

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE SECOND QUARTER AND FIRST HALF 2022

Dear Shareholders,

We report below on Lectra group's (the "Group") business activity and consolidated financial statements for the second quarter and first half of 2022, ending June 30, 2022.

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

Orders for new systems are reported using two indicators: on the one hand, the value of software sold separately under perpetual software licenses, equipment and accompanying software (also sold in the form of perpetual licenses) and non-recurring services; and on the other hand, the annual value of new subscriptions for software sold in Software-as-a-Service (SaaS) mode. These indicators are reported for all orders for new systems, including those booked by the companies acquired in 2021, and are compared to 2021 Pro forma amounts. The companies acquired – and Gerber in particular – did not track their orders prior to the acquisition. While the system to track Gerber orders using Lectra's strict rules was put in place following the acquisition, it has only provided precise information since October 1, 2021. Therefore, the amount indicated for orders in the 2021 Pro forma figures for the three companies acquired that year is equivalent to the corresponding figure for revenues, it being considered that there is generally a limited time between order intake and revenue recognition.

Comparisons between 2022 and 2021 are based solely on actual exchange rates due to the impossibility of calculating what the amounts would have been for the three acquisitions when using different exchange rates.

The detailed tables of orders for new systems, of revenues, and of the income statements for the second quarter, as well as for first half of 2022 are provided in the additional information of this report, starting on page 8.

### 1. GREAT RESILIENCY IN A DEGRADED ENVIRONMENT

The first semester was significantly marked by the war in Ukraine and its consequences. As soon as the conflict began, the Company decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia 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.

This war has accelerated price increases, energy shortfalls and shortages in some raw materials. However, their impact on the Group's financial statements was limited due to its low exposure to energy costs and a limited dependency on those raw materials affected the most. The Group also adjusted sale prices to compensate for the increase in its production costs, first in January and then in July.

In addition, the lockdown periods had a negative impact on the amount of orders in China. They also caused delays in the delivery of CAD/CAM equipment, including a portion of that equipment manufactured in China, estimated at 2.4 million euros, which had not been recovered at the end of June; the shortfall is expected to be rectified by the end of September. Moreover, persistent problems in maritime shipping have caused shipping delays that adversely affected revenues.

Finally, since the beginning of 2022, the dollar has significantly strengthened against the euro. With an average exchange rate of \$1.09/€1 in H1, the dollar was up 10% compared to H1 2021. This change and other currency changes mechanically increased revenues by roughly 6%. The difference between the observed exchange rates and the dollar/euro rate used to define the 2022 objectives (\$1.13/€1) had only a +2% impact on revenues.

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

## **2. SUMMARY FOR Q2 2022**

### **2.1 EBITDA and income from operations before non-recurring items doubled**

Q2 2022 revenues amounted to 128.9 million euros and increased by 61% compared to Q2 2021, in which Gerber accounts were consolidated from June 1.

EBITDA before non-recurring items totaled 23.7 million euros and was the double of 2021 (11.9 million euros).

The EBITDA margin before non-recurring items was 18.4%.

Income from operations before non-recurring items amounted to 16.2 million euros, multiplied by 2.1 compared to Q2 2021 (7.7 million euros). This includes a 2.9-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber, Neteven and Gemini and from the activity of Glengo Teknoloji (see chapter 2.3).

Net income totaled 10.9 million euros. It was multiplied by 3.7 compared to Q2 2021, which included a non-recurring charge of 3.8 million euros in respect of the acquisition of Gerber.

Free cash flow before non-recurring items came to 7.7 million euros (4.5 million euros in Q2 2021). After disbursement of 0.3 million euros in Q2 in respect of non-recurring charges, free cash-flow came to 7.3 million euros.

### **2.2 Comparison to the 2021 Pro forma: strong growth in revenues and EBITDA before non-recurring items**

In the climate of uncertainty and slowing economic growth affecting many countries, some of the Group's customers have decided to postpone their investment decisions.

Furthermore, the strict lockdown measures implemented by the Chinese government, which became even stricter in late March and were only gradually lifted from the beginning of June, had a very negative impact on orders in China.

Despite this context, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (55.3 million euros) increased by 4% compared to Q2 2021.

The annual value of new software subscription orders amounted to 1.9 million euros, down 14%.

Revenues (128.9 million euros) increased by 12% compared to the 2021 Pro forma.

EBITDA before non-recurring items (23.7 million euros) increased by 51% and the EBITDA margin before non-recurring items (18.4%) by 4.8 percentage points.

## 2.3 Partnership between Lectra Turkey and Glengo Teknoloji

On April 25, 2021, the Company announced that Lectra Turkey had joined forces with Glengo Teknoloji (“Glengo”). This partnership will enable both organizations to expand their footprint in Turkey (which ranks as the world's sixth-leading exporter of garments), Central Asia and the Middle East, and better serve their customers. This union (see press release of April 25, 2022) is the logical next step after Lectra's acquisition of Gerber in June 2021. The impact of this combination, which took effect on June 2, 2022, on the Q2 accounts is negligible.

## 3. CONSOLIDATED FINANCIAL STATEMENTS FOR FIRST HALF 2022

H1 2022 revenues were 250.8 million euros, up 71%.

EBITDA before non-recurring items totaled 45.2 million euros (+95% at actual exchange rates) and the EBITDA margin before non-recurring items was 18.0%.

Consolidated income from operations before non-recurring items amounted to 30.7 million euros (16.2 million euros in H1 2021), up 90%. This includes a 5.6-million-euro charge for amortization of intangible assets arising from the acquisitions of Gerber, Neteven and Gemini, and of the activity of Glengo Teknoloji.

After recognizing a non-recurring charge of 1.5 million euros in H1 2022 for impairment of the Group's net assets in Russia (0.9 million euros) and for costs relating to the acquisition of Gerber (0.6 million euros), income from operations amounted to 29.2 million euros.

Financial income and expenses represented a net charge of 1.7 million euros. Net foreign exchange gains amounted to 0.1 million euros. After an income tax expense of 7.4 million euros, net income totaled 20.2 million euros, and was multiplied by 2.3.

Net earnings per share were €0.54 on basic capital and €0.53 on diluted capital (€0.26 on basic capital and on diluted capital in H1 2021).

Free cash flow before non-recurring items came to 14.7 million euros (14.3 million euros in H1 2021). This stability, and the fact that free cash flow is lower than net income, are explained by the 9.3-million-euro difference between the payment in H1 2022 of the variable portion of compensation and the incentive plan in respect of 2021 results (for the Lectra scope excluding the impact of acquisitions), and the corresponding payment in H1 2021 in respect of 2020 results, which were adversely affected by the COVID-19 crisis.

After disbursement of 2.4 million euros in respect of non-recurring charges, free cash-flow came to 12.3 million euros.

### 3.1 Comparison to the 2021 Pro forma

#### Growth in new system orders

H1 orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (107.1 million euros) were up 8% compared to the amount of 2021 Pro forma orders.

Orders for perpetual software licenses (9.7 million euros), equipment and accompanying software (86.7 million euros) and for training and consulting (8.0 million euros) increased by 9%, 9% and 6% respectively.

Geographically, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services increased by 21% in the Americas, 7% in Europe and decreased by 7% in Asia-Pacific (of which 26% in China). They increased by 62% in the rest of the world (including Northern Africa, South Africa, Turkey, and the Middle East ...).

They increased by 49% in the automotive market and 6% in the fashion market. They decreased by 32% in the furniture market and 7% in the other industries.

The annual value of new software subscription orders came to 4.2 million euros, up 33% and an increase in all regions compared to the 2021 Pro forma.

### **Strong growth in revenues and earnings**

Despite the negative impact of the war in Ukraine and the lockdown measures in China, H1 2022 revenues (250.8 million euros) increased by 11% compared to the 2021 Pro forma.

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

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (100.5 million euros) increased by 10%. This item contributed 40% of revenues, or the same percentage as in 2021, and included mainly:

- perpetual software licenses (9.8 million euros), which increased by 11% and accounted for 4% of revenues (4% in 2021);
- equipment and accompanying software (80.8 million euros), which increased by 10% and accounted for 32% of revenues (32% in 2021);
- training and consulting (7.3 million euros), which increased by 6% and accounted for 3% of revenues (3% in 2021).

Accordingly, at June 30, 2022, the order backlog for perpetual software licenses, equipment and accompanying software, and training and consulting amounted to 58.2 million euros. It increased by 9.3 million euros compared to December 31, 2021.

#### ***Revenues from recurring contracts, and consumables and parts***

Revenues from recurring contracts, which represented 32% of revenues (32% in 2021), amounted to 80.2 million euros, an 11% increase:

- software subscriptions (9.4 million euros), up 61%, represented 4% of revenues (3% in 2021);
- software maintenance contracts (25.8 million euros), up 4%, represented 10% of revenues (11% in 2021);
- equipment and accompanying software maintenance contracts (45.1 million euros), up 8%, represented 18% of revenues (18% in 2021).

In parallel, revenues from consumables and parts (70.1 million euros) were up 12% and represented 28% of revenues (28% in 2021).

