

The LECTRA logo is positioned in the top right corner of the slide. It features the word "LECTRA" in a clean, white, sans-serif font. A small red horizontal bar is placed above the letter "E". The background of the slide is a dark, monochromatic photograph of a woman's profile and a modern chair, with a vertical line separating the left and right halves.

# Financial results Q4 & FY 2020

Daniel Harari, *Chairman & CEO*  
Jérôme Viala, *Executive Vice President*

February 11, 2021

# Financial results Q4 & FY 2020

- **2020 main highlights**
- Q4 2020 results
- FY 2020 results
- Strategic roadmap for 2020-2022: first progress report
- Gerber Technology acquisition project
- Outlook

Unless stated otherwise, comparisons are 'like-for-like' (2020 figures restated at 2019 exchange rates).

# **2020 main highlights**



**Strong resilience of earnings despite the impacts of the COVID-19 crisis**

**Continued adoption of the offers for the Industry 4.0**

**A business model that once again demonstrates its strength**

# 2020 main highlights

## Different impact of the COVID-19 crisis depending on the market sector

### Fashion



All businesses (brands, subcontractors, retailers) face profound changes and an unprecedented pace of consumer habits. Some of them face difficult cash situations.

### Automotive



A severe shock to a market having already faced difficulties over the last few years.

### Furniture



The home has become a central part of consumer lives.

Lectra's three strategic market sectors—fashion, automotive and furniture—have been strongly impacted, though the furniture market experienced a rebound starting in the third quarter.

# 2020 main highlights

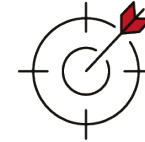
## Main measures taken by Lectra to face the crisis



**Safeguard the health of employees, customers and suppliers**



**Guarantee the continuity of service to customers**



**Pursue the execution of the Lectra 4.0 strategy**

**Strengthen customer relations and digital marketing actions**



**Reduce overhead costs**



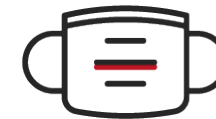
In light of its sound financial position, capacity for resilience, and medium-term outlook, the Group decided not to put in place short-time working arrangements (under the partial activity scheme), and not to benefit from any financial support from the French government.

# 2020 main highlights

## Mobilization of Lectra's teams to produce protective equipment voluntarily



**15,000 GOWNS**  
cut for hospitals and  
teaching hospitals

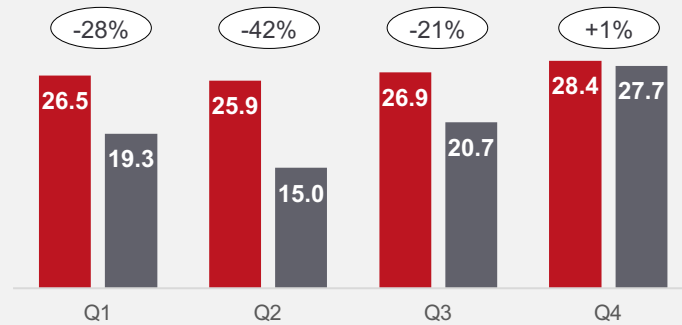


**390,000 MASKS**  
cut for the general public,  
190,000 of which for the French  
initiative "United masks"

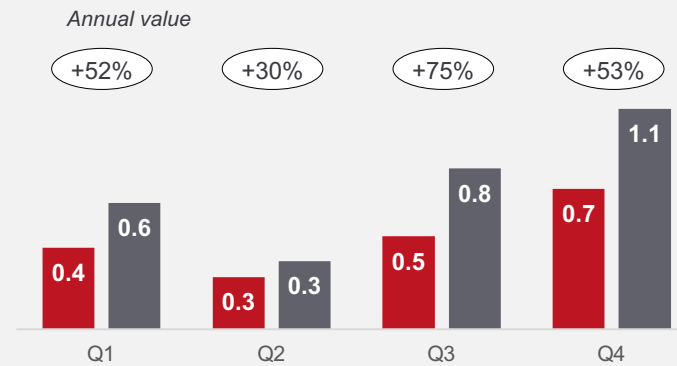
# 2020 main highlights

Following a strongly impacted H1 by the COVID-19 crisis, several signs of improvement observed in Q3, confirmed in Q4

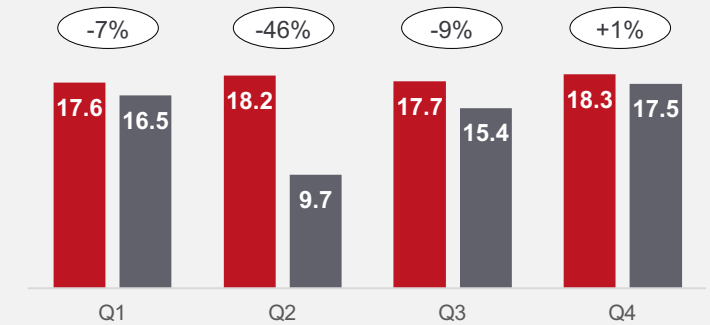
Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services



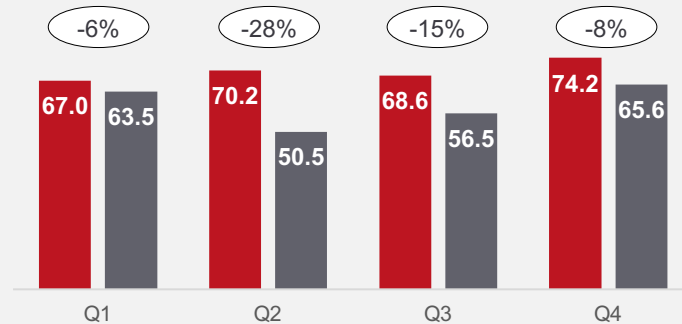
New software subscription orders



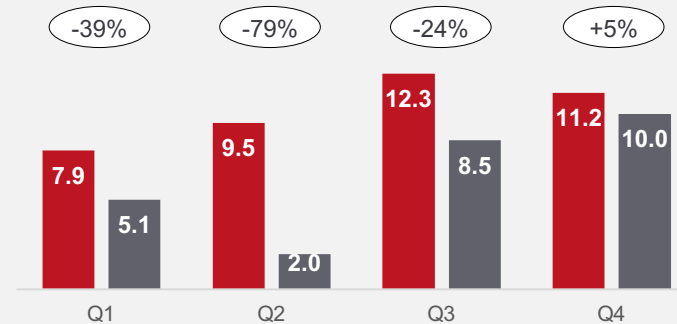
Revenues from consumables and parts



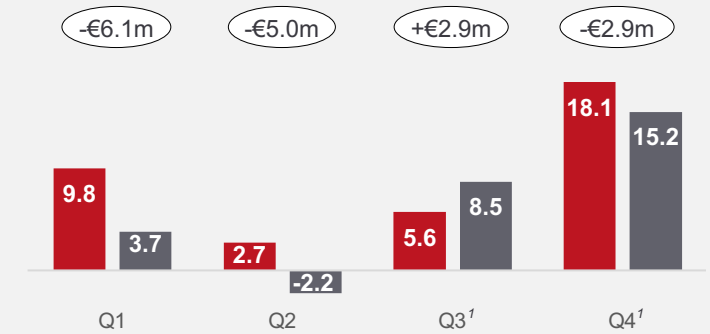
Revenues



Income from operations before non-recurring items



Free cash flow



■ 2019 ■ 2020

<sup>1</sup> Q3 20 free cash flow includes receipt of the balance of the 2016 research tax credit of €2.6m (the balance of the 2015 research tax credit of €5.7m was received in Q4 19).

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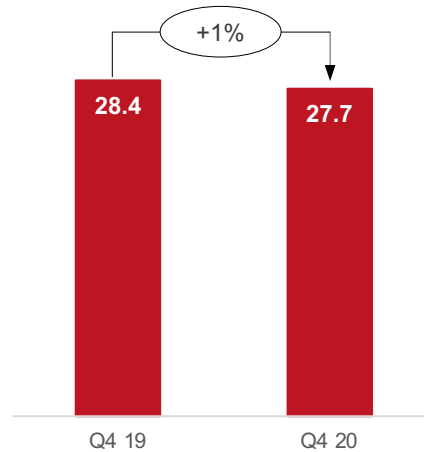
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## Growth in orders

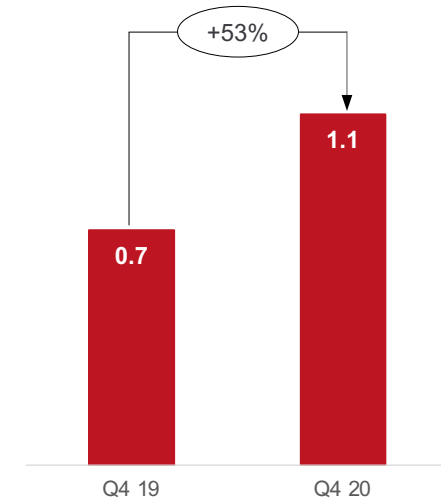
Orders for perpetual software licenses, equipment and accompanying software, and non-recurring services

*In millions of euros*



## New software subscription orders

*In millions of euros, annual value*



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.

