

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR FOURTH QUARTER AND FULL YEAR OF 2020

Dear Shareholders,

quarter and full year ending December 31, 2020.

Indeed, after a decline of 42% in Q2 and 21% in Q3, compared 56 the oortespond(time) to the tenterized yie at 020 of the protect of the prote

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.

At the same time, revenue from consumables and

increased by 1% in Q4, after having declined by 46% in Q2, then by 9% in Q3 2020, compared to the corresponding quarters a year before.

Total revenues amounted to 65.6 million euros, down 8% compared to Q4 2019 (-12% at actual exchange rates). They were 28% lower in Q2, and 15% lower in Q3 than in the corresponding quarters of 2019.

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

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, income from operations came to 9.3 million euros.

Net income amounted to 6.6 million euros, down 18% at actual exchange rates compared to 05%/2019.

6

Negative impact of currency changes

With an average exchange rate of \$1.14 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

In the unique, unprecedented environment of the COVID-

net income, which again confirms the strength and resiliency of the Group's business model, including in a challenging environment.

Particularly robust balance sheet positive net cash position of close to 135 million euros

At December 31, 2020 at December 31, 2019), in respect of FY 2019. 192.2 million euros (183 million euros

The Group has no financial debt. Cash and cash equivalents, as well as net cash position, totaled 134.6 million euros (120.6 million euros at December 31, 2019).

3. 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 (see chapters 1 and 2 above), 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.

The Lectra 4.0 strategy, and each of the chapters in the strategic roadmap for 2020-2022, are summarized below, followed by the first progress report on the related actions implemented in 2020.

Lectra 4.0: a long-term vision

Markets are undergoing profound changes

Throughout the world, Lectra customers are faced with changes in consumer behavior, as buyers reveal new expectations in terms of experience and personalization, and demand ever greater transparency, authenticity and ethical commitment from all actors in the value chain.

To remain competitive, fashion brands and manufacturers have to call themselves into question. They must rethink and merge the in-store and digital experience, release new and ever-more creative models to market quicker, and demonstrate their eco-responsibility while also reducing inventories, markdowns, and unsold stock.

In addition, automotive suppliers, under pressure from carmakers and faced with challenging market conditions, must also reinvent themselves to maintain their margins, while laying the groundwork for car interiors of the future.

Finally, furniture industry players are forced to adapt without delay to the demands of younger generations yearning for configurable and personalized furniture, changing lifestyles, and the challenges of digital technology.

Industry 4.0 is transforming industrial processes

Industry 4.0 calls for a new approach to organizing production plants based on communication across a configuration of increasingly flexible players and production tools, while optimizing the use of available resources.

To exploit the full potential of the fourth industrial revolution, companies must first digitize every process in the value chain, from creation to point of sale, and set up modular, intelligent and communicating production lines. Subsequently, automation and then continuous optimization of all processes will be possible thanks to Industry 4.0 technologies including cloud computing, big data, artificial intelligence and the Internet of Things.

Ultimately, Industry 4.0 will significantly benefit consumers by facilitating the transition from mass production to agile production or even personalized production at no additional cost or time.

A strategy to meet the challenges of Industry 4.0

Launched in 2017, the Lectra 4.0 strategy, which aims to position the Group as a key Industry 4.0 player in its market sectors before 2030, is built on four pillars:

use of digital technology in interactions with its customers.

Third, extend the offers for Industry 4.0. These offers, whether in new product lines or as additions to existing software and equipment, present strong growth potential for Lectra. They enable customers to implement the principles of Industry 4.0 and address changes in consumer demand, including the desire for personalized products. Lectra will therefore pursue its policy of investing in R&D, devoting 11% to 12% of its revenues over the 2020-2022 period to R&D, with the aim of strengthening its expertise in the areas of data and artificial intelligence. These investments will enhance the value of existing offers and lead to the introduction of new offers for Industry 4.0.

