LECTRA

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE SECOND QUARTER AND FIRST HALF 2024

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 ending June 30, 2024. These financial statements include those of Launchmetrics, which have been consolidated since January 23, 2024.

To facilitate the analysis of the Group's results in its new scope (the "Lectra 2024 Scope"), the accounts of Lectra excluding Launchmetrics (the "Lectra 2023 scope") and those of Launchmetrics are analyzed separately. The detailed 2024 vs 2023 comparisons for Lectra 2024 scope and for Launchmetrics results are based on actual exchange rates, whereas the results for the "Lectra 2023 scope" are stated on a like-for-like basis.

Orders are reported using two indicators: on the one hand, orders for new systems, which include 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, new software subscriptions, measuring the annual value of new SaaS contracts (Software-as-a-Service).

The detailed tables of orders for new systems of revenues and of the income statements, are provided in the additional information of this report, starting on page 7.

1. RESULTS FOR Q2 2024

The macroeconomic and geopolitical environment remained especially degraded in the second quarter but with heterogeneous situation between different geographic and sectoral markets. In particular, the manufacturer's morale has improved in Asia-Pacific while uncertainty prevailed in Europe and the United States, due to past or upcoming elections.

This uncertainty resulted in a cautious position on the part of the Group's customers in their investment decisions, with a negative effect on orders for new systems but without having a significant impact on orders for new software subscriptions, which are considered by the Group's customers as operating expenses.

Second quarter results were nonetheless driven by the improvement in Group's fundamentals – growth in recurring revenues, higher gross profit, and stability in overhead costs - EBITDA before non-recurring items has clearly increased.

1.1 Lectra 2024 scope

Strong growth in recurring revenues, especially from software subscriptions revenues (SaaS)

Q2 2024 revenues amounted to 132.7 million euros, up 15% compared to Q2 2023, with the following breakdown: 35.9 million euros in revenues from new systems (27% of total revenues, stable compared with Q2 2023) and 96.9 million in recurring revenues (73% of total revenues, up 21%).

SaaS revenues of 19.7 million euros, corresponding to 15% of total revenues, were 2.7 times higher than in Q2 2023, on the strength of both organic growth and the integration of Launchmetrics.

Launchmetrics contributed 10.8 million euros to revenues.

EBITDA up sharply, mainly due to improved Group's fundamentals

EBITDA before non-recurring items totalled 21.2 million euros, including 1.5 million euros for Launchmetrics, up 36%, compared to Q2 2023. The EBITDA margin before non-recurring items was 15.9% (13.4% for Launchmetrics).

Income from operations before non-recurring items amounted to 10.4 million euros up 28% (8.2 million euro in Q2 2023). This included a 5.9 million euros charge for amortization of intangible assets arising from the acquisitions carried out since 2021, of which 2.7 million euros for Launchmetrics.

After a non-recurring charge of 0.2 million euros, income from operations in Q2 came to 10.2 million euros. In the second quarter of 2023, income from operations totalled 10.8 million euros. This included a non-recurring income item of 2.6 million euros arising from the reversal of a provision for a tax dispute relating to the acquisition of Gerber.

Net financial income and expenses represented a net charge of 1.9 million euros (0.6 million euros in Q2 2023) due to the increase in interest rates and the financing of the acquisition of Launchmetrics.

Foreign exchange gains and losses generated a net loss of 0.5 million euros.

Considering the amortization of Launchmetrics intangible assets (2.7 million euros), the increase in financial expenses and an income tax expense of 3.4 million euros, net income totalled 4.4 million euros. Net income for Q2 2023 (6.6 million euros) included the impact of non-recurring income of 2.6 million euros.

1.2 Lectra 2023 scope

With an average exchange rate of \$1.08/€1 in Q2 2024, the dollar increased by 1% compared to Q2 2023, and the yuan declined by 2% against the euro. Currency variation had a marginal effect on revenues and EBITDA before non-recurring items in the figures expressed at actual exchange rates compared to like-for-like figures.

Orders

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (38.7 million euros) are stable compared to Q2 2023.

The annual value of new subscriptions for software came to 3.0 million euros, up 6% compared to Q2 2023.

Revenues and EBITDA before non-recurring items

Q2 2024 revenues came to 121.9 million euros, up 5% compared to the same period of 2023.

Revenues for perpetual software licenses, equipment and accompanying software, and non-recurring services were down 1%.

Recurring revenues increased by 8%, due to the combination of a strong growth in consumable and parts (+8%) and in recurring contracts (+8%) which continued to benefit from the development in software subscription orders and the acceleration of synergies from the Gerber acquisition in June 2021.The significant increase in consumables and parts reflected a higher level of production of Lectra customers.

EBITDA before non-recurring items was 19.7 million euros, up 27% compared to Q2 2023 due to the increase in revenues and gross profits and to the stability of overheads. The EBITDA margin before non-recurring items stood at 16.2%, (up 2.8 percentage points).

2. CONSOLIDATED FINANCIAL STATEMENTS FOR FIRST HALF 2024

2.1 Lectra 2024 scope

H1 2024 revenues were 262.3 million euros, up 9% compared to the same period of 2023, with the following breakdown: 74.6 million euros in revenues from new systems (28% of total revenues, down 6%) and

187.7 million euros in recurring revenues (72% of total revenues, up 17%), including 36.2 million euros in software subscriptions (14% of revenues, multiplied by 2.6).

The gross profit came to 187.5 million euros, up 13% compared to H1 2023, and the gross profit margin came to 71.5%, up 2.4 percentage points.

EBITDA before non-recurring items totalled 42.2 million euros up 20% and the EBITDA margin before non-recurring items came to 16.1%, up 1.4 percentage points.

Income from operations before non-recurring items amounted to 21.7 million euros, up 7%. This included a 11.0 million euros charge for amortization of intangible assets arising from acquisitions made since 2021, including 4.7 million euros for Launchmetrics.

After recognizing a non-recurring charge of 0.5 million euros, income from operations came to 21.2 million euros.

Gross research and development costs (34.1 million euros), which are fully expensed in the period and included in fixed overhead costs, represented 13% of revenues (28.0 million euros and 11.7% of revenues in H1 2023). After deducting the research tax credit applicable in France, net research and development costs totalled 30.9 million euros.

Financial income and expenses represented a net charge of 3.5 million euros (2.0 million euros in H1 2023) due to the increase in interest rates and the financing of the acquisition of Launchmetrics.

Foreign exchange gains and losses generated a net loss of 0.9 million euros.

Considering the amortization of Launchmetrics intangible assets (4.7 million euros), the increase in financial expenses and an income tax expense of 5.7 million euros, net income totalled 11.1 million euros. Net income for H1 2023 (13.9 million euros) included the impact of non-recurrent income of 2.6 million euros in Q2 2023.

Net earnings per share were €0.33 on basic capital and on diluted capital (€0.38 on basic capital and on diluted capital in H1 2023).

Free cash flow before non-recurring items came to 28.3 million euros up sharply compared to 2023 (16.6 million euros in the first half of 2023). After a disbursement of 0.9 million euros for non-recurring expenses, free cash flow amounted to 27.4 million euros.

As of June 30, 2024, the Group has a particularly robust balance sheet, with a consolidated shareholders' equity of 333.6 million euros, a negative working capital requirement of 10.3 million euros and net financial debt of 59.0 million euros, consisting in financial debt of 118.2 million euros and cash of 59.2 million euros, after paying in full the first tranche of the acquisition of Launchmetrics, i.e. 77.0 million euros.

