


Accelerating adoption of key Industry 4.0 technologies

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



REMINDER OF THE LECTRA 4.0 STRATEGY

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

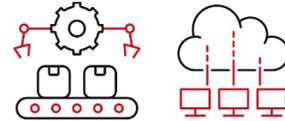
INDUSTRY 4.0



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.

Prestigious customer base



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 technological leadership



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.

Virtuous business model and strong financial position

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

REMINDER OF THE LECTRA 4.0 STRATEGY

Corporate Social Responsibility: an increasingly central role for all activities



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

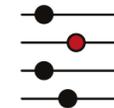
- **Increased expectations from consumers** in terms of product traceability, sustainability, and ethics
- **More and more countries** are introducing regulations
- **Increased concerns from employees** regarding corporate values and working conditions



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 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.



New

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

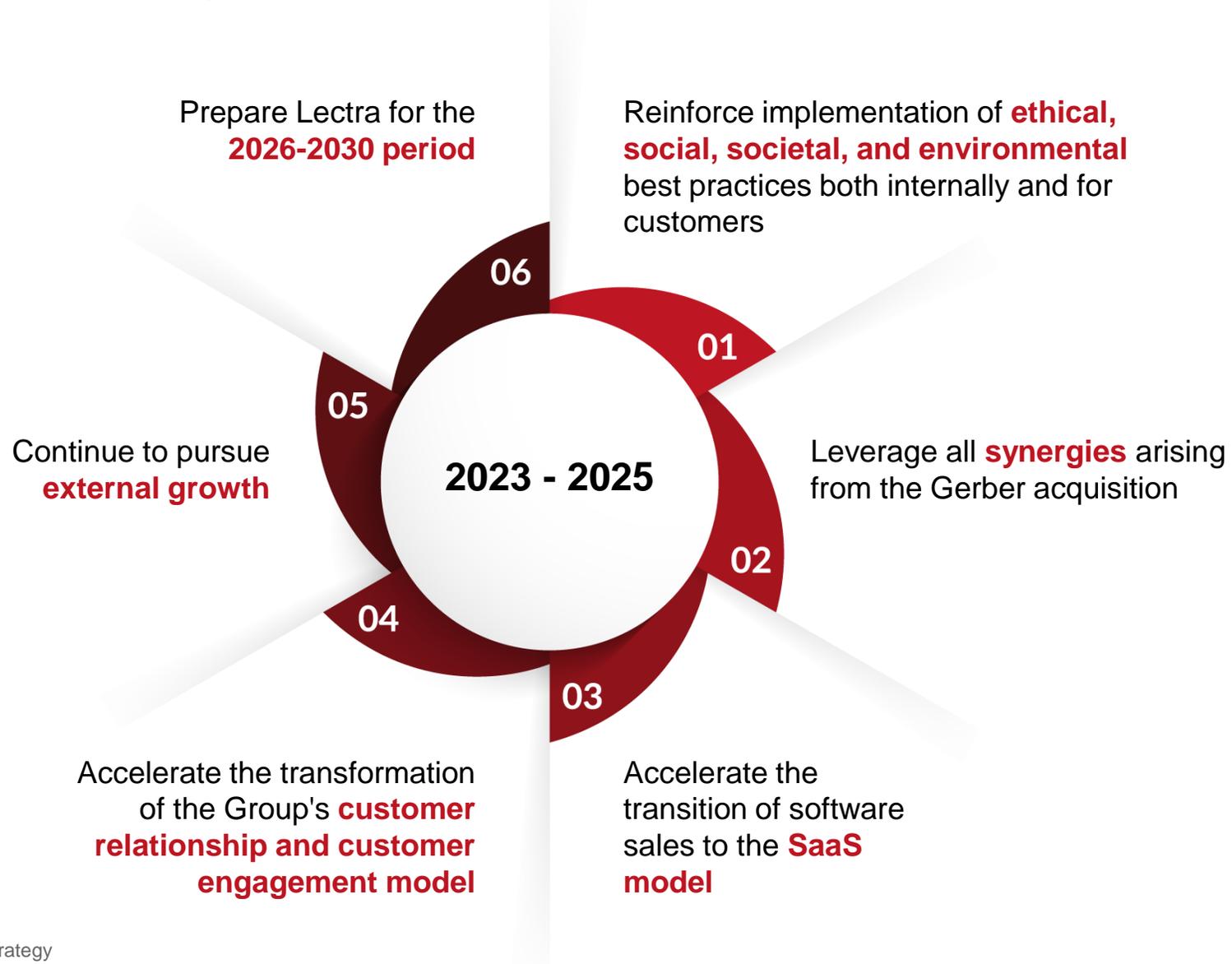
Significantly increase the volume of SaaS in the Group's total revenues

