

First nine months of 2021: very strong growth in revenues and earnings

- Revenues: 262 million euros (+54%)*
- EBITDA before non-recurring items: 43.4 million euros (+78%)*
- Net income: 16.8 million euros (+53%)
- Free cash flow before non-recurring items: 33.6 million euros

*At actual exchange rates

In millions of euros	July 1 – September 30		January 1 – September 30	
	2021	2020	2021	2020
Revenues	115.3	56.5	262	170.6
<i>Change at actual exchange rates (%)</i>	<i>+104%</i>		<i>+54%</i>	
EBITDA before non-recurring items ⁽¹⁾	20.1	11.4	43.4	24.4
<i>Change at actual exchange rates (%)</i>	<i>+76%</i>		<i>+78%</i>	
EBITDA margin before non-recurring items (in % of revenues)	17.5%	20.2%	16.5%	14.3%
Net income	7.9	6.6	16.8	11
<i>Change at actual exchange rates (%)</i>	<i>+20%</i>		<i>+53%</i>	
Free cash flow before non-recurring items ⁽¹⁾	19.3	8.5	33.6	10
Shareholders' equity ⁽²⁾			380.2	192.2
Net cash (+) / Net financial debt (-) ^{(1) (2)}			(24.9)	134.6

(1) The definition of the key performance indicators is shown in the September 30, 2021 Financial Report

(2) At September 30, 2021 and December 31, 2020

Paris, October 27, 2021. Today, Lectra's Board of Directors, chaired by Daniel Harari, reviewed the consolidated financial statements for the third quarter and first nine months of 2021, which have not been reviewed by the Statutory Auditors. These financial statements incorporate the acquisitions of Gerber Technology, consolidated since June 1, 2021, Neteven, since July 28, 2021, and Gemini CAD Systems, since September 27, 2021 ("2021 Acquisitions"). Lectra's results before taking into account these acquisitions are provided in the "Lectra 2020 scope" paragraphs.

(Detailed comparisons between 2021 and 2020 are like-for-like, unless otherwise stated.)

1. SUMMARY FOR Q3 2021

Q3 2021 revenues came to 115.3 million euros and more than doubled, at actual exchange rates, compared to Q3 2020.

EBITDA before non-recurring items (20.1 million euros) were up 76% at actual exchange rates, and the EBITDA margin before non-recurring items was 17.5%.

Income from operations before non-recurring items amounted to 13.4 million euros (8.5 million euros in Q3 2020) and net income totaled 7.9 million euros (+20% at actual exchange rates).

1.1 Lectra 2020 scope

Business activity and results in Q3 2020, while still affected by the COVID-19 crisis, had begun to show the first signs of a rebound. Q3 2021 confirmed the improvement observed at the end of 2020 and then in H1 2021. Q3 2021 confirmed the improvement observed at the end of 2020 and then in H1 2021.

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (28.3 million euros) increased by 36% compared to Q3 2020. The annual value of new software subscription orders multiplied by 2 and amounted to 1.6 million euros.

Revenues (69.8 million euros) increased by 22%.

Income from operations before non-recurring items (11.9 million euros) increased by 35% and the operating margin before non-recurring items (17%) was up 1.6 percentage points.

1.2 Acquisition of the company Gemini CAD Systems (Gemini)

On September 6, 2021, the Company announced the signature of an agreement to acquire the entire capital and voting rights of the Romanian company Gemini (see press release issued on that date).

2. FIRST NINE MONTHS OF 2021

Revenues of the first nine months of 2021 (262 million euros) were up 54% at actual exchange rates. EBITDA before non-recurring items (43.4 million euros) increased by 78% at actual exchange rates, and the EBITDA margin before non-recurring items was 16.5%.

Gerber Technology (since June 1) and Neteven (since July 28) have contributed 58.6 million euros and 0.5 million euros to revenues, respectively. Gerber's contribution to EBITDA before non-recurring items was positive 6.6 million euros, and Neteven's contribution was negligible.

Consolidated income from operations before non-recurring items amounted to 29.6 million euros. After a non-recurring charge of 6.4 million euros, recognized in the first nine months of 2021 for fees and other costs relating to the acquisition of Gerber Technology, income from operations amounted to 23.2 million euros.

Net income (16.8 million euros) increased by 53% at actual exchange rates.

Free cash flow before non-recurring items came to 33.6 million euros (10 million euros in the first nine months of 2020). This sharp rise is attributable mainly to the improvement in business activity and higher income from operations. After disbursement of 6.8 million euros in the first nine months, in respect of fees and other related expenses in connection with the acquisition of Gerber Technology, free cash-flow amounted to 26.8 million euros.

