LACROIX

HALF-YEAR FINANCIAL REPORT 2023

REFERENCE PERIOD
FROM 01/01/2023 TO 30/06/2023 (6 MONTHS)

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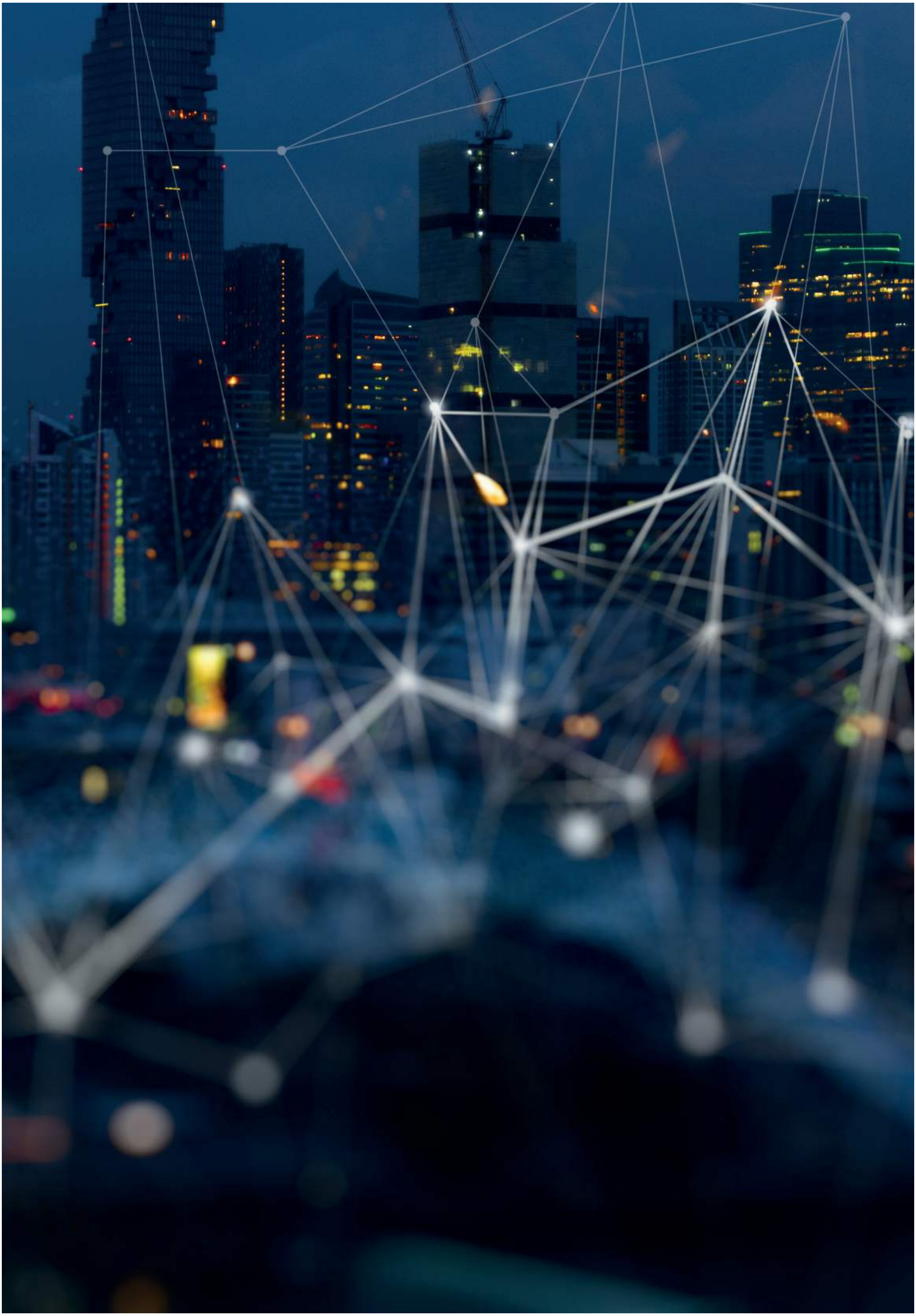
All amounts are expressed in thousands of euros.
Some totals in the following tables may show differences due to rounding.



PART 01

ACCOUNTING & FINANCIAL ITEMS

(CONSOLIDATED FINANCIAL STATEMENTS)

1. CONSOLIDATED BALANCE SHEET

In €K Assets	Note no.	30 June 2023	31 December 2022
Non-current assets			
Goodwill	8.1	85,544	86,319
Intangible assets	8.2	42,493	44,427
Tangible assets	8.3	99,106	98,755
Rights of use	8.4	13,232	11,266
Non-current financial assets		2,653	2,822
Investments in associates		0	0
Deferred tax assets		7,495	8,548
Total non-current assets		**250,524**	**252,136**
Current assets			
Inventory and goods in progress		157,038	157,155
Trade accounts receivable		141,026	127,091
Other receivables		35,264	30,165
Derivative financial instruments		3,335	2,279
Cash and cash equivalents	8.5	17,445	22,613
Total current assets		**354,108**	**339,302**
TOTAL ASSETS		**604,631**	**591,439**

In €K Liabilities	Note no.	30 June 2023	31 December 2022
Shareholders' equity			
Share capital	8.6	32,055	32,055
Share premiums		39,645	39,645
Consolidated reserves		100,227	90,535
Consolidated income of the year		5,601	11,876
Shareholders' equity (Group share)	4	**177,528**	**174,112**
Non-controlling interests	4	**18,375**	**19,773**
Total shareholders' equity		**195,903**	**193,885**
Non-current liabilities			
Provisions	8.7	14,662	14,694
Borrowings	8.8	83,679	85,044
Lease liabilities	8.4	10,500	8,468
Amounts due for business acquisitions	8.9	13,505	12,978
Deferred tax liabilities		9,805	11,927
Total non-current liabilities		**132,150**	**133,111**
Current liabilities			
Borrowings	8.8	76,249	78,004
Lease liabilities	8.4	3,045	3,091
Trade accounts payable		129,947	116,243
Derivative financial instruments liabilities		1,958	2,686
Amounts due for business acquisitions	8.9	0	0
Other payables		65,375	64,418
Total current liabilities		**276,574**	**264,443**
TOTAL LIABILITIES		**604,631**	**591,439**