Overall, recurring revenues (150.3 million euros) increased by 11%.

### **Gross profit**

Gross profit amounted to 167.1 million euros, up 13% compared to the 2021 Pro forma.

The gross profit margin came to 66.6%, up 1.5 percentage points.

Personnel expenses and other operating expenses incurred in the execution of service contracts or in training and consulting are not included in the cost of goods sold but are accounted for in overhead costs.

### **Overhead costs**

Overhead costs were 136.4 million euros, up 5% compared to the 2021 Pro forma. The breakdown is as follows:

- 125.1 million euros in fixed overhead costs (+9%);
- 11.3 million euros in variable costs (-23%).

Research and development costs (25.6 million euros), which are fully expensed in the period and included in fixed overhead costs, represented 10.2% of revenues (25.5 million euros and 11.2% of revenues for the 2021

Pro forma). After deducting the research tax credit applicable in France and grants received, net research and development costs totaled 22.0 million euros (20.8 million euros for the 2021 Pro forma).

#### *EBITDA before non-recurring items, income from operations before non-recurring items and net income*

EBITDA before non-recurring items (45.2 million euros) increased by 44% and the EBITDA margin before non-recurring items (18.0%) by 4.1 percentage points relative to the 2021 Pro forma.

Income from operations before non-recurring items (30.7 million euros) increased by 73% and the operating margin before non-recurring items (12.2%) by 4.4 percentage points compared to the 2021 Pro forma.

Net income (20.2 million euros) was multiplied by 2.6.

### **3.2 Balance sheet at June 30, 2022**

At June 30, 2022, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 437.1 million euros (400.8 million euros at December 31, 2021) and a net financial debt of 13.3 million euros, consisting in financial debt of 118.5 million euros and available cash of 105.2 million euros.

The working capital requirement at June 30, 2022 was a negative 16.5 million euros.

## **4. SHARE CAPITAL – OWNERSHIP – SHARE PRICE PERFORMANCE**

### **Change in share capital**

At June 30, 2022, the share capital came to €37,778,811, divided into 37,778,811 shares with a par value of €1.00.

Share capital increased by €35,852 (with a total share premium of €446,146) due to the creation of 35,852 shares since January 1, 2022, resulting from the exercise of stock options.

### **Main shareholders**

On February 18, 2022, the Company was notified that AIPCF VI LG Funding LP (United States) had fallen below the 10% thresholds of share capital and of voting rights and held 9.01% of the share capital and 8.96% of the voting rights.

On February 23, 2022, the Company was notified that Fidelity Management and Research (FMR) LLC (United States) had exceeded the 5% thresholds of share capital and of voting rights and held 8.77% of the share capital and 8.73% of the voting rights.

No other crossing of statutory thresholds has been reported to the Company since January 1, 2022.

At the date of publication of this report, and to the Company's knowledge:

- Daniel Harari holds 14.6% of the capital and 14.5% of the voting rights;
- AIPCF VI LG Funding LP (United States) holds more than 5% (and less than 10%) of the share capital and voting rights;
- Artisan Partners Limited Partnership (United States), Brown Capital Management LLC (United States), Fidelity Management and Research (FMR) LLC (United States), Kabouter Management LLC (United States), all four acting on behalf of investment funds and customers that they manage, and Kempen Oranje Participaties (The Netherlands), acting on behalf of the investment fund Kempen Oranje Participaties N.V. that it manages, each hold more than 5% (and less than 10%) of the share capital and voting rights.

No other shareholder has reported holding more than 5% of the share capital and voting rights.

### Treasury shares

At June 30, 2022, the Company held 0.07% of its own shares in treasury shares, solely within the framework of the liquidity agreement contracted with Exane BNP Paribas.

### Share price performance and trading volumes

The Company's share price at June 30, 2022 was €35.00, down 17% compared to December 31, 2021 (€42.00). In H1, it reached a low of €33.40 on May 19 and a high of €44.85 on March 31.

The CAC 40 index, CAC All-Tradable index and the CAC Mid & Small index each decreased by 17%, for the first six months of 2022.

According to Bloomberg, 11.4 million shares were traded on all platforms in H1 2022 (6.9 million in H1 2021), including 24% on Euronext.

Since December 29, 2021, the Company's shares have been eligible for the Euronext Deferred Settlement Service (SRD), which allows French investors to defer settlement or delivery of shares.

In its press release of April 11, 2022, the Company confirmed that it is eligible for inclusion in French SME ("PEA-PME") equity savings plans. As a consequence, investment in Lectra shares can be made through PEA-PME savings accounts, a scheme specifically applicable to investments in small and mid-cap companies, benefiting from the same tax advantages as the traditional Equity Savings Plan (PEA).

### Lectra joins the new stock market index "Euronext Tech Leaders"

By joining the new Euronext Tech Leaders stock market index, launched on June 7, 2022, Lectra is one of the top 100 European technology leaders, of which 41 French companies, identified by Euronext as innovative and high-growth companies.

## 5. SIGNIFICANT POST-CLOSING EVENTS SINCE JUNE 30, 2022

No significant event has occurred.

## 6. FINANCIAL CALENDAR

The Q3 and first nine months of 2022 financial results will be published on October 25, after the close of trading on Euronext Paris.

## 7. BUSINESS TRENDS IN 2022

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 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.

At the beginning of 2022, the Group set itself objectives of achieving, in the current fiscal year, 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 the deterioration of the macroeconomic environment renders the level of order intake in the second half of the year uncertain, the order backlog at June 30 remains high and provides Lectra with good visibility regarding revenues in the coming months. Furthermore, the Group stands to benefit from the strength of the dollar against the euro, were the dollar to remain strong.

In light of the above, the Group now anticipates achieving full-year 2022 revenues in the range of 514 to 534 million euros (+33% to +38%) and EBITDA before non-recurring items in the range of 95 to 102 million euros (+46% to +57%). These new scenarios were established on the basis of the actual exchange rates in H1, and the rates on June 30, 2022, particularly \$1.04/€1, for the second half of 2022.

The Board of Directors

July 28, 2022

## ADDITIONAL INFORMATION – SECOND QUARTER 2022

### ORDERS FOR NEW SYSTEMS – COMPARISONS AT ACTUAL EXCHANGE RATES

#### Perpetual software licenses, equipment and accompanying software and non-recurring services

(in thousands of euros)	Three Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
					Actual exchange rates
Perpetual software licenses	4,554	8%	4,406	8%	+3%
Equipment and accompanying software	44,864	81%	44,053	83%	+2%
Training and consulting services	4,460	8%	3,625	7%	+23%
Miscellaneous	1,371	2%	1,266	2%	+8%
<b>Total</b>	<b>55,250</b>	<b>100%</b>	<b>53,350</b>	<b>100%</b>	<b>+4%</b>
€ / \$ average parity	1.07		1.21		

#### New software subscriptions

(in thousands of euros)	Three Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
					Actual exchange rates
Annual value of new software subscriptions	1,889	na	2,187	na	-14%
€ / \$ average parity	1.07		1.21		

### BREAKDOWN OF REVENUES – COMPARISONS AT ACTUAL EXCHANGE RATES

Revenue distribution by geographical market is reported on an indicative basis. Trends for the fiscal year cannot be extrapolated based on one single quarter.

#### Revenues by region

(in thousands of euros)	Three Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
					Actual exchange rates
Europe, of which:	40,061	31%	37,989	33%	+5%
- France	6,951	5%	5,729	5%	+21%
Americas	46,242	36%	37,421	33%	+24%
Asia-Pacific	33,256	26%	32,615	28%	+2%
Other countries	9,311	7%	7,451	6%	+25%
<b>Total</b>	<b>128,870</b>	<b>100%</b>	<b>115,476</b>	<b>100%</b>	<b>+12%</b>
€ / \$ average parity	1.07		1.21		

#### Revenues by type of business

(in thousands of euros)	Three Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
					Actual exchange rates
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	51,895	40%	46,803	41%	+11%
- Perpetual software licenses	5,114	4%	4,418	4%	+16%
- Equipment and accompanying software	41,666	32%	38,010	33%	+10%
- Training and consulting services	3,745	3%	3,109	3%	+20%
- Miscellaneous	1,371	1%	1,266	1%	+8%
Recurring revenues, of which:	76,975	60%	68,673	59%	+12%
- Software subscriptions	4,991	4%	3,075	3%	+62%
- Software maintenance contracts	12,942	10%	12,473	11%	+4%
- Equipment and accompanying software maintenance contracts	23,084	18%	21,161	18%	+9%
- Consumables and parts	35,958	28%	31,965	28%	+12%
<b>Total</b>	<b>128,870</b>	<b>100%</b>	<b>115,476</b>	<b>100%</b>	<b>+12%</b>
€ / \$ average parity	1.07		1.21		