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

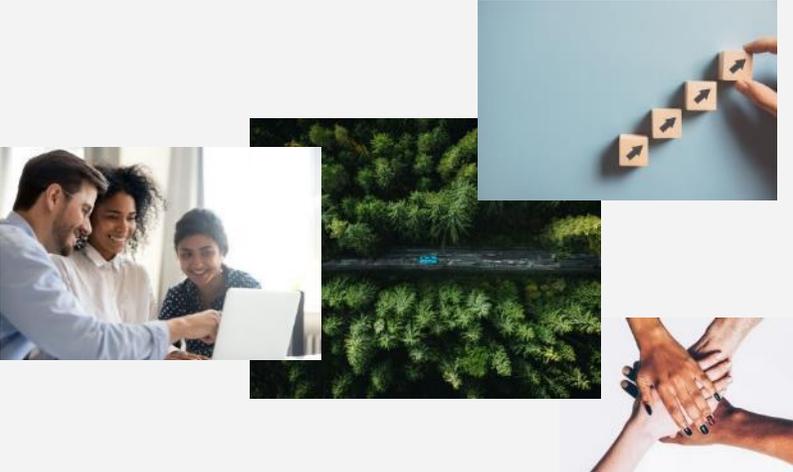
Six strategic priorities to guide Lectra for the next three years



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**

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)

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

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

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

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**

2023-2025 STRATEGIC ROADMAP

2025 financial objectives

€700+m*

Revenues

10%
of revenues

SaaS revenues

20+%
of revenues

EBITDA margin
before non-recurring items

The Company intends to keep its **attractive shareholder payment policy** with dividends that over the roadmap period should represent a **payout ratio of about 40% of net income** excluding non-recurring items.

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2023 OUTLOOK

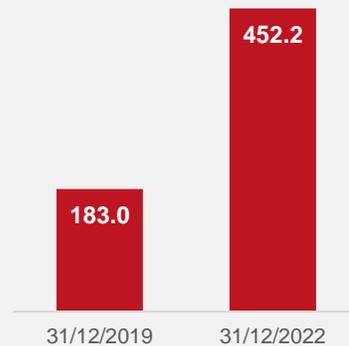
A new dimension for Lectra with increased opportunities for continued growth

In millions of euros, changes at actual exchange rates

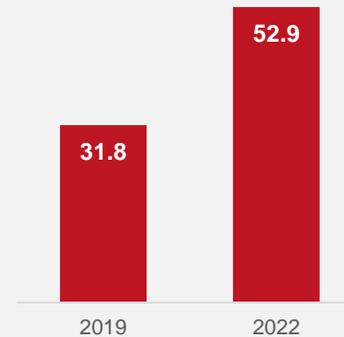
Revenues



Shareholders' equity



R&D investments



Extended global reach and enlarged customer base

Unmatched capacity for innovation

Strategic acquisitions opening new horizons for Lectra

Major technical advances to meet companies' needs

A still degraded environment with signs of improvement



Despite the persistent lack of visibility for 2023, **the Group will continue to invest in order to prioritize medium-term growth.**



2023 OUTLOOK

2023 financial objectives

In its Financial Report, published February 8, 2023, the Group 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.

The business activity and results in Q1 2023 confirmed this situation. The delay in new system orders in the first quarter and the possibility of continued weakness in the coming months have led the Group, on April 27, 2023, to revise the objectives, published February 8, 2023, downwards.

However, the expected growth in recurring revenues in 2023, combined with the measures taken in the latter part of April to reduce certain overheads, will mitigate the impact of low new order intake on EBITDA before non-recurring items.

	Scenarios of February 8, 2023 ¹	Scenarios of April 27, 2023 ²
Revenues	€522m to €576m (+2% to +12%)*	€485m to €525m (-5% to +3%)*
EBITDA <i>before non-recurring items</i>	€90m to €113m (-5% to +20%)*	€78m to €95m (-15% to +3%)*

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€. The mechanical impact of the evolution in exchange rates compared to those used at the beginning of the year is a decline in revenues of 4.5 million euros and in EBITDA before non-recurring items of 2.5 million euros.