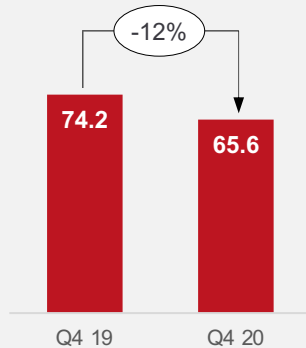
# Q4 2020 results

## Revenues and earnings still impacted by the COVID-19 crisis

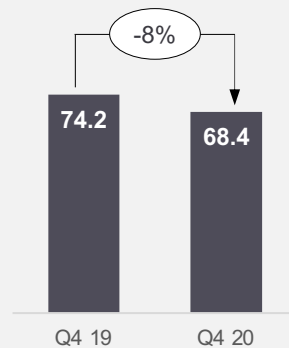
In millions of euros

### Revenues

At actual exchange rates

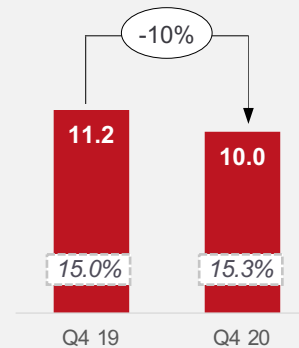


Like-for-like

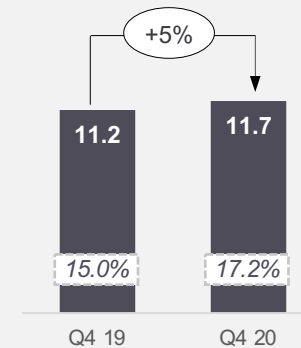


### Income from operations *before non-recurring items*

At actual exchange rates



Like-for-like

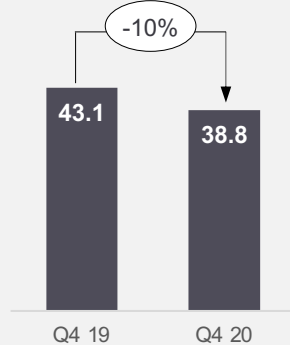


### \$/€1 exchange rate



### Overhead costs

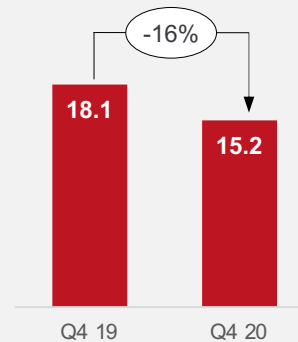
Like-for-like



Decrease notably thanks to the measures implemented since March to control spending, and maintained in Q4.

### Free cash flow

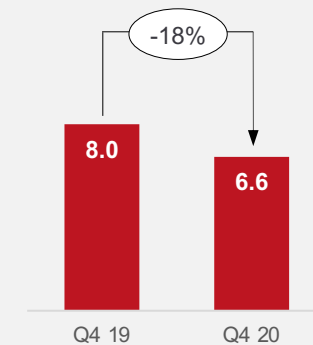
At actual exchange rates



Q4 19 free cash flow included receipt of the balance of the 2015 research tax credit of (€5.7m) while receipt of the balance of the 2016 research tax credit was received in Q3 20.

### Net income

At actual exchange rates



= In % of revenues

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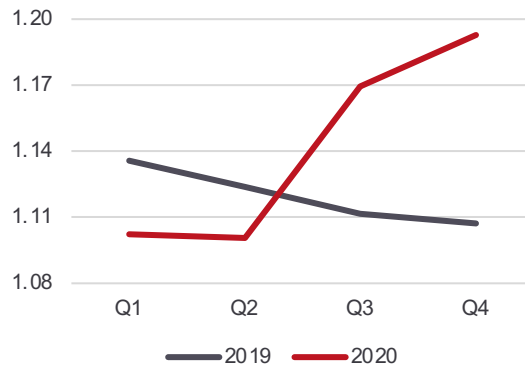
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# FY 2020 results

## Negative impact of currency changes

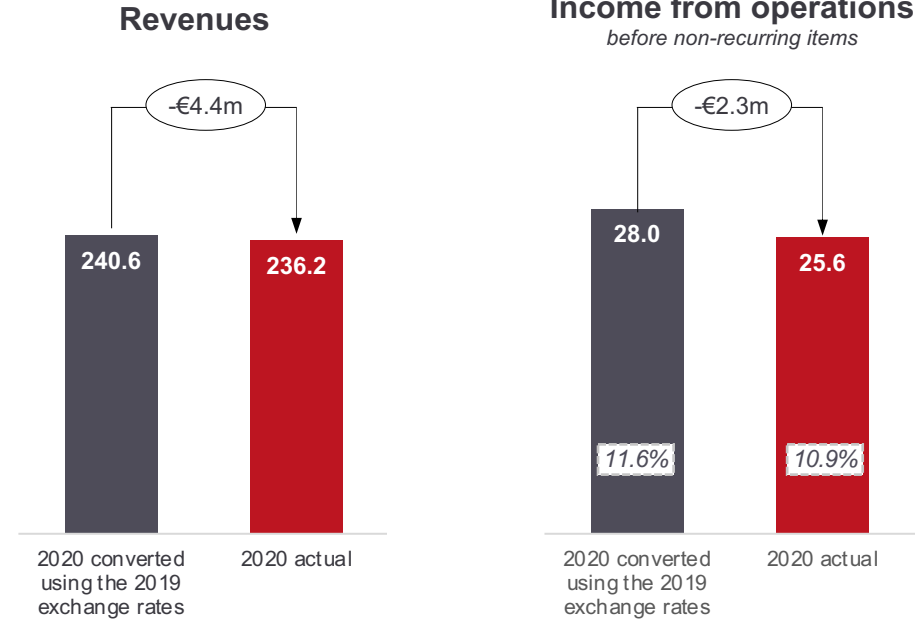
With an average exchange rate of \$1.14/€1 in 2020, the US dollar was down 2% compared to 2019. The slide in the dollar intensified late in the year, and the exchange rate stood at \$1.23 to the euro on December 31, 2020. The yuan also declined by 2% against the euro.

Average \$/€1 exchange rate



## Conversion of 2020 results using the 2019 exchange rates

In millions of euros



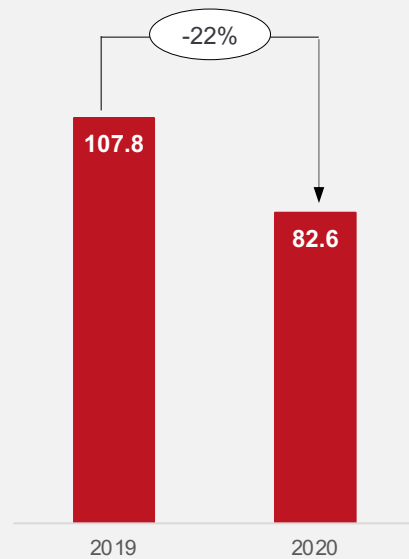
11.6% = In % of revenues

# FY 2020 results

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

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

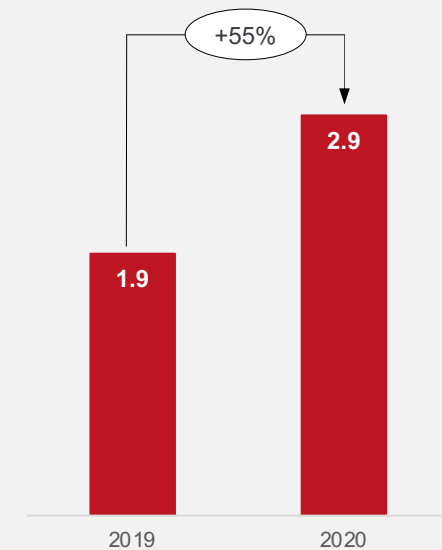
In millions of euros



	2019	2020	Change At actual exchange rates	Change Like-for-like
<b>Total</b>	<b>107.8</b>	<b>82.6</b>	<b>-23%</b>	<b>-22%</b>
<i>of which perpetual software licenses</i>	12.8	7.8	-39%	-39%
<i>of which equipment and accompanying software</i>	80.2	64.3	-20%	-18%
<i>of which training and consulting</i>	12.4	9.0	-27%	-27%