## CONSOLIDATED INCOME STATEMENT – COMPARISONS AT ACTUAL EXCHANGE RATES

(in thousands of euros)	Three Months Ended June 30				
	2022	2021	Changes 2022/2021	2021	Changes 2022 /Pro forma 2021
	Actual	Actual	Actual exchange rates	Pro forma	Actual exchange rates
<b>Revenues</b>	128,870	80,025	+61%	115,476	+12%
Cost of goods sold	(42,058)	(23,797)	+77%	(40,902)	+3%
<b>Gross profit</b>	86,812	56,228	+54%	74,574	+16%
(in % of revenues)	67.4%	70.3%	-2.9 points	64.6%	+2.8 points
Research and development	(11,062)	(7,358)	+50%	(10,306)	+7%
Selling, general and administrative expenses	(59,530)	(41,162)	+45%	(55,471)	+7%
<b>Income from operations before non-recurring items</b>	16,220	7,708	+110%	8,796	+84%
(in % of revenues)	12.6%	9.6%	+3.0 points	7.6%	+5.0 points
Non-recurring expenses	(995)	(3,751)	-73%	(3,751)	-73%
<b>Income from operations</b>	15,226	3,957	+285%	5,045	+202%
(in % of revenues)	11.8%	4.9%	+6.9 points	4.4%	+7.4 points
<b>Income before tax</b>	14,765	3,206	+361%	3,679	+301%
Income tax	(3,816)	(282)	na	(810)	+371%
<b>Net income</b>	10,949	2,924	+274%	2,869	+282%
of which, Group share	11,073	2,871	+286%	2,938	+277%
of which, Non-controlling interests	(124)	53	na	(69)	+80%
Income from operations before non-recurring items	16,220	7,708	+110%	8,796	+84%
+ Net depreciation and amortization of non-current assets	7,442	4,149	+79%	6,900	+8%
<b>EBITDA before non-recurring items</b>	23,662	11,857	+100%	15,697	+51%
(in % of revenues)	18.4%	14.8%	+3.6 points	13.6%	+4.8 points
€ / \$ average parity	1.07	1.21		1.21	

## ADDITIONAL INFORMATION – FIRST HALF 2022

### ORDERS FOR NEW SYSTEMS – COMPARISONS AT ACTUAL EXCHANGE RATES

#### 1. Perpetual software licenses, equipment and accompanying software and non-recurring services

##### 1.1. By product line

	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	Actual exchange rates
(in thousands of euros)					
Perpetual software licenses	9,705	9%	8,929	9%	+9%
Equipment and accompanying software	86,743	81%	79,656	80%	+9%
Training and consulting services	8,047	8%	7,617	8%	+6%
Miscellaneous	2,628	2%	2,726	3%	-4%
<b>Total</b>	<b>107,123</b>	<b>100%</b>	<b>98,927</b>	<b>100%</b>	<b>+8%</b>
€ / \$ average parity	1.09		1.21		

##### 1.2. By region

	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	Actual exchange rates
(in thousands of euros)					
Europe	30,420	28%	28,306	28%	+7%
Americas	30,845	29%	25,471	26%	+21%
Asia-Pacific	36,631	34%	39,457	40%	-7%
Other countries	9,227	9%	5,694	6%	+62%
<b>Total</b>	<b>107,123</b>	<b>100%</b>	<b>98,927</b>	<b>100%</b>	<b>+8%</b>
€ / \$ average parity	1.09		1.21		

##### 1.3. By market

	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	Actual exchange rates
(in thousands of euros)					
Fashion	54,211	50%	50,973	52%	+6%
Automotive	32,144	30%	21,510	22%	+49%
Furniture	10,334	10%	15,199	15%	-32%
Other industries	10,434	10%	11,245	11%	-7%
<b>Total</b>	<b>107,123</b>	<b>100%</b>	<b>98,927</b>	<b>100%</b>	<b>+8%</b>
€ / \$ average parity	1.09		1.21		

#### New software subscriptions

	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	Actual exchange rates
(in thousands of euros)					
Annual value of new software subscriptions	4,224	na	3,180	na	+33%
€ / \$ average parity	1.09		1.21		

## BREAKDOWN OF REVENUES – COMPARISONS AT ACTUAL EXCHANGE RATES

### Revenues by region

(in thousands of euros)	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
Europe, of which:	80,895	32%	72,692	32%	+11%
- France	13,343	5%	11,717	5%	+14%
Americas	88,122	35%	75,319	33%	+17%
Asia-Pacific	62,354	25%	63,406	28%	-2%
Other countries	19,458	8%	15,066	7%	+29%
<b>Total</b>	<b>250,828</b>	<b>100%</b>	<b>226,483</b>	<b>100%</b>	<b>+11%</b>
€ / \$ average parity	1.09		1.21		

### Revenues by type of business

(in thousands of euros)	Six Months Ended June 30				
	2022		2021		Changes 2022 /Pro forma 2021
	Actual	%	Pro forma	%	
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	100,508	40%	91,532	40%	+10%
- Perpetual software licenses	9,796	4%	8,805	4%	+11%
- Equipment and accompanying software	80,754	32%	73,116	32%	+10%
- Training and consulting services	7,330	3%	6,886	3%	+6%
- Miscellaneous	2,628	1%	2,726	1%	-4%
Recurring revenues, of which:	150,320	60%	134,951	60%	+11%
- Software subscriptions	9,351	4%	5,814	3%	+61%
- Software maintenance contracts	25,762	10%	24,795	11%	+4%
- Equipment and accompanying software maintenance contracts	45,083	18%	41,688	18%	+8%
- Consumables and parts	70,124	28%	62,653	28%	+12%
<b>Total</b>	<b>250,828</b>	<b>100%</b>	<b>226,483</b>	<b>100%</b>	<b>+11%</b>
€ / \$ average parity	1.09		1.21		

## CONSOLIDATED INCOME STATEMENT – COMPARISONS AT ACTUAL EXCHANGE RATES

	Six Months Ended June 30				
	2022	2021	Changes 2022/2021	2021	Changes 2022 /Pro forma 2021
	Actual	Actual	Actual exchange rates	Pro forma	Actual exchange rates
(in thousands of euros)					
<b>Revenues</b>	<b>250,828</b>	<b>146,711</b>	<b>+71%</b>	<b>226,483</b>	<b>+11%</b>
Cost of goods sold	(83,759)	(42,025)	+99%	(79,074)	+6%
<b>Gross profit</b>	<b>167,069</b>	<b>104,686</b>	<b>+60%</b>	<b>147,409</b>	<b>+13%</b>
(in % of revenues)	66.6%	71.4%	-4.8 points	65.1%	+1.5 points
Research and development	(22,001)	(13,588)	+62%	(20,840)	+6%
Selling, general and administrative expenses	(114,399)	(74,930)	+53%	(108,832)	+5%
<b>Income from operations before non-recurring items</b>	<b>30,669</b>	<b>16,168</b>	<b>+90%</b>	<b>17,737</b>	<b>+73%</b>
(in % of revenues)	12.2%	11.0%	+1.2 points	7.8%	+4.4 points
Non-recurring expenses	(1,468)	(4,764)	-69%	(4,764)	-69%
<b>Income from operations</b>	<b>29,202</b>	<b>11,404</b>	<b>+156%</b>	<b>12,973</b>	<b>+125%</b>
(in % of revenues)	11.6%	7.8%	+3.8 points	5.7%	+5.9 points
<b>Income before tax</b>	<b>27,636</b>	<b>11,248</b>	<b>+146%</b>	<b>11,522</b>	<b>+140%</b>
Income tax	(7,406)	(2,323)	+219%	(3,656)	+103%
<b>Net income</b>	<b>20,230</b>	<b>8,926</b>	<b>+127%</b>	<b>7,866</b>	<b>+157%</b>
<b>of which, Group share</b>	<b>20,448</b>	<b>8,828</b>	<b>+132%</b>	<b>7,997</b>	<b>+156%</b>
of which, Non-controlling interests	(218)	98	na	(131)	+66%
Income from operations before non-recurring items	30,669	16,168	+90%	17,737	+73%
+ Net depreciation and amortization of non-current assets	14,563	7,050	+107%	13,708	+6%
<b>EBITDA before non-recurring items</b>	<b>45,233</b>	<b>23,218</b>	<b>+95%</b>	<b>31,445</b>	<b>+44%</b>
(in % of revenues)	18.0%	15.8%	+2.2 points	13.9%	+4.1 points
€ / \$ average parity	1.09	1.21		1.21	

## Company certification of the first half 2022 report

We certify that, to our knowledge, the first-half financial statements have been prepared in accordance with currently applicable accounting standards and provide a fair view of the assets, financial condition, and financial results of the Company and of its consolidated companies. We further certify that the first half report on operations presents a true and sincere view of the significant events that occurred during the first six months of the fiscal year and their impact on the financial statements, and a description of the main risks and uncertainties for the coming six months.