2.2 Lectra 2023 scope

With an average exchange rate of $1.08/€1 in H1, the dollar was stable compared to H1 2023. The yuan declined by 4% against the euro. Currency changes mechanically decreased revenues by 1.3 million euros (-1%) and EBITDA before non-recurring items by 0.6 million euros (-2%) at actual exchange rates, compared to like-for-like figures.

Orders

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

In H1 2024, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (74.2 million euros) were stable compared to H1 2023.

Orders for perpetual software licenses (6.5 million euros), equipment and accompanying software (57.0 million euros) and for training and consulting (9.0 million euros) were down 8%, down 1% and up 19% respectively.

Geographically, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services decreased by 28% in the Americas and 23% in Europe, they increased by 39% in Asia-Pacific and 4% in the rest of the world (including North Africa, South Africa, Turkey, the Middle East …).

Orders were up 15% in automotive, down 5% in fashion, and down 25% in furniture compared to H1 2023.

Orders from new software subscription

The annual value of new software subscription orders came to 5.4 million euros, stable compared to H1 2023.

Revenues

Revenues amounted 243.2 million euros, up 2% compared to H1 2023 on both like-for-like and actual basis.

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 (73.6 million euros) were down 7%. This item contributed 30% of revenues (33% in 2023), and included mainly:

- perpetual software licenses (6.8 million euros), which decreased by 6% and accounted for 3% of revenues as in 2023;
- equipment and accompanying software (56.6 million euros), which decreased by 6% and accounted for 23% of revenues (25% in 2023);
- training and consulting (8.6 million euros), which decreased by 5% and accounted for 3% of revenues (4% in 2023).

At June 30, 2024, the order backlog for perpetual software licenses, equipment and accompanying software, as well as training and consulting amounted to 35.8 million euros. It increased by 3.3 million euros compared to March 31, 2024.

Revenues from recurring contracts, consumables and parts

Revenues from recurring contracts, which represented 39% of revenues (37% in 2023), amounted to 95.6 million euros, an 8% increase:

- software subscriptions (18.1 million euros), up 31%, represented 7% of revenues (6% in 2023);
- software maintenance contracts (26.6 million euros), stable, represented 11% of revenues as in 2023;
- equipment and accompanying software maintenance contracts (50.9 million euros), up 7%, represented 21% of revenues (20% in 2023).

In parallel, revenues from consumables and parts (74.0 million euros) increased by 4% and represented 30% of revenues as in 2023.

Overall, recurring revenues (169.6 million euros) were up 6%.

Gross profit

Gross profit amounted to 169,2 million euros, up 3% compared to 2023 and the gross profit margin came to 69.6%, up 0.6 percentage point.

Personnel expenses and other operating expenses incurred in the execution of maintenance 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 144.7 million euros, stable compared to 2023, due to an austerity plan deployed in May 2023 aimed at containing growth in fixed costs. Total overhead costs break down into 133.9 million euros in fixed costs (-1%) and 10.8 million euros in variable costs (+13%).

EBITDA before non-recurring items

EBITDA before non-recurring items was 39.7 million euros, up 14% and the EBITDA margin before non-recurring items came to 16.3%, up 1.8 percentage points, compared to 2023.

3. SHARE CAPITAL – OWNERSHIP – SHARE PRICE PERFORMANCE

Change in share capital

At June 30, 2024, the share capital came to €37,914,731, divided into 37,914,731 shares with a par value of €1.00. Share capital increased by €81,766 (with a total share premium of €1,215,411) due to the creation of 81,766 shares since January 1, 2024, resulting from the exercise of stock options.

Main shareholders

On February 28, 2024, the Company was informed that on February 21, 2024, AIPCF VI LG Funding LP (United States) had fallen below the 5% thresholds of share capital and voting rights and held as at that date 3.82% of the share capital and 3.80% of the voting rights. It was then informed on June 4, 2024, that AIPCF VI LG Funding LP (United States) had sold all the shares it held.

On February 25, 2024, Daniel Harari, who had held 14.6% of the share capital and 14.5% of the voting rights, reported to the Company that he had sold 700,000 shares of Lectra to repay loans taken out many years before, and did not intend, in the foreseeable future, to sell other shares of the Company.

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

- Daniel Harari holds 12.7% of the capital and 12.6% of the voting rights;
- Alantra EQMC Asset Management SGIIC (Spain), Brown Capital Management (United States), Fidelity Management and Research (United States) and Kempen Oranje Participaties (The Netherlands) 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, 2024, the Company held 0.09% of its own shares in treasury shares, within the framework of the liquidity agreement contracted with Natixis ODDO BHF.

Share price performance and trading volumes

The Company's share price at June 30, 2024 was €27.55, down 11.8% compared to December 29, 2023 (€31.25). During H1, it reached a low of €26.80 on June 18 and a high of €35.20 on February 16.

The market capitalization amounted to 1.04 billion euros at June 30, 2024 (1.18 billion euros at December 31, 2023).

For the first six months of 2024, the SBF 120 index, of which the Company has been a member since September 15, 2023, decreased by 1%.

According to Bloomberg, 8.8 million shares were traded on all platforms in H1 2024 (9.8 million shares in H1 2023), including 25% on Euronext.

The Company's shares are 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 17, 2024, Lectra confirmed that it is eligible for inclusion in French SME ("PEA-PME") equity savings plans. Consequently, 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).

4. SIGNIFICANT POST-CLOSING EVENTS SINCE JUNE 30, 2024

No significant event has occurred.

5. FINANCIAL CALENDAR

The Q3 and first nine months of 2024 financial results will be published on October 30, after the close of trading on Euronext.

6. BUSINESS TRENDS AND OUTLOOK

In its financial report on the fourth quarter and full year 2023, published on February 14, 2024, Lectra reiterated its long-term vision, as well as the objectives of its 2023-2025 strategic roadmap and its ambitions for 2025: revenues of 600 million euros, of which 400 million euros in recurring revenues, including 90 million euros in SaaS revenues, and an EBITDA margin before non-recurring items exceeding 20%.

The Group also stated that while the substantial improvement in the fundamentals of the Group's business model in 2023 would have a positive impact on 2024 results, persistent macroeconomic and geopolitical uncertainties could continue to weigh on its customers' investment decisions.

While business in H1 remained subdued, the increase in EBITDA before non-recurring items - which exceeded growth in revenues -confirms the improved fundamentals of Lectra's business model.

2024 financial objectives confirmed

On February 14, the Group reported its objectives for 2024, before including the Launchmetrics acquisition (i.e. for the Lectra 2023 scope): to achieve revenues in the range of 480 to 530 million euros (+2% to +12%) and EBITDA before non-recurring items in the range of 85 to 107 million euros (+10% to +40%).

The Group also reported that Launchmetrics revenues (for the consolidation period from January 23 to December 31, 2024) were projected to be in the range of 42 to 46 million euros, with an EBITDA margin before non-recurring items of more than 15%.

These scenarios were prepared on the basis of the closing exchange rates on December 29, 2023, and particularly $1.10/€1.

The results for H1 2024 confirm the 2024 objectives. At this stage, full-year results would be however at the lower end of the ranges indicated.

