

## 2020: strong resilience in earnings and free cash flow, despite the consequences of the health crisis

- Revenues: 236.2 million euros (-14%)\*
- Income from operations before non-recurring items: 25.6 million euros (-32%)\*
- Net income: 17.6 million euros (-40%)
- Free cash flow: 25.2 million euros
- Net cash: 134.6 million euros
- Dividend\*\* : €0.24 per share

\* Like-for-like

\*\* Proposed to the Annual Shareholders' Meeting on April 30, 2021

In millions of euros	October 1 – December 31		January 1 – December 31	
	2020	2019	2020	2019
Revenues	65.6	74.2	236.2	280
<i>Change like-for-like (%)<sup>(1)</sup></i>	-8%		-14%	
Income from operations before non-recurring items <sup>(2)</sup>	10	11.2	25.6	40.9
<i>Change like-for-like (%)<sup>(1)</sup></i>	+5%		-32%	
Operating margin before non-recurring items (in % of revenues)	15.3%	15%	10.9%	14.6%
Net income	6.6	8	17.6	29.3
<i>Change at actual exchange rates (%)</i>	-18%		-40%	
Free cash flow <sup>(2)</sup>	15.2	18.1	25.2	36.2
Shareholders' equity <sup>(3)</sup>			192.2	183
Net cash <sup>(2)(3)</sup>			134.6	120.6

(1) Like-for-like: 2020 figures restated at 2019 exchange rates

(2) The definition for performance indicators appears in the Management Discussion of December 31, 2020

(3) At December 31

**Paris, February 10, 2021.** Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the fiscal year 2020. Audit procedures have been performed by the Statutory Auditors. The certification report will be issued at the end of the Board of Director's meeting of February 24, 2021.

*(Comparisons between 2020 and 2019 are like-for-like, unless stated otherwise. As the impact of the acquisition of Retviews on the financial statements for the full year is not material, like-for-like changes exclude only the variations in exchange rates).*

### Q4 2020

The Group's business activity and results in Q4 brought confirmation of the initial signs of improvement observed in Q3.

Indeed, after a decline of 42% in Q2, and 21% in Q3, compared to the corresponding quarters a year before, orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (27.7 million euros) were 1% higher in Q4 than the fourth quarter in 2019.



The annual value of new software subscription orders amounted to 1.1 million euros, up 53%, confirming once again the success of Lectra's new offers for Industry 4.0, sold in SaaS mode.

Revenues (65.6 million euros) decreased by 8% (-12% at actual exchange rates). They had fell by 28% in Q2, then by 15% in Q3.

Income from operations before non-recurring items (10 million euros) was up 5% (-10% at actual exchange rates) and the operating margin before non-recurring items (15.3%) increased by 2.2 percentage points (+0.3 percentage points at actual exchange rates) compared to Q4 2019.

Net income (6.6 million euros) was down 18% at actual exchange rates.

## 2020

The COVID-19 epidemic and its consequences had a very significant impact in 2020.

From the start of the crisis, the Group took the necessary hygiene and physical distancing measures to safeguard the health of employees, customers, suppliers and other stakeholders. These measures are still in effect.

In parallel, the Group maintained all business operations worldwide and without interruption throughout the year.

Lockdown measures implemented by most countries, at different times during the year, led to a significant reduction in activity by the Group's customers.

While overall business activity improved in the closing months of the year, many customers were still operating below pre-crisis levels and therefore made reductions in capital expenditures or operating expenses. All three strategic market sectors—fashion, automotive and furniture—have been strongly impacted, though the furniture market experienced a rebound starting in the third quarter.

### Negative impact of currency changes

With an average exchange rate of \$1.14/€1 in 2020, the US dollar was down 2% compared to the same period in 2019. The slide in the dollar intensified late in the year, and the exchange rate stood at \$1.23 to the euro on December 31, 2020. The yuan also declined by 2% against the euro.

Currency changes thus mechanically decreased revenues by 4.4 million euros (-2%) and income from operations before non-recurring items by 2.3 million euros (-8%) at actual exchange rates compared to like-for-like figures.

