

Paris, February 10, 2021

Information on the compensation of the Chairman and Chief Executive Officer in respect of fiscal year 2020

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 Daniel Harari, Chairman and Chief Executive Officer, in respect of fiscal year 2020, as approved by the Board of Directors at its meeting of February 10, 2021, 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.22-10-8 (former L.225-37-2) of the French Commercial Code, at the Ordinary Shareholders' Meeting of April 30, 2020, the shareholders were asked to approve the policy governing the compensation of the Chairman and Chief Executive Officer in respect of the fiscal year ending December 31, 2020, as it had been laid down by the Board of Directors at its meeting of February 25, 2020. The resolution on this compensation policy was approved with a 99,99% vote.

All components of the total compensation and benefits in kind paid or granted to the Chairman and Chief Executive Officer in 2020 and described below are in line with said compensation policy approved by the Shareholders' Meeting.

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

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

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

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 2020

Fixed compensation

Daniel Harari received gross compensation of €390,000 in respect of the period from January 1, 2020 to December 31, 2020, as approved by the Shareholders' Meeting of April 30, 2020. This compensation was paid on a monthly basis. The fixed compensation remains unchanged since July 2017.

Variable compensation

Pursuant to the policy governing the compensation of the Chairman and Chief Executive Officer for the fiscal year 2020, approved by the Shareholders' Meeting of April 30, 2020, the annual variable compensation of Daniel Harari is maintained at €390,000, subject to achieving objectives. The target-based variable compensation remains unchanged since July 2017.

On a proposal from the Board of Directors, the performance criteria reflecting the Company's strategy of profitable sales activity and earnings growth used to determine the variable compensation of Daniel Harari were revised for the 2020-2022 period. In light of the 2020-2022 strategic roadmap's objectives, the number of criteria was reduced from four to three, increasing the weighting for growth in recurring contracts:

- (i) Contributive value of growth in the Group's sales activity (accounting for 40%);
- (ii) Consolidated income before tax, excluding net financial expense and non-recurring items (accounting for 30%);
- (iii) Progression of Group's recurring contracts (accounting for 30%).

For each of these three 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.

Following review by the Compensation Committee, at its meeting of February 10, 2021, the Board of Directors assessed the achievement of each of the criteria. In respect of fiscal year 2020, the percentage obtained by the Chairman and Chief Executive Officer for each of the three criteria above is as follows:

- (i) 6% for the contributive value of growth in sales activity (47% in 2019);
- (ii) 0% for consolidated income before tax (38% in 2019);
- (iii) 36% for the progression of recurring contracts (67% in 2019).

In total, the percentage obtained for the variable portion of Daniel Harari's compensation represented 13% of the total amount set for achieving the annual performance objectives (62% in 2019), and his variable compensation in respect of fiscal year 2020 was therefore € 50,979.

It should be noted that the payment of Daniel Harari's variable compensation in respect of fiscal year 2020 is contingent on approval of his compensation by the Shareholders' Meeting of April 30, 2021, pursuant to Article L.22-10-34 (former 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, Daniel Harari's compensation for being a member of the Board of Directors amounts to €40,000 for fiscal year 2020.

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

Daniel Harari Chairman and Chief Executive Officer <i>(in euros)</i>	2020		2019	
	Amounts earned in respect of fiscal year	Amounts paid in the year	Amounts earned in respect of fiscal year	Amounts paid in the year
Fixed compensation	390,000	390,000	390,000	390,000
Variable compensation ¹	50,979	240,172	240,172	282,420
Extraordinary compensation	n/a	n/a	n/a	n/a
Directors' compensation	40,000	40,000	40,000	40,000
Benefits in kind ²	13,444	13,444	12,201	12,201
Total	494,423	683,616	682,373	724,621

Information relating to the company 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 24, 2021 and presented to the shareholders at the Shareholders' Meeting of April 30, 2021. This Report will be included in the 2020 Annual Financial Report, which will be available on Lectra's website.

¹ The variable compensation in respect of fiscal year 2019 was paid in 2020; the variable compensation in respect of fiscal year 2020 will be paid in 2021, subject to approval by the Shareholders' Meeting of April 30, 2021. The difference between the percentage of variable compensation granted in respect of fiscal year 2019 (62%), which was paid in 2020, and the percentage in respect of fiscal year 2020 (13%) explains the difference between the amounts of variable compensation due in respect of fiscal year 2020 and paid in 2020.

² The amounts reported as benefits in kind correspond to the value of the use of a company car.