The Board of Directors
July 25, 2024

ADDITIONAL INFORMATION – SECOND QUARTER 2024

LECTRA 2024 SCOPE

(including Launchmetrics since January 23rd 2024)

BREAKDOWN OF REVENUES – ACTUAL

Revenues by type of business	Three Months Ended June 30							
	2024						2023	Changes 2024/2023
(in thousands of euros)	Lectra 2023 scope	%	Launchmetrics	%	Lectra 2024 scope	%	Lectra 2023 scope	Actual exchange rates
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	35,453	29%	419	4%	35,871	27%	35,736	0%
- Perpetual software licenses	2,830	2%			2,830	2%	3,237	-13%
- Equipment and accompanying software	27,690	23%			27,690	21%	26,889	+3%
- Training and consulting services	4,155	3%	219	2%	4,374	3%	4,462	-2%
- Miscellaneous	777	1%	200	2%	978	1%	1,148	-15%
Recurring revenues, of which:	86,425	71%	10,427	96%	96,852	73%	80,165	+21%
- Software subscriptions (SaaS)	9,305	8%	10,427	96%	19,732	15%	7,234	+173%
- Software maintenance contracts	13,198	11%			13,198	10%	13,263	0%
- Equipment and accompanying software maintenance contracts	25,673	21%			25,673	19%	24,156	+6%
- Consumables and parts	38,248	31%			38,248	29%	35,511	+8%
Total	121,877	100%	10,846	100%	132,723	100%	115,901	+15%
€ / $ average parity	*1.08*		*1.08*		*1.08*		*1.09*	

CONSOLIDATED INCOME STATEMENT – ACTUAL

	Three Months Ended June 30				
	2024			2023	Changes 2024/2023
(in thousands of euros)	Lectra 2023 scope	Launchmetrics	Lectra 2024 scope	Lectra 2023 scope	Actual exchange rates
Revenues	121,877	10,846	132,723	115,901	+15%
Cost of goods sold	(36,946)	(486)	(37,433)	(35,127)	+7%
Gross profit	84,931	10,359	95,290	80,773	+18%
(in % of revenues)	69.7%	95.5%	71.8%	69.7%	+2.1 points
Research and development	(14,685)	(1,494)	(16,179)	(13,323)	+21%
Selling, general and administrative expenses	(58,157)	(10,512)	(68,669)	(59,267)	+16%
Income from operations before non-recurring items	12,089	(1,646)	10,443	8,183	+28%
(in % of revenues)	9.9%	-15.2%	7.9%	7.1%	+0.8 points
Non-recurring income	-	-	-	2,638	na
Non-recurring expenses	(219)	-	(219)	-	na
Income from operations	11,870	(1,646)	10,224	10,821	-6%
(in % of revenues)	9.7%	-15.2%	7.7%	9.3%	-1.6 points
Income before tax	9,553	(1,741)	7,811	9,450	-17%
Income tax	(3,455)	64	(3,391)	(2,899)	+17%
Net income	6,097	(1,677)	4,420	6,551	-33%
of which, Group share	6,147	(811)	5,337	6,844	-22%
of which, Non-controlling interests	(50)	(866)	(917)	(293)	213%
Income from operations before non-recurring items	12,089	(1,646)	10,443	8,183	+28%
+ Net depreciation and amortization of non-current assets	7,620	3,101	10,721	7,383	+45%
EBITDA before non-recurring items	19,709	1,454	21,164	15,566	+36%
(in % of revenues)	16.2%	13.4%	15.9%	13.4%	+2.5 points
€ / $ average parity	*1.08*	*1.08*	*1.08*	*1.09*	

ADDITIONAL INFORMATION – SECOND QUARTER 2024

LECTRA 2023 SCOPE

ORDERS FOR NEW SYSTEMS – LIKE-FOR-LIKE

Perpetual software licenses, equipment and accompanying software and non-recurring services	Three Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Perpetual software licenses	3,015	8%	3,027	3,483	9%	-13%	-13%
Equipment and accompanying software	29,641	76%	29,543	30,729	78%	-4%	-4%
Training and consulting services	5,316	14%	5,378	3,809	10%	+40%	+41%
Miscellaneous	777	2%	778	1,148	3%	-32%	-32%
Total	38,749	100%	38,727	39,169	100%	-1%	-1%
€ / $ average parity	*1.08*		*1.09*	*1.09*			

New software subscriptions (SaaS)	Three Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Annual value of new software subscriptions (SaaS)	3,005	na	3,007	2,832	na	+6%	+6%
€ / $ average parity	*1.08*		*1.09*	*1.09*			

BREAKDOWN OF REVENUES – LIKE-FOR-LIKE

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	Three Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Europe, of which:	38,286	31%	38,206	40,887	35%	-6%	-7%
- France	6,072	5%	6,072	6,820	6%	-11%	-11%
Americas	43,211	35%	42,891	43,060	37%	0%	0%
Asia-Pacific	30,648	25%	31,047	22,938	20%	+34%	+35%
Other countries	9,732	8%	9,661	9,016	8%	+8%	+7%
Total	121,877	100%	121,805	115,901	100%	+5%	+5%
€ / $ average parity	*1.08*		*1.09*	*1.09*			

Revenues by type of business	Three Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	35,453	29%	35,446	35,736	31%	-1%	-1%
- Perpetual software licenses	2,830	2%	2,845	3,237	3%	-13%	-12%
- Equipment and accompanying software	27,690	23%	27,650	26,889	23%	+3%	+3%
- Training and consulting services	4,155	3%	4,173	4,462	4%	-7%	-6%
- Miscellaneous	777	1%	778	1,148	1%	-32%	-32%
Recurring revenues, of which:	86,425	71%	86,359	80,165	69%	+8%	+8%
- Software subscriptions (SaaS)	9,305	8%	9,302	7,234	6%	+29%	+29%
- Software maintenance contracts	13,198	11%	13,191	13,263	11%	0%	-1%
- Equipment and accompanying software maintenance contracts	25,673	21%	25,692	24,156	21%	+6%	+6%
- Consumables and parts	38,248	31%	38,174	35,511	31%	+8%	+8%
Total	121,877	100%	121,805	115,901	100%	+5%	+5%
€ / $ average parity	*1.08*		*1.09*	*1.09*			

ADDITIONAL INFORMATION – SECOND QUARTER 2024

LECTRA 2023 SCOPE

CONSOLIDATED INCOME STATEMENT – LIKE-FOR-LIKE

	Three Months Ended June 30				
	2024		2023	Changes 2024/2023	
(in thousands of euros)	Actual	At 2023 exchange rates	Actual	Actual exchange rates	Like-for-like
Revenues	121,877	121,805	115,901	+5%	+5%
Cost of goods sold	(36,946)	(36,902)	(35,127)	+5%	+5%
Gross profit	84,931	84,903	80,773	+5%	+5%
(in % of revenues)	69.7%	69.7%	69.7%	0,.0 point	0,.0 point
Research and development	(14,685)	(14,650)	(13,323)	+10%	+10%
Selling, general and administrative expenses	(58,157)	(58,155)	(59,267)	-2%	-2%
Income from operations before non-recurring items	12,089	12,098	8,183	+48%	+48%
(in % of revenues)	9.9%	9.9%	7.1%	+2.8 points	+2.8 points
Non-recurring income	-	-	2,638	na	na
Non-recurring expenses	(219)	(219)	-	na	na
Income from operations	11,870	11,879	10,821	+10%	+10%
(in % of revenues)	9.7%	9.8%	9.3%	+0.4 points	+0.5 points
Income before tax	9,553	9,574	9,450	+1%	+1%
Income tax	(3,455)	na	(2,899)	+19%	na
Net income	6,097	na	6,551	-7%	na
of which, Group share	6,147	na	6,844	-10%	na
of which, Non-controlling interests	(50)	na	(293)	-83%	na
Income from operations before non-recurring items	12,089	12,098	8,183	+48%	+48%
+ Net depreciation and amortization of non-current assets	7,620	7,592	7,383	+3%	+3%
EBITDA before non-recurring items	19,709	19,691	15,566	+27%	+26%
(in % of revenues)	16.2%	16.2%	13.4%	+2.8 points	+2.8 points
€ / $ average parity	*1.08*	*1.09*	*1.09*		

