

**Record revenue of €761 million in 2023,
in line with target (> €750 M)**

**Solid annual growth (+7.5%)
driven by all Group activities**

**Replacement of local management and voluntarist action plan
in response to the lingering difficulties in North America**

In Q4 2023, LACROIX revenue came to 193.8 million euros, up 1.3% on the same period in 2022. This increase was achieved entirely through organic growth, and includes a positive currency effect of €0.5 million. At constant exchange rates (CER)⁽¹⁾, sales growth came to +1.0% in Q4.

Throughout the year, Group revenue came to €761.2 million, in line with the announced revenue target exceeding €750 million. Growth reached 7.5% in 2023 (+7.2% at CER), a solid performance achieved despite a demanding basis for comparison: fiscal 2022, already up 8.6% on a like-for-like basis, had indeed benefited from significant rebilling to customers of increases in electronic component procurement costs. All LACROIX activities (Electronics, City and Environment) contributed to sales growth in 2023.

<i>Revenue in millions euros</i>	2023	2022	<i>Variation</i>	Total 2023	Total 2022	<i>Variation</i>
Q1	194,8	165,1	+17,9%	194,8	165,1	+17,9%
Q2	193,0	173,2	+11,4%	387,8	338,4	+14,6%
Q3	179,7	178,1	+0,9%	567,4	516,4	+9,9%
Q4	193,8	191,3	+1,3%	761,2	707,8	+7,5%
Total LACROIX Group	761,2	707,8	+7,5%	761,2	707,8	+7,5%

⁽¹⁾ At constant exchange rates (or CER): the currency effect is calculated by applying the exchange rates of the previous period to sales for the current period.

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Sustained annual growth across all Group activities

An uneven performance in Q4

<i>Revenue in millions euros</i>	Q4 2023	Q4 2022	<i>Variation</i>	Total 2023	Total 2022	<i>Variation</i>
Electronics Activity	136,1	138,7	-1,9%	562,1	522,2	+7,6%
City Activity	34,4	33,3	+3,5%	116,4	109,1	+6,7%
Environment Activity	23,2	19,4	+19,9%	82,6	76,4	+8,1%
Total LACROIX Group	193,8	191,3	+1,3%	761,2	707,8	+7,5%

Electronics Activity (73.8% of 2023 revenue)

In Q4 2023, Electronics revenue was virtually unchanged at €136.1m, with particularly contrasting performances by market. In EMEA, the Industry and Avionics segments recorded very strong growth rates (> 20%), while the Automotive and HBAS (Home & Building Automation Systems) sectors declined. On the other side of the Atlantic, LACROIX Electronics North America also recorded a drop in revenue in the 4th quarter, due in particular to postponed deliveries following a social movement among automakers. Excluding LACROIX Electronics North America, growth for the quarter would have reached +2.7%.

Over the year as a whole, Electronics posted sustained growth of 7.6%, to €562.1 million. Against a backdrop of a return to normal supply conditions, this growth was fuelled by a number of new projects, particularly in the industrial segment. In EMEA, double-digit growth was achieved in all segments except HBAS - after years of rapid expansion; in North America, sales are also up in 2023.

City Activity (15,4% of 2023 revenue)

The City business posted a revenue of €34.4 million in Q4, up 3.5%. Following on from trends in the 3rd quarter, growth remained dynamic in the Road Signs and Traffic segments, the latter benefiting from the execution of international contracts (Morocco in particular). Over the period, Street Lighting segment saw a pause after several quarters of hypergrowth.

Cumulative revenue for City in 2023 came to €116.4 million, up 6.7%. All segments contributed to growth, with Street Lighting (+15.1%) the main driver over the full year, driven in particular by the contract to modernize road infrastructure in Flanders.

In addition to these developments, the end of the year was marked by the start of exclusive negotiations with the American company AIAC, in preparation to the selling of the Road Signs segment in Q1 2024.