### Orders down overall, strong growth in software subscription sales

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (82.6 million euros) were down 22%.

In addition, the annual value of new software subscription orders amounted to 2.9 million euros, up 55% compared to 2019. This strong increase, at a time when orders for perpetual software licenses fell due to the consequences of the COVID-19 crisis, confirms the positive adoption of the Industry 4.0 offers launched in 2018-2019 and strengthens the Group's confidence in their potential for growth. These orders increased in all geographical regions, primarily in the fashion market.

### Strong resilience in earnings and free cash flow, despite the consequences of the health crisis

Revenues were 236.2 million euros, down 14% relative to 2019 (-16% at actual exchange rates).

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (77.7 million euros) were down 28%; and revenues from consumables and parts (59.2 million euros) fell 15% due to the severe reduction in business activity by the Group's customers. Revenues from

recurring contracts, on the other hand, rose by 3% to 99.3 million euros. This component of the revenue stream is a key pillar of the Group's business model and constitutes a protective factor that has mitigated the impact of the COVID-19 crisis on the earnings.

Income from operations came to 24.9 million euros, after a non-recurring charge of 0.8 million euros recognized in 2020 for fees and other costs relating to the proposed acquisition of the company Gerber Technology.

Net income totaled 17.6 million euros, down 40% at actual exchange rates.

Free cash flow amounted to 25.2 million euros, compared to 36.2 million euros in 2019. Free cash flow exceeded net income by 7.6 million euros in 2020; the decline from 2019 was slightly less than the decline in net income, which again confirms the strength and resiliency of the Group's business model, including in a challenging environment.

### A particularly robust balance sheet – positive net cash position of close to 135 million euros

At December 31, 2020, consolidated shareholders' equity amounted to 192.2 million euros and cash and cash equivalents, as well as net cash position, totaled 134.6 million euros, after payment on May 8 of the dividend of 12.8 million euros (€0.40 per share) declared in respect of FY 2019.

### 2020-2022 strategic roadmap: first progress report

The Lectra 4.0 strategy was launched in 2017 with the aim of positioning Lectra as a key Industry 4.0 player in its markets before 2030. It has been implemented to date through two consecutive strategic roadmaps.

The first roadmap, for 2017-2019, established the key fundamentals for the future of the Group. These included the successful integration into its new offers of the key new technologies for Industry 4.0 (cloud computing, the Internet of Things, big data and artificial intelligence), the strengthening of the Executive Committee, the reorganization of subsidiaries into four main regions, and the launch of the first software offers in SaaS mode.

The second roadmap, for 2020-2022, was published in the financial report dated February 11, 2020. It will enable Lectra to capture the full potential of its new offers for Industry 4.0, while delivering sustainable, profitable business growth.

Despite the consequences of the economic crisis caused by the COVID-19 pandemic, most of the objectives of the 2020-2022 strategic roadmap remain unchanged, particularly the acceleration towards Industry 4.0. In February 2020, the Group set four strategic priorities for the 2020-2022 period:

- Accelerate organic growth;
- Strengthen customer relations;
- Extend the offers for Industry 4.0;
- Develop new areas for growth.

These four strategic priorities guided the Group's action in 2020.

Following the announcement of Lectra's proposed acquisition of Gerber Technology, Lectra has added a fifth strategic priority for its 2020-2022 strategic roadmap: "to capture all synergies arising from the acquisition of Gerber Technology."

The revised financial objectives the Group has set for itself are indicated in chapter "Outlook" of this press release.

## Announcement of proposed acquisition of the company Gerber Technology

On February 8, 2021, Lectra announced having entered into a Memorandum of Understanding to acquire the entire capital and voting rights of the US-based company Gerber Technology (see press release issued on that date).

## Dividend at €0.24 per share

The Board of Directors will propose to the Shareholders' Meeting of April 30, 2021 the payment of a dividend at €0.24 per share in respect of fiscal year 2020.

## Outlook

In its 2019 Financial Report, published February 11, 2020, Lectra had reported its long-term vision and its new strategic roadmap for the 2020-2022 period.