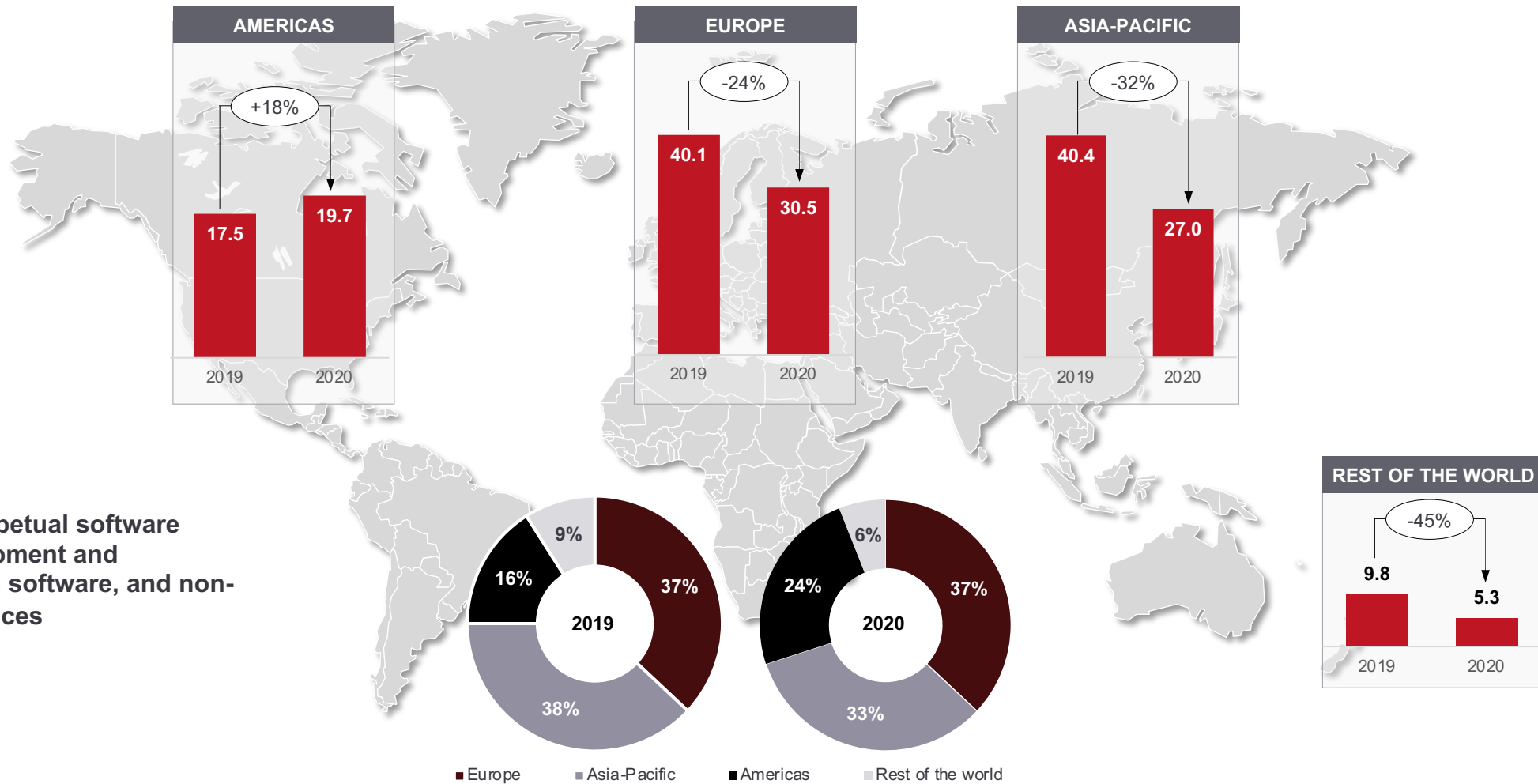
### New software subscription orders

In millions of euros, annual value



# FY 2020 results

## Contrasted geographical activity



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

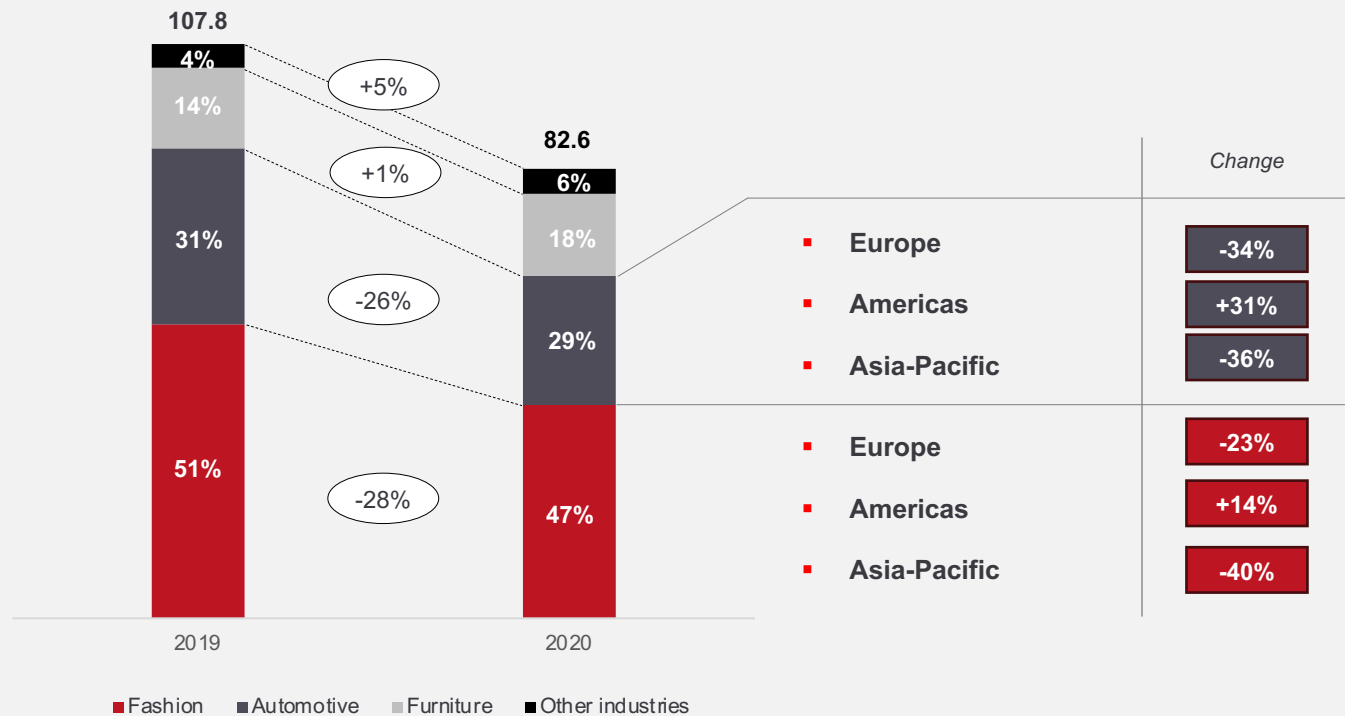
In millions of euros

# FY 2020 results

## Decline in orders in fashion and automotive – Slight increase in furniture and other industries

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

In millions of euros

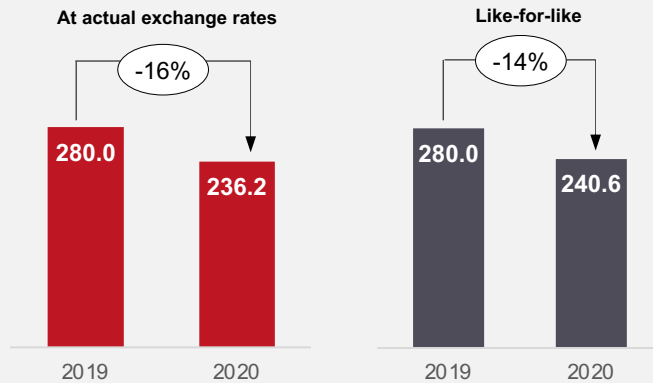


# FY 2020 results

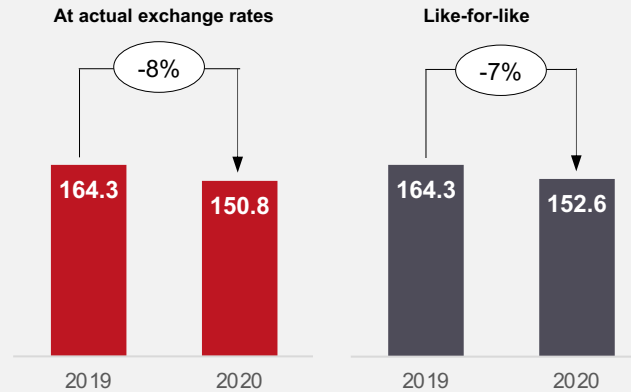
## Strong resilience in earnings and free cash flow, despite the consequences of the health crisis