ADDITIONAL INFORMATION – FIRST HALF 2024

LECTRA 2024 SCOPE

(including Launchmetrics since January 23rd 2024)

BREAKDOWN OF REVENUES – ACTUAL

Revenues by type of business	Six Months Ended June 30							
	2024						2023	Changes 2024/2023
(in thousands of euros)	Lectra 2023 scope	%	Launchmetrics[1]	%	Lectra 2024 scope	%	Lectra 2023 scope	Actual exchange rates
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	73,602	30%	1,009	5%	74,611	28%	79,494	-6%
- Perpetual software licenses	6,793	3%			6,793	3%	7,323	-7%
- Equipment and accompanying software	56,576	23%			56,576	22%	60,653	-7%
- Training and consulting services	8,640	3%	416	2%	9,056	3%	9,149	-1%
- Miscellaneous	1,594	1%	593	3%	2,187	1%	2,369	-8%
Recurring revenues, of which:	169,567	70%	18,108	95%	187,675	72%	160,060	+17%
- Software subscriptions (SaaS)	18,114	7%	18,108	95%	36,222	14%	13,911	+160%
- Software maintenance contracts	26,614	11%			26,614	10%	26,678	0%
- Equipment and accompanying software maintenance contracts	50,855	21%			50,855	19%	48,046	+6%
- Consumables and parts	73,985	30%			73,985	28%	71,425	+4%
Total	243,170	100%	19,117	100%	262,286	100%	239,554	+9%
€ / $ average parity	*1.08*		*1.08*		*1.08*		*1.08*	

(1) As of January 23rd 2024

CONSOLIDATED INCOME STATEMENT – ACTUAL

	Six Months Ended June 30				
	2024			2023	Changes 2024/2023
(in thousands of euros)	Lectra 2023 scope	Launchmetrics[1]	Lectra 2024 scope	Lectra 2023 scope	Actual exchange rates
Revenues	243,170	19,117	262,286	239,554	+9%
Cost of goods sold	(73,937)	(864)	(74,801)	(74,018)	+1%
Gross profit	169,233	18,252	187,485	165,535	+13%
(in % of revenues)	69.6%	95.5%	71.5%	69.1%	+2.4 points
Research and development	(28,247)	(2,653)	(30,900)	(25,993)	+19%
Selling, general and administrative expenses	(116,484)	(18,446)	(134,931)	(119,229)	+13%
Income from operations before non-recurring items	24,501	(2,847)	21,654	20,314	+7%
(in % of revenues)	10.1%	-14.9%	8.3%	8.5%	-0.2 points
Non-recurring income	-	-	-	2,638	na
Non-recurring expenses	(452)	-	(452)	-	na
Income from operations	24,049	(2,847)	21,203	22,952	-8%
(in % of revenues)	9.9%	-14.9%	8.1%	9.6%	-1.5 points
Income before tax	19,916	(3,113)	16,803	19,748	-15%
Income tax	(6,233)	555	(5,677)	(5,860)	-3%
Net income	13,683	(2,558)	11,125	13,889	-20%
of which, Group share	13,761	(1,253)	12,508	14,472	-14%
of which, Non-controlling interests	(78)	(1,305)	(1,383)	(583)	+137%
Income from operations before non-recurring items	24,501	(2,847)	21,654	20,314	+7%
+ Net depreciation and amortization of non-current assets	15,184	5,394	20,578	14,996	+37%
EBITDA before non-recurring items	39,684	2,548	42,232	35,310	+20%
(in % of revenues)	16.3%	13.3%	16.1%	14.7%	+1.4 points
€ / $ average parity	*1.08*	*1.08*	*1.08*	*1.08*	

(1) As of January 23rd 2024

ADDITIONAL INFORMATION – FIRST HALF 2024

LECTRA 2023 SCOPE

ORDERS FOR NEW SYSTEMS – LIKE-FOR-LIKE

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

1.1. By product line

	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Perpetual software licenses	6,538	9%	6,586	7,174	10%	-9%	-8%
Equipment and accompanying software	57,040	77%	57,214	57,653	77%	-1%	-1%
Training and consulting services	8,993	12%	9,091	7,631	10%	+18%	+19%
Miscellaneous	1,594	2%	1,600	2,369	3%	-33%	-32%
Total	74,165	100%	74,492	74,827	100%	-1%	0%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

1.2. By region

	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Europe	17,543	24%	17,505	22,710	30%	-23%	-23%
Americas	13,834	19%	13,849	19,280	26%	-28%	-28%
Asia-Pacific	35,162	47%	35,498	25,487	34%	+38%	+39%
Other countries	7,626	10%	7,641	7,350	10%	+4%	+4%
Total	74,165	100%	74,492	74,827	100%	-1%	0%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

1.3. By market

	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Fashion	36,721	50%	36,904	38,910	52%	-6%	-5%
Automotive	28,091	38%	28,246	24,618	33%	+14%	+15%
Furniture	5,171	7%	5,164	6,908	9%	-25%	-25%
Other industries	4,181	6%	4,178	4,390	6%	-5%	-5%
Total	74,165	100%	74,492	74,827	100%	-1%	0%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

2. New software subscriptions (SaaS)

	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Annual value of new software subscriptions (SaaS)	5,417	na	5,442	5,499	na	-1%	-1%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

ADDITIONAL INFORMATION – FIRST HALF 2024

LECTRA 2023 SCOPE

BREAKDOWN OF REVENUES – LIKE-FOR-LIKE

Revenues by region	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Europe, of which:	76,156	31%	76,006	80,887	34%	-6%	-6%
- France	12,205	5%	12,205	13,460	6%	-9%	-9%
Americas	85,983	35%	86,183	88,612	37%	-3%	-3%
Asia-Pacific	60,069	25%	61,327	52,108	22%	+15%	+18%
Other countries	20,962	9%	20,959	17,946	7%	+17%	+17%
Total	243,170	100%	244,474	239,554	100%	+2%	+2%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

Revenues by type of business	Six Months Ended June 30						
	2024			2023		Changes 2024/2023	
(in thousands of euros)	Actual	%	At 2023 exchange rates	Actual	%	Actual exchange rates	Like-for-like
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	73,602	30%	74,053	79,494	33%	-7%	-7%
- Perpetual software licenses	6,793	3%	6,849	7,323	3%	-7%	-6%
- Equipment and accompanying software	56,576	23%	56,882	60,653	25%	-7%	-6%
- Training and consulting services	8,640	3%	8,722	9,149	4%	-6%	-5%
- Miscellaneous	1,594	1%	1,600	2,369	1%	-33%	-32%
Recurring revenues, of which:	169,567	70%	170,422	160,060	67%	+6%	+6%
- Software subscriptions (SaaS)	18,114	7%	18,182	13,911	6%	+30%	+31%
- Software maintenance contracts	26,614	11%	26,704	26,678	11%	0%	0%
- Equipment and accompanying software maintenance contracts	50,855	21%	51,224	48,046	20%	+6%	+7%
- Consumables and parts	73,985	30%	74,311	71,425	30%	+4%	+4%
Total	243,170	100%	244,474	239,554	100%	+2%	+2%
€ / $ average parity	*1.08*		*1.08*	*1.08*			