Fourth, develop new areas for growth. Continuing on from the previous roadmap, the Group plans to intensify its targeted acquisitions. Lectra privileges two types of targets. The first are strategic targets mainly start-ups

current range of products, or that have technological "bricks" capable of being incorporated into its portfolio. The second are tactical targets that operate in the same industry as Lectra and would enable the Group to increase its market shares. At the same time, Lectra will promote open innovation and strengthen the resources allocated to its Innovation Lab located in the technological campus in Bordeaux-Cestas, while developing partnerships with different industry players.

Progress report

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

The growing adoption of Lectra's offers for Industry 4.0 Quick Estimate, Quick Nest, Fashion On Demand by Lectra, Furniture On Demand by Lectra, Kubi Dema g0 G[)]9ufDe

Finally, following the announcement, 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 two groups have many complementary strengths (see chapter 7) that will enable Lectra to make optimal use of its product portfolio with Gerber Technology customers particularly its offers for Industry 4.0 while aiming to optimize cost-effectiveness by rationalizing the internal capacities of both companies.

Sustainable, profitable growth

To ensure sustainable growth in an uncertain macroeconomic and geopolitical environment, the Group's ambition is to increase its recurring revenues by 20% in three years. Recurring revenues should then account

Perpetual software licenses (8.4 million euros

Income from operations came to 24.9 million euros.

Financial income and expenses represented a net charge of 0.4 million euros. Foreign exchange gains and losses generated a net loss of 0.7 million euros.

After an income tax expense of 6.1 million euros, net income amounted to 17.6 million euros, down 11.7 million euros (-40%) at actual exchange rates.

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2019).

Free cash flow

Free cash flow was 25.2 million euros, down 11 million euros compared with 2019, at actual exchange rates.

It results from a combination of 36 million euros in cash flows provided by operating activities (including a decrease in working capital requirement of 9.8 million euros) and capital expenditures of 5 million euros. The cash provided by operating activities also comprises an increase in other operating non-

Main shareholders

On June 15, and then on July 17, 2020, the Company was notified that Allianz SE (Germany) had fallen below, and then exceeded, the 5% threshold for voting rights. As of July 17, it held 5.14% of the share capital and 5.11% of the voting rights through the companies Allianz IARD and Allianz Vie that it controls. The first crossing was a passive threshold crossing resulting from the increase in the number of shares and voting rights in the Company.

On September 22, 2020, the Company was notified that Artisan Partners Limited Partnership (United States) had exceeded the 5% threshold of share capital, then on September 25, 2020 the 5% threshold for voting rights. As of September 25, 2020, Artisan Partners Limited Partnership, acting on behalf of the investment funds and customers that it manages, holds 5.12% of the share capital and 5.08% of the voting rights.

No other crossing of statutory thresholds was reported to the Company since January 1, 2020.

At the date of publication of this report,

Daniel Harari holds 17% of the capital and voting rights;

Kabouter Management LLC (United States), acting on behalf of investment funds that it manages, holds more than 10% (but less than 15%) of the capital and the voting rights;

Allianz SE (Germany) through French companies it controls, Artisan Partners Limited Partnership (United States) and Kempen Oranje Participaties (The Netherlands) each hold more than 5% (but less than 10%) of the capital and the voting rights.

No other shareholder has reported holding more than 5% of the share capital and voting rights.

Treasury shares

At December 31, 2020, the Company held 0.04% of its own shares in treasury, solely within the framework of the liquidity agreement contracted with Exane BNP Paribas.

Share price performance and trading volumes

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 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 Gerber Technology acquisition 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.