In millions of euros

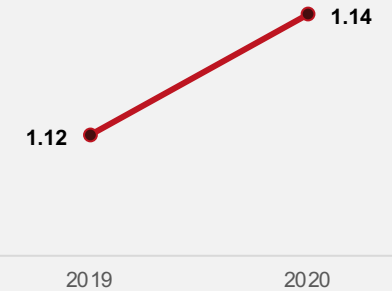
### Revenues



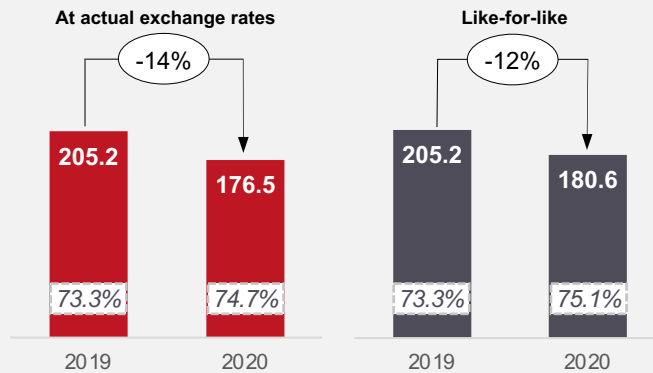
### Overhead costs



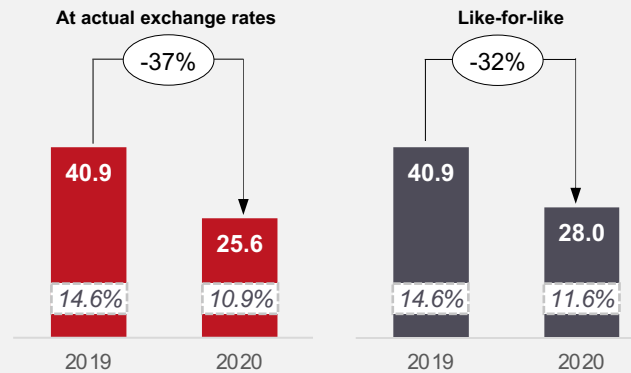
### \$/€1 exchange rate



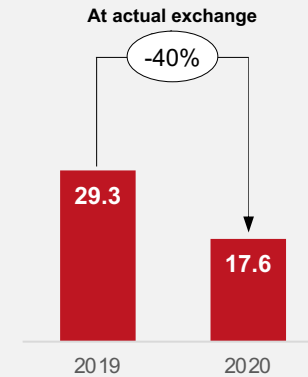
### Gross profit



### Income from operations before non-recurring items



### Net income



= In % of revenues

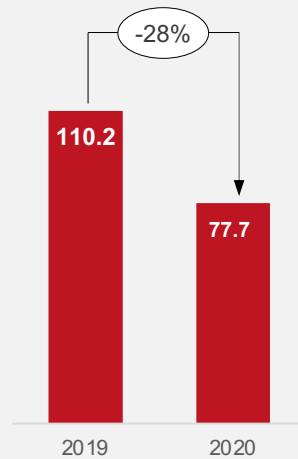


# FY 2020 results

## Slight increase in recurring contracts

### Revenues from software licenses, equipment and accompanying software, and non-recurring services

In millions of euros

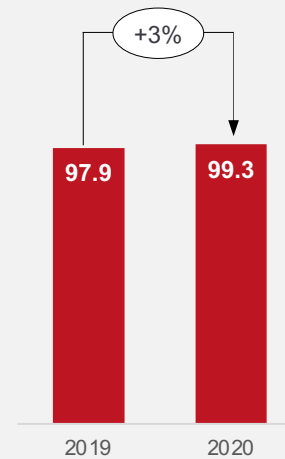


Perpetual software licenses	8.4	-37%
Equipment and accompanying software	57.7	-28%
Training and consulting	9.9	-18%

### Recurring revenues

In millions of euros

#### Recurring contracts

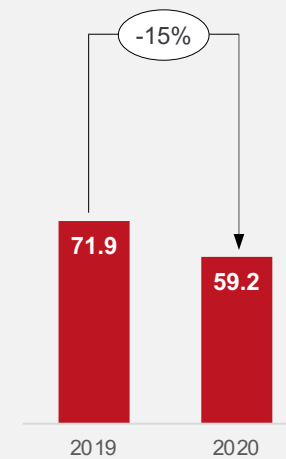


Software maintenance contracts	37.5	-1%
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Software subscriptions	3.7	+137%
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Equipment and accompanying software maintenance contracts	58.2	+2%
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#### Consumables and parts



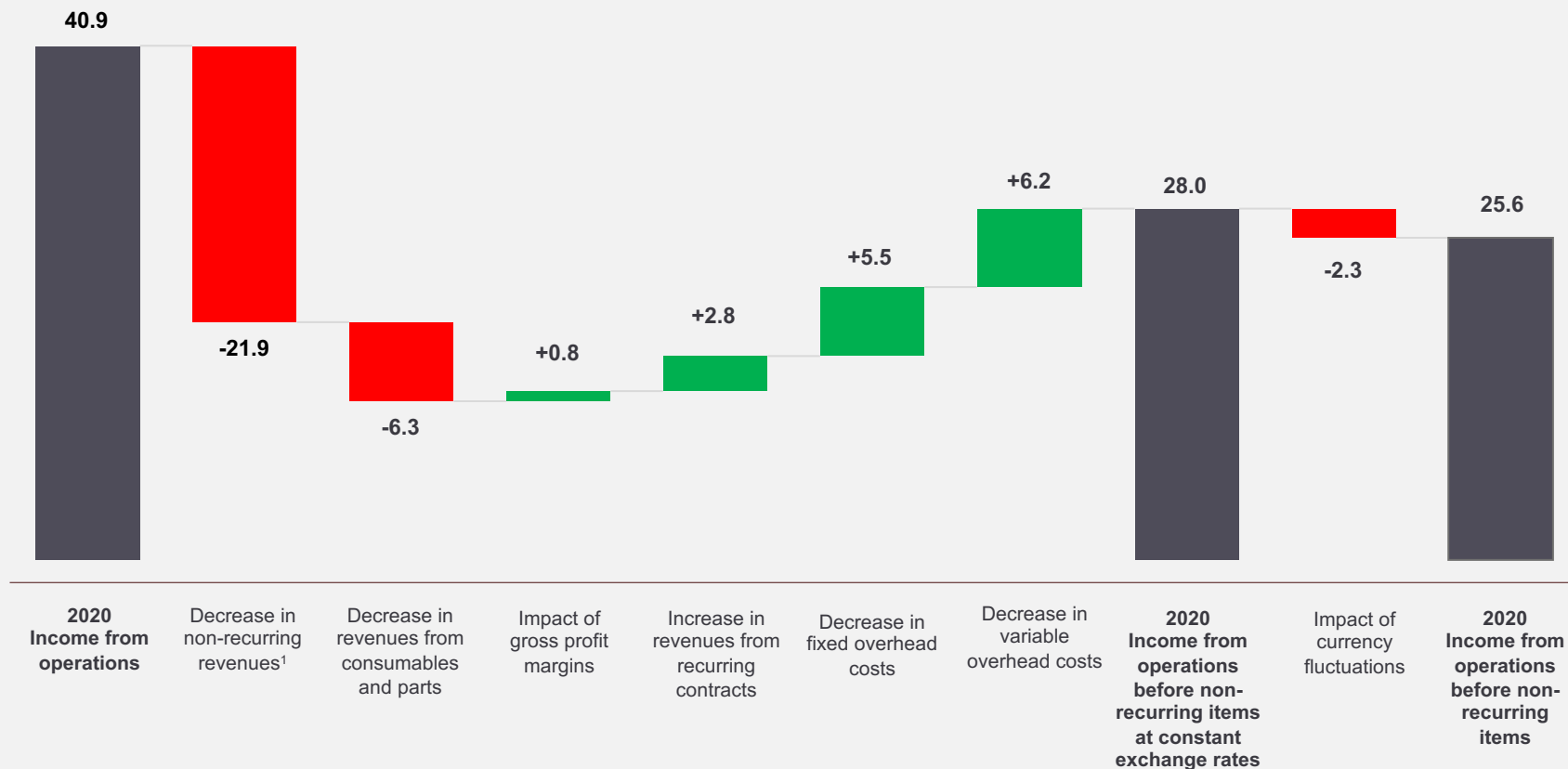
Recurring revenues are a key pillar of the Group's business model and constitute a protective factor that has mitigated the impact of the COVID-19 crisis on the earnings.