Paris, July 28, 2022

Daniel Harari  
Chairman and Chief Executive Officer

Olivier du Chesnay  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

(in thousands of euros)	June 30, 2022 <sup>(1)</sup>	December 31, 2021 <sup>(1)</sup>	June 30, 2021 <sup>(2)</sup>
Goodwill	297,577	275,250	252,044
Other intangible assets	146,571	138,084	132,787
Leasing rights-of-use	29,864	28,543	30,057
Property, plant and equipment	28,705	28,060	28,141
Other non-current assets	24,704	24,638	27,220
Deferred tax assets	11,054	9,047	8,355
<b>Total non-current assets</b>	<b>538,475</b>	<b>503,622</b>	<b>478,604</b>
Inventories	75,661	59,650	51,992
Trade accounts receivable	84,185	82,948	73,849
Other current assets	20,312	19,153	20,030
Cash and cash equivalents	105,202	130,586	117,423
<b>Total current assets</b>	<b>285,360</b>	<b>292,337</b>	<b>263,294</b>
<b>Total assets</b>	<b>823,835</b>	<b>795,959</b>	<b>741,898</b>

### EQUITY AND LIABILITIES

(in thousands of euros)	June 30, 2022 <sup>(1)</sup>	December 31, 2021 <sup>(1)</sup>	June 30, 2021 <sup>(2)</sup>
Share capital	37,779	37,743	37,647
Share premium	139,957	139,511	138,182
Treasury shares	(974)	(271)	(716)
Currency translation adjustments	41,259	12,132	(2,499)
Retained earnings and net income	216,431	208,947	197,754
Non-controlling interests	2,610	2,724	258
<b>Total equity</b>	<b>437,062</b>	<b>400,786</b>	<b>370,626</b>
Retirement benefit obligations	9,556	11,348	11,503
Non-current lease liabilities	27,539	25,930	27,521
Minority shares purchase commitments	11,500	9,500	2,165
Deferred tax liabilities	1,168	-	-
Borrowings, non-current portion	97,381	118,284	118,226
<b>Total non-current liabilities</b>	<b>147,144</b>	<b>165,062</b>	<b>159,415</b>
Trade and other current payables	109,177	110,852	101,125
Deferred revenues	82,705	77,822	71,546
Current income tax liabilities	4,735	4,586	4,005
Current lease liabilities	9,158	8,500	8,851
Minority shares purchase commitments	1,413	2,464	1,495
Borrowings, current portion	21,077	21,102	21,099
Provisions for other liabilities and charges	11,364	4,785	3,736
<b>Total current liabilities</b>	<b>239,629</b>	<b>230,111</b>	<b>211,857</b>
<b>Total equity and liabilities</b>	<b>823,835</b>	<b>795,959</b>	<b>741,898</b>

(1) The June 2022 and December 2021 amounts integrate Gerber Technology, Neteven and Gemini CAD Systems (see note 3 hereafter).

(2) The June 2021 amounts were restated following the implementation of the IFRS IC decision relating to IAS 19, made at the end of 2021 retroactively on January 1 2021, and that entailed a decrease of retirement benefit obligations and deferred tax assets by 0.9 and 0.2 million euros respectively, and an increase of retained earnings (Group share) by 0.7 million euros.

## CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Six months ended June 30, 2022 <sup>(1)</sup>	Six months ended June 30, 2021
Revenues	250,828	146,711
Cost of goods sold	(83,759)	(42,025)
<b>Gross profit</b>	<b>167,069</b>	<b>104,686</b>
Research and development	(22,001)	(13,588)
Selling, general and administrative expenses	(114,399)	(74,930)
<b>Income from operations before non-recurring items</b>	<b>30,669</b>	<b>16,168</b>
Non-recurring expenses <sup>(2)</sup>	(1,468)	(4,764)
<b>Income from operations</b>	<b>29,202</b>	<b>11,404</b>
Financial income	448	135
Financial expenses	(2,122)	(454)
Foreign exchange income (loss)	109	163
<b>Income before tax</b>	<b>27,636</b>	<b>11,248</b>
Income tax	(7,406)	(2,323)
<b>Net income</b>	<b>20,230</b>	<b>8,926</b>
<b>of which, Group share</b>	<b>20,448</b>	<b>8,828</b>
of which, Non-controlling interests	(218)	98

(in euros)		
Earnings per share, Group share:		
- basic	0.54	0.26
- diluted	0.53	0.26
Shares used in calculating earnings per share:		
- basic	37,742,919	33,368,665
- diluted	38,256,102	33,827,583

(in thousands of euros)		
Income from operations before non-recurring items	30,669	16,168
+ Net depreciation and amortization of non-current assets	14,563	7,050
<b>EBITDA before non-recurring items</b>	<b>45,233</b>	<b>23,218</b>

## STATEMENT OF COMPREHENSIVE INCOME, GROUP SHARE <sup>(3)</sup>

(in thousands of euros)	Six months ended June 30, 2022 <sup>(1)</sup>	Six months ended June 30, 2021
<b>Net income, Group share</b>	<b>20,448</b>	<b>8,828</b>
Currency translation adjustments	28,908	8,694
Tax effect	220	100
<b>Other comprehensive income to be reclassified in net income</b>	<b>29,128</b>	<b>8,794</b>
Remeasurement of the net liability arising from defined benefits pension plans	1,827	426
Tax effect	(473)	(113)
<b>Other comprehensive income not to be reclassified in net income</b>	<b>1,354</b>	<b>313</b>
<b>Total other comprehensive income</b>	<b>30,482</b>	<b>9,107</b>
<b>Comprehensive income, Group share</b>	<b>50,930</b>	<b>17,935</b>

(1) The 2022 amounts integrate Gerber Technology, Neteven and Gemini CAD Systems (see note 3 hereafter).

(2) These amounts correspond to fees and other costs relating to the acquisition of Gerber Technology and the impairment of the Group's net assets in Russia (see note 3 hereafter).

(3) The Group considered as non-material the information regarding the comprehensive income of the non-controlling interests (see note 3 hereafter) and thus only presents the comprehensive income of the Group share.

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Six months ended June 30, 2022 <sup>(1)</sup>	Six months ended June 30, 2021
<b>I - OPERATING ACTIVITIES</b>		
Net income	20,230	8,926
Net depreciation and amortization (non-current assets)	14,563	7,050
Net depreciation and provisions (current assets)	2,009	815
Non-cash operating expenses	1,743	75
Loss (profit) on sale of fixed assets	16	(30)
Changes in deferred income taxes	(817)	383
Changes in inventories	(14,285)	(5,517)
Changes in trade accounts receivable	2,799	1,666
Changes in other current assets and liabilities	(5,557)	7,466
Changes in other operating non-current assets	(8)	(4,249)
<b>Net cash provided by (used in) operating activities</b>	<b>20,693</b>	<b>16,585</b>
<b>II - INVESTING ACTIVITIES</b>		
Purchases of intangible assets	(1,779)	(1,157)
Purchases of property, plant and equipment	(2,335)	(1,034)
Proceeds from sales of intangible and tangible assets	-	33
Acquisition cost of companies purchased <sup>(2)</sup>	(5,023)	(162,209)
Purchases of financial assets <sup>(3)</sup>	(6,198)	(4,128)
Proceeds from sales of financial assets <sup>(3)</sup>	6,740	4,400
<b>Net cash provided by (used in) investing activities</b>	<b>(8,595)</b>	<b>(164,095)</b>
<b>III - FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares by the parent company	482	1,430
Proceeds from issuance of ordinary shares to non controlling interests	11	-
Dividend paid	(13,588)	(7,820)
Change in share of interests in controlled entities <sup>(4)</sup>	(299)	(167)
Purchases of treasury shares	(6,690)	(4,313)
Sales of treasury shares	6,004	4,124
Repayment of lease liabilities	(4,847)	(3,213)
Proceeds from long term and short term borrowings	-	139,214
Repayments of long-term and short-term borrowings	(21,000)	-
<b>Net cash provided by (used in) financing activities</b>	<b>(39,927)</b>	<b>129,255</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(27,829)</b>	<b>(18,255)</b>
<b>Cash and cash equivalents at opening</b>	<b>130,586</b>	<b>134,626</b>
Increase (decrease) in cash and cash equivalents	(27,829)	(18,255)
Effect of changes in foreign exchange rates	2,445	1,052
<b>Cash and cash equivalents at closing</b>	<b>105,202</b>	<b>117,423</b>
Net cash provided by (used in) operating activities	20,693	16,585
+ Net cash provided by (used in) investing activities	(8,595)	(164,095)
- Acquisition cost of companies purchased	5,023	162,209
- Repayment of lease liabilities	(4,847)	(3,213)
<b>Free cash flow</b>	<b>12,274</b>	<b>11,486</b>
Non-recurring items of the free cash flow	(2,447)	(2,835)
<b>Free cash flow before non-recurring items</b>	<b>14,721</b>	<b>14,321</b>
Income tax (paid) / reimbursed, net	(3,740)	(1,517)
Interest (paid) on lease liabilities	(257)	(67)
Interest (paid)	(566)	-

(1) The 2022 amounts integrate Gerber Technology, Neteven and Gemini CAD Systems (see note 3 hereafter).

(2) In 2022, this amount corresponds to the price paid for the business combination with Glengo Teknoloji, and in 2021, to the acquisition cost, net of cash acquired, of Gerber Technology (see note 3 hereafter).

(3) These amounts mainly correspond to the valuation of purchases and sales of treasury shares made through the liquidity agreement, and for which the counterpart is shown in the corresponding cash flows arising from financing activities.