ADDITIONAL INFORMATION – FIRST HALF 2024

LECTRA 2023 SCOPE

CONSOLIDATED INCOME STATEMENT – LIKE-FOR-LIKE

	Six Months Ended June 30				
	2024		2023	Changes 2024/2023	
(in thousands of euros)	Actual	At 2023 exchange rates	Actual	Actual exchange rates	Like-for-like
Revenues	243,170	244,474	239,554	+2%	+2%
Cost of goods sold	(73,937)	(74,192)	(74,018)	0%	0%
Gross profit	169,233	170,282	165,535	+2%	+3%
(in % of revenues)	69.6%	69.7%	69.1%	+0.5 points	+0.6 points
Research and development	(28,247)	(28,272)	(25,993)	+9%	+9%
Selling, general and administrative expenses	(116,484)	(116,904)	(119,229)	-2%	-2%
Income from operations before non-recurring items	24,501	25,106	20,314	+21%	+24%
(in % of revenues)	10.1%	10.3%	8.5%	+1.6 points	+1.8 points
Non-recurring income	-	-	2,638	na	na
Non-recurring expenses	(452)	(455)	-	na	na
Income from operations	24,049	24,652	22,952	+5%	+7%
(in % of revenues)	9.9%	10.1%	9.6%	+0.3 points	+0.5 points
Income before tax	19,916	20,527	19,748	+1%	+4%
Income tax	(6,233)	na	(5,860)	+6%	na
Net income	13,683	na	13,889	-1%	na
of which, Group share	13,761	na	14,472	-5%	na
of which, Non-controlling interests	(78)	na	(583)	-87%	na
Income from operations before non-recurring items	24,501	25,106	20,314	+21%	+24%
+ Net depreciation and amortization of non-current assets	15,184	15,220	14,996	+1%	+1%
EBITDA before non-recurring items	39,684	40,327	35,310	+12%	+14%
(in % of revenues)	16.3%	16.5%	14.7%	+1.6 points	+1.8 points
€ / $ average parity	*1.08*	*1.08*	*1.08*		

Company certification of the first semester 2024 report

We certify that, to our knowledge, the 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 semester 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 25, 2024

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, 2024 (1)	December 31, 2023	June 30, 2023
Goodwill	363,131	297,306	299,852
Other intangible assets	195,576	129,014	136,646
Leasing rights-of-use	27,230	26,322	25,749
Property, plant and equipment	24,536	25,800	26,823
Other non-current assets	15,220	18,150	17,978
Deferred tax assets	13,014	13,591	12,481
Total non-current assets	638,708	510,183	519,529
Inventories	71,481	70,686	74,032
Trade accounts receivable	99,447	91,859	80,815
Other current assets	33,953	21,441	27,277
Cash and cash equivalents	59,192	115,049	94,519
Total current assets	264,073	299,035	276,643
Total assets	**902,781**	**809,218**	**796,173**

EQUITY AND LIABILITIES

(in thousands of euros)	June 30, 2024 (1)	December 31, 2023	June 30, 2023
Share capital	37,915	37,833	37,825
Share premium	141,993	140,777	140,611
Treasury shares	(1,014)	(885)	(1,076)
Currency translation adjustments	26,822	16,977	22,775
Retained earnings and net income	103,701	215,124	199,719
Non-controlling interests	24,202	8,033	6,524
Total equity	333,618	417,860	406,378
Retirement benefit obligations	11,420	10,593	9,322
Non-current lease liabilities	21,552	22,074	22,280
Minority shares purchase commitments	129,202	49,536	49,459
Deferred tax liabilities	19,420	2,733	2,667
Borrowings, non-current portion	94,807	76,684	76,601
Total non-current liabilities	276,402	161,620	160,328
Trade and other current payables	99,393	88,493	89,952
Deferred revenues	108,425	94,103	92,264
Current income tax liabilities	7,397	5,504	6,317
Current lease liabilities	10,201	9,144	8,962
Minority shares purchase commitments	35,010	1,702	-
Borrowings, current portion	23,347	21,405	22,540
Provisions for other liabilities and charges	8,988	9,386	9,431
Total current liabilities	292,761	229,738	229,466
Total equity and liabilities	**902,781**	**809,219**	**796,173**

(1) The 2024 amounts integrate Launchmetrics since January 23, 2024 (see note 3 hereafter).

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Six months ended June 30, 2024 [1]	Six months ended June 30, 2023
Revenues	262,286	239,554
Cost of goods sold	(74,801)	(74,018)
Gross profit	187,485	165,535
Research and development	(30,900)	(25,993)
Selling, general and administrative expenses	(134,931)	(119,229)
Income from operations before non-recurring items	21,654	20,314
Non-recurring income [2]	-	2,638
Non-recurring expenses [3]	(452)	-
Income from operations	21,203	22,952
Financial income	1,257	1,012
Financial expenses	(4,728)	(3,004)
Foreign exchange income (loss)	(929)	(1,211)
Income before tax	16,803	19,748
Income tax	(5,677)	(5,860)
Net income	11,125	13,889
of which, Group share	12,508	14,472
of which, Non-controlling interests	(1,383)	(583)

(in euros)		
Earnings per share, Group share:		
- basic	0.33	0.38
- diluted	0.33	0.38
Shares used in calculating earnings per share:		
- basic	37,832,529	37,788,262
- diluted	38,180,293	38,172,667

(in thousands of euros)		
Income from operations before non-recurring items	21,654	20,314
+ Net depreciation and amortization of non-current assets	20,578	14,996
EBITDA before non-recurring items	42,232	35,310

STATEMENT OF COMPREHENSIVE INCOME, GROUP SHARE [4]

(in thousands of euros)	Six months ended June 30, 2024 [1]	Six months ended June 30, 2023
Net income, Group share	12,508	14,472
Currency translation adjustments	9,845	(7,495)
Tax effect	-	(76)
Other comprehensive income to be reclassified in net income	9,845	(7,571)
Remeasurement of the net liability arising from defined benefits pension plans	27	100
Tax effect	-	(26)
Other comprehensive income not to be reclassified in net income	27	74
Total other comprehensive income	9,872	(7,497)
Comprehensive income, Group share	**22,380**	**6,974**