# FY 2020 results

## Resilient income from operations

### Evolution of income from operations *before non-recurring items*

In millions of euros

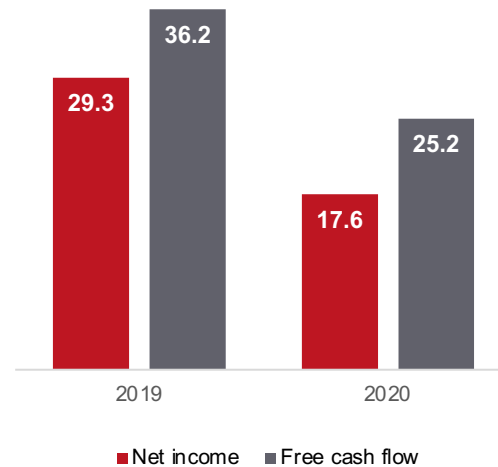


Lectra has implemented measures to reduce its overhead costs, which were initially budgeted to increase by 8% in 2020 (-7% 2020 vs. 2019), by cancelling or postponing all non-essential expenses.

<sup>1</sup> Revenues from software licenses, equipment and accompanying software, and non-recurring services

## Free cash flow higher than net income

*In millions of euros*



Free cash flow amounted to €25.2m (€36.2m in 2019). Free cash flow exceeded net income by €7.6m in 2020.

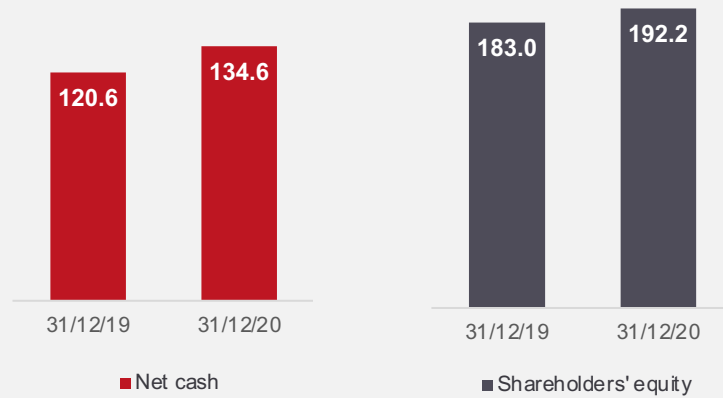
The decline in free cash flow from 2019 (-€11m) was slightly less than the decline in net income (-€11.7m), which again confirms the strength and resiliency of the Group's business model, including in a challenging environment.

# FY 2020 results

## Particularly robust balance sheet

### Balance sheet

In millions of euros



The group has no financial debt.

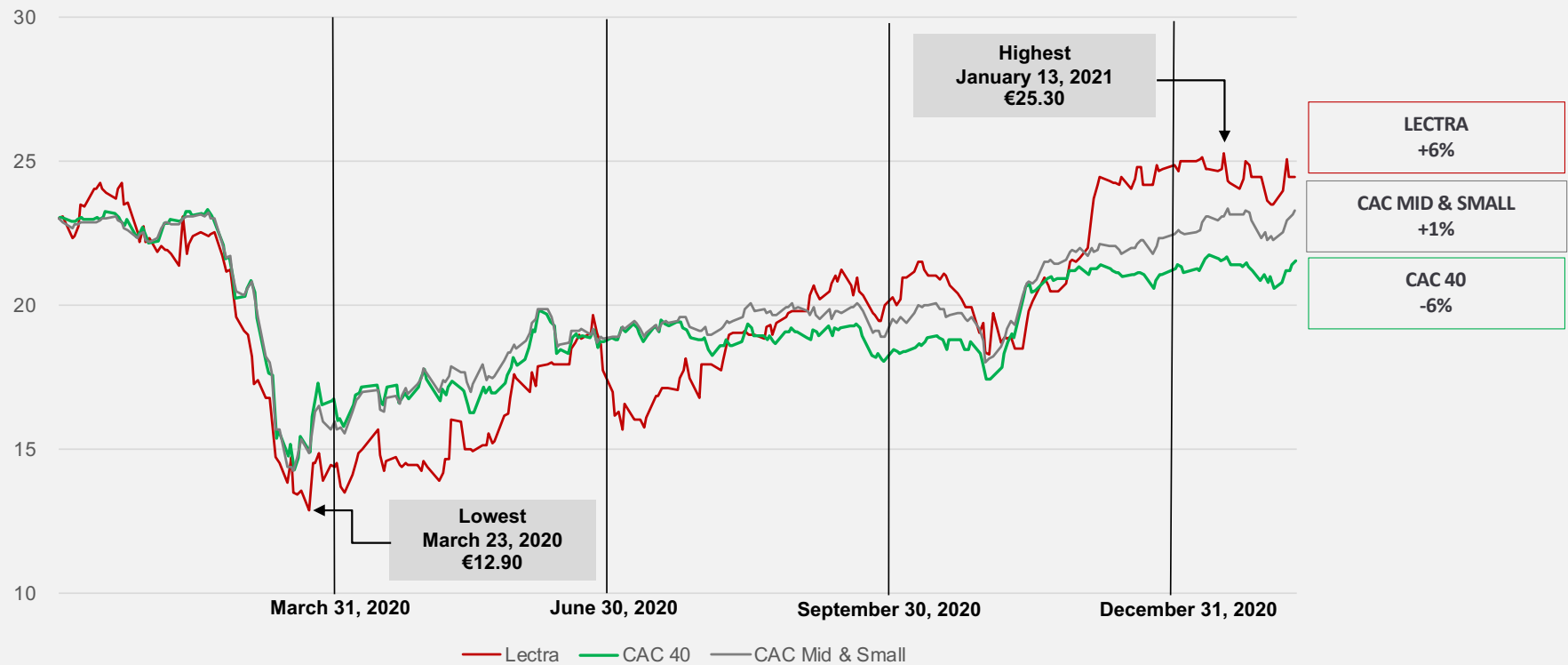
Net cash is close to €135m.

# FY 2020 results

## Evolution of the share price

### Evolution from January 1, 2020 to February 5, 2021

In euros, closing price



#### AT FEBRUARY 5, 2021

- Share price: €24.45
- Market cap.: €795m
- Enterprise Value: €660m
- EV/2020 Revenues: 2.8x
- EV/2020 EBITDA: 17.6x
- PER 2020: 43.8x

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# Strategic roadmap for 2020-2022: first progress report

## Acceleration towards Industry 4.0

The objective of Lectra through its 2020-2022 strategic roadmap is 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. The only adjustments to the original objectives are in the growth targets for the end of the three-year period – particularly following the proposed acquisition of the company Gerber Technology.

# Strategic roadmap for 2020-2022: first progress report

## Four strategic priorities

1

Accelerate organic growth

2

Strengthen customer relations

3

Extend the offers for Industry 4.0

4

Develop new areas for growth

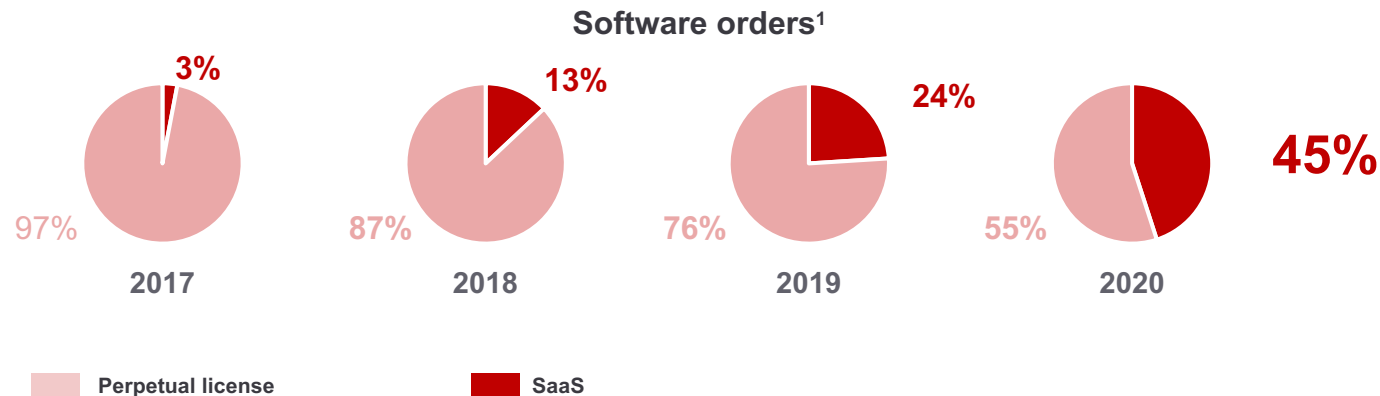
These four strategic priorities guided the Group's action in 2020.



# Strategic roadmap for 2020-2022: first progress report

## Growing adoption of the offers for the Industry 4.0

Number of customers using one or several offers for the Industry 4.0



This success confirms the relevance of Lectra's strategy and choices since 2017.

These offers, which will be further expanded in the next two years, mean that Lectra will be fully capable of helping all companies in its markets to meet the challenges of the post-COVID-19 world.

<sup>1</sup> If the Group had decided to include subscription software sales in the amount of orders for new systems (by multiplying the annual value of the annual subscription contracts by 2.2).