2. COMPREHENSIVE INCOME STATEMENT

2.1 Consolidated income statement

In €K	Note no.	30 June 2023 6 months	30 June 2022 6 months	31 December 2022 12 months
Revenue	9.1	**387,774**	**338,357**	**707,760**
Change in inventories and goods in progress		(1,831)	2,877	10,453
Goods and raw materials purchased		(238,395)	(208,484)	(442,766)
Personnel expenses		(92,778)	(82,217)	(166,169)
Subcontracting and external expenses		(34,108)	(30,684)	(63,343)
Taxes		(2,496)	(2,263)	(4,071)
Depreciation, amortisation and provisions		(11,850)	(10,085)	(21,997)
Other income and expenses		2,464	786	1,847
Current operating profit	9.1	**8,781**	**8,287**	**21,715**
Other operating income and expenses	8.10	(718)	(1,035)	(723)
Impairment of goodwill		0	0	0
Operating profit		**8,063**	**7,251**	**20,991**
Financial income and expenses	8.11	(3,664)	(2,995)	(7,233)
Income tax expense	8.12	181	(710)	(2,030)
Equity method		0	0	0
Net income		**4,581**	**3,546**	**11,729**
Net income - non-controlling interests	4	(1,020)	(342)	(147)
Net income - Group share		**5,601**	**3,888**	**11,876**
Basic earnings per share (in euros)		1.20	0.83	2.54
Diluted earnings per share (in euros)		1.19	0.83	2.53

2.2 Consolidated statement of comprehensive income

In €K	Note no.	30 June 2023 6 months	30 June 2022 6 months	31 December 2022 12 months
Net income		**4,581**	**3,546**	**11,729**
Currency translation differences		1,708	1,887	1,766
Change in derivative financial instruments		673	613	1,489
Actuarial gains and losses on retirement benefit obligations		(263)	2,625	3,283
Total change in other comprehensive income (OCI) (1)		**2,119**	**5,125**	**6,538**
Total comprehensive income (loss) for the period	4	**6,699**	**8,671**	**18,267**
Group		7,804	7,995	17,543
Non-controlling interests		(1,104)	677	724

(1) Amount net of tax.

3. CASH FLOW STATEMENT

In €K	Note no.	30 June 2023 6 months	30 June 2022 6 months	31 December 2022 12 months
CASH FLOWS FROM OPERATING ACTIVITIES	8.12			
Net income		**4,581**	**3,546**	**11,729**
- Income tax expense		(181)	710	2,030
Net income before income tax expense		**4,400**	**4,257**	**13,758**
Adjustments for:				
- Depreciation, amortisation and provisions		10,812	10,433	21,603
- Gains or losses on sale of assets		22	378	(557)
- Share of profit from associates				0
- Change in fair values		675	2,568	2,556
Income tax paid		**(2,957)**	**(2,125)**	**(602)**
Cash flows from operations of consolidated companies		**12,952**	**15,510**	**36,759**
Dividends received from equity-method companies				
Changes in working capital relating to operations		**(5,384)**	**(30,142)**	**(35,286)**
Net cash flow from operating activities		**7,568**	**(14,632)**	**1,474**
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Acquisition of tangible and intangible assets	8.2/8.3	(7,540)	(10,871)	(19,526)
Acquisition of financial assets		(40)	(806)	(953)
Proceeds from sales of fixed assets		194	916	2,006
Effect of changes in consolidation scope				0
Net cash flow from investment activities		**(7,385)**	**(10,761)**	**(18,473)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders and non-controlling interests				
Proceeds from issuance of share capital (Group or non-controlling interests)		(437)	(157)	(4,440)
Other changes in shareholders' equity		18	13	(9,252)
Changes in ownership interests without change in control		0	(9,294)	9
Proceeds from borrowings		13,622	16,749	29,442
Repayment of borrowings		(13,355)	(8,779)	(14,469)
Repayment of lease liabilities	8.4.2	(1,916)	(1,839)	(3,661)
Net cash flow from financing activities		**(2,068)**	**(3,307)**	**(2,372)**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		435	(5,589)	(689)
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**(1,451)**	**(34,290)**	**(20,060)**
Cash and cash equivalents and bank overdrafts at the beginning of the period		(25,780)	(5,626)	(5,626)
Cash and cash equivalents and bank overdrafts (reclass / change in fair value...)				(94)
Cash and cash equivalents and bank overdrafts at the end of the period	8.6	(27,231)	(39,916)	(25,780)