2.1 Lectra 2020 scope

With an average exchange rate of \$1.20/€1 in the first nine months of 2021, the US dollar was down 6% compared to the first nine months of 2020, while the yuan strengthened by 2% against the euro. Currency changes mechanically decreased revenues by 4.6 million euros (-2%) and income from operations before non-recurring items by 2.8 million euros (-9%) at actual exchange rates, compared to like-for-like figures.

Strong growth in orders and revenues, income from operations before non-recurring items multiplied by 2

Revenues (202.9 million euros) increased by 22% (+19% at actual exchange rates) compared to the first nine months of 2020, which had suffered the effects of the health crisis.

Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services (84.9 million euros) increased by 58%. The annual value of new software subscription orders (4.3 million euros) was multiplied by close to 2.5 compared to the first nine months of 2020.

Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services (76.6 million euros) increased by 44%, those from recurring contracts (75.8 million euros) by 4% and those from consumables and parts (50.5 million euros), which were affected by the acute reduction in business activity of the Group's customers due to the health crisis, by 25%.

Income from operations before non-recurring items (28 million euros) was multiplied by 2 compared to the first nine months of 2020 (by 1.8 at actual exchange rates) and the operating margin before non-recurring items (13.8%) was up 5.7 percentage points (4.7 percentage points at actual exchange rates).

2.2 Balance sheet at September 30, 2021

Consolidated shareholders' equity amounted to 380.2 million euros (192.2 million euros at December 31, 2020). This increase is explained mainly by the capital increase carried out for the purpose of the acquisition of Gerber Technology in the total amount of 165.3 million euros.

At September 30, 2021, the Group's net financial debt stood at 24.9 million euros, consisting in financial debt of 139.4 million euros and available cash of 114.5 million euros.

The working capital requirement at September 30, 2021 was a negative 32.7 million euros.

3. BUSINESS TRENDS AND 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. While the COVID-19 epidemic and its consequences had a very significant impact in 2020, most of the objectives of this 2020-2022 strategic roadmap remain valid, and particularly the acceleration towards Industry 4.0.

2021 outlook and financial objectives

On February 10, the Group stated its 2021 objectives, before taking into account the acquisition of Gerber Technology, namely, to achieve revenues in the range of 250 to 268 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). It then raised its objectives for the Lectra 2020 scope, on July 29, to revenues in the range of 269 to 281 million euros (+16% to +21% like-for-like) and income from operations before non-recurring items in the range of 35 to 40 million euros (+51% to +77% like-for-like). After the integration of Gerber Technology, it set itself the objectives of achieving 2021 revenues in the range of 364 to 390 million euros (+54% to +65% at actual exchange rates) and EBITDA before non-recurring items in the range of 54 to 64 million euros (+44% to +71% at actual exchange rates). These scenarios for 2021 are based on actual exchange rates for H1, and the closing rates on June 30, 2021, particularly \$1.19/€1, for H2 2021.

In light of the third quarter results, the order backlog on September 30, the evolution of exchange rates, and expected business activity through the end of the year, it is anticipated that revenues, income from operations before non-recurring items, and EBITDA before non-recurring items, both for the Lectra 2020 scope and for the scope after integration of Gerber Technology, should fall within the upper end of the revised objectives published July 29.

Financial objectives for 2022

Following the February 8, 2021, announcement of Lectra's proposal to acquire Gerber Technology, the Group reported on the 2022 financial objectives for the combined entity.

The Group has set itself the 2022 objective of returning to the level of combined revenue achieved by Lectra and Gerber Technology in 2019, which came to 482 million euros (488 million euros taking the Neteven and Gemini acquisitions into account) and generating an EBITDA margin before non-recurring items in the range of 17% to 20% by adding the expected synergies to the operational performance of the two groups.



The Management Discussion and Analysis of Financial Conditions and Results of Operations and the financial statements for the first nine months of 2021 are available on lectra.com. Q4 and FY 2021 earnings will be published on February 9, 2022.

For companies that breathe life into our wardrobes, car interiors, furniture and more, Lectra crafts the premium technologies that facilitate the digital transformation of their industry. Lectra's offer empowers brands, manufacturers and retailers from design to production, providing them with the market respect and peace of mind they deserve. Founded in 1973, the company reported revenues of 236 million euros in 2020 and is listed on Euronext Paris (LSS). In June 2021, Lectra acquired Gerber Technology, a USA-based company founded in 1968. Like Lectra, Gerber Technology develops software and automation solutions for fashion, automotive, furniture and other businesses across the globe. By uniting, Lectra and Gerber Technology will become the ultimate Industry 4.0 partner for their customers. For more information, please visit www.lectra.com and www.gerbertechnology.com

Lectra – World Headquarters: 16–18, rue Chalgrin • 75016 Paris • France
Tel. +33 (0)1 53 64 42 00 – Fax +33 (0)1 53 64 43 00 – lectra.com
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