Impact of

CONSOLIDATED INCOME STATEMENT LIKE-FOR-LIKE

At 2019 Actual exchange rates

2019 Actual

Actual Like-for-like

(in thousands of euros)

Revenues

BREAKDOWN OF REVENUES LIKE-FOR-LIKE

Revenues by region

	Twelve Months Ended December 31						
		2020		2019		Changes 20	20/2019
	Actual	%	At 2019	Actual	%	Actual	Like-for-like
(in thousands of euros)			exchange rates				
Europe, of which:	100,770	43%	101,164	113,452	41%	-11%	-11%
- France	16,512	7%	16,504	17,223	6%	-4%	-4%
Americas	63,455	27%	66,215	67,503	24%	-6%	-2%
Asia-Pacific	55,088	23%	55,931	76,426	27%	-28%	-27%
Other countries	16,870	7%	17,250	22,642	8%	-25%	-24%
Total	236,182	100%	240,561	280,023	100%	-16%	-14%
€ / \$ average parity	1.14		1.12	1.12			

Revenues by type of business

Revenues by type of business								
		Twelve Months Ended December 31						
	2020		2019			Changes 20		
(in thousands of euros)	Actual	%	At 2019 exchange rates	Actual	%	Actual	Like-for-like	
			oxonango ratoo					
Revenues from perpetual software licenses, equipment and accompanying software, and non-recurring services, of which:	77,681	33%	78,978	110,239	39%	-30%	-28%	
- Perpetual software licenses	8,418	4%	8,521	13,493	5%	-38%	-37%	
- Equipment and accompanying software	57,742	24%	58,819	82,077	29%	-30%	-28%	
- Training and consulting services	9,927	4%	10,025	12,236	4%	-19%	-18%	
- Miscellaneous	1,594	1%	1,614	2,434	1%	-34%	-34%	
Recurring revenues, of which:	158,501	67%	161,583	169,784	61%	-7%	-5%	
- Software subscriptions	3,669	2%	3,709	1,562	ns	+135%	+137%	
- Software maintenance contracts	37,463	16%	37,918	38,485	14%	-3%	-1%	
- Equipment and accompanying software maintenance contracts	58,205	25%	59,202	57,854	21%	+1%	+2%	
- Consumables and parts	59,164	25%	60,754	71,883	26%	-18%	-15%	
Total	236,182	100%	240,561	280,023	100%	-16%	-14%	
€ / \$ average parity	1.14		1.12	1.12				

CONSOLIDATED INCOME STATEMENT LIKE-FOR-LIKE

			2019		
(in thousands of euros)	Actual	At 2019 exchange rates	Actual	Actual	Like-for-like
Revenues	236,182	240,561	280,023	-16%	-14%
Cost of goods sold	(59,696)	(60,005)	(74,808)	-20%	-20%

Company Certification of the Fourth Quarter and Fiscal Year 2020 Report

We certify that, to our knowledge, the financial statements of the fourth quarter and fiscal year 2020 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 report on operations for the fourth quarter and for the fiscal year 2020 presents a true and sincere view of the operations, results and financial condition of the Company and its consolidated companies, and that it describes the main risks and uncertainties that they face.

Paris, February 10, 2021

Daniel Harari Chairman and Chief Executive Officer Olivier du Chesnay Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Total assets	340,861	343,506
Total current assets	220,230	220,627
Cash and cash equivalents	134,626	120,558
Other current assets	13,076	12,217
Trade accounts receivable	43,009	56,933
Inventories	29,519	30,919
Total non-current assets	120,631	122,879
Deferred tax assets	7,950	8,589
Other non-current assets	20,992	17,242
Property, plant and equipment	25,067	26,963
Leasing rights-of-use	15,429	18,697
Other intangible assets	4,665	4,008
Goodwill	46,528	47,380
(in thousands of euros)	2020	2019
At December 31		

EQUITY AND LIABILITIES

(in thousands of euros)	2020	2019
Share capital	32,512	32,099
Share premium	19,387	15,802
Treasury shares	(343)	(698)
Currency translation adjustments	(11,293)	(9,481)
Retained earnings and net income	151,750	145,141
Non-controlling interests	160	159
Total equity	192,173	183,022
Retirement benefit obligations	11,995	11,107
Non-current lease liabilities	10,434	13,407
Minority shares purchase commitment	2,165	4,333
Borrowings, non-current portion	-	-
Total non-current liabilities	24,594	28,847
Trade and other current payables	53,657	58,896
Deferred revenues	56,690	58,459
Current income tax liabilities	2,958	3,436
Current lease liabilities	5,411	5,675
Minority shares purchase commitment	2,332	2,167
Borrowings, current portion	-	-
Provisions for other liabilities and charges	3,046	3,004
Total current liabilities	124,094	131,637
Total equity and liabilities	340,861	343,506

CONSOLIDATED INCOME STATEMENT

(1) This amount was recognized in 2020 for fees and other costs relating to the proposed acquisition of Gerber Technology.