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In €K Position on closing	Share capital	Share premiums	Consolida-ted reserves	Period result	Other		TOTAL sharehol-ders' equity - Group share	Non-controlling interests	TOTAL sharehol-ders' equity
					Currency translation differences	Shares of consoli-dating company			
As at 1st January 2022	**32,055**	**39,645**	**66,680**	**21,610**	**(2,999)**	**(2,928)**	**154,063**	**26,317**	**180,380**
Appropriation of results from previous year			21,610	(21,610)			0		0
Dividends			(4,135)				(4,135)	(306)	(4,441)
Capital increases							0		0
Changes in treasury shares			(36)			45	9		9
Commitments to purchase non-controlling interests			(502)				(502)		(502)
Share-based payment effects/ Contributions to Employee Savings Plan			172				172		172
Net income of the period				11,876			11,876	(147)	11,729
Change in other comprehensive income (OCI)			4,772		895		5,667	871	6,538
Total comprehensive income (loss) for the period	0	0	**4,772**	**11,876**	**895**	0	**17,543**	**724**	**18,267**
Non-controlling interests arising from business combinations (1)			6,962				6,962	(6,962)	0
As at 31 December 2022	**32,055**	**39,645**	**95,523**	**11,876**	**(2,104)**	**(2,883)**	**174,112**	**19,773**	**193,885**
As at 1st January 2023	**32,055**	**39,645**	**95,523**	**11,876**	**(2,104)**	**(2,883)**	**174,112**	**19,773**	**193,885**
Appropriation of results from previous year			11,876	(11,876)			0		0
Dividends			(4,006)				(4,006)	(294)	(4,300)
Capital increases							0		0
Changes in treasury shares						19	19		19
Commitments to purchase non-controlling interests			(623)				(623)		(623)
Share based payments effects			224				224		224
Net income of the period				5,601			5,601	(1,020)	4,581
Change in other comprehensive income (OCI)			210		1,993		2,203	(84)	2,119
Total comprehensive income (loss) for the period	0	0	**210**	**5,601**	**1,993**	0	**7,804**	**(1,104)**	**6,699**
Non-controlling interests arising from business combinations							0	0	0
As at 30 June 2023	**32,055**	**39,645**	**103,203**	**5,601**	**(111)**	**(2,864)**	**177,529**	**18,375**	**195,903**

(1) Corresponds to the acquisition of minority shares in LACROIX Environment GmbH

5. INFORMATION ABOUT LACROIX

5.1 General Information about the company

LACROIX is fully committed to having an increasingly positive human and environmental impact, and includes such considerations in the decisions it makes at the very highest level. "*We are ordinary people, but together, we can achieve extraordinary things*". Through its activities, the company employs, trains, and unites an increasingly large group of people around shared values.

The Company also interacts with an extended network of stakeholders (shareholders, customers, suppliers, partners, academics, employees' families) whom it seeks to include in its social policy.

LACROIX also pays particular attention to its environmental impact and is pursuing a trajectory of sustainable development, in particular through:

- choosing to produce regionally,
- using a responsible value chain,
- carefully selecting its suppliers...
- ... and investing in the renewal of its infrastructure to ensure lower and more efficient consumption

Beyond the "direct" footprint of its activities, LACROIX has a societal mission, reflected in its offer, which constitutes the Group's true purpose and a permanent bond between all its employees. Its mission is to provide its customers with simple, robust technologies, helping to bring out a safer, more sustainable world. Through its 3 activities, LACROIX capitalises on its technological know-how in order to:

- **Transform streets and road infrastructure into fluid, safe, and sustainable living environments.** LACROIX devices and solutions guide, optimise, and safeguard the flow of vehicles and people, allowing them to share streets and roads in greater harmony, taking into account the needs of all users and operators.

- **Digitalise and optimise the management of water and energy infrastructures.** Drawing on its in-depth understanding of the sector and its operator customers, LACROIX helps improve the performance of their networks, save dwindling resources, and protect the environment.

- **Design and produce electronic products in critical fields such as the automotive, aeronautical, and home automation sectors or Industry 4.0** and support their needs in automation, digitalisation, and environmental performance.

To fulfil this mission, LACROIX chooses to position itself at the cutting-edge of technology, by seeking out innovations in the field of connected and intelligent industrial equipment and by offering the most suitable solutions for the use cases of its customers.

Halfway through the "Leadership 2025" strategic plan launched in 2021, LACROIX is steadfastly progressing towards its goal of becoming a global market leader in Industrial IoT solutions and electronic equipment for critical applications by 2025. Inherently, the plan harnesses the contribution of all employees, adopting a methodology of alignment of priorities and projects within the organisation. Finally, this plan strengthens the focus on CSR, placing it at the centre of decision-making and bringing all employees on board.

Vincent Bedouin
Chairman and CEO of LACROIX

5.2 List of consolidated companies

The companies included in the scope of consolidation are presented below:

Company and legal form	Head office	Tax scope	Period 2023		
			Consolida-tion method	% of interest	
CONSOLIDATING COMPANY					
LACROIX GROUP	SAINT-HERBLAIN	1	PARENT	100.00%	
CONSOLIDATED COMPANIES					
LACROIX 2	SAINT-HERBLAIN		FC	100.00%	
Electronics Activity					
LACROIX ELECTRONICS FRANCE	SAINT-PIERRE-MONTLIMART	1	FC	100.00%	
LACROIX ELECTRONICS BEAUPREAU	BEAUPREAU		FC	75.25%	
LACROIX ELECTRONICS Zoo	POLAND		FC	100.00%	
LACROIX ELECTRONICS TUNISIE	TUNISIA		FC	100.00%	
LACROIX ELECTRONICS TUNIS	TUNISIA		FC	100.0%	
LACROIX ELECTRONICS SERVICE TUNISIE	TUNISIA		FC	100.0%	
LACROIX ELECTRONICS GmbH	GERMANY		FC	100.0%	
LACROIX ELECTRONICS CESSON	CESSON-SÉVIGNÉ	1	FC	100.0%	
LACROIX ELECTRONICS MI	MICHIGAN, USA		FC	62.1%	
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.0%	
Environment Activity					
LACROIX ENVIRONMENT	SAINT-HERBLAIN	1	FC	100.0%	
LACROIX SOFREL	VERN SUR SEICHE	1	FC	100.0%	
LACROIX SOFREL SRL	ITALY		FC	100.0%	
LACROIX SOFREL ESPAÑA	SPAIN		FC	100.0%	
LACROIX ENVIRONMENT SINGAPORE	SINGAPORE		FC	100.0%	
LACROIX ENVIRONMENT Gmbh	GERMANY		FC	100.0%	
SAE-IT Systems GmbH & Co KG	GERMANY		FC	100.0%	
City Activity					
LACROIX CITY	SAINT-HERBLAIN	1	FC	100.0%	
LACROIX CITY SAINT HERBLAIN	SAINT-HERBLAIN	1	FC	99.9%	
LACROIX CITY CARROS	SAINT-HERBLAIN	1	FC	100.0%	
LACROIX CITY MADRID	SPAIN		FC	100.0%	
LACROIX CITY NORTE	SPAIN		FC	99.9%	
LACROIX CITY CENTRO	SPAIN		FC	99.9%	
LACROIX PACIFIC	NOUMÉA		FC	99.9%	
LACROIX OCÉAN INDIEN	LE PORT	1	FC	99.9%	
LACROIX MAYOTTE	MAMOUDZOU		FC	99.9%	
LACROIX TRAFIC CAMEROUN	CAMEROON		FC	99.9%	
LACROIX CITY LES CHÈRES	LES CHÈRES	1	FC	100.0%	
SMARTNODES S.A.	Belgium		FC	100.0%	
LACROIX 3	SAINT-HERBLAIN	1	FC	99.9%	
LACROIX 7	SAINT-HERBLAIN	1	FC	99.9%	
LACROIX CITY PLOUFRAGAN	NANTES	1	FC	100.0%	
LTI SUD EST	CARROS		FC	0.0%	(2)

