

Q1 2023: stable revenues and decline in EBITDA before non-recurring items

- Revenues: 123.7 million euros (stable)*
 - EBITDA before non-recurring items: 19.7 million euros (-12%)*
 - Net income: 7.3 million euros (-21%)
 - Free cash flow before non-recurring items: 9.2 million euros
 - Revised 2023 outlook due to wait-and-see attitude of customers
- *Like-for-like

in millions of euros	January 1 – March 31	
	2023	2022
Revenues	123.7	122.0
<i>Change like-for-like (%)</i> ⁽¹⁾	<i>stable</i>	
EBITDA before non-recurring items ⁽²⁾	19.7	21.6
<i>Change like-for-like (%)</i> ⁽¹⁾	<i>-12%</i>	
EBITDA margin before non-recurring items (in % of revenues)	16.0%	17.7%
Net income	7.3	9.3
<i>Change at actual exchange rates (%)</i>	<i>-21%</i>	
Free cash flow before non-recurring items ⁽²⁾	9.2	7.1

(1) Like-for-like: 2023 figures restated at 2022 exchange rates

(2) The definition of the performance indicators is illustrated in the Financial Report at March 31, 2023

Paris, April 27, 2023. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the unaudited consolidated financial statements for the first quarter of 2023.

Comparisons between 2023 and 2022 are based on 2022 exchange rates unless otherwise stated ("like-for-like"). As the impact of the acquisition of TextileGenesis (see press release dated December 8, 2022) on the financial statements for 2023 is not material, like-for-like changes exclude only the variations in exchange rates.

1. SUMMARY FOR Q1 2023

Strong decline in new system orders

Against the backdrop of slower global growth, persistent inflation, and rising interest rates, the first quarter of 2023 was marked by a wait-and-see attitude on the part of the Group's customers around the world with regard to their investment decisions. This situation is reflected in a sharp slowdown in new system orders.

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (35.7 million euros) were down 32%.

Orders for new software subscriptions continued to rise. Their annual value came to 2.7 million euros, increasing by 13% compared to 2022 (+14% at actual exchange rates).

Despite the low order intake, Q1 revenues in 2023 amounted to 123.7 million euros, stable compared to the same period of 2022, due to strong growth in revenues from recurring contracts, which benefited in particular from the growth in software subscription orders and the acceleration of synergies from the Gerber acquisition.

EBITDA before non-recurring items totaled 19.7 million euros, down 12%, and the EBITDA margin before non-recurring items was 16.0%, down 2.1 percentage points.

Income from operations before non-recurring items amounted to 12.1 million euros, down 20%. This included a 3.2-million-euro charge for amortization of intangible assets arising from the acquisitions carried out since 2021.

Net income amounted to 7.3 million euros, down 21% at actual exchange rates.

Free cash flow before non-recurring items came to 9.2 million euros, up 1.8 million euros compared to Q1 2022.

A particularly robust balance sheet

At March 31, 2023, the Group had a particularly robust balance sheet with a consolidated shareholders' equity of 417.9 million euros and a positive net cash position of 7.8 million euros. In Q1, the Company paid 15.2 million euros in respect of the acquisition of the majority of the capital of TextileGenesis.

The working capital requirement at March 31, 2023 was a negative 5.0 million euros.

2. BUSINESS TRENDS AND OUTLOOK

In its financial report on the third quarter and first nine months of 2022, published October 25, 2022, Lectra reiterated its 4.0 strategy, initiated in 2017, and presented an assessment of the 2020-2022 roadmap, specifying that the progress made during the period, as well as the acquisitions of 2021, and the Gerber acquisition in particular, had given the Group a new dimension and increased opportunities for continued growth.

Then, in its 2022 Financial Report, published February 8, 2023, Lectra presented its new roadmap for 2023-2025.

The Group also 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.

Revised 2023 outlook due to wait-and-see attitude of customers

At the beginning of the year, the Group set itself objectives of achieving, in 2023, revenues in the range of 522 to 576 million euros and EBITDA before non-recurring items in the range of 90 to 113 million euros. These scenarios were prepared on the basis of the closing exchange rates on December 30, 2022, and particularly \$1.07/€1.

While visibility remains low on the level of new system orders for the coming quarters, it is high on recurring revenues, which should represent 65% of total revenues in 2023 and are expected to grow significantly. The weight and increase in recurring revenues, combined with the measures taken by the Group in April to reduce certain overheads, will mitigate the impact of low new order intake on revenues and EBITDA before non-recurring items.

Therefore, the Group now anticipates revenues in the range of 485 to 525 million euros (-5% to +3% at constant exchange rates relative to 2022) and EBITDA before non-recurring items in the range of 78 to 95 million euros (-15% to +3% at constant exchange rates relative to 2022). These new scenarios were prepared on the basis of the closing exchange rates on April 27, 2023, for the remaining 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.

Because the Group's customers operate in a highly competitive environment that demands they continue to improve performance, their investments will pick up as soon as the macroeconomic situation improves. Lectra's roadmap for 2023-2025, which was launched on January 1, will enable the Group to take full advantage of the upturn and accelerate its growth.

The 2022 Financial Report, as well as the Management Discussion and analysis of financial conditions and results of operations and the financial statements for Q1 2023 are available on lectra.com. The Shareholders' Meeting will be held on April 28, 2023, in the Company's offices. Q2 and H1 2023 earnings will be published on July 27, 2023, after the close of trading on Euronext.

As a major player in the fashion, automotive and furniture markets, Lectra contributes to the Industry 4.0 revolution with boldness and passion by providing best-in-class technologies.

The Group offers industrial intelligence solutions - software, equipment, data and services - that facilitate the digital transformation of the companies it serves. In doing so, Lectra helps its customers push boundaries and unlock their potential. The Group is proud to state that its 2,500 employees are driven by three core values: being open-minded thinkers, trusted partners and passionate innovators.

Founded in 1973, Lectra reported revenues of 522 million euros in 2022 and is listed on Euronext (LSS).

For more information, please visit www.lectra.com.



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