ANNUAL REPORT
2021

LACROIX

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2021

OUR VISION

At LACROIX, we believe that technology should play a part in promoting environments that are less complicated, more sustainable, and more secure.

LACROIX is an international industrial and technological mid-cap business whose mission is to enable customers to build and run smarter life ecosystems thanks to connected technologies that are relevant, robust, and secure. Our ambition is to become a world leader in Industrial IoT and electronic devices for critical applications.

In an increasingly urban world, where population migration is intensifying and resources are becoming scarce, it is essential to ensure they are properly managed. At the same time, new technologies are emerging, and creating a world that is more and more connected, with ever more data. Our activities place us at the heart of these transformations. These profound changes are transforming markets and opening up unlimited perspectives for our customers.

LACROIX's commitment: together towards a connected, responsible world.

As a listed family business, we are able to combine the agility necessary to innovate in a constantly changing technological world with the long-term vision to invest in and build the future. We provide safe, connected equipment for the management and coordination of critical, intelligent road infrastructure (street lighting, traffic management, traffic signs, and V2X) and water and energy facilities (smart grids and heating networks). We design, industrialise, and produce electronic equipment for our automotive, industry, home automation, aeronautics, and healthcare customers.

Every day, we work within our ecosystems alongside our customers and partners to create the link between the world of today and the world of tomorrow. We help them to build the industry of the future and to make the most of the opportunities for innovation that are all around us. We supply them with equipment and solutions for a smarter world.

€501.5M

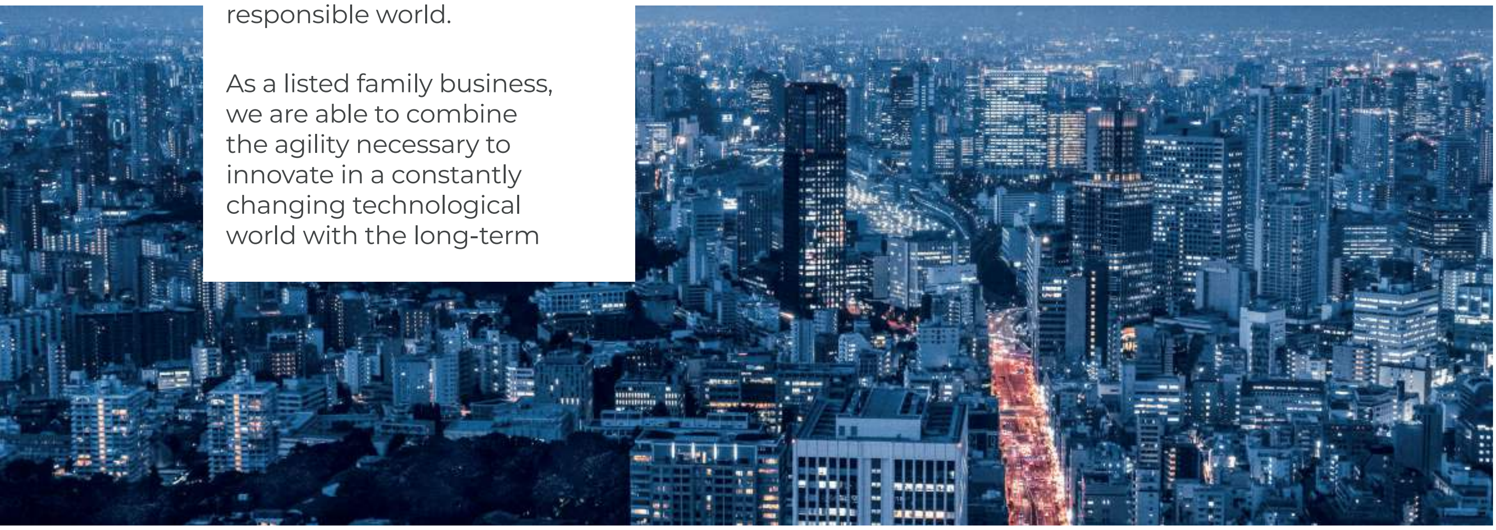
REVENUE IN 2021 (12 MONTHS)
+14% VS. 2020 (12 MONTHS)

€18.1M

CURRENT OPERATING INCOME 2021 (12 MONTHS)
+26% VS. 2020 (12 MONTHS)

€180.4M

SHAREHOLDERS' EQUITY 2021



ELECTRONICS ACTIVITY

In a changing world where electronics are making their way into all sectors, our customers are seeking innovative solutions for developing new opportunities. Our mission is to help them accelerate their plans in relation to industrial IoT equipment and electronic devices for critical applications. To achieve this, via our Impulse offer, we are able to draw on our cutting-edge design expertise and abilities. Rising to the challenges of smart industry, we are part of a multi-continental digital and interconnected ecosystem.