Environment Activity (10,8% of 2023 revenue)

Environment revenue amounted to €23.2 million in Q4, up 19.9%. This remarkable performance is the result of very good momentum across all segments, in particular international Water, which posted growth of over 50%, driven in particular by the delivery of significant projects in Saudi Arabia.

Having accelerated throughout the year, Environment sales rose by 8.1% in 2023, to €82.6 million. In addition to international Water sales, the Smart Grids segment also posted strong growth (+12.1%).

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LACROIX Electronics North America : an action plan designed to turn the company around by 2024

Despite achieving its sales target for 2023, LACROIX expects to see its profitability penalized by greater-than-expected difficulties in North America.

These difficulties, already mentioned by the Group when it published its half-year results for 2023, can be explained by the concomitance of several factors:

- A slowdown in automotive demand, punctuated by the exceptionally long (six weeks) social movement at three major American automakers, which ended in October;
- Rising wage costs fuelled by the Mexican peso's sharp appreciation (+15% against the dollar). This wage inflation was only partially passed on to 2023, while the peso will be hedged more effectively in 2024;
- A loss of productivity resulting in particular from the saturation of production capacity prior to the opening of the new Juarez site, operational in early 2024, with a gradual ramp-up expected in the 1st half of 2024.

In the second half of 2023, this saturation led to industrial disorganization on the other side of the Atlantic, the effects of which were felt in particular in inventory management. Inventory discrepancies at LACROIX Electronics North America will therefore be booked in 2023, with an estimated impact of € -3.1 million on Group EBITDA.

Thus, for 2023, the EBITDA target of around 45 M€ communicated by LACROIX last November is now targeted excluding the impact of these inventory discrepancies.

Excluding LACROIX Electronics North America, EBITDA margin should be in line with the target of over 6.5% set at the beginning of the year.

For 2024, turning around operating and financial performance in North America is a top priority for the Group. A new General Manager, with over 20 years' top management experience in major industrial companies (Faurecia, Visteon, Thales, Celestica...), took over the reins of the subsidiary last November. Backed by increased support from our European teams, he has launched a two-pronged action plan:

- Revising the sales policy, by stepping up price increases in line with inflation and wage rises, and carrying out an in-depth review of the profitability of our customer portfolio.
- Improving operational and financial performance, by clarifying the local organization and taking control of several key processes (project management, production planning and inventory organization in particular), as well as optimizing the cost structure (non-essential items, increased automation, etc.).

LACROIX continues to deploy the strategic pillars of its Leadership2025 plan and announced its CSR 2030 objectives in December 2023. As for the Group's financial targets, as indicated last November, they remain achievable subject to the turnaround of LACROIX Electronics North America and the evolution of automotive demand.

Upcoming event

2023 results : April 2nd, 2024 after market close

Find financial information in our Investors section

<https://www.lacroix-group.com/investors/>

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About LACROIX

Convinced that technology should contribute to simple, sustainable, and safer environments, LACROIX supports its customers in the construction and management of intelligent living ecosystems, thanks to connected electronic equipment and technologies.

As a publicly listed family-owned mid-cap, with a turnover of €708 million in 2022, LACROIX combines the essential agility required to innovate in an ever-changing technological sector with the ability to industrialize robust and secure equipment, cutting-edge know-how in industrial IoT solutions and electronic equipment for critical applications and the long-term vision to invest and build for the future.

LACROIX designs and manufactures its customers' electronic equipment, as well as IoT (hardware, software, and cloud) and AI solutions, for the automotive, industrial, smart home and building, avionics and defense, and healthcare sectors. The Group also provides connected and secure equipment and solutions to optimize the management of critical infrastructures such as smart roads (street lighting, traffic management, V2X and traffic signs) and the remote control of water and energy infrastructures.

Drawing on its extensive experience and expertise, LACROIX works with its customers and partners to build the connection between the world of today and the world of tomorrow. It helps them to create the industry of the future and to make the most of the opportunities for innovation that surround them, supplying them with the equipment and solutions for a smarter world.

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