FC = fully consolidated
(1) French tax consolidation scope / (2) Ad hoc entity

6. ACCOUNTING STANDARDS, CONSOLIDATION METHODS, VALUATION METHODS AND RULES

The half-yearly accounts are presented for the period ended 30 June 2023 by applying all the standards published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The Group's condensed interim financial statements for the period from 1 January 2023 to 30 June 2023 (6 months) have been prepared in accordance with IAS 34 and IFRIC 10, i.e. specific IFRS standards governing interim financial reporting adopted by the European Union.

As these are condensed financial statements, they do not include all the information required by IFRS for annual financial statements and should therefore be read in conjunction with LACROIX's consolidated financial statements prepared with respect to the IFRS standards as adopted by the European Union for the year ended 31 December 2022.

In addition, the Group applied the following standards for the first time starting 1st January 2023:

- IFRS 17 - Insurance contracts;
- Amendment to IFRS 17, Insurance contracts: First application of IFRS 17 and IFRS 9 - Comparative information;
- Amendments to IAS 1 - Disclosure of accounting methods;
- Amendments to IAS 8 - Accounting methods, changes in accounting estimates and errors: Definition of changes in estimates;
- Amendments to IAS 12 - Income taxes: deferred taxes on assets and liabilities arising from the same transaction.

The Group did not identify any impact on its financial statements as at 30 June 2023.

7. COMPARABILITY OF FINANCIAL STATEMENTS

7.1 Accounting changes

The Group does not apply IFRS standards that have not yet been approved by the European Union as at the closing date of the period.

The Group has not opted for early application of standards and interpretations whose application is not mandatory for the 2023 financial year.

7.2 Changes in consolidation scope

None

7.3 Highlights

Cyberattack:
On 15 May 2023, LACROIX announced it had suffered a cyberattack which mainly affected the French (Beaupréau), German (Willich) and Tunisian (Zriba) sites of the Electronics activity.

After a gradual recovery, the affected plants have since returned to normal production levels.

As at 30 June 2023, the main financial impacts of the cyberattack are as follows:

- Loss of revenue estimated at between €4M and €5M
- The operating loss incurred was offset by insurance proceeds receivable of €1.8M recorded under "Other income and expenses".
- Other exceptional costs of €0.3M were recorded under "Other operating income and expenses" (see 8.10).

Part of the revenue not generated in the first half of 2023 will be made up in the second half. Consequently, an operating loss estimated as at 30 June 2023 and the corresponding insurance proceeds may change during the second half of the year.

At this stage, the Group does not expect any significant impact on the financial targets announced for the full 2023 financial year.

Proposed sale of the Road Signs BU:
On 9 February 2023, LACROIX announced its intention to sell its Road Signs segment (8% of LACROIX revenue 2022) in order to focus its investments on its strategic markets around industrial IoT and electronic equipment.

As at 30 June 2023, the Group examined the suitability of classifying this asset in accordance with IFRS 5 "Assets classified as held for sale". Specifically, the Group does not consider the sale to be highly probable. As at 30 June 2023, it views itself as being only in the early stages of the sale process, and that it is not yet sufficiently certain that a sale will take place within 12 months for the asset to be accounted for in accordance with this standard.

The Group's financial position will be re-examined if necessary in its financial statements on 31 December 2023.

8. EXPLANATION OF THE BALANCE SHEET AND INCOME STATEMENT ACCOUNTS AND THEIR CHANGES

The tables below form an integral part of the consolidated financial statements.
Unless otherwise stated, the amounts are in €K.

8.1 Goodwill

	Gross value				Accumulated impairment				Net book amount	
	Opening	Varia-tions	Changes in consoli-dation scope	Closing	Opening	Impair-ment charge of the period	Changes in consoli-dation scope	Closing	Opening	Closing
Electronics Activity	59,517	(775)		58,742	(5,991)			(5,991)	53,526	52,751
Environment Activity	17,045			17,045	0			0	17,045	17,045
City Activity	25,248			25,248	(9,500)			(9,500)	15,748	15,748
Total	**101,811**	**(775)**	**0**	**101,036**	**(15,491)**			**(15,491)**	**86,319**	**85,544**

No impairment indicator was identified for these goodwills during the first half-year 2023.