# Strategic roadmap for 2020-2022: first progress report

## New 4.0 offers meet companies' long-term needs

### FASHION ON DEMAND

by LECTRA

*"We were looking for a partner in managing the complexity and scalability of a made-to-measure business. The complex comes from having to alter patterns for each individual garment while ensuring marker efficiency and accurate motif matching. That was when we found Lectra to embark on this journey with us."*

**Delman Lee**  
President and CTO

TAL Apparel

### FURNITURE ON DEMAND

by LECTRA

*"We wanted to minimize production costs and, at the same time, offer quality products manufactured in fully controlled conditions, with repeatability and full traceability of suppliers and the raw materials used. Lectra made it possible for us."*

**Paweł Suchorski**  
Managing Director

Euroline

### KUBIX LINK

**Riccardo Romani**  
Head of International Production

Calzedonia Group

*"Having enjoyed years of solid and fruitful partnership with Lectra, we have decided to choose them again for their Kubix Link solution to overcome the challenge of digitizing our processes."*

### RETVIEWS

a LECTRA company

**Christian D'Antoni**  
Head of Merchandising

Miroglio Group

*"We needed to find a solution that would allow us to monitor the market in order to streamline our product positioning strategies. With Lectra, our trusted technological partner, we evaluated Retviews as the most efficient solution for the acquisition and display of market data in real time."*

### QUICK ESTIMATE

**Masayo Epp**  
Head of industrialization  
department, Women

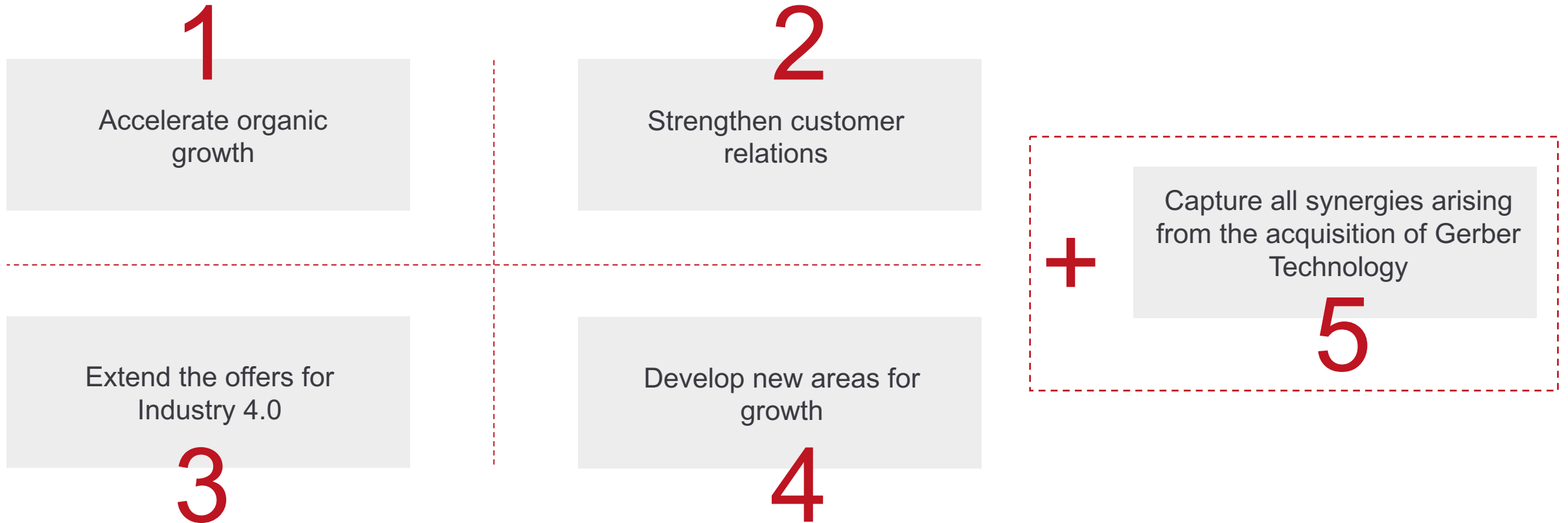
agnès b.

### QUICK NEST

*"The accuracy of the information transmitted by the pattern-markers translates into a rapid gain in efficiency in the product development process."*

# Strategic roadmap for 2020-2022: first progress report

## Addition of a fifth strategic priority<sup>1</sup>



<sup>1</sup> If and when the acquisition is consummated

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# Gerber Technology acquisition project

**Lectra's ambition: to create a world-class, leading Industry 4.0 player for the fashion, automotive and furniture markets**

**LECTRA**<sup>®</sup>

**GERBER**  
TECHNOLOGY



# Gerber Technology acquisition project

## Transaction rationale

**L E C T R A**

### Strengths

- Very solid presence in Europe and strong position in Asia-Pacific
- Undisputed technology leadership
- Prestigious European fashion customers
- World leader in Automotive
- 100% inhouse manufacturing
- 34 subsidiaries, 90%+ sales direct
- Solid business model and balance sheet
- High value-added offers for the Industry 4.0

**L E C T R A**  **GERBER**  
TECHNOLOGY

### Opportunities

- Highly complementary customer bases and geographic market positions: upsell and cross-sell opportunities
- More value to customers through seamlessly integrated solutions
- Cost rationalization and economies of scale for sales, support and admin operations
- Mutualized future R&D development, addressing notably a broader customer base
- Accelerated digital transformation in fashion, automotive and furniture industries

 **GERBER**  
TECHNOLOGY

### Strengths

- Very solid presence in North America and strong position in Asia-Pacific
- Integrated and industry leading solutions
- Renowned brand reputation
- Prestigious American fashion customers
- 100% outsourced manufacturing
- Very high level of recurring activities
- Thousands of Industry 4.0 ready products in use

# Gerber Technology acquisition project

## Benefits from combining strengths and competencies

LECTRA®

 GERBER  
TECHNOLOGY

Global leader in value and volume, with world-class customers and leadership around the world

Industry's most capable player to help fashion, automotive and furniture companies seize the opportunities of the Industry 4.0 era

A greater critical mass, giving higher headroom to execute the strategy

The largest worldwide installed base of product development software and cutting solutions in operations

Best of best technology and integrated solutions

The strongest R&D and business-line expert teams

An attractive combined financial profile with very strong recurring revenue and cash flow generation

A strong combined management team recognized for value creation and success in previous combinations

# Gerber Technology acquisition project

## Envisioned transaction overview

### Anticipated transaction structure

- Acquisition price, on a cash-free debt-free basis: €175m (cash+debt combined) and shares (5m newly issued to AIPCF VI LG, an affiliate of American Industrial Partners that is Gerber Technology's sole shareholder) – Total amount of about €300m based on Lectra's closing share price on February 5, 2021
- Lectra to own 100% of Gerber Technology
- AIPCF VI LG to own c. 13.3% of Lectra capital (pro-forma), Daniel Harari to own c. 14.6%

### Company name & headquarters

- Lectra to remain the combined company name
- Both Lectra and Gerber Technology brands will remain
- Euronext Paris listing, c. 39 million fully diluted shares outstanding post closing
- Headquarters in Paris, France

### Leadership & governance

- Chairman and CEO: Daniel Harari – Gerber Technology CEO, Mohit Uberoi, to assume special advisor role to Daniel Harari until end-2021
- Board of Directors: one new Director representing AIPCF VI LG

### Timing & closing requirement

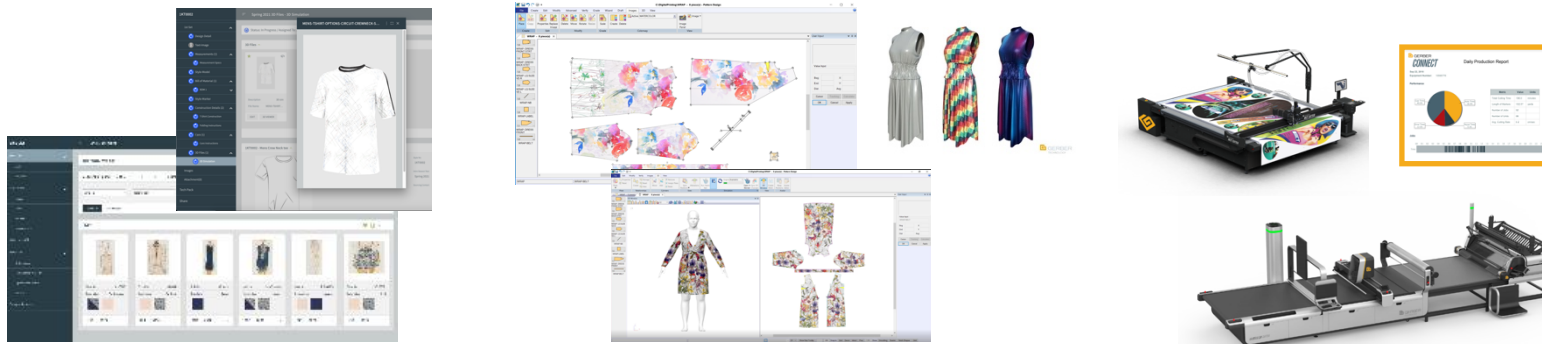
- Extraordinary Shareholders' Meeting expected on April 30, 2021 to vote on the issuance of the 5 million new Lectra shares reserved to AIPCF VI LG
- Subject to customary conditions, including regulatory approval in the US – French work council of Lectra to be consulted
- Expected closing mid-Q2