AGENDA

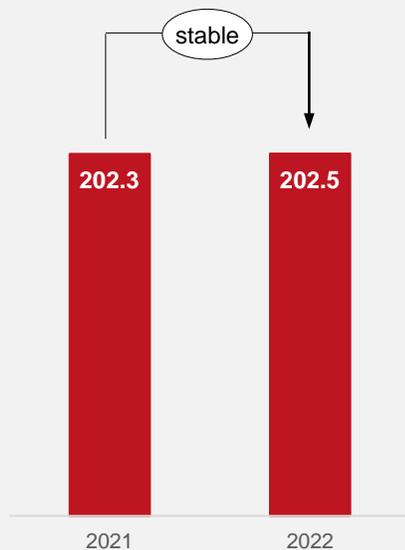
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Steady level of new systems orders

Increase of new software subscription orders

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

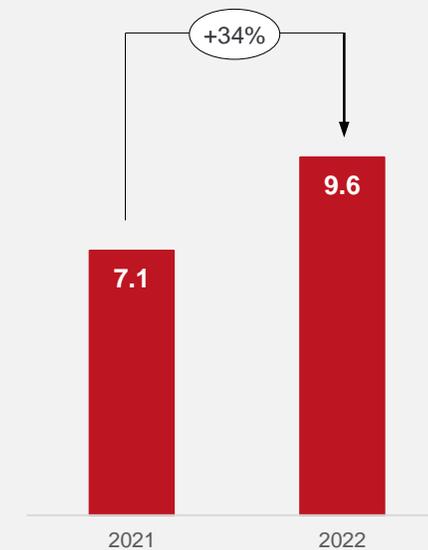
In millions of euros



	2021	2022	Change At actual exchange rates
Total	202.3	202.5	stable
<i>of which perpetual software licenses</i>	16.8	18.5	+10%
<i>of which equipment and accompanying software</i>	164.4	161.1	-2%
<i>of which non-recurring services</i>	21.1	22.9	+9%