(4) These amounts correspond to the payments of the remainder of the staggered purchases of additional 10% of Retviews, made in January 2021 and 2022 (see note 3 hereafter).



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros, except for par value per share expressed in euros)	Share capital			Share premium	Treasury shares	Currency translation adjustments	Retained earnings and net income	Equity, Group share	Non controlling interests	Total equity
	Number of shares	Par value per share	Share capital							
Balance at December 31, 2020	32,511,651	1.00	32,512	19,387	(343)	(11,293)	151,750	192,013	160	192,173
Implementation of IFRS IC decision relative to IAS 19							659	659	-	659
Balance at January 1, 2021	32,511,651	1.00	32,512	19,387	(343)	(11,293)	152,409	192,672	160	192,832
Net income							8,828	8,828	98	8,926
Other comprehensive income							8,794	9,107	-	9,107
<b>Comprehensive income</b>							<b>8,794</b>	<b>9,141</b>	<b>98</b>	<b>18,033</b>
Exercised stock options	134,994	1.00	135	1,295				1,430		1,430
Shares issued to purchase Gerber Technology <sup>(1)</sup>	5,000,000	1.00	5,000	117,500				165,250		165,250
Fair value of stock options							465	465		465
Sale (purchase) of treasury shares					(373)			(373)		(373)
Profit (loss) on treasury shares							138	138		138
Minority shares purchase commitment revaluation for Retviews							670	670	-	670
Dividend paid							(7,820)	(7,820)		(7,820)
Balance at June 30, 2021	37,646,645	1.00	37,647	138,182	(716)	(2,499)	197,754	370,368	258	370,626
Balance at December 31, 2020	32,511,651	1.00	32,512	19,387	(343)	(11,293)	151,750	192,013	160	192,173
Implementation of IFRS IC decision relative to IAS 19							659	659	-	659
Balance at January 1, 2021	32,511,651	1.00	32,512	19,387	(343)	(11,293)	152,409	192,672	160	192,832
Net income							28,255	28,255	(11)	28,244
Other comprehensive income							23,425	24,089	-	24,089
<b>Comprehensive income</b>							<b>23,425</b>	<b>28,919</b>	<b>(11)</b>	<b>52,333</b>
Exercised stock options	231,308	1.00	231	2,624				2,855		2,855
Shares issued to purchase Gerber Technology <sup>(1)</sup>	5,000,000	1.00	5,000	117,500				165,250		165,250
Fair value of stock options							1,119	1,119		1,119
Sale (purchase) of treasury shares					72			72		72
Profit (loss) on treasury shares							270	270		270
Minority shares purchase for Retviews <sup>(2)</sup>							799	799	(129)	670
Integration of Neteven and Gemini and minority shares purchase commitment <sup>(3)</sup>							(9,500)	(9,500)	1,500	(8,000)
Shares issued to non controlling interests							-	-	1,204	1,204
Dividend paid							(7,820)	(7,820)		(7,820)
Balance at December 31, 2021	37,742,959	1.00	37,743	139,511	(271)	12,132	208,947	398,062	2,724	400,786
Net income							20,448	20,448	(218)	20,230
Other comprehensive income							29,128	30,482	1	30,483
<b>Comprehensive income</b>							<b>29,128</b>	<b>21,802</b>	<b>(217)</b>	<b>50,713</b>
Exercised stock options	35,852	1.00	36	446				482		482
Fair value of stock options							597	597		597
Sale (purchase) of treasury shares					(703)			(703)		(703)
Profit (loss) on treasury shares							14	14		14
Minority shares purchase commitment revaluation for Retviews							750	750		750
Glengo operation and minority shares purchase commitment <sup>(4)</sup>							(2,092)	(2,092)	92	(2,000)
Shares issued to non controlling interests <sup>(4)</sup>							-	-	11	11
Dividend paid							(13,588)	(13,588)		(13,588)
Balance at June 30, 2022	37,778,811	1.00	37,779	139,957	(974)	41,259	216,431	434,452	2,610	437,062

(1) This amount corresponds to the shares issued on June 1, 2021 for the acquisition of Gerber Technology (see note 3 hereafter).

(2) This amount stems from the staggered purchases of additional 10% of Retviews in 2021 (see note 3 hereafter).

(3) These amounts stem from the takeover of Neteven and Gemini CAD Systems (see note 3 hereafter).

(4) These amounts stem from the business combination with Glengo Teknoloji on June 1, 2022 (see note 3 hereafter).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2022

### 1. BUSINESS ACTIVITY

A French high technology company, Lectra has developed privileged and long-term relationships with its customers in over 100 countries. They all have operational excellence in common and the soft materials they use – fabrics and leather, but also technical textile and composite materials – to manufacture their products (garments, car seats and interiors, airbags, sofas...).

In order to increase customers' competitiveness, Lectra creates premium technologies specifically for its customers' markets – mainly fashion, automotive and furniture. Lectra's solutions, combining software, automated cutting equipment, data and associated services, enable customers to automate and optimize product design, development and manufacturing, and to digitalize their processes.

Lectra's offer supports customers to achieve their strategic objectives: to boost productivity; to reduce cutting costs; to reduce time-to-market; to meet the challenges of globalization; to enhance product quality; to increase production capacity; and to develop their brands. In addition, customers now face challenges specific to Industry 4.0, such as securing digital communications along an extended supply chain, and making the factory more agile.

Established in 1973, Lectra has been listed on Euronext Paris since 1987.

#### *Business model*

Lectra's business model is based on three pillars:

- 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;
- a balanced revenue mix between revenue from software licenses, equipment and non-recurring services, and recurring revenue;
- the generation of significant annual free cash flow.

#### *Worldwide presence*

Since the mid-1980s Lectra, with headquarters located in France, has established its global footprint.

Since the acquisition of Gerber Technology ("Gerber") in June 2021, Neteven in July 2021 and Gemini CAD Systems ("Gemini") in September 2021, the Group has an unrivalled network of 61 subsidiaries, from which Lectra generates nearly 85% of its revenue.

Lectra welcomes customers from around the world in its International Advanced Technology & Conference Centers in Bordeaux-Cestas (France), Atlanta (USA), New York (USA) and Shanghai (China). The Group has seven international Expertise Centers, based in Bordeaux-Cestas (France), Madrid (Spain), Milan (Italy), Porto (Portugal), Atlanta (USA), Tolland (USA) and Shanghai (China).

#### *Customers*

From global or national corporations to smaller companies, Lectra's customers are, for the most part, fashion and apparel brands, manufacturers and retailers, automotive equipment manufacturers and subcontractors, and furniture brands and manufacturers.

#### *Products and services*

Lectra designs, manufactures and markets end-to-end integrated technology solutions, which combine software, automated cutting equipment, data and associated services. The distinctive feature of Lectra's offer is to integrate business expertise with the best industrial practices for each market sector. The services include technical maintenance, support, training and consulting. The Group also sells consumables and parts for its automated cutting equipment.

The automated cutting equipment manufactured by the Group in France is assembled from parts produced by a network of subcontractors and tested in the Company's industrial facilities in Bordeaux-Cestas (France). Cutting machines on the market since 2007 incorporate hundreds of sensors which connect them to Lectra's Expertise Centers, enabling preventive and predictive maintenance.

The manufacturing of the automated cutting equipment developed by Gerber is subcontracted, essentially to two companies, one in China and the other in the United States.

### *People*

Lectra's strength lies in the skills and experience of nearly 2,500 employees worldwide. Thanks to Lectra's global presence, the Group is close to all its customers, wherever they are in the world.

## **2. SUMMARY OF ACCOUNTING RULES AND METHODS**

The consolidated financial statements are compliant with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board as adopted within the European Union, and available for consultation on the European Commission website:

[https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en)

The condensed consolidated financial statements at June 30, 2022, have been prepared in accordance with IAS 34 – *Interim Financial Statements*. They do not comprise all the financial disclosures required in the complete financial statements and should be read in conjunction with the Group's consolidated financial statements and corresponding notes for the fiscal year 2021, available on lectra.com.

The consolidated financial statements have been prepared in accordance with the same rules and methods as those applied in the preparation of the 2021 financial statements. They have been prepared under the responsibility of the Board of Directors at its meeting of July 28, 2022 and have been subjected to a limited review by the Statutory Auditors.

The standards, amendments and interpretations adopted by the European Union whose application is required for fiscal years starting from January 1, 2022 have no impact on the Group's financial statements. The Group has not early adopted any standard, amendment or interpretation whose application is not required for fiscal years starting from January 1, 2022.

### *Seasonality*

Comparability of the Group's interim and annual accounts may be affected by the slightly seasonal nature of the Group's business, which mostly achieves a higher level of revenue during the fourth quarter of the year. This, in particular, applies to new systems sales. Moreover, overhead costs are reduced during the third quarter due to the summer holidays in France and in European subsidiaries. These two items have a positive impact on income from operations in these quarters.

### *Critical accounting estimates and judgments*

Preparation of the financial statements in accordance with IFRS demands that certain critical accounting estimates be made. Management is also required to exercise its judgment in applying the Group's accounting policies.