# Gerber Technology acquisition project

## Gerber Technology overview

Gerber Technology builds enterprise-wide solutions for automating the design and production of flexible materials based on its proprietary technologies, deep domain expertise, and multi-decade customer relationships



**€165 million**

2020 revenues

**645** employees

Americas: 52%  
Asia-Pacific: 28%  
EMEA: 19%

Fashion PLM<sup>1</sup>  
software

Software for development,  
production and industrialization

Automated cutting  
solutions with  
Industry 4.0 capabilities

**10%** of revenues  
dedicated to R&D

**1968** H. Joseph Gerber invents the GERBERcutter which automatically cut large amounts of material with a computer-controlled knife

**1988** Launch of Accumark

**2009** Acquisition of Yunique Solutions

**2011** Vector Capital and CITIC Capital Partners buy all outstanding shares of Gerber Scientific and exit the Group from the stock exchange

**2016** American Industrial Partners acquires full ownership of Gerber Technology

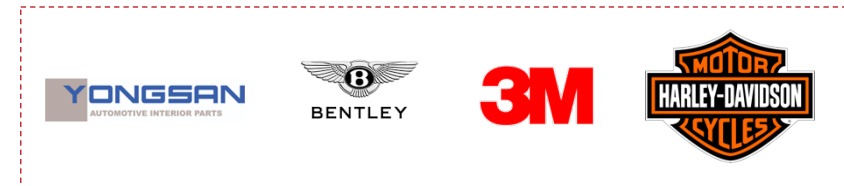
**2018** Acquisitions of MCT Digital and Avametric

# Gerber Technology acquisition project

## Complementary customer base

LECTRA®

GERBER  
TECHNOLOGY



# Gerber Technology acquisition project

A large combined installed base, with upgrade and Industry 4.0 opportunities



## Software sold in perpetual licenses



**13,000**

licenses under contract

## Equipment and accompanying software



**1,700**

Industry 4.0 compatible

**3,400**

15+ years

## Software sold in SaaS mode



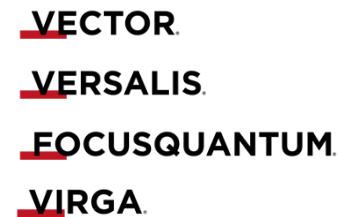
**€2.2m**

2020 revenues



**18,000**

licenses under contract



**4,700**

Industry 4.0 compatible

**1,400**

15+ years



**€3.7m**

2020 revenues

# Gerber Technology acquisition project

## Combining two financially strong and efficient companies

2020 revenues and earnings of both companies were impacted by the COVID-19 crisis

2020	LECTRA	GERBER TECHNOLOGY	LECTRA GERBER TECHNOLOGY Aggregated <sup>1</sup> , pre-synergies
Total revenues	€236m	€165m	€401m
Recurring revenues	€159m	€98m	€256m
Recurring revenues as a % of total revenues	67%	59%	64%
EBITDA	€37m	€13m (adjusted <sup>2</sup> )	€50m
EBITDA margin	16%	8% (adjusted <sup>2</sup> )	13%
Free cash flow	€25m	€9m	€34m
Security ratio <sup>3</sup>	91%	91% (adjusted <sup>2</sup> )	91%

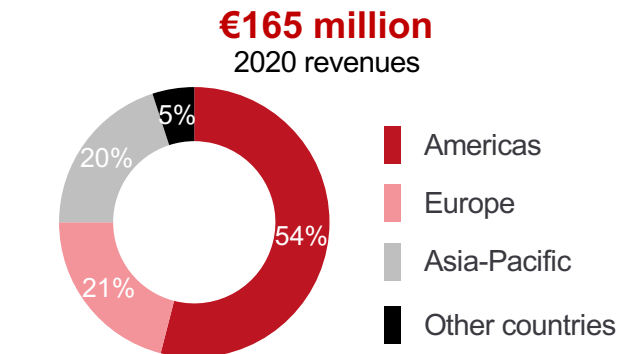
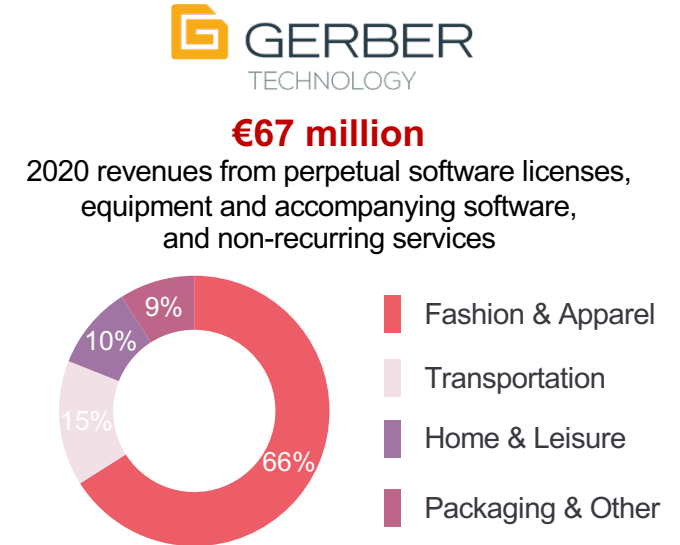
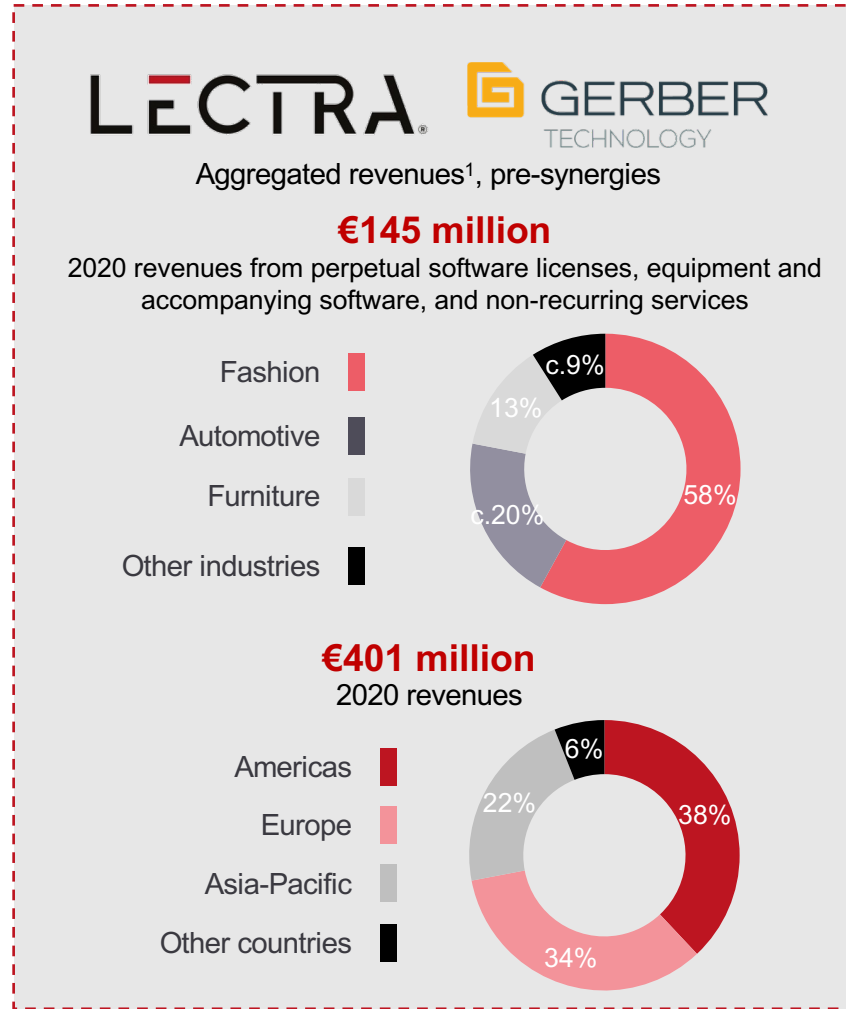
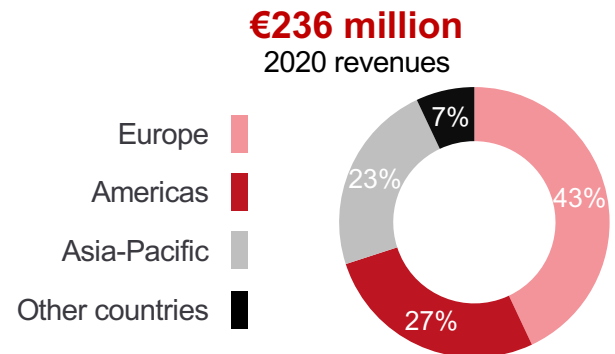
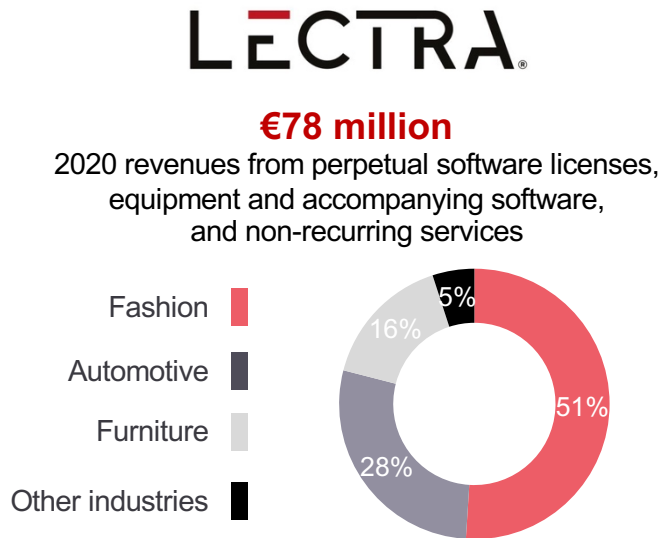
<sup>1</sup> Simple aggregation of 2020 results (unaudited for Gerber Technology, US GAAP) prior to any required accounting adjustments