We provide a quality, bespoke service thanks to our teams and factories in Europe and America, as well as the support of our partners and our mastery of the latest technologies.
LACROIX's Electronics Activity is now a key player in its sector.

CITY ACTIVITY

In an ever-urbanising world, we need to rise to the key challenges of smart mobility: helping regions and cities to turn road systems into safe and attractive places that everyone can share.

By offering equipment and solutions that use connected technologies, designed with a solid foundation built on experience and expertise, we will be able to meet these challenges.

Through its equipment, City Activity has been working in service of smart road systems for decades, innovating to combat traffic congestion and pollution.

ENVIRONMENT ACTIVITY

In a world where natural resources are becoming scarce, we must act now. We all need to commit to implementing smart water and energies by helping our customers, both public and private, to digitalise and optimise how they manage water, energy, and raw materials.

This is our duty as good citizens and as a responsible company. Thanks to its technical expertise, the Environment Activity implements its mastery of technology in service of a more sustainable world. It has done so by creating connected equipment for the enhanced operation of water, heating, and electricity networks, which are ultimately the resources of our planet we aim to protect.

€439M *
ELECTRONICS ACTIVITY
*pro forma including annual revenue of Firstronic in 2021

€110M
CITY ACTIVITY

€70M
ENVIRONMENT ACTIVITY

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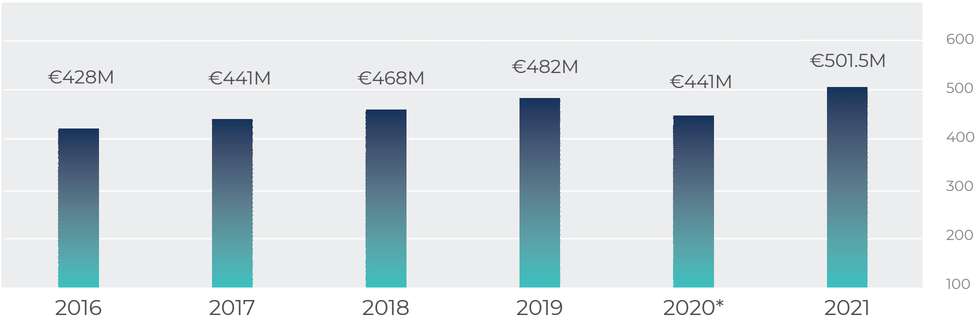
SHARE PRICE TREND