The areas involving a higher degree of judgment or complexity, or requiring material assumptions and estimates in relation to the establishment of the consolidated financial statements, relate to the calculation of the recoverable amount of goodwill and fixed assets, and the evaluation of deferred tax assets.

## Revenue

Contracts with customers comprise multiple obligations such as: equipment and accompanying software, perpetual software licenses, consumables and parts, training and consulting, installation, maintenance, evolution and online services contracts for equipment and software.

Software sales are only recognized separately when the customer can benefit from the software independently from the other goods and services promised in the contract. In particular, the software accompanying automated cutting equipment (called pilots) are not recognized separately from these, as they are an inseparable part of the equipment: without the pilot, the equipment would be useless, and without the equipment, the pilot has no use either. On the other hand, specialized software (for instance, software for collection management, pattern-making, simulation), sold under perpetual license separately from the equipment and usually installed on the clients' computers are considered separate performance obligations.

The other obligations are considered as separate under IFRS 15 and are thus accounting for based on the following elements among others:

- installation of equipment and specialized software is made in a few days, easy to implement, and does not modify their characteristics;
- training is short-term and had no interdependence relationship with the other obligations;
- consulting usually regards the optimization of clients' design and production processes and is very often sold separately to clients;
- regarding maintenance of software and equipment, these are mostly yearly contracts in which the Group's commitment is a stand-ready type, or an obligation to make future not-yet-developed versions of the software available. The solutions (equipment and software) are distinct from maintenance since they are entirely ready to work upon delivery and since maintenance services are not critical for the client in order to use the solution. Equipment is sold most often with one or two years of maintenance, and the client holds renewal options that are not discounted compared to the initial price for subscribing maintenance. Renewal options are thus not considered as significant rights that would require separate accounting under IFRS 15.

The Company determines stand-alone selling prices of the multiple elements by using observable data as much as possible. For elements which are not sold separately on a customary basis, stand-alone selling prices are estimated based on the Company's pricing policy, reflecting expected costs plus an appropriate margin.

Revenue from sales of equipment (including pilot software) is recognized when the control has been transferred to the purchaser. These conditions are fulfilled upon physical transfer of the equipment in accordance with the contractual sale terms.

Specialized software sold as perpetual licenses is regarded as right-of-use licenses under IFRS 15, for which revenue is booked at a certain date, generally the time of installation of the software on the customer's computer (either by CD-ROM or downloading).

Revenue from subscription sales of software (granting the customer with an access right the said software licenses) is spread over the duration of the customer's commitment.

Revenue from training and consulting is recognized based on the completion of hours or days of work.

Revenue from equipment and specialized software installation is recognized when these services are rendered.

Revenue from software and equipment maintenance contracts is spread linearly over the duration of the contracts, as they are 'stand-ready obligations'.

Lectra acts as principal in the sale of equipment insofar as parts and sub-ensembles assembled by the Group in France only constitute inputs used in the manufacturing of finished goods sold to customers.

### Cost of goods sold

Cost of goods sold comprises all purchases of raw materials included in the costs of manufacturing, the net change in inventory and inventory write-downs, all labor costs included in manufacturing costs which constitute the added value, freight out costs on equipment sold, and a share of depreciation of the manufacturing facilities.

Cost of goods sold does not include salaries and expenses associated with service revenue, which are included under 'Selling, General and Administrative Expenses'.

### Research and development costs

The technical feasibility of software and hardware developed by the Group is generally not established until a prototype has been produced or until feedback is received from its pilot sites, setting the stage for their commercialization. Consequently, the technical and economic criteria requiring the recognition of development costs in assets at the moment they occur are not met, and these, together with research costs, are therefore fully expensed in the period in which they are incurred.

The French research tax credit (*crédit d'impôt recherche*) and innovation tax credit (*credit d'impôt innovation*), as well as grants linked to R&D projects, if any, are deducted from R&D expenses.

### Earnings per share

Basic net earnings per share are calculated by dividing net income by the weighted-average number of shares outstanding during the period, excluding the weighted-average number of treasury shares.

Diluted net earnings per share are calculated by dividing net income by the weighted-average number of shares adjusted for the dilutive effect of stock options outstanding during the period and excluding the weighted-average number of treasury shares held solely under the liquidity agreement.

The dilutive effect of stock options is computed in accordance with the share repurchase method provided by IAS 33. The assumed proceeds from exercise of stock options are regarded as having been used to repurchase shares at the average market price during the period. The number of shares thus obtained is deducted from the total number of shares resulting from the exercise of stock options.

Only options with an exercise price below the said average share price are included in the calculation of the number of shares representing the diluted capital.

### Performance indicators

The Group uses performance indicators such as income from operations, EBITDA before non-recurring items, free cash flow, and the security ratio, as defined below; it considers these aggregates appropriate for management of the Group and for measurement of the implementation of its strategy.

#### *Income from operations before non-recurring items and income from operations*

The Group uses an intermediate balance referred to as 'Income from operations', defined as income excluding financial operations, companies accounted for by the equity method, discontinued operations or those held for sale, and income tax.

When the Group identifies non-recurring items, it tracks its operating performance by means of an intermediate balance referred to as 'Income from operations before non-recurring items'. This financial metric reflects income from operations less non-recurring income and plus non-recurring expenses, as set forth in CNC (French National Accounting Council) recommendation 2009-R.03.

Where applicable, non-recurring items are presented on a specific line and reflect the impact on the financial statements of events that are either unusual, abnormal or infrequent. There are very few of these and their amounts are significant.

### *EBITDA before non-recurring items*

The Group defines EBITDA before non-recurring items ('Earnings Before Interest, Tax, Depreciation and Amortization') as the addition of operating income before non-recurring items and net depreciation and amortization of non-current assets.

This indicator allows the Group to monitor its operating performance directly related to business activity, excluding the impacts of capitalized investments.

### *Free cash flow before non-recurring items and free cash flow*

Free cash flow is equal to net cash provided by operating activities minus cash used in investing activities, excluding cash used for acquisitions of companies (net of cash acquired), and minus repayments of lease liabilities according to IFRS 16.

Within free cash flow, the Group isolates non-recurring cash-ins and -outs, corresponding to the income and expenses of the same nature in the income from operations. Restated from these elements presented on a specific line, the Group thus identifies the free cash flow before non-recurring items.

The Group considers this definition of free cash flow as a performance indicator of its work on cash management.

### *Security ratio*

The security ratio is defined by the Group as the percentage of annual fixed overhead costs covered by gross profit on recurring revenue.

This ratio is used by the Group to measure the coverage of annual fixed-overheads costs by revenues that do not depend on customer's investment decisions from one year to the next.

### *Operating segments*

Operating segment reporting is based directly on the Group's performance tracking and review systems. The segments disclosed in note 4 are identical to those covered by the information regularly communicated to the Executive Committee, in its capacity as the Group's 'chief operating decision maker'.

Reported segments refer to the major marketing regions. The regions concerned are: the Americas; Northern and Eastern Europe and Middle East; Southern Europe and North Africa; and Asia-Pacific. These regions are involved in sales and the provision of services to their customers. They do not perform any industrial activities or R&D. They draw on centralized competencies and a wide array of functions that are pooled among all of the regions, including marketing, business development, logistics, procurement, production, R&D, finance, legal affairs, human resources, information systems. All of these cross-divisional activities are reported as an additional column referred to here as 'Corporate' and which allows for reconciliation with the amounts presented in the Group's financial statements.

Performance is measured by the segment's EBITDA before non-recurring items and impairment of assets, if any. Marketing regions derive their revenue from external customers; all inter-segment billings are excluded from this item. The gross profit margin rates used to determine operating performance are identical for all regions. They are computed for each product line and include added value supplied by Corporate. Consequently, for products or services supplied in full or in part by Corporate, a percentage of consolidated gross profit is retained in the income computed for Corporate in order to cover its costs. Since most of Corporate's general overheads are fixed, its profit margin and consequently its EBITDA before non-recurring items depend mainly on the volume of business generated by marketing regions.

### 3. SCOPE OF CONSOLIDATION

At June 30, 2022, the Group's scope of consolidation comprised the parent company, Lectra SA, together with 58 fully-consolidated companies, 25 of which come from the acquisition of Gerber.

#### Situation in Ukraine and Russia

As soon as the conflict began, the Company decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia and stopping all deliveries of products or services.

The Group recorded an impairment of its net assets in Russia, for an approximate 0.9 million euros; the Lectra Russia subsidiary remains fully consolidated in the Group's scope.

#### Business combination with Glengo Teknoloji

On June 1, 2022, the Group signed a business combination between its subsidiary Lectra Turkey and Glengo Teknoloji ("Glengo"), the exclusive distributor of Gerber solutions in Turkey. The transaction involved the acquisition by Lectra Turkey of Glengo's assets (and the onboarding of most of its employees), pour 5.0 million euros, and the acquisition by Glengo's shareholders of 25% of Lectra Turkey's shares; the company becomes Glengo Lectra Teknoloji. The transaction also includes a mid-term minority shares purchase commitment (with cross puts and calls).