(1) The 2024 amounts integrate Launchmetrics since January 23, 2024 (see note 3 hereafter).
(2) Non-recurring income of 2.6 million euros corresponds to the unused portion of a provision reversed in the second quarter of 2023, following the agreement reached on a tax dispute arising from the acquisition of Gerber.
(3) Non-recurring expenses correspond mainly to costs related to the acquisition of Launchmetrics.
(4) The Group considered as non-material the information regarding the comprehensive income of the non-controlling interests (for Neteven, Gemini CAD Systems, Glengo Lectra Teknoloji, TextileGenesis and Launchmetrics, 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, 2024 [1]	Six months ended June 30, 2023
I - OPERATING ACTIVITIES		
Net income	11,126	13,889
Net depreciation and amortization (non-current assets)	20,578	14,996
Net depreciation and provisions (current assets)	1,346	(3,012)
Non-cash operating expenses	619	581
Loss (profit) on sale of fixed assets	35	3
Changes in deferred income taxes	(1,533)	(651)
Changes in inventories	(1,981)	(283)
Changes in trade accounts receivable	9,608	12,062
Changes in other current assets and liabilities	(3,008)	(12,836)
Changes in other operating non-current assets	(915)	-
Net cash provided by (used in) operating activities	35,875	24,749
II - INVESTING ACTIVITIES		
Purchases of intangible assets	(2,008)	(2,109)
Purchases of property, plant and equipment	(968)	(1,665)
Proceeds from sales of intangible and tangible assets	0	9
Acquisition cost of companies purchased [2]	(71,590)	(12,046)
Purchases of financial assets [3]	(3,335)	(7,470)
Proceeds from sales of financial assets [3]	3,703	8,114
Net cash provided by (used in) investing activities	(74,198)	(15,166)
III - FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares by the parent company	1,297	513
Dividend paid	(13,625)	(18,126)
Change in share of interests in controlled entities [4]	-	(482)
Purchases of treasury shares	(3,208)	(7,698)
Sales of treasury shares	3,100	7,466
Subscription of long terme and short terme borrowings	114,012	-
Repayment of lease liabilities	(5,838)	(5,294)
Repayments of long-term and short-term borrowings	(115,139)	(21,000)
Net cash provided by (used in) financing activities	(19,402)	(44,621)
Increase (decrease) in cash and cash equivalents	**(57,724)**	**(35,039)**
Cash and cash equivalents at opening	115,049	130,634
Increase (decrease) in cash and cash equivalents	(57,724)	(35,039)
Effect of changes in foreign exchange rates	1,867	(1,076)
Cash and cash equivalents at closing	59,192	94,519
Net cash provided by (used in) operating activities	35,875	24,749
+ Net cash provided by (used in) investing activities	(74,198)	(15,166)
- Acquisition cost of companies purchased	71,590	12,046
- Repayment of lease liabilities	(5,838)	(5,294)
Free cash flow	27,429	16,334
Non-recurring items of the free cash flow	(858)	(313)
Free cash flow before non-recurring items	28,287	16,647
Income tax (paid) / reimbursed, net	(4,147)	(3,974)
Interest (paid) on lease liabilities	(350)	(251)
Interest (paid)	(3,321)	(1,163)

(1) The 2024 amounts integrate Launchmetrics since January 23, 2024 (see note 3 hereafter).
(2) In 2024, this amount corresponds to the acquisition cost, net of cash acquired, of Launchmetrics. In 2023, it corresponded to the acquisition cost, net of cash acquired, of TextileGenesis, and the business takeover in China (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) The 2023 amount corresponded to the purchase of the part of one Neteven's co-founder after his departure.

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, 2022	37,788,949	1.00	37,789	140,134	(1,037)	30,346	242,269	449,501	2,719	452,220
Net income							14,472	14,472	(583)	13,889
Other comprehensive income						(7,570)	74	(7,497)	11	(7,485)
Comprehensive income						(7,570)	14,546	6,975	(572)	6,403
Exercised stock options	35,878	1.00	36	477				513		513
Fair value of stock options							637	637		637
Sale (purchase) of treasury shares					(39)			(39)		(39)
Profit (loss) on treasury shares							(144)	(144)		(144)
Minority shares purchase for Neteven							379	379	(27)	352
Integration of TextileGenesis and minority shares purchase commitment (1)							(45,416)	(45,416)	4,404	(41,012)
Discounting of minority shares purchase commitments								5,574	-	5,574
Dividend paid							(18,126)	(18,126)		(18,126)
Balance at June 30, 2023	37,824,827	1.00	37,825	140,611	(1,076)	22,775	199,719	399,855	6,524	406,378
Balance at December 31, 2022	37,788,949	1.00	37,789	140,134	(1,037)	30,346	242,269	449,501	2,719	452,220
Net income							33,904	33,904	(1,289)	32,615
Other comprehensive income						(13,369)	(765)	(14,134)	(52)	(14,186)
Comprehensive income						(13,369)	33,139	19,770	(1,341)	18,429
Exercised stock options	44,016	1.00	44	643				687		687
Fair value of stock options							1,499	1,499		1,499
Sale (purchase) of treasury shares					152			152		152
Profit (loss) on treasury shares							(137)	(137)		(137)
Internal transfer of intellectual property with non-controlling intrests							(2,380)	(2,380)	2,380	-
Minority shares purchase commitment revaluation for Neteven							482	482	(131)	351
Integration of TextileGenesis and minority shares pushase commitment (1)							(45,416)	(45,416)		(45,416)
Discounting and revision of minority shares purchase commitments							3,795	3,795		3,795
Dividend paid							(18,126)	(18,126)		(18,126)
Balance at December 31, 2023	37,832,965	1.00	37,833	140,777	(885)	16,977	215,124	409,828	8,033	417,860
Net income							12,508	12,508	(1,383)	11,125
Other comprehensive income						9,845	27	9,872	111	9,983
Comprehensive income						9,845	12,535	22,380	(1,272)	21,108
Exercised stock options	81,766	1.00	82	1,216				1,298		1,298
Fair value of stock options							644	644	62	706
Sale (purchase) of treasury shares					(129)			(129)		(129)
Profit (loss) on treasury shares								-		-
Integration of Launchmetrics and minority shares purchase commitment(2)							(110,386)	(110,386)	17,379	(93,007)
Discounting and revision of minority shares purchase commitments							(596)	(596)		(596)
Dividend paid							(13,625)	(13,625)		(13,625)
Balance at June 30, 2024	**37,914,731**	**1.00**	**37,915**	**141,993**	**(1,014)**	**26,822**	**103,700**	**309,417**	**24,202**	**333,618**

(1) These amounts stem from the takeover of TextileGenesis on January 9, 2023 (see note 3 hereafter).
(2) These amounts stem from the takeover of Launchmetrics on January 23, 2024 (see note 3 hereafter).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2024

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…).

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, as well as sustainability issues, such as traceability and optimization of material use.

Established in 1973, Lectra has been listed on Euronext since 1987, and is part of the following indexes: SBF 120, Euronext Tech Leaders, CAC Mid 60, CAC All-Tradable and CAC Mid & Small.

Business model

Lectra's business model is based on three pillars:

- a 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 Launchmetrics on January 23, 2024, as well as the acquisition of TextileGenesis in January 2023, the creation of a Chinese entity (Lectra Suzhou) in December 2023, in addition to the parent company, the Group has an unrivalled network of 82 subsidiaries, from which Lectra generates more than 85% of its revenue.

Lectra welcomes customers from around the world in its Experience Centers in Bordeaux-Cestas (France), Atlanta and New York (USA) and Shanghai (China). The Group has twelve international Expertise Centers, based in Bordeaux-Cestas (France), Atlanta and Tolland (USA), Blumenau (Brazil), Hô Chi Minh (Vietnam), Istanbul (Turkey), Madrid (Spain), Milan (Italy), Osaka (Japan), Porto (Portugal), Seoul (South Korea) 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 partly carried out in the United States and partly in China, after the takeover in December 2023 of the activity previously subcontracted to a company located in China (see note 3 hereafter).