PART 01

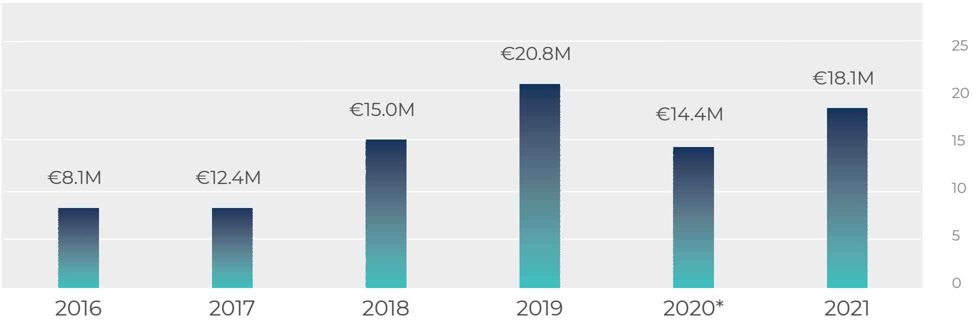
GENERAL MEETING

KEY FIGURES

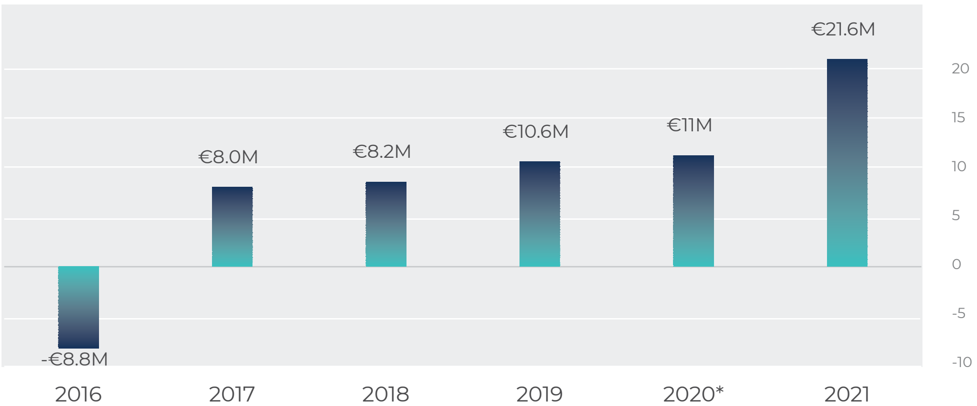
Revenue



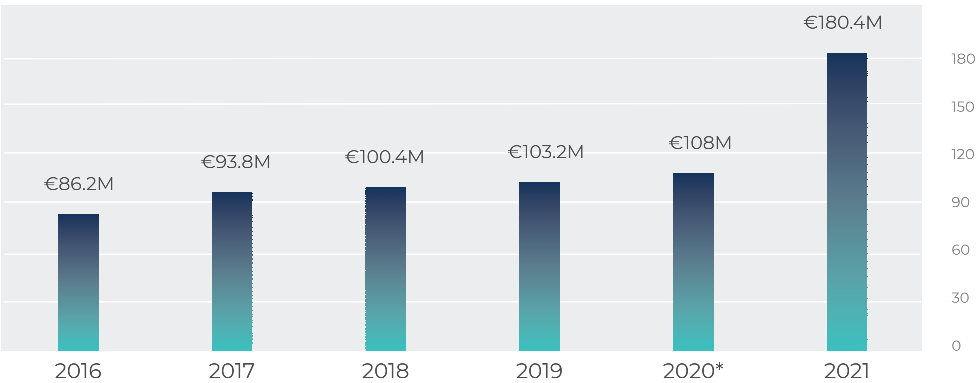
Current Operating Profit



Net income - Group share



Shareholders' equity



* Financial Year 2020 pro forma for 12 months, except net income over 15 months.

STATEMENT OF THE CORPORATE OFFICER RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

set out in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the General Regulations of the Financial Markets Authority

Vincent Bedouin,
Chairman & CEO of LACROIX Group (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, and the Management Report gives a true and fair view of the business developments, income, and financial position of the Company and of all companies included within the scope of consolidation, as well as a description of the main risks and uncertainties they face.

Vincent Bedouin

LACROIX Group

Société Anonyme (Public Limited Company) with a Board of Directors,
with a share capital of €32,055,239.04

Registered office: 17 rue Océane - 44800 Saint-Herblain - France
855 802 815 RCS Nantes (trade and companies registry number)

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

FINANCIAL YEAR ENDED 31 DECEMBER 2021

LACROIX Group

Société Anonyme (Public Limited Company)
with a Board of Directors,
with a share capital of €32,055,239.04

Registered office:
17 rue Océane - 44800 Saint-Herblain - France
855 802 815 RCS Nantes
(trade and companies registry number)
(the "Company")

1. LACROIX GROUP

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As a listed family business, we are able to combine the agility necessary to innovate in a constantly changing technological world with the long-term vision to invest in and build the future. We provide safe, connected equipment for the management and coordination of critical, intelligent road infrastructure (street lighting, traffic management, traffic signs, and V2X) and water and energy facilities (smart grids and heating networks). We design, industrialise, and produce electronic equipment for our automotive, industry, home automation, aeronautics, and healthcare customers.

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Consolidated income

The year 2021 was marked by the following aspects:

- Launch of the LEADERSHIP 2025 strategic plan;
- Capital increase of €44.3M to finance the plan;
- Takeover of Firstronic, EMS in North America at end of window.

From an operational perspective, our activities had to contend with the following unfavourable conditions:

- Major crisis in the procurement of electronic components;
- Increased price of raw materials and energy;
- Continuation of the pandemic.

In this context, while it was not possible to meet our initial objective, LACROIX has proven the resilience of its model and recorded the following results:

- Revenue as at 31 December of €501.5M, compared to €441.0M as at 31 December 2020 (pro forma for 12 months), i.e. an increase of 13.7%. This development certainly benefited from the favourable base effect in 2020 relating to the Covid crisis, but LACROIX also recorded growth of +2.2% compared to the comparable period in 2019 (January-December).

- EBITDA amounts to €30.9M, against €26.1M pro forma in 2020. This level of EBITDA of 6.2% of revenue, while lower than the initial objective of 6.5%, is higher than the new objective set in September (between 5.8% and 6.1%).

- Current operating income (COI) amounts to €18.1M, up by €3.7M compared to COI in the previous financial year (12 months). This figure was nonetheless impacted by operational disruptions related to difficulties in component procurement, which worsened during the summer, and by sharp price increases for raw materials towards the end of the year, which it was not possible to fully pass on to customers.