STATEMENT OF COMPREHENSIVE INCOME, GROUP SHARE ⁽²⁾

(2)

CONSOLIDATED STATEMENT OF CASH FLOWS

Twelve months ended December 31		
(in thousands of euros)	2020	2019
I - OPERATING ACTIVITIES		
Net income	17,578	29,324
Net depreciation and amortization (non-current assets)	11,853	11,644
Net depreciation and provisions (current assets)	4,014	1,046
Non-cash operating expenses	408	367
Loss (profit) on sale of fixed assets	22	81
Changes in deferred income taxes	140	1,033

In 2019, this amount corresponds to the acquisition cost of 70% of Retviews, net of cash acquired; in 2020, it corresponds to the amount paid for the purchase of an additional 10% (see note 3 hereafeter).
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros, except for par value per share expressed in euros)	Number of shares	Share capital Par value per share	Share capital	Share premium	Treasury shares	Currency translation adjustments	Retained earnings and net income	Equity, Group share	Non controlling interests ⁽¹⁾	Total equity
Balance at January 1, 2019	31,846,757	1.00	31,847	13,843	(560)	(9,554)	134,802	170,377		170,377
Netincome							29,305	29,305	19	29,324
Other comprehensive income						73	(485)	(412)		(412)
Comprehensive income						73	28,820	28,893	19	28,912
Exercised stock options	252,343	1.00	252	1,959				2,211		2,211
Fair value of stock options							693	693		693
Sale (purchase) of treasury shares					(138)			(138)		(138)
Profit (loss) on treasury shares							106	106		106
Integration of Retviews and minority shares purchase commitment ⁽¹⁾							(6,500)	(6,500)	140	(6,360)
Dividend paid							(12,782)	(12,782)		(12,782)
Balance at December 31, 2019	32,099,100	1.00	32,099	15,802	(698)	(9,481)	145,141	182,863	159	183,022
Netincome							17,529	17,529	49	17,578
Other comprehensive income						(1,812)	(232)	(2,044)		(2,044)
Comprehensive income						(1,812)	17,297	15,485	49	15,534
Exercised stock options	412,551	1.00	413	3,585				3,998		3,998
Fair value of stock options							955	955		955
Sale (purchase) of treasury shares					355			355		355
Profit (loss) on treasury shares							29	29		29
Minority shares purchase for Retviews $^{\scriptscriptstyle (2)}$							1,172	1,172	(48)	1,124
Dividend paid							(12,844)	(12,844)		(12,844)
Balance at December 31, 2020	32,511,651	1.00	32,512	19,387	(343)	(11,293)	151,750	192,013	160	192,173

(1) These amounts are the result of the acquisition of Retviews in 2019. Note 3 hereafter describes the impact of this acquisition on the Group's financial statements.

(2) This amount stems from the acquisition of an additional 10% of Retviews in July 2020 (see note 3 hereafter).

Equipment is assembled from

industrial facilities in Bordeaux-Cestas (France). Since 2007, cutting machines on the market incorporate eventive and predictive

maintenance.

The services include technical maintenance, support, training and consulting.

The Group also sells consumables and parts for its equipment.

People

more than 1,700 employees worldwide.

global presence the Group is geographically close to 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/companyreporting/financial-reporting_en

The consolidated financial statements at December 31, 2020 have been prepared in accordance with the same rules and methods as those applied in the preparation of the 2019 financial statements, with the exception of the amendment to the IFRS 16 standard dated May 28, 2020 presented below. They have been prepared under the responsibility of the Board of Directors that reviewed and approved them at its meeting of February 10, 2021. Audit procedures have been applied to the consolidated financial statements. The statutory

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 goodwill and fixed assets impairment and evaluation of deferred tax assets.