8.2 Intangible assets

	Opening	Additions	Disposals	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Gross values							
Preliminary expenses	10						10
Research & Development costs	1,186	359				569	2,115
Concessions, patents, licenses, software	14,630	31	(138)			396	14,920
Other intangible assets	42,915	85			(747)		42,252
Intangible assets in progress	1,084					(569)	515
Advances and down-payments							
Total	**59,825**	**475**	**(138)**	**0**	**(747)**	**396**	**59,812**
Cumulated amortisation							
Preliminary expenses	(10)						(10)
Research & Development costs	(521)	(84)					(604)
Concessions, patents, licenses, software	(10,461)	(581)	138		(3)	(7)	(10,914)
Other intangible assets	(4,405)	(1,437)			53		(5,789)
Total	**(15,397)**	**(2,102)**	**138**	**0**	**51**	**(7)**	**(17,317)**
Total intangible assets	**44,427**	**(1,627)**	**(0)**	**0**	**(696)**	**390**	**42,494**

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Land	3,686				9		3,695
Buildings	50,674	57			420	65	51,216
Technical install., machinery and equipment	124,123	4,214	(669)		1,006	1,199	129,874
Other tangible assets	30,514	560	(802)		96	94	30,462
Tangible assets in progress	(361)	806			64	(105)	404
Advances and down payments	593	1,428			1	(1,614)	407
Total	**209,226**	**7,065**	**(1,472)**	**0**	**1,596**	**(361)**	**216,057**
Cumulated amortisation							
Land	(189)	(6)					(196)
Buildings	(21,664)	(878)			(253)	92	(22,704)
Technical install., machinery and equipment	(66,047)	(4,755)	653		(589)	(324)	(71,063)
Other tangible assets	(22,570)	(1,369)	781		(74)	242	(22,990)
Total	**(110,471)**	**(7,008)**	**1,434**	**0**	**(917)**	**10**	**(116,952)**
Total tangible assets	**98,755**	**57**	**(38)**	**0**	**680**	**(351)**	**99,106**

8.4 Lease contracts

8.4.1 Rights of use

Rights of use Gross values	Opening	New contracts	Ends and terminations of contracts	Changes in assumptions	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	15,556	2,933	(137)	581		56		18,989
Other assets	4,193	316	(505)	102				4,106
Total	**19,749**	**3,249**	**(642)**	**683**	**0**	**56**	**0**	**23,095**
Rights of use Amortisations and provisions	**Opening**	**Amortisations for the period**	**Ends and terminations of contracts**	**Changes in assumptions**	**Changes in consolidation scope**	**Currency translation differences**	**Other variations**	**Closing**
Buildings	(6,095)	(1,400)	138			(50)		(7,406)
Other assets	(2,388)	(532)	466					(2,454)
Total	**(8,483)**	**(1,932)**	**604**	**0**	**0**	**(50)**	**0**	**(9,862)**
Total net rights of use	**11,266**	**1,317**	**(38)**	**683**	**0**	**6**	**0**	**13,233**

The lease contracts under the “Other assets” category consist mainly of company car rentals.

8.4.2 Lease liabilities

Lease liabilities	Opening	New contracts	Repayment of the nominal value	Ends and terminations of contracts	Changes in assumptions	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	9,561	2,933	(1,375)		581		7	158	11,865
Other assets	1,999	316	(541)	(38)	102			(158)	1,680
Total	**11,560**	**3,249**	**(1,915)**	**(38)**	**683**	**0**	**7**	**0**	**13,545**

8.5 Cash and cash equivalents

	Period 2023	Period 2022
Short-term deposits (1)	9,794	13,185
Cash in hand	7,651	9,428
Impairment	0	0
Total cash and cash equivalents	**17,445**	**22,613**
Bank overdrafts	(44,676)	(48,393)
Total cash and cash equivalents excl. bank overdrafts	**(27,231)**	**(25,780)**

(1) Made up of SICAV (unit trust), deposit certificates, and other investment products.

Cash and cash equivalents include cash at bank, cash, and short-term deposits with an initial term of less than three months.

Within the framework of the Reverse factoring contracts signed by LACROIX, the receivables not yet due at 30 June 2023 and paid before that date amount to 29 million euros.

8.6 Shareholders' equity

8.6.1 Share capital of the consolidating entity

As at 30 June 2023, the share capital is made up of 4,829,096 shares with a par value of €6.64 each.

8.6.2 Changes in treasury shares

The number of treasury shares has changed as follows:

Opening	147,893
Acquisitions	5,539
Disposals	(5,993)
Total treasury shares (1)	**147,439**

(1) The value of treasury shares as at 30 June 2023 recognised in LACROIX SA's financial statements stood at €2,592K. On the basis of the average share price in June 2023, it stands at €5,096K.

8.6.3 Free shares

LACROIX has introduced free share plans benefiting some of its employees.
The final allocation of shares is contingent on various conditions of presence and/or performance.
8,573 shares were allocated as at 31 December 2022. The amount attributable in respect of the financial year 2023 is 10,000 shares. The share retention period is set at 2 years. The expense for the period in respect of the free share plan is €224K as at 30 June 2023, as defined by IFRS2.

8.6.4 Earnings per share

Earnings per share	Period 2023 6 months	Period 2022 6 months	Period 2022 12 months
Weighted average number of shares Average number of treasury shares	4,829,096 (147,666)	4,829,096 (149,168)	4,829,096 (147,893)
Weighted average number of shares used for earnings per share Average number of dilutive instruments (share-based payment effects)	4,681,430 18,573	4,679,928 19,652	4,681,203 8,733
Weighted average number of shares used for diluted earnings per share	4,700,003	4,699,580	4,689,936
Net income - Group share in €K	**5,601**	**3,888**	**11,876**
Basic earnings per share (in euros) Diluted earnings per share (in euros)	1.20 1.19	0.83 0.83	2.54 2.53

8.7 Provisions

8.7.1 Changes in provisions

This change can be analysed as follows:

	Opening	Additional provisions	Reversals used	Reversals not used	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	10,744	414	(164)			17	299	11,309
Provisions for warranty	620	181	(41)	(47)				713
Provisions for litigations (2)	2,458	240	(638)	(174)		13	(131)	1,767
Provisions for other liabilities and charges (3)	872							872
Total	**14,693**	**835**	**(843)**	**(221)**	**0**	**30**	**168**	**14,662**

(1) The value of retirement benefit obligations was determined by independent actuaries using the projected unit credit method.

