

Paris, February 11, 2020

## Information on the compensation of the Chairman and Chief Executive Officer in respect of fiscal year 2019

In accordance with the AFEP-MEDEF Code

*In accordance with the recommendations of the AFEP-MEDEF Corporate Governance Code, Lectra SA (the « Company ») is publishing below the details of the compensation paid or granted to Mr Daniel Harari, Chairman and Chief Executive Officer, in respect of fiscal year 2019, as approved by the Board of Directors at its meeting of February 11, 2020, acting on a recommendation from the Compensation Committee. It should be noted that the Chairman and Chief Executive Officer is the sole executive officer of the Company.*

### Components of the Chairman and Chief Executive Officer's compensation

Pursuant to Article L.225-37-2 of the French Commercial Code, at the Ordinary Shareholders Meeting of April 30, 2019, the shareholders were asked to approve the principles and criteria used to determine, apportion and award the fixed, variable and exceptional components making up the total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer in respect of the fiscal year ending December 31, 2019, as they had been laid down by the Board of Directors at its meetings of February 9, 2017 and July 27, 2017 and reviewed at its meeting of February 26, 2019. The resolution on the policy governing the Chairman and Chief Executive Officer's compensation was approved with a 99,97% vote.

All components of the total compensation and benefits in kind paid or granted to the Chairman and Chief Executive Officer in 2019 and described below are in line with said compensation policy approved by the Shareholders' Meeting.

Mr Daniel Harari's compensation as Chairman and Chief Executive Officer comprises a fixed portion and an annual variable portion. He also receives compensation for being a member of the Board of Directors.

Mr Daniel Harari does not receive any multi-year or exceptional variable compensation. The Company does not award him bonuses in any form.

Furthermore, Mr Daniel Harari holds no stock options, performance-based or bonus shares.

Mr Daniel Harari is not under any employment contract with the Company or any company controlled by Lectra SA within the meaning of Article L.233-16 of the French Commercial Code. He is not the beneficiary of any special scheme, or specific benefits, concerning deferred compensation, severance compensation, or pension liabilities committing the Company to grant any form of indemnity or benefit in the event of ending his functions, or at the time of his retirement, or more generally subsequent to the termination of his functions.

The compensation of the Chairman and Chief Executive Officer is paid in its entirety by the Company. He receives no compensation or particular benefit from companies controlled by Lectra SA within the meaning of Article L. 233-16 of the French Commercial Code.

## Compensation of the Chairman and Chief Executive Officer paid or granted in respect of 2019

### Fixed compensation

For fiscal year 2019, Mr Daniel Harari's annual fixed compensation amounts to €390,000.

As a reminder, the Board of Directors, at its meeting of July 27, 2017, decided to set the Chairman and Chief Executive Officer's total annual target-based compensation to €780,000, for the remainder of 2017 and for 2018, and 2019. The fixed portion represents 50% of his total annual target-based compensation, i.e. €390,000.

### Variable compensation

Mr Daniel Harari's variable compensation represents 50% of his total annual target-based compensation, i.e. €390,000.

For fiscal year 2019, the Board of Directors has kept the four quantitative criteria (excluding any qualitative criteria) expressed in terms of annual targets for the group Lectra (the "Group"), together with their relative weighting, as they had been set by the Board of Directors at its meetings of February 9, 2017 and July 27, 2017:

- (i) Contributive value of growth in the Group's sales activity (accounting for 50%);
- (ii) Consolidated income before tax, excluding net financial expense and non-recurring items (accounting for 30%);
- (iii) Consolidated free cash flow excluding net financial expense, non-recurring items, income tax, and after restatement of certain items (accounting for 10%); and
- (iv) Progression of Group's recurring contracts (accounting for 10%).

These criteria reflect the Group's strategy of profitable sales activity and earnings growth, determining the Chairman and Chief Executive Officer's variable compensation.

For each of these four criteria, the corresponding variable compensation is equal to zero below certain thresholds, it is 100% if all annual targets are met, and it is capped at 200% if annual targets are exceeded. Between these thresholds, it is calculated on a linear basis. The results are then weighted by the relative weight for each criterion. Only the annual targets and corresponding thresholds are revised each year, according to the objectives for the fiscal year.