People

Lectra's strength draws on the skills and experience of nearly 2,950 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

The condensed consolidated financial statements at June 30, 2024, 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 2023, available on Lectra.com.

The consolidated financial statements have been prepared in accordance with same rules and methods as those applied in the preparation of the 2023 financial statements. They have been prepared under the responsibility of the Board of Directors at its meeting of July 25, 2024 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, 2024 have no impact on the Group's financial statements. The Group has not adopted in advance any standard, amendment or interpretation whose application is not required for fiscal years starting from January 1, 2024.

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, the evaluation of minority shares purchase commitments 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 (updates).

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, patternmaking, 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 and 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 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 Group 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.

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 USB flash drive 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, in the United States and in China 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 equipment 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*), 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 overhead 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, Europe, Middle East and Africa (EMEA); and Asia-Pacific. These regions provide sales and 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 the regions, including marketing, business development, logistics, procurement, production, R&D, finance, legal affairs, human resources, information systems, etc. All 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 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

On June 30, 2024, the Group's scope of consolidation comprised the parent company, Lectra SA, together with 77 fully consolidated companies, 18 of which come from the acquisition of Launchmetrics. Five companies are not consolidated.

Acquisition of Launchmetrics

On January 9, 2024, the Group announced the signature of an agreement to acquire the majority of the capital and voting rights of the American company Launchmetrics. The transaction was finalized on January 23, 2024.

It involves, in 2024, the acquisition of 50.2% of Launchmetrics' capital and voting rights for an amount of 83.2 million dollars (77.0 million euros). The acquisition of the remaining capital and voting rights (minority shares purchase commitment – with cross puts and calls) will take place in five phases in 2025, 2026, 2027, 2028 and 2030 and will bring the total cost of the acquisition to an estimated amount between 200 and 240 million dollars, based on an expected two-digits-growth of both recurring revenues and EBITDA before non-recurring items, over the 2024-2029 period.

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 100% of total net assets of 38.0 million dollars (34.9 million euros at January 23, 2024 exchange rate), resulting from:
    - intangible assets relating to customer relationships, technology, data base and trademark for the respective amounts of 38.7, 20.1, 16.5 and 3.5 million dollars (35.5, 18.5, 15.2 and 3.2 million euros respectively at January 23, 2024 exchange rate);
    - a deferred tax liability related to these intangible assets of 20.5 million dollars (18,8 million euros at January 23, 2024 exchange rate);
    - a negative 20.3 million dollars of net acquired asset (18.7 million euros at January 23, 2024 exchange rate);
- Recording of non-controlling interests ("partial goodwill" method), valued at their share in the net assets of the company (i.e. 49.8% of the total net assets above), for 19.1 million dollars (17.5 million euros at January 23, 2024 exchange rate);
- Recording of a goodwill of 64.8 million dollars (59.5 million euros at January 23, 2024 exchange rate);
- Recording of a debt to recognize the minority shares purchase commitment, booked for a total amount of 136.8 million dollars (125.6 million euros at January 23, 2024 exchange rate), before discounting impact, classified as non-current liabilities. The counterpart is recorded in 'Equity, Group share'.

The acquisition cost for Lectra, net of cash acquired, has been entirely disclosed under the heading 'Acquisition cost of companies purchased' in the statement of cash flows, for an amount of 71.6 million euros.

Launchmetrics has been fully consolidated since January 23, 2024.

Creation of Lectra Suzhou

In December 2023, Lectra took over the business of Gerber's former subcontractor in China, after the creation of a dedicated entity, Lectra Suzhou (100%-subsidiary). This entity took over the subcontractor's assets and hired part of its employees, for 5.6 million euros.

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:

- Inventory in the amount of 4.0 million euros;
- Recording of a goodwill of 0.8 million euros.

Acquisition of TextileGenesis

On December 8, 2022, Lectra had announced the signature of an agreement to acquire the majority of the capital and voting rights of the Dutch company TextileGenesis. The transaction was finalized on January 9, 2023.

It involves the acquisition of 50.5% of TextileGenesis for 15.2 million euros including an increase in the working capital of 2.0 million euros fully subscribed by Lectra. The acquisition of the remaining capital and voting rights (minority shares purchase commitment – with cross puts and calls) will take place in January 2026 and in January 2028 and will bring the total cost of the acquisition to 60.6 million euros.

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

- Recording of net assets of 8.9 million euros, including intangible assets relating to technology and customer relationships for the respective amounts of 2.6 and 4.9 million euros, generating a deferred tax liability of 1.6 million euros;
- Recording of non-controlling interests, valued at their share in the net assets of the company ("partial goodwill" method), for 4.4 million euros;
- Recording of a goodwill of 10.7 million euros;
- Recording of a debt to recognize the minority shares purchase commitment, recorded for a total amount of 45.4 million euros, before discounting impact, classified as non-current liabilities. The counterpart is recorded in 'Equity, Group share'.

The acquisition cost for Lectra, net of cash acquired, has been entirely disclosed under the heading 'Acquisition cost of companies purchased' in the statement of cash flows, for an amount of 12.0 million euros.

TextileGenesis has been fully consolidated since January 9, 2023.

Minority shares purchase commitments

During the acquisition of Neteven, Gemini, Glengo, TextileGenesis and Launchmetrics, the Groupe did not acquire 100% of the capital and voting right at one, but committed to later purchases (sometimes staggered), with cross puts and calls. This entails the recording of a liability (short- or long-term, depending on the scheduling of the options).

Out-scoping of Lectra Russia

As soon as the conflict began in 2022, the Group decided to cease its operations in Russia, by suspending the activity of its subsidiary Lectra Russia and stopping all deliveries of products or services. In the consolidated financial statements at December 31, 2022, the Group had recorded an impairment of its net assets in Russia.

Given the absence of exposure for the Group, it was decided to take Lectra Russia out of the consolidation scope, without sale or dilution, as from July 1, 2023. After the impairment of assets carried out in 2022 and the stop of activities in the country, the impact on the Group's consolidated financial statements is not significant.

There was no other change in the scope of consolidation in H1 2024, nor in 2023.

Non-consolidated entities

Historically, four sales and services subsidiaries were not consolidated, their revenue being immaterial both separately and combined. Lectra Russia has been added to this list since July 1, 2023. At June 30, 2024, their combined revenue amounted to 1.5 million euros, and their combined assets amounted to 2.4 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 to cover their overheads when they act as agents. The amount of these transactions was not significant at June 30, 2024.

4. OPERATING SEGMENTS INFORMATION

Six months ended June 30, 2024 (in thousands of euros)	EMEA [(1)]	Americas	Asia-Pacific	Corporate	Total
Revenues	111,455	89,806	61,025	-	262,286
EBITDA before non-recurring items	16,962	15,156	4,967	5,146	42,232

Six months ended June 30, 2023 (in thousands of euros)	EMEA [(1)]	Americas	Asia-Pacific	Corporate	Total
Revenues	98,834	88,612	52,108	-	239,554
EBITDA before non-recurring items	13,117	5,544	2,976	13,673	35,310

(1) This segment covers the following regions: Europe, Middle East and Africa.