The assumptions taken into account for the calculations, for the French scope, are as follows:
- Discount rate of 3.6% (against 3.8% in 2022).
- Average increase in salaries of 3.5% including inflation.
- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 64 for non-managerial staff and 66 for managerial staff.
  Reason for retirement: 100% of departures are at the initiative of the employee.
- Staff turnover probability as per the table below:

	City Activity	Other entities
Age brackets		
< 29 years old	10.00%	5.00%
30 to 39 years old	5.00%	3.00%
40 to 44 years old	3.00%	3.00%
45 to 49 years old	3.00%	1.00%
50 to 54 years old	2.00%	1.00%
> 55 years old	-	-

For the German scope, the following assumptions were made:

- Discount rate of 3.4% (against 3.6% in 2022).
- Inflation rate of 2%.
- Salary increase of 3%.
- Average turnover rate of 5%.
- Retirement at the age of 64 for non-managerial staff and 65 for other managerial staff.

(2) Provisions for litigation, in addition to diverse provisions for lawsuits, HR, customer disputes or warranty returns, also include disputes with local authorities amounting to around €0.5M.

(3) In connection with the exercise of stock options by employees of the SOFREL Activity, the Group had undertaken to buy back these shares at the request of beneficiaries. The amount of €872K is the valuation, at the end of June 2023, of the theoretical purchase price of said shares.

8.8 Borrowings

8.8.1 Maturity of borrowings

The breakdown of financial debts by maturity is as follows:

	Period 2023	Period 2022	2023 Maturity (1)	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings	94,498	93,451	19,385	75,114
Other financial debts (2)	20,754	21,204	12,189	8,566
Bank overdrafts	44,676	48,393	44,676	
Total borrowings	**159,929**	**163,048**	**76,249**	**83,679**

(1) "Non-current" portion of financial debts: of which €11,325K at more than 5 years.
(2) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €10,082K, compared with €9,228K as at 31 December 2022.

8.9.2 Financial gearing

The table below shows the evolution of the Group's debt-to-equity ratio.

	Period 2023	Period 2022
Borrowings and other financial debts	115,252	114,655
Bank overdrafts	44,676	48,393
Other financial assets	2,363	(1,638)
Cash and cash equivalents (see Note 8.5)	(17,445)	(22,613)
Net debt position (1)	**144,846**	**138,797**
Shareholders' equity	195,903	193,885
Financial gearing	**73.9%**	**71.6%**

(1) Amounts due for business acquisitions and lease liabilities are not included in the Group's gearing ratio.

8.9 Amounts due for business acquisitions

	Period 2023	Period 2022
Opening	12,978	22,544
Revaluation with impact on shareholders' equity	623	502
Payment (1)		(10,414)
Currency translation differences	(96)	346
Amounts due for business acquisitions	**13,505**	**12,978**

(1) In 2022 this was the payment for the buy-back of minority shares in LACROIX Environment GmbH

8.10 Other income and expenses

	Period 2023 6 months	Period 2022 6 months	Period 2022 12 months
Restructuring costs (1)	(363)	(1,258)	(1,484)
Sale of assets		517	
Customer litigations			1,000
Other non-current expenses (2)	(355)	(294)	(239)
Total	**(718)**	**(1,035)**	**(723)**

(1) Restructuring costs for the financial year 2023 mainly correspond to exceptional costs associated with the planned sale of the Road Signs BU, as well as non-replaced departures at Lacroix Electronics Tunisie.

(2) Other non-current expenses mainly correspond to costs relating to the cyberattack (see 7.3).

8.11 Financial income and expenses

The breakdown of financial income is as follows:

	Period 2023 6 months	Period 2022 6 months	Period 2022 12 months
Interest expenses on borrowings	(4,092)	(1,866)	(4,601)
Interest income	125	6	130
Net financial expenses on borrowings (1)	**(3,966)**	**(1,860)**	**(4,471)**
Net foreign exchange gains (losses)	1,367	(758)	(1,853)
Other financial income and expenses (2)	(1,064)	(377)	(909)
Total financial income and expenses	**(3,664)**	**(2,995)**	**(7,233)**

(1) The cost of gross financial debt increased mainly due to higher interest rates.

(2) Of which €187K in financial expenses relating to the defined benefit plans (€80K as at 30 June 2022) and €172K in financial expenses on lease liabilities.

8.12 Income tax expense

The breakdown of taxation is as follows:

	Period 2023 6 months	Period 2022 6 months	Period 2022 12 months
Current taxes	(2,153)	(1,559)	(3,869)
Deferred taxes	2,334	849	1,840
Total income tax expense	**181**	**(710)**	**(2,030)**

The base activated on the French tax consolidation scope is €24.1M out of a total base of tax losses carried forward of €28M.

In 2023, the tax losses of companies in the United States (Lacroix North America and Lacroix Electronics MI) were capitalized on the basis of $10,747K, generating income of €2,077K.