Consequently, variable compensation is equal to zero if none of these thresholds is met and is capped at 200% of the target-based variable compensation if the annual targets are exceeded on all criteria and result in a limit of 200% for each of them.

Therefore, total compensation can be comprised, depending on performance, between 50% and 150% of annual target-based compensation. In other words, variable compensation is comprised between zero and 200% of fixed compensation.

At its meeting of February 11, 2020, the Board of Directors assessed the achievement of each of the four criteria, on a recommendation from the Compensation Committee. In respect of fiscal year 2019, the percentage obtained by the Chairman and Chief Executive Officer for each of the four criteria above is as follows:

- (i) 47% for the contributive value of growth in sales activity (60% in 2018);
- (ii) 38% for consolidated income before tax (86% in 2018);

- (iii) 200% for consolidated free cash flow (22% in 2018); and
- (iv) 67% for the progression of recurring contracts (143% in 2018).

In total, the percentage obtained for the variable portion of Mr Daniel Harari's compensation represents 62% of the amount set for achieving the annual targets (72% in 2018).

It should be noted that the payment of Mr Daniel Harari's variable compensation in respect of fiscal year 2019 is contingent on approval of his compensation by the Combined Shareholders' Meeting of April 30, 2020, pursuant to Article L.225-100 of the French Commercial Code.

### Compensation for directorship

In accordance with the allocation rules governing the Directors' compensation, as set by the Board of Directors at its meeting of February 11, 2016, Mr Daniel Harari's compensation for being a member of the Board of Directors amounts to €40,000 for fiscal year 2019.

### Summary table of the Chairman and Chief Executive Officer's compensation

| Daniel Harari<br>Chairman and Chief<br>Executive Officer<br><i>(in euros)</i> | 2019   |                             | 2018   |                             |
|---|--|-----------------------------|--|-----------------------------|
|   | Amounts earned in<br>respect of fiscal<br>year | Amounts paid in<br>the year | Amounts earned in<br>respect of fiscal<br>year | Amounts paid in<br>the year |
| Fixed compensation <sup>(1)</sup>   | 390,000  | 390,000                     | 390,000  | 449,737                     |
| Variable compensation <sup>(2)</sup>  | 240,172  | 282,420                     | 282,420  | 426,073                     |
| Directors' compensation   | 40,000   | 40,000                      | 40,000   | 40,000                      |
| Benefits in kind <sup>(3)</sup>   | 12,201   | 12,201                      | 11,971   | 11,971                      |
| <b>Total</b>  | <b>682,373</b>                                 | <b>724,621</b>              | <b>724,391</b>                                 | <b>927,781</b>              |

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Information relating to the executive officers' compensation is detailed further in the Report on Corporate Governance, which will be adopted by the Board of Directors at its meeting on February 25, 2020 and presented to the shareholders at the Combined Shareholders' Meeting of April 30, 2020. This Report will be included in the 2019 Annual Financial Report, which will be available on Lectra's website.

<sup>1</sup> As a reminder, following the combination of the positions of Chairman of the Board of Directors and Chief Executive Officer, and the nomination of Mr Daniel Harari as Chairman and Chief Executive Officer on July 27, 2017, the Board of Directors decided to set the Chairman and Chief Executive Officer's total annual target-based compensation to €780,000 (the fixed portion representing 50% of this total, i.e. €390,000), for the period from July 27, 2017 to December 31, 2017, then for the years 2018 and 2019. The difference between the amount of fixed compensation due (€390,000) and paid (€449,737) in 2018 corresponds to the fixed compensation paid in 2018 for the period from July 27, 2017 to December 31, 2017, after the approval by the Ordinary Shareholders' Meeting of April 27, 2018.

<sup>2</sup> The variable compensation for fiscal year 2018 was paid in 2019; the variable compensation for fiscal year 2019 will be paid in 2020 subject to the approval by the Combined Shareholders' Meeting of April 30, 2020.

The difference between the percentage of variable compensation obtained for fiscal year 2018 (72%), paid in 2019, and the variable compensation for 2019 (62%) explains the difference between the amount of variable compensation due for fiscal year 2019 and paid in 2019.

<sup>3</sup> The amounts shown for benefits in kind reflect the value for tax purposes of the use of a company car.