New software subscription orders

In millions of euros, annual value

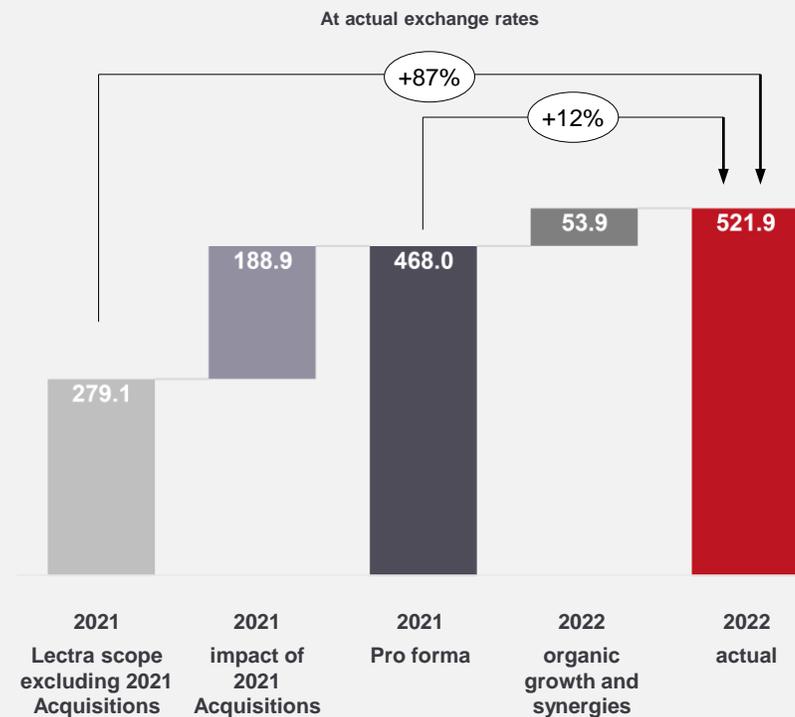


APPENDICES - 2022 RESULTS

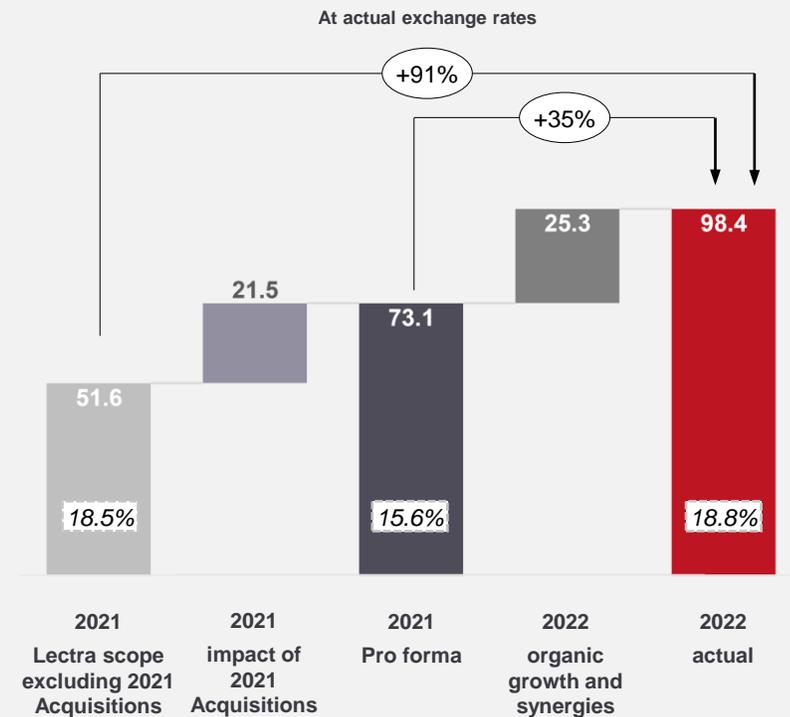
Strong increase in revenues and earnings