Net income (LACROIX share) of €21.6M, benefiting from revaluation of the 12.5% minority holding in FIRSTRONIC, LLC ("Firstronic") for €8.9M, as well as exceptional tax income of €5.2M.

Major events by activity

Electronics Activity

Connected technologies for smarter industries

At the cutting-edge of technology and well on its way to establishing the industry of the future, this multi-continental activity based in Europe and North America develops, industrialises, produces, and integrates electronic assemblies and sub-assemblies for its customers in the automotive, aeronautics, home automation, industrial, and healthcare sectors. Currently positioned as a global player in electronics, this LACROIX activity helps its customers to conceive and boost their innovations, and develop the world of “Smart Industries”.

Representing more than 64% of revenue and more than 75% of the Group’s workforce, this activity has enjoyed recurring and sustained growth over the last 10 years, enabling it to triple its sales during this period. The market, growing globally but also in Europe, also benefits from the ’nearshoring’ trend. As a result of insights gained during the Covid crisis, this trend towards the relocalisation of critical components, including electronics, is likely to continue over the coming years.

In this context, the major events of financial year 2021 were as follows:

- After 2020, a year severely affected by the Covid crisis, a return to growth in activities with revenue of €321.5M, up 16.8% against the comparable period in 2020 and stable compared to 2019 (-0.2%), despite an aeronautics segment still lagging significantly compared to its pre-crisis levels.

- An extremely difficult component procurement context having prevented full delivery of customer demand, affecting operational performance in factories, and having an upward impact on stock levels.

- COI of €5.4M, up compared to 2020, despite the operational disruptions caused by occasionally unpredictable deliveries of electronic components.

- Net income benefiting from recognition under tax credit of an investment subsidy for €5.2M.

- Construction of the factory in Beaupréau (the Symbiose project), with delivery of the factory in late December 2021 and relocation in early 2022. It should be remembered that this project is designed to permit French activities to reach a revenue of €100M by 2027.

- Takeover of the American company Firstronic (from 12.5% to 62.2%) at the end of the year. Revenue data has not been consolidated for the period (in 2021, Firstronic earned approximately $140M (USD)).

In an environment that is still uncertain, notably in terms of procurement, the activity will nevertheless return to growth, benefiting from continued strengthening of programmes with customers, production start-up among new customers, and integration of Firstronic into the scope. Recurring operating profitability should also increase.

The key figures for the Electronics Activity are as follows (contribution):

In €M	N (12 months)	N - 1 (15 months)
Revenue	321.5	355.2
Operating profit	5.4	2.5
Net income	5.0	(1.6)
Cash flow	11.6	6.7
Net investments*	13.7	13.7

(*) Net investments excluding investments relating to M&A operations.

City Activity

Connected technologies for smarter mobility

By designing and producing equipment and solutions for managing smart road infrastructures around 4 areas of expertise: street lighting, traffic signs, traffic management and regulation, and V2X, this activity helps regions and cities to transform roads into safe, attractive spaces shared by all in the form of “Smart Mobility”. This activity works with the road infrastructure equipment market it knows well and promotes its transformation through the adoption and mastery of various technologies. For decades, it has been meeting the needs of a changing world that is becoming more and more urban and connected, while supporting communities and businesses with equipment and solutions used for smart roads. Its expertise and experience provide a solid foundation for imagining and designing tomorrow’s connected technologies.

The major events of the 2021 financial year were as follows:

- Cumulative revenue amounts to €109.9M, representing growth of 12.0% compared to 2020 and 5.5% compared to 2019, with all segments contributing positively to this progression. This excellent performance was driven more specifically by structurally favourable conditions for smart street lighting (+20% compared to its 2019 pre-crisis level) and “smart” offers such as V2X (connection of road infrastructure to vehicles).

- Rebalancing of the activity, with COI at zero plus, as opposed to -€1.7M in the previous period, despite unfavourable developments in raw materials that could not be fully offset by selling prices during this period.

- An improvement in net income of +€3.5M to -€0.9M related to the improvement in COI and supported by non-operating income, which was boosted by disposal of a building.

In a context that remains difficult with regard to raw material supplies and prices, the City Activity should continue to progress in the course of the financial year, in terms of both a growth in activity and increased margins.

The key figures for the City Activity are as follows (contribution):

In €M	N (12 months)	N - 1 (15 months)
Revenue	109.9	125.3
Operating profit	+0.0	(1.7)
Net income	(0.9)	(4.4)
Cash flow	+1.4	(1.6)
Net investments*	1.5	2.2

(*) Net investments excluding investments relating to M&