Revenues

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.

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 equip]TJETQq0.000008871 0 595.32 841.92 reW*nBT/F1 9.96 Tf1 0 0 1 144r0000088xit

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

Equipment is designed, made and assembled by the Group from parts produced by a network of subcontractors. Lectra acts as principal in the sale of equipment insofar as parts 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 revenues, which are

Research and development costs

The technical feasibility of software and hardware 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-

Income from operations before non-recurring items

-recurring items and

impairment of assets, if any. Marketing regions derive their revenues from external customers; all intersegment 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 the Corporate segment. Consequently, for products or services supplied in full or in part by the Corporate segment,

4. OPERATING SEGMENTS INFORMATION

(1) This

8. CASH AND CASH EQUIVALENTS AND NET CASH

(in thousands of euros)	December 31, 2020	December 31, 2019
Available cash	99,626	90,558
Cash equivalents	35,000	30,000
Borrowings and financial debts	-	-
Net cash	134,626	120,558

The Group has no borrowings or financial debts. Thus, net cash was equal the sum of available cash and cash equivalents.

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

9. FOREIGN EXCHANGE RISK

In 2020, the average parity between the US dollar and the euro was \$1.14

Exchange risk hedging instruments

Exchange risk hedging instruments at December 31, 2020 were comprised of forward sales or purchases of foreign currencies (mainly US dollar) for a net total equivalent value (sales minus purchases) of 1.8 million euros, intended to hedge existing balance sheet positions. Thus, the company has hedged almost all its balance sheet positions.

Moreover, the company has not hedged its exposure to currency rates for 2021.

10. IMPLICATIONS OF THE COVID-19 OUTBREAK ON THE FINANCIAL STATEMENTS

The COVID-19 epidemic and its consequences really marked 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.

The measures adopted by the Group, along with the impacts of the pandemic are described in Chapter 2 of the Management Discussion to which theses notes are appended.

In particular, the Group has implemented measures to reduce its overhead costs (initially budgeted to increase by 8% in 2020) by cancelling or postponing all non-essential expenses.

Moreover, the Group was able to renegotiate some of its renting agreements. Those rent concessions were all analyzed and those entering the scope of the IFRS 16 amendment were treated accordingly, as explained in note 2. Other concessions outside the scope of the IFRS 16 amendment also generated savings for the Group, in the total amount of 0.2 million euros for 2020.

The impacts of the health crisis were taken into account for the impairment tests performed by the Group in December 2020. These tests conclude that no impairment should be recorded in 2020, on either goodwill or other non-current assets of the Group.

The Group considers that it is financially equipped to deal with a temporary or more sustained reduction in its business activity.

9.

11. SENSITIVITY ANALYSIS

The sensitivity analyses below have been calculated before taking into account the Gerber Technology acquisition project.

Sensitivity of income from operations before non-recurring items to a change in revenues from new systems sales

million euros increase (or decrease) in revenues from new systems sales results in a rise (or fall) in income from operations before non-recurring items of approximately 0.45 million euros.

Sensitivity of revenues and income from operations before non-recurring items to a change in exchange rates

The sensitivity of revenues and income from operations before non-recurring items to a change in exchange rates was based on the December 31, 2020 exchange rates for the relevant currencies, in particular \$1.23

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 \$1.18 21 annual revenues by approximately 3.4 million euros and annual income from operations before non-recurring items by 2.2 million euros. Conversely, a 5-cent appreciation of the euro against the US dollar (i.e. \$1.28 s and income from operations before non-recurring items by the same amounts.

The parity is \$1.21

In addition to fluctuating against the US dollar and currencies strongly correlated with it, the euro also fluctuates against other currencies. These variations are frequently dissimilar both in direction (upward and downward) and in scale.