In millions of euros

Revenues



EBITDA before non-recurring items

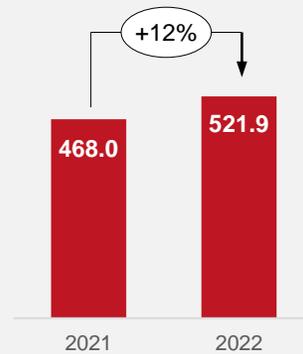


APPENDICES - 2022 RESULTS – COMPARED TO 2021 PRO FORMA

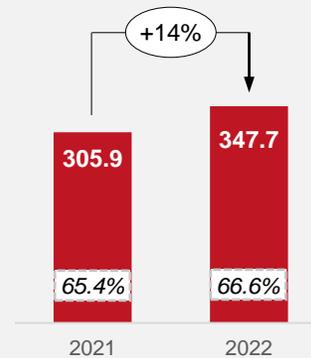
Very strong increase in results

In millions of euros

Revenues

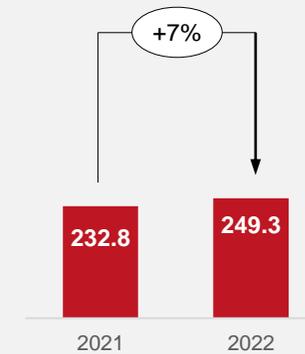


Gross profit



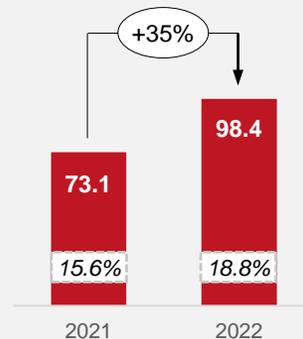
Overhead costs

excluding depreciation and amortization



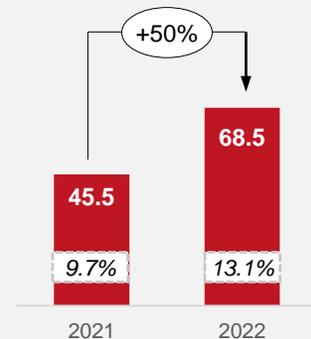
EBITDA

before non-recurring items

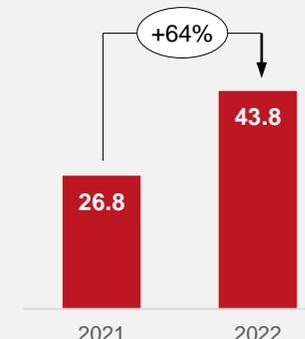


Income from operations

before non-recurring items

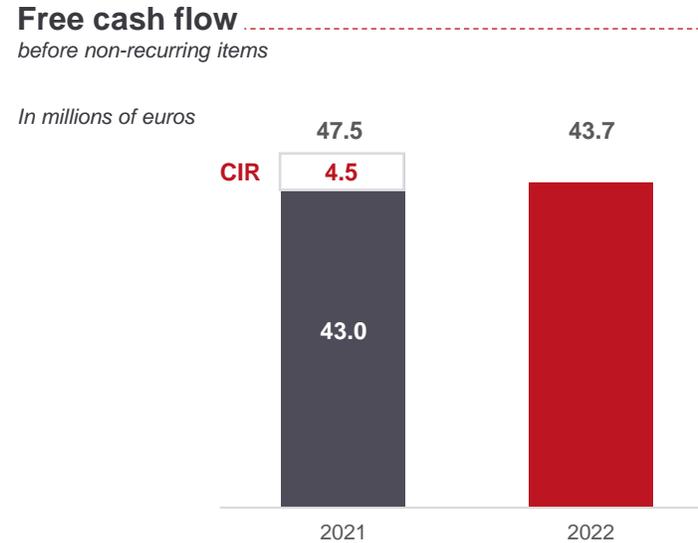


Net income



 = In % of revenues

Slight decrease in free cash flow before non-recurring items



CIR : research tax credit (Crédit d'Impôt Recherche)

Free cash flow before non-recurring items was down slightly compared to 2021 due to a temporary increase in working capital requirement.

This increase stems from:

- the payment in 2022 of the variable portion of compensation and the incentive plan for 2021, which were €10.6m higher than the amount paid in 2021 in respect of 2020 performance,
- the €15.3m increase in inventories since January 1st,
- the fact that the balance of the 2018 research tax credit (€5.0m) has not been received due to the ongoing tax audit.

After disbursement of €3.4m in respect of non-recurring charges, free cash flow came to €40.3m.

APPENDICES - 2022 RESULTS

Particularly robust balance sheet and positive net cash position

Balance sheet

In millions of euros



- The Group took out a €140m loan in 2021 to finance the cash portion of the acquisition price of Gerber in the amount of €175m.
- A first installment of €21.0m was paid back on June 1, 2022.
- The dividend in respect of FY 2021 (€13.6m) was paid on May 6, 2022.

Lectra has a positive net cash position, less than two years after the acquisition of Gerber.

APPENDICES – Q1 2023 RESULTS

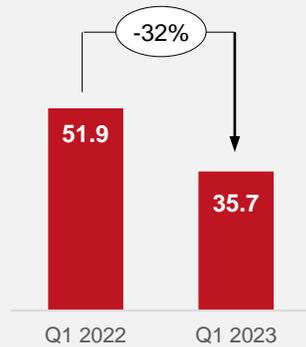
Strong decline in orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

Growth in new software subscription orders

Steady level in revenues and EBITDA before non-recurring items

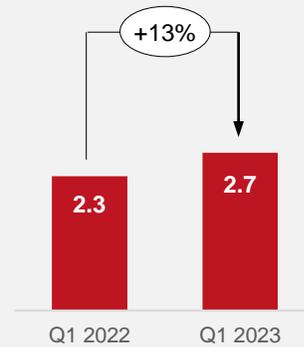
Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

In millions of euros



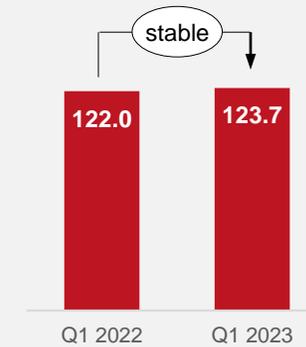
New software subscription orders

In millions of euros, annual value



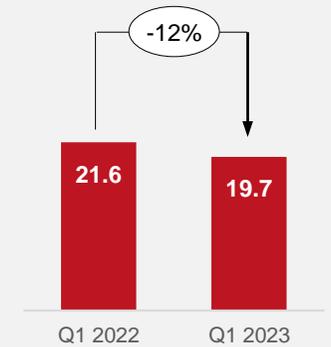
Revenues

In millions of euros



EBITDA before non-recurring items

In millions of euros



LECTRA

We pioneer. You lead.