The purchase price accounting is in the process of being finalized, and the main impacts on the Group financial statements to date are as follows:

- Recording of customer relationships for 2.4 million euros;
- Acquisition of inventory for 1.6 million euros;
- Acquisition of tangible assets (mostly cars) for 0.5 million euros;
- Recording of a goodwill of 0.1 million euros;
- Recording of non-controlling interests, valued at their share in the net assets of the company (against equity, Group share), for 0.1 million euros;
- Recording of a debt to recognize the minority shares purchase commitment, measured at fair value, recorded for a total amount of 2.0 million euros (classified as non-current liabilities). The counterpart is recorded in 'Equity, Group share'.

The acquisition cost for Lectra has been entirely disclosed under the heading 'Acquisition cost of companies purchased' in the statement of cash flows, for an amount of 5.0 million euros.

Moreover, a capital increase in the amount of 11 thousand euros took place in June 2022, fully subscribed by non-controlling interests (shareholders of Glengo) and appears on the corresponding caption in the statement of cash-flows.

#### Acquisition of Gemini

In September 2021, the Group purchased the Romanian company Gemini. The transaction involved, at that date, the acquisition of 60% of the capital and voting rights of Gemini for 7.6 million euros. The acquisition of the remaining capital and voting rights (minority shares purchase commitment – with cross puts and calls) will take place in two installments in September 2024 and September 2026, and will bring the total cost of the acquisition between 13 and 20 million euros.

The purchase price accounting is in the process of being finalized. The debt to recognize the minority shares purchase commitment, measured at fair value, is recorded for a total amount of 7.0 million euros (classified as non-current liabilities).

Gemini has been fully consolidated since September 27, 2021.

### Acquisition of Neteven

In June 2021, the Group purchased the French company Neteven. The transaction involved, at that date, the acquisition of 80% of the capital and voting rights of Neteven for 12.6 million euros. The acquisition of the remaining capital and voting rights (minority shares purchase commitment – with cross puts and calls) will take place in June 2025 for an amount between 0.6 and 0.9 times the 2024 recurring revenue.

The purchase price accounting is in the process of being finalized. The debt to recognize the minority shares purchase commitment, measured at fair value, is recorded for a total amount of 2.5 million euros (classified as non-current liabilities).

Neteven has been fully consolidated since July 28, 2021.

### Acquisition of Gerber

On June 1, 2021, Lectra finalized the acquisition of all outstanding shares of Gerber, for 173.9 million euros (after final determination of the transaction price) – financed through a 140-million-euro loan and the Group's available cash – plus 5 million newly issued Lectra shares to AIPCF VI LG Funding LP, Gerber's sole shareholder.

This strategic combination has led to the creation of a leading global Industry 4.0 player for the fashion, automotive and furniture markets.

### Business combination – acquisition method

The purchase accounting (performed under IFRS 3) and the evaluation of its tax effects have been finalized. Some amounts, mainly corresponding to tax risks, were revised, resulting in a 6.4 million euros increase of the recorded goodwill. The following tables show the details of these revisions.

#### ASSETS

(in thousands of euros)

	Initial amounts	Revision	Final amounts
Intangible assets	125,237	-	125,237
Leasing rights-of-use	15,942	-	15,942
Property, plant and equipment	4,045	-	4,045
Other non-current assets	2,133	-	2,133
Deferred tax assets	1,133	(24)	1,109
<b>Total non-current assets</b>	<b>148,490</b>	<b>(24)</b>	<b>148,466</b>
Inventories	17,267	(94)	17,173
Trade accounts receivable	29,572	-	29,572
Other current assets	3,384	-	3,384
Cash and cash equivalents	15,030	-	15,030
<b>Total current assets</b>	<b>65,252</b>	<b>(94)</b>	<b>65,158</b>
<b>Total assets acquired</b>	<b>213,742</b>	<b>(118)</b>	<b>213,624</b>



## LIABILITIES

(in thousands of euros)

	Initial amounts	Revision	Final amounts
Retirement benefit obligations	891	-	891
Non-current lease liabilities	18,015	-	18,015
Borrowings, non-current portion	-	-	-
<b>Total non-current liabilities</b>	<b>18,906</b>	<b>-</b>	<b>18,906</b>
Trade and other current payables	35,037	-	35,037
Deferred revenues	12,251	-	12,251
Current income tax liabilities	959	-	959
Current lease liabilities	3,642	-	3,642
Borrowings, current portion	-	-	-
Provisions for other liabilities and charges	3,538	6,260	9,798
<b>Total current liabilities</b>	<b>55,427</b>	<b>6,260</b>	<b>61,687</b>
<b>Total liabilities assumed</b>	<b>74,333</b>	<b>6,260</b>	<b>80,593</b>
<b>Net assets and liabilities</b>	<b>139,409</b>	<b>(6,378)</b>	<b>133,031</b>

(in thousands of euros)

	Initial amount	Revision	Final amount
Net amount of assets acquired and liabilities assumed	139,409	(6,378)	133,031
Non-controlling interests	-	-	-
Acquisition price (after revision)	339,164	-	339,164
<b>Goodwill valuation</b>	<b>199,755</b>	<b>6,378</b>	<b>206,133</b>

### Pro forma information

If Lectra had completed the acquisition on January 1, 2021, Gerber would have reported revenues for the twelve months of 2021 of 217.3 million US dollars (approximately 183.8 million euros), EBITDA before non-recurring items of 25.6 million US dollars (approximately 21.7 million euros) and net income of 2.9 million US dollars (approximately 2.4 million euros).

### Acquisition of Retviews

In July 2019, the Group purchased the Belgian company Retviews and its Romanian subsidiary Retviews Bucharest SRL. The transaction involved the immediate acquisition of 70% of the capital and voting rights of Retviews for 8.0 million euros. As initially planned, Lectra acquired in July 2020 an additional 10% of Retviews, for an amount of 1.0 million euros: 0.9 million euros paid out in July 2020 and the remainder in January 2021. Similarly, Lectra acquired in July 2021 another additional 10% of Retviews, for an amount of 1.5 million euros: 1.2 million euros paid out in July 2022 and the remainder in January 2022. According to IAS 7, the payments appear in the statement of cash-flows, within the financing activities, under the caption "Change in share of interests in controlled entities".

Following the payments made in January and July 2021, and then in January 2022, and the revaluation of the amount to pay for the remaining 10% in July 2022 (revaluation against equity – Group share), the debt corresponding to the minority shares purchase commitment amounted to 1.4 million euros (paid out in July 2022).

Retviews and its Romanian subsidiary have been fully consolidated since July 15, 2019.

There was no other change in the scope of consolidation during the first half of 2022, nor in 2021.

## Non-consolidated entities

Three sales and service subsidiaries are not consolidated, their revenue being immaterial both separately and combined. At June 30, 2022, their combined revenue totaled 0.5 million euros, and their combined assets totaled 3.0 million euros. They had no financial debt outside of the Group. Most of the sales activity of these subsidiaries is billed directly by Lectra SA.

Transactions with these subsidiaries mainly concern purchases from Lectra SA for the purposes of their local operations, or charges and commissions billed to Lectra SA in order to cover their overheads when they act as agents. The amount concerned by these transactions was not significant at June 30, 2022.

## 4. OPERATING SEGMENTS INFORMATION

Six months ended June 30, 2022 (in thousands of euros)	Northern Europe <sup>(1)</sup>	Southern Europe <sup>(2)</sup>	Americas	Asia- Pacific	Corporate	Total
Revenues	47,624	52,728	88,122	62,354	-	250,828
EBITDA before non-recurring items	5,474	9,093	4,422	4,743	21,501	45,233

  

Six months ended June 30, 2021 (in thousands of euros)	Northern Europe <sup>(1)</sup>	Southern Europe <sup>(2)</sup>	Americas	Asia- Pacific	Corporate	Total
Revenues	26,877	36,393	40,806	42,635	-	146,711
EBITDA before non-recurring items	3,104	6,353	5,276	3,494	4,991	23,218

(1) This segment covers the following regions: Germany and Eastern Europe, United Kingdom, Benelux, Scandinavia, Baltic countries, Turkey, Middle East and South Africa.

(2) This segment covers the following regions: France, Italy, Spain, Portugal and North Africa.

The 2022 amounts include the impacts of Gerber (acquisition on June 1, 2021), as well as Neteven and Gemini, which had not yet been purchased in H1 2021.

The 'Corporate' column allows for the reconciliation with the amounts in the Group's financial statements.