The Group already noted the uncertainties linked to the COVID-19 epidemic, which has since become a pandemic, leading to a major and rapid slowdown of the global economic activity.

Through its decisions, the Group has demonstrated its commitment to its social, environmental and societal responsibilities, and to the fundamental values that underlie these responsibilities.

## Financial objectives for 2022

To provide a better gauge for measuring the results of the new business combination following the acquisition of Gerber Technology, Lectra has decided to employ EBITDA before non-recurring items to measure its operational performance.

In 2020, Lectra and Gerber Technology achieved combined revenue of 401 million euros and combined EBITDA before non-recurring items<sup>1</sup> of 50.3 million euros, including 236 million euros in revenue and 37.5 million euros in EBITDA before non-recurring items for Lectra.

These results were impacted by the consequences of the COVID-19 crisis; the combined revenue of Lectra and Gerber Technology in 2019 came to 482 million euros.

Lectra has set itself the 2022 objective of returning to the level of combined revenues achieved by the two groups in 2019. Lectra also estimates that the acquisition will generate synergies that should have an impact of between 12 and 18 million euros on EBITDA before non-recurring items in 2022. Adding these synergies to the expected operational performance of the two groups, the EBITDA before non-recurring items margin is expected to then be between 17% and 20%.

## 2021 outlook

Through its business model that yet again demonstrated its strength in 2020, Lectra entered 2021 with particularly solid operating fundamentals and an even more robust balance sheet.

Uncertainty surrounding the evolution of the pandemic and its consequences on the macroeconomic environment, together with the degraded financial situation of the Group's customers, could however weigh on customers' investment decisions and postpone or constrain the rebound in orders for new systems.

The objectives set out below were established before taking the acquisition of Gerber Technology into account and will be adjusted at the time of the completion of the operation, which is expected to occur during the second quarter of 2021.

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<sup>1</sup> The 2020 financial statements of Gerber Technology are unaudited and were prepared according to U.S. GAAP. The EBITDA before non-recurring items has been adjusted to eliminate non-recurring expenses.

## *Impact of exchange rate fluctuations*

Lectra prepared its 2021 scenarios on the basis of the closing rates on December 31, 2020, and particularly \$1.23/€1 (compared to the average rate of \$1.14/€1 in 2020).

In 2020, the euro appreciated against the dollar and many other currencies. If the 2020 closing rates had applied throughout the year, the Group's 2020 results would have been negatively affected, as follows. Revenues and income from operations before non-recurring items would have been lower by 6.9 million and 4.4 million euros, respectively, at 229.3 and 21.3 million euros. The operating margin before non-recurring items would have been 1.6 points lower, at 9.3%.

## *Financial objectives*

Taking into account the information set out above, Lectra has set the objectives of achieving 2021 revenues in the range of 250 to 263 million euros (+9% to +17% like-for-like) and income from operations before non-recurring items in the range of 27 to 34 million euros (+27% to +60% like-for-like).

Achieving these objectives, however, remains subject to the still significant uncertainties related to the evolution of the pandemic. Furthermore, based on the order backlog at December 31, 2020, revenues and income from operations before non-recurring items for the first quarter of 2021 are expected to be substantially higher than those reported for the first quarter of 2020.

## *Confidence in growth prospects for the medium-term*

Bolstered by the strength of its business model, its roadmap fully geared to the demands of Industry 4.0, and the opportunities arising from the acquisition of Gerber Technology, the Group is confident in its prospects for the medium term.

*The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for Q4 and the fiscal year 2020 are available on [lectra.com](http://lectra.com). First quarter earnings for 2021 will be published on April 29, 2021. The Annual Shareholders' Meeting will take place on April 30, 2021.*

*For companies that breathe life into our wardrobes, car interiors, furniture and more, Lectra is crafting the premium technologies that facilitate the digital transformation of their industry. Lectra's offer empowers brands and manufacturers from design to production, providing them with the market respect and peace of mind they deserve. Founded in 1973, today Lectra has 34 subsidiaries across the globe, serving customers in over 100 countries. With more than 1,700 employees, Lectra reported revenues of 236 million euros in 2020. Lectra is listed on Euronext Paris (LSS).*

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