9. OTHER INFORMATION

9.1 Segment reporting

9.1.1 Consolidated income statement by segment

Segment reporting for the half-year ended 30 June 2023 is detailed as follows:

First half-year 2023 compared to first half-year 2022

	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Revenues										
External sales	302,435	254,211	39,267	38,896	53,605	51,435			395,307	344,542
Inter-company sales between activities	(7,522)	(6,060)	(9)	(102)	(1)	(24)			(7,532)	(6,186)
Total revenues	**294,913**	**248,151**	**39,258**	**38,794**	**53,604**	**51,411**			**387,775**	**338,356**
Current operating profit	**4,642**	**3,792**	**6,826**	**7,439**	**(1,668)**	**(2,613)**	**(1,018)**	**(331)**	**8,782**	**8,287**
Depreciation, amortisation and provisions on tangible and intangible assets	8,316	7,494	779	796	1,692	1,692	254	259	11,041	10,241
Compensation expenses relating to shares (IFRS 2) and/or to the achievement of objectives following the integration of newly acquired entities	622	638					224	138	846	776
Current EBITDA	**13,580**	**11,924**	**7,605**	**8,235**	**24**	**(921)**	**(540)**	**66**	**20,668**	**19,304**

First half-year 2023 compared to fiscal year 2022 (12 months)

	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Revenues										
External sales	302,435	534,922	39,267	76,543	53,605	109,117			395,307	720,582
Inter-company sales between activities	(7,522)	(12,678)	(9)	(116)	(1)	(28)			(7,532)	(12,822)
Total revenues	**294,913**	**522,244**	**39,258**	**76,427**	**53,604**	**109,089**			**387,775**	**707,760**

Current operating profit	**4,642**	**9,994**	**6,826**	**14,874**	**(1,668)**	**(2,481)**	**(1,018)**	**(672)**	**8,782**	**21,715**
Depreciation, amortisation and provisions on tangible and intangible assets	8,316	15,609	779	1,581	1,692	3,370	254	519	11,041	21,079
Compensation expenses relating to shares (IFRS 2) and/or to the achievement of objectives following the integration of newly acquired entities	622	1,298					224	172	846	1,470
Current EBITDA	**13,580**	**26,901**	**7,605**	**16,455**	**24**	**889**	**(540)**	**19**	**20,668**	**44,264**

Alternative performance indicators

To improve the monitoring and comparability of its operating and financial performance, the Group employs the concept of “Earnings Before Interests, Taxes, Depreciation and Amortisation” (current EBITDA).
This is a financial indicator not strictly for accounting purposes, defined by the Group as follows:
Current EBIDTA retained by LACROIX is an operating indicator for operating profit, increased by:

- Allowances for amortisations of tangible and intangible assets (including, where necessary, those recognised for business combinations) and rights of use.
- Compensation expenses relating to shares (IFRS 2) and/or to the achievement of objectives following the integration of newly acquired entities.

9.2 Off-balance sheet commitments

The breakdown of commitments given or received by the Group is as follows:

Off-balance sheet commitments	30 June 2023	31 December 2022
Guarantees given		
Related to financing (1)	54,253	64,024
Lease contracts with an effective date after closing		

(1) The commitments mentioned are already accounted for in the Group's consolidated balance sheet.
The above table reiterates these amounts where sureties and guarantees are provided to financing institutions as a consideration for asset financing or authorised bank overdrafts.

The amount of €54,253K includes €25,000K in guarantees provided in 2021 in respect to one of the loans obtained in order to fund the acquisition of Lacroix Electronics MI.

9.3 Post-closing events

None

PART 02

OTHER INFORMATION

(REPORTS AND CERTIFICATIONS)

STATEMENT OF THE CORPORATE OFFICER RESPONSIBLE FOR THE FINANCIAL REPORT

set out under articles 222-3 and 222-4 of the General Regulations of the Financial Markets Authority

Vincent Bedouin,
Chairman & CEO of the Company

CERTIFIES

"To my knowledge, the financial statements for the past year are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets and liabilities, financial position, and income of the Company and of all companies included within the scope of consolidation. The annual report gives a true and fair view of the major events that have occurred during the 12 months of the financial year, their impact on the statements, the main transactions between related parties, as well as a description of the main risks and uncertainties that they face."

Vincent Bedouin

LACROIX Group

Société Anonyme à Conseil d'Administration

au capital de 32 055 239,04 €

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STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

LACROIX GROUP
Period from January 1 to June 30, 2023

To the Shareholders,
In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:
- the review of the accompanying condensed half-yearly consolidated financial statements of Lacroix Group, for the period from January 1 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Saint-Herblain and Nantes, September 28, 2023

The Statutory Auditors
French original signed by

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Arnaud Le Néen

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PRESS RELEASE

LACROIX

PRESS RELEASE

28/09/2023

First-half 2023 :

Sustained revenue growth (+14.6%)

Resilient profitability in an inflationary environment: Operating income up 11.2% Strong growth in net income: +44.1%

Confirmation of annual targets despite more uncertain conditions in North America

Leadership 2025 plan remains on course

In millions euros	H1 2023	H1 2022	Change
Revenue	387,8	338,4	+14,6%
Current EBITDA	20,7	19,3	+7,1%
As % of revenue	5,3%	5,7%	-38 pb
Current operating income	8,8	8,3	+6,0%
As %of revenue	2,3%	2,4%	- 18 pb
Operating income	8,1	7,3	+11,2%
Financial results	(3,7)	(3,0)	
Income taxes	0,2	(0,7)	
Consolidated net income	4,6	3,5	+29,2%
Net income, Group share	5,6	3,9	+44,1%

Strong half-year sales growth

In the first half of 2023, LACROIX recorded a revenue of 387.8 million euros (M€), up 14.6%. This sustained increase, achieved entirely through organic growth, is the result of strong sales momentum and a normalization of supply conditions for electronic components, combined with a favorable base effect in the first quarter of 2023.

At constant exchange rates, Group sales growth came to 14.2% for the first six months of the year.

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Occasional slowdown in operating profitability linked to business mix

Over the period, LACROIX's recurring EBITDA[1] came to €20.7 million, compared with €19.3 million a year earlier, representing a recurring EBITDA margin of 5.3% (-38 basis points compared with the first half of 2022). This decline in operating profitability reflects the change in the business mix, with the Electronics division making a strong contribution to the increase in half-year sales.