## 5. CONSOLIDATED CASH FLOW SUMMARY

Six months ended June 30, 2022 (in thousands of euros)	Cash and cash equivalents	Financial debts	Net cash
Free cash flow before non-recurring items	14,721	-	14,721
Non-recurring items included in free cash flow	(2,447)	-	(2,447)
Proceeds from issuance of ordinary shares <sup>(1)</sup>	482	-	482
Proceeds from issuance of ordinary shares to non controlling interests <sup>(2)</sup>	11	-	11
Sale and purchase of treasury shares <sup>(3)</sup>	(686)	-	(686)
Acquisition cost of companies purchased <sup>(2)</sup>	(5,023)	-	(5,023)
Change in share of interests in controlled entities <sup>(4)</sup>	(299)	-	(299)
Dividend paid	(13,588)	-	(13,588)
Change in borrowings	(21,000)	21,000	-
Amortized cost of borrowings	-	(72)	(72)
Impact of currency variations	2,445	-	2,445
<b>Change in cash position for the period</b>	<b>(25,384)</b>	<b>20,928</b>	<b>(4,456)</b>
Cash position at December 31, 2021	130,586	(139,386)	(8,800)
Cash position at June 30, 2022	105,202	(118,458)	(13,256)
<b>Change in cash position for the period</b>	<b>(25,384)</b>	<b>20,928</b>	<b>(4,456)</b>

(1) Resulting solely from the exercise of stock options.

(2) Amounts related to the business combination with Glengo in June 2022 (see note 3).

(3) Carried out solely under the liquidity agreement administered by Exane BNP Paribas (see note 7).

(4) Payments for the staggered acquisitions of additional 10% of Retviews (see note 3).

Free cash flow before non-recurring items at June 30, 2022, was 14.7 million euros. When adding non-recurring cash-outs for 2.4 million euros, incurred for costs relating to the acquisition of Gerber in 2021 and the situation in Ukraine and Russia, free cash flow amounted to 12.3 million euros.

This figure results from a combination of 20.7 million euros in cash flows provided by operating activities (including an increase in working capital of 17.0 million euros) and capital expenditures of 3.6 million euros. The part of the H1 2022 research tax credit, not paid and not deducted from the corporate income tax due by Lectra SA was almost nil – see note 6 hereafter. Finally, the repayment of lease liabilities (according to IFRS 16), for 4.8 million euros, was taken into account.

The variation in working capital is explained as follows:

- +14.3 million euros corresponding to the increase in inventories, following the pickup in activity and an increase in safety stock to face the tensions in procurement, and the transfer of some of Gerber's former distributors' activities directly to the Group's subsidiaries;
- +11.2 million euros arising from the difference between the variable portion of salaries for the Group in respect of fiscal year 2021 paid mainly in 2022, and the one recognized in H1 2022 that will be paid in 2023;
- -3.1 million euros arising from the increase in trade accounts payable;
- -3.0 million euros arising from the increase in deposits received for customer orders;
- -2.8 million euros corresponding to the decrease in trade accounts receivable, following the cash receipt of a significant portion of the recurring contracts at the beginning of the year, usually yearly in advance (the variation in trade accounts receivable shown in the consolidated statement of cash flows includes 'Deferred revenues' in the statement of financial position, which for the most part comprises the share of recurring contracts billed but not yet recognized in revenue);
- -0.4 million euros arising from the changes in other current assets and liabilities; taken individually, these changes are all immaterial.

The working capital at June 30, 2022 was negative at 16.5 million euros. It comprised the current portion (5.4 million euros) of the 24.4 million euros receivable on the French tax administration in respect of the research and innovation tax credits, which has not been received and has not been deducted from the corporate income tax.

## **6. RESEARCH TAX CREDIT AND INNOVATION TAX CREDIT**

When the research tax credit applicable in France recognized in the year cannot be deducted from the corporate income tax for Lectra, it is treated as a receivable on the French tax administration. If unused in the ensuing three years, it is repaid to the Company in the course of the fourth year. For Neteven, the research and innovation tax credits are treated as a receivable on the French tax administration, repaid to the company in the course of the following year.

The Group presents separately the current and non-current (to be repaid in over a year) part of the income tax receivable related to the French research tax credit.

The research tax credit (3.8 million euros) for H1 2022 was accounted for but not received.

Thus, at June 30, 2022, the Group held a 24.4 million euros receivable on the French tax administration (of which 19.0 million euros classified within other non-current assets), comprised of:

- the remaining amount of the research tax credit, after deduction from the corporate income tax due by Lectra in the same year: for 2022 (8 thousand euros), 2021 (6.0 million euros), 2020 (7.8 million euros), 2019 (5.2 million euros) and 2018 (5.0 million euros);

- the remaining amount of the research and innovation tax credits, after deduction from the corporate income tax due by Neteven for 2022 (0.1 million euros) and 2021 (0.3 million euros).

In light of its estimates of tax credits and corporate income tax for the next three fiscal years, Lectra does not expect to make any payment in respect of corporate income tax, from which will be deducted in full the research tax credit of each fiscal year. Thus, it should receive the reimbursement of the outstanding balance of these non-deducted tax credits as follows: 2022 (in respect of the 2018 tax credit), 2023 (in respect of the 2019 tax credit), 2024 (in respect of the 2020 tax credit), 2025 (in respect of the 2021 tax credit) and 2026 (in respect of the 2022 tax credit). This situation will last for as long as the amount of the annual tax credits exceeds the amount of income tax payable.

If the income tax expense were to rise above the amounts of tax credit for the year, the Company would continue to not pay corporate income tax until the corresponding receivable is deducted in full. Thereafter it would deduct these tax credits each year from the income tax expense for the same year in full and would be required to pay the residual amount.

## 7. TREASURY SHARES

Since January 1, 2022, the Company has purchased 172,410 shares and sold 152,361 shares at an average price of €38.80 and €39.41 respectively under the liquidity agreement administered by Exane BNP Paribas.

At June 30, 2022, the Company held 27,084 Lectra shares (i.e. 0.07% of the share capital) with an average purchase price of €35.98 entirely under the liquidity agreement.

## 8. CASH AND CASH EQUIVALENTS AND NET CASH

(in thousands of euros)	June 30, 2022	December 31, 2021
Available cash	82,459	96,698
Cash equivalents	22,743	33,888
Borrowings and financial debts	(118,458)	(139,386)
<b>Net cash / (net debt)</b>	<b>(13,256)</b>	<b>(8,800)</b>

Lease liabilities, accounted for under IFRS 16, and minority shares purchase commitment are not considered as financial debts here.

Until May 31, 2021, the Group had no borrowings or financial debts. Then on June 1, 2021, it took out a 140-million-euro loan from three banks. This loan is with a five-year maturity, payable by four yearly instalments of 15% and 40% *in fine*. It bears interest at the 3-month Euribor rate (with a 0% floor), to which a margin is added, depending on a leverage ratio and set at 85 base points for the first year and 75 base points for the second one.

A first instalment of 21.0 million euros was paid back on June 1, 2022.

The costs related to the set-up of the loan were deducted from the initial amount recorded in the balance sheet, and will be amortized over the duration of the loan (amortized cost under IFRS 9). This loan was not hedged by any cash-flow hedge.

At June 30, 2022, the maturity of the loan was as follows:

(in thousands of euros)	June 30, 2022	December 31, 2021
Short term – less than one year	21,077	21,102
Long term – more than one year, and less than five years	97,381	118,284
<b>Total</b>	<b>118,458</b>	<b>139,386</b>

## 9. FOREIGN EXCHANGE RISK

In H1 2022, the average parity between the US dollar and the euro was \$1.09/€1.

### Exchange risk hedging instruments

For Lectra's legacy entities, the Group's currency risk hedging policy is unchanged relative to December 31, 2021. For Gerber's legacy entities, no currency hedge was implemented.

Exchange risk hedging instruments at June 30, 2022 were comprised of forward sales or purchases of foreign currencies (mainly US dollar) for a net total equivalent value (sales minus purchases) of 1.0 million euros, intended to hedge existing balance sheet positions. Thus, the Company has hedged almost all its balance sheet positions, for the legacy subsidiaries of Lectra.

Moreover, the Company has not hedged its exposure to currency rates for the rest of 2022.

## 10. SENSITIVITY ANALYSIS

### Sensitivity of revenues and EBITDA before non-recurring items to a change in exchange rates

The sensitivity of revenues and EBITDA before non-recurring items to a change in exchange rates was based on the December 31, 2021, exchange rates for the relevant currencies, in particular \$1.13/€1. The sensitivity to a change in exchange rates takes past acquisitions into account.

In view of the estimated share of revenues and costs denominated in US dollars or in currencies correlated with the US dollar, a 5-cent fall in the euro against the US dollar (leading to an annual average exchange rate of \$1.08/€1) would mechanically increase 2022 annual revenues by approximately 11 million euros and annual EBITDA before non-recurring items by 3.6 million euros. Conversely, a 5-cent appreciation of the euro against the US dollar (i.e. \$1.18/€1) would mechanically reduce annual revenues and EBITDA before non-recurring items by the same amounts.

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**Statutory auditors' review report  
on the half-yearly financial information**

**(For the period from January 1, 2022 to June 30, 2022)**

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders

**LECTRA**

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75016 PARIS

In compliance with the assignment entrusted to us by the shareholders' general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on :

- the review of the accompanying condensed half-yearly consolidated financial statements of LECTRA, for the period from January 1, 2022 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## **I - Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34- standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## **II - Specific verification**

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Mérignac, July 28, 2022

The Statutory Auditors

*French original signed by*

PricewaterhouseCoopers Audit

KPMG SA

Flora Camp

Anne Jallet-Auguste