<sup>2</sup> Adjusted figures by Lectra to offset non-recurring expenses

<sup>3</sup> Percentage of annual fixed overhead costs covered by gross profit on recurring revenues

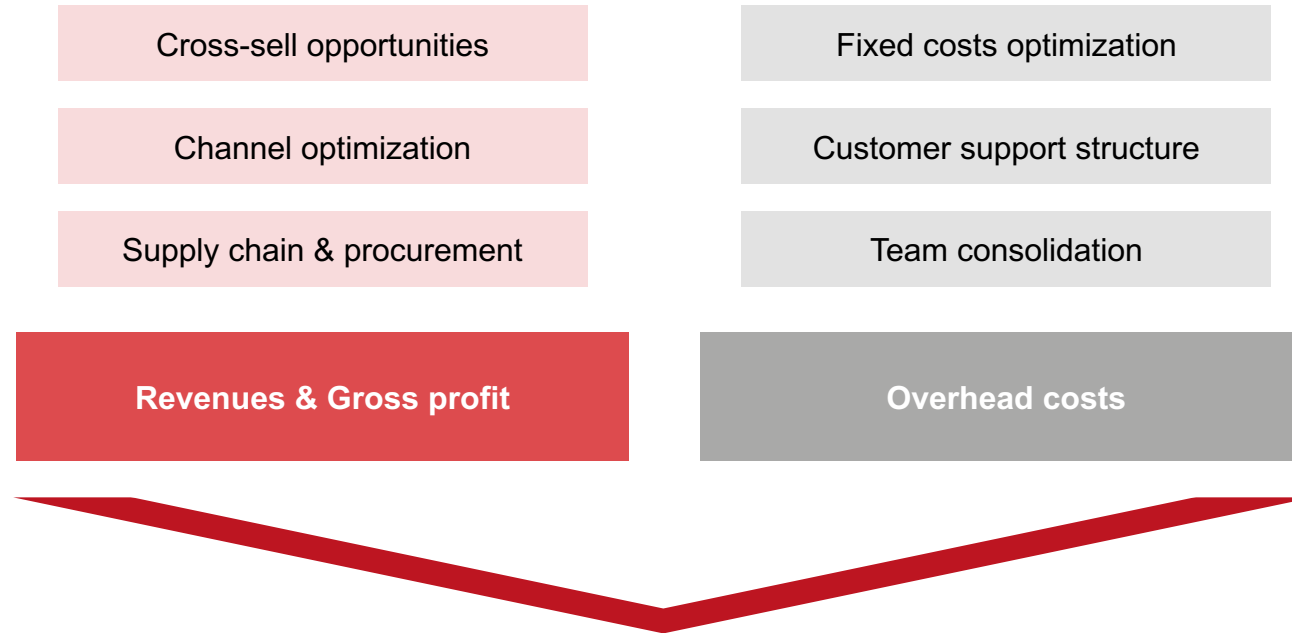
# Gerber Technology acquisition project

## A worldwide, well-balanced presence



# Gerber Technology acquisition project

## Strong value creation from synergies



**+€12-18 million**

Expected increase in  
EBITDA<sup>1</sup> in 2022

<sup>1</sup> Excluding non-recurring expenses related to the implementation of synergies

# Gerber Technology acquisition project

## Combination will benefit all stakeholders

### Customers

- Greater capabilities and resources to address customer needs
- Combined R&D benefiting to both companies' customers
- Increased interoperability between both companies' solutions

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### Employees

- More opportunities to build a career in a large group
- Strong commitment to drive engagement and development
- Complementary company culture and DNA

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### Industry

- Improved positioning to address new industry requirements
- Unmatched investment in innovation to surpass current state of the art
- Unleash the full potential of the Industry 4.0 faster

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### Shareholders

- Attractive combined financial profile, with €250+m of recurring revenues
- Solid and experienced combined management team, minimizing integration risk
- Accretive transaction from 2022

# Financial results Q4 & FY 2020

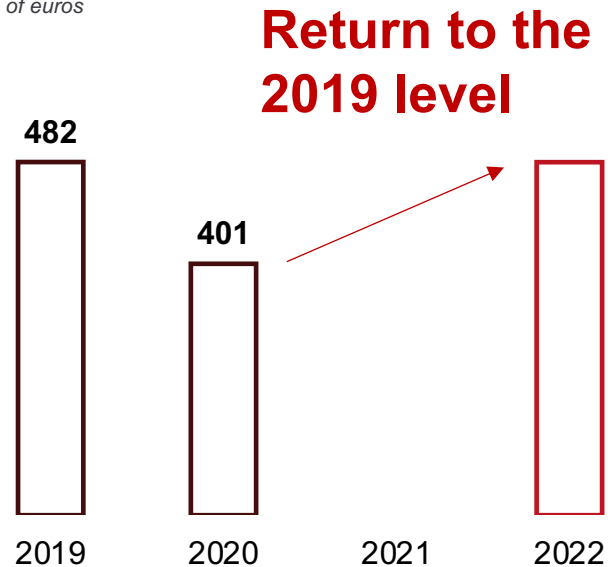
- 2020 main highlights
- Q4 2020 results
- FY 2020 results
- Strategic roadmap for 2020-2022: first progress report
- Gerber Technology acquisition project
- **Outlook**



## 2022: Lectra and Gerber Technology's combined financial objectives

### Combined revenues

*In millions of euros*



### Combined EBITDA margin before non-recurring items<sup>1</sup>

# 17% to 20%

Including the effect of the synergies that should have an impact of between +€12m and +€18m on EBITDA before non-recurring items

<sup>1</sup> Excluding non-recurring expenses, notably those related to the implementation of synergies

## 2021: external factors weighing on the outlook

*Before taking the acquisition of Gerber Technology into account*

### Uncertain macroeconomic environment, coronavirus epidemic, degraded financial situations

These items could weigh on customers' investment decisions and postpone or constrain the rebound in orders for new systems.

### Impact of exchange rate fluctuations

2021 scenarios prepared 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).

Conversion of 2020 results using the 2021 exchange rates used for scenarios:

- Revenues: -€6.9m
- Income from operations before non-recurring items: -€4.4m
- Operating margin before non-recurring items: -1.6 percentage point

## 2021: financial objectives

*Before taking the acquisition of Gerber Technology into account*

Revenues	€250m to €268m	+9% to +17%	Like-for-like
Income from operations before non-recurring items	€27m to €34m	+27% to +60%	

Based on the order backlog at December 31, 2020, revenues and income from operations before non-recurring items for Q1 2021 are expected to be substantially higher than those reported for Q1 2020.

**The objectives will be adjusted at the time of the completion of the Gerber Technology acquisition, which is expected to occur during Q2 2021.**

# Upcoming Financial Calendar

## Annual Shareholders' Meeting

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April 30, 2021

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## Quarterly results

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**Q1** April 29, 2021

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**Q2** July 29, 2021

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**Q3** October 27, 2021

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**Q4** February 9, 2022

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## Analyst conferences

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October 28, 2021

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February 10, 2022

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**LECTRA®**

Empowering customers through industrial intelligence