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, 2024 (in thousands of euros)	Cash and cash equivalents	Financial debts	Net cash
Free cash flow before non-recurring items	28,287	-	28,287
Non-recurring items included in free cash flow	(858)	-	(858)
Proceeds from issuance of ordinary shares [(1)]	1,297	-	1,297
Sale and purchase of treasury shares [(2)]	(108)	-	(108)
Acquisition cost of companies purchased [(3)]	(71,590)	-	(71,590)
Dividend paid	(13,625)	-	(13,625)
Change in scope [(4)]	-	(21,176)	(21,176)
Subscriptions to long-term and short-term debt	114,012	(114,012)	-
Repayment of short-term and long-term debt	(115,139)	115,139	-
Impact of currency variations	1,867	(16)	1,851
Change in cash position for the period	(55,857)	(20,065)	(75,922)
Cash position at December 31, 2023	115,049	(98,089)	16,960
Cash position at June 30, 2024	59,192	(118,154)	(58,962)
Change in cash position for the period	(55,857)	(20,065)	(75,922)

(1) Resulting solely from the exercise of stock options.
(2) Carried out solely under the liquidity agreement administered by Natixis Oddo BHF (see note 7).
(3) This amount corresponds to the acquisition cost, net of cash acquired, of Launchmetrics (see note 3).
(4) This amount comes from the Launchmetrics’ financial debts existing at the date of acquisition. These debts will be deducted from the first four tranches of the share purchase.

Free cash flow before non-recurring items at June 30, 2024, was 28.3 million euros.

When deducting non-recurring cash-outs for 0.9 million euros, incurred for costs relating to the acquisition of Launchmetrics, free cash flow amounted to 27.4 million euros.

This figure results from a combination of 35.9 million euros in cash flows provided by operating activities, including a decrease in working capital of 4.6 million euros and an increase in other operating non-current assets of 0.9 million euros (corresponding to the deduction of research tax credits from the corporate income tax due by Lectra SA in H1 2024 – see note 6 hereafter) as well as capital expenditures of 2.6 million euros. Finally, the repayment of lease liabilities (according to IFRS 16), for 5.8 million euros, was considered.

The variation in working capital is explained as follows:

- − 9.6 million euros corresponding to the decrease in trade accounts receivable (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);
- + 1.9 million euros corresponding to the increase in inventories;
- + 2.4 million euros arising from the payment of the variable portion of salaries for the Group in respect of fiscal year 2023 paid mainly in 2024, net from the accrual recognized in H1 2024 that will be paid in 2025;
- + 0.7 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, 2024 was negative at 10.3 million euros. It comprised the current portion (11.9 million euros) of the 18.9 million euros receivable on the French tax administration in respect of the research tax credit, which has not been received and has not been deducted from the corporate income tax.

6. RESEARCH TAX CREDIT

When the research tax credit applicable in France recognized in the year cannot be deducted from the corporate income tax, it is treated as a receivable on the French tax administration. If unused in the three following years, it is historically repaid to the Company in the fourth year.

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

The research tax credit (2.5 million euros) for H1 2024 was accounted for but not received.

Thus, at June 30, 2024, the Group held a 19.7 million euros receivable on the French tax administration (of which 7.8 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: 1.5 million euros for H1 2024, none for 2023 and 2022 (since the research tax credit was fully deducted from the corporate income tax of those periods), 2021 (6.0 million euros), 2020 (6.9 million euros) and 2018 (5.0 million euros);
- the remaining amount of the research tax credit (0.4 million euros) generated by Neteven.

Besides, the previous amounts due in more than one year have been reduced by a discounting impact for 0.8 million euros.

The Group had also recorded a provision for risk of 6.6 million euros in December 2023, considering ongoing discussions with the French administration concerning the Lectra SA research tax credit.

Considering its estimates of tax credits and corporate income tax for the next three fiscal years, the Group does not expect to make any payment in respect of corporate income tax in France, from which will be deducted in full the research tax credit of each fiscal year. Thus, Lectra should receive the outstanding balance of these non-deducted tax credits as follows: 2024 (in respect of the 2018 and 2020 tax credits) and 2025 (in respect of the 2021 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 not to 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, 2024, the Company has purchased 101,943 shares and sold 97,951 shares at an average price of €31.47 and €31.65 respectively under the liquidity agreement administered by Natixis Oddo BHF.

At June 30, 2024, the Company held 35,401 Lectra shares (i.e. 0.09% of the share capital) with an average purchase price of €30.46 entirely under the liquidity agreement.

8. CASH AND CASH EQUIVALENTS AND NET CASH

(in thousands of euros)	June 30, 2024	December 31, 2023
Available cash	55,192	111,049
Cash equivalents	4,000	4,000
Borrowings and financial debts	(118,154)	(98,089)
Net cash / (net debt)	(58,962)	16,960

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

The Company had subscribed on June 1, 2021 to a 140 million euros loan to finance the acquisition of Gerber Technology with a five-year maturity, payable by four yearly instalments of 15% and 40% *in fine*. It bore interest at the 3-month or 6-month Euribor rate, to which a margin was added, depending on a leverage ratio and set at 85 base points for the first year and 75 base points for the second one. Two instalments of 21.0 million euros each was respectively paid back on June 1, 2022, and June 1, 2023.

This loan was fully repaid on the June 27, 2024 for the remaining amount of 98 million euros. The costs related to the set-up of this loan that was not yet amortized at the repayment date were recognized as financial expenses for 0.3 million euros, as this loan is accounted for as an extinguishment of the debt under IFRS 9.

The Company signed an agreement with its banks in January 2024 for a 100 million euros loan with a five-year maturity, payable by eight semi-annual instalments of 7.5% and 40% *in fine*. It bears interest at the 3-month or 6-month Euribor rate, to which a margin is added, depending on a leverage ratio and set at 175 base points for the first year. This loan was drawn down on June 27, 2024.

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).

In parallel, an interest rate hedge has been established through an interest rate swap for one-third of the borrowed amount over three years.

The Company also has a Revolving Credit Facility (RCF) of a maximum amount of 60 million euros, it bears interest at the Euribor rate of the period, to which a margin is added, depending on a leverage ratio and set at 135 base points for the first year.

At June 30, 2024, Launchmetrics' financial debts amounted to 4.1 million euros, of which 0.7 million euros classified as short-term loan.

The maturity of the financial instruments was as follows:

(in thousands of euros)	June 30, 2024	December 31, 2023
Short term – less than one year	23,347	21,405
Long term – more than one year, and less than five years	94,807	76,684
Total	118,154	98,089

9. FOREIGN EXCHANGE RISK

In H1 2024, the average parity between the US dollar and the euro was $1.08/€1.

Exchange risk hedging instruments

For Lectra's legacy entities, the Group's currency risk hedging policy is unchanged relative to December 31, 2023. Since July 2022, the Company also hedges the inter-company balance sheet positions between Gerber's legacy entities.

Exchange risk hedging instruments at June 30, 2024, were comprised of forward sales and purchases of foreign currencies (mainly US dollar) for a net total equivalent value (purchases minus sales) of 26.0 million euros, intended to hedge existing balance sheet positions. Thus, the Company has hedged almost all its balance sheet positions.

10. SENSITIVITY ANALYSIS

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

For the Lectra 2023 scope, the sensitivity of revenues and EBITDA before non-recurring items to a change in exchange rates was based on the December 31, 2023, exchange rates for the relevant currencies, in particular $1.10/€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 $1.05/€1) would mechanically increase 2024 annual revenues by approximately 11.0 million euros and annual EBITDA before non-recurring items by 4.5 million euros. Conversely, a 5-cent appreciation of the euro against the US dollar (i.e. $1.15/€1) would mechanically reduce annual revenues and EBITDA before non-recurring items by the same amounts.