Electronics Activity

At €294.9 million over the period, the Electronics division posted sustained growth of +18.8%, despite the shortfall in earnings (in the order of €4-5 million) caused by the temporary shutdown of three sites following the cyber attack in May. The Industry, Automotive and Avionics sectors benefited from buoyant customer demand and the introduction of numerous new programs.

Recurring EBITDA for the Electronics division came to €13.6 million, compared with €11.9 million a year earlier. The margin rate, at 4.6% (vs. 4.8%), was impacted by higher energy costs and wage inflation not fully passed on to customers. The latter was amplified by the impact (-1.3 M€) at LACROIX Electronics North America of the strong appreciation of the Mexican peso.

City Activity

City revenue rose by 4.3% in the first half, to €53.66 million. It is still driven by the excellent performance of the Street Lighting business unit (+28% over the half-year), which is benefiting from increased energy-saving requirements, both in France and internationally, where execution of the Belgian contract to modernize the road infrastructure in Flanders continues.

After a loss of €0.9m in the first half of 2022, the current EBITDA margin of the City business has returned to breakeven. This is the result of the action plans put in place, combined, particularly in the Road Signs segment, with the gradual application of price revision formulas for multi-year contracts in a context of more normal raw material procurement prices.

Environment Activity

With a revenue of €39.3m, the Environment activity rose by 1.2% in the first half, thanks to an acceleration in the second quarter (+5.9%) driven by all segments, including Smart Grids and Smart Water in international markets.

Recurring EBITDA came in at €7.6 million, compared with €8.2 million a year earlier, underlining the investment in people and R&D to support business growth (capital expenditure), while maintaining a consistently high margin of 19.4% for the first half of 2023.

Group share of net income up 44.1%

After taking into account the increase in depreciation and amortization, in particular the + 0.4 M€ related to the construction of the Symbiose plant, LACROIX's operating income recurring came to 8.8 M€ for the period, representing a revenue of 2.3%, i.e. an almost stable margin rate (2.4% in the first half of 2022). Operating income rose by 11.2% to €8.1 million.

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[1] [1] Current EBITDA is an alternative performance indicator, defined as current operating income plus allowances for amortizations of tangible and intangible assets and those relating to rights of use, as well as compensation expenses relating to shares (IFRS 2) and/or the achievement of post-integration objectives for newly acquired entities.

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Consolidated net income (+29.2% to €4.6 million) includes a positive tax balance (+€0.2 million) resulting from the capitalization of deferred taxes. The increase in minority interests boosted net income, Group share, to €5.6 million at the end of the first half of 2023, compared with €3.9 million a year earlier, a sharp rise of 44.1%.

A sound financial position

With the inclusion of net income for the year, shareholders' equity increased from €193.9m at the end of 2022 to €195.9m at June 30, 2023. At the same time, the Group's net debt has risen from €138.8 million to €144.8 million, making gearing virtually stable at 74% (versus 72% at end 2022). This level remains well below the 80% ceiling announced as part of Leadership 2025.

Despite the sharp rise in sales, WCR remain under control (-5.4 M€), reflecting contrasting situations: inventories are up in the City and Environment activities, in line with unfavorable seasonality, but down for the Electronics activity, after the overstocking in 2022 caused by supply tensions.

Targets confirmed despite more uncertain conditions in North America

Following a solid first half, marked by buoyant sales and resilient profitability, the second half of the year opened in an environment that was both rich in opportunities and more constrained.

LACROIX enjoys good visibility in the vast majority of its businesses, thanks to sustained demand for its solutions and equipment. Growth drivers remain clearly identified in the City and Environment businesses. The former is benefiting from very favorable trends in Street Lighting, as well as an upturn in projects in the Traffic division. The latter has a healthy order book, thanks to continued strong momentum in Smart Grids (including HVAC) and in the international water sector.

The Electronics business, meanwhile, is benefiting from the marked improvement in supply conditions since the second quarter of 2023. In EMEA, where the full impact of the cyber-attack is expected to be recouped in the second half of the year, it remains buoyed by dynamic demand from the Industry and now Avionics markets, where the recovery that began in late 2022 looks set to last. Despite an expected slowdown in H2 in the automotive and HBAS segments, the Group anticipates solid sales and operating performances for the Electronics activity in EMEA in the second half of 2023.

However, LACROIX Electronics North America (ex-Firstronic) is currently facing a combination of various factors . The business is facing rising costs, particularly wage costs, linked to the strong appreciation of the Mexican peso, and a loss of productivity, resulting from the near-saturation of production capacities. LACROIX has addressed this situation by deploying an action plan that includes the opening of a second plant in Juarez (Mexico) in the first quarter of 2024.

In addition, the current labor unrest at three major American automakers reduces visibility on the evolution of automotive demand across the Atlantic in the 2nd half of the year.

In the meantime, the Group remains confident in its ability to achieve its financial targets for 2023. Revenue is still expected to exceed €750 million on a like-for-like basis, i.e. an increase of at least 6%. In terms of profitability, the target of recurring EBITDA in excess of 50 M€ remains achievable, albeit conditional on confirmation of customer demand at LACROIX Electronics North America.

In the longer term, the Group intends to stay on track with the objectives set out in its Leadership 2025 plan. In markets driven by lasting trends (increasing electronic usage, environmental demands, relocation of production, etc.), LACROIX remains confident in its ability to pursue its strategy of increasing value by strengthening its technological leadership, strategic geographic positions and industrial efficiency.

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The Group thus confirms all the financial targets announced for 2025, in particular regarding the revenue (€800 million) and EBITDA margin (around 9%).

Upcoming events

Q3 2023 revenue: November 7, 2023 after the market closes

Find more financial information in the Investor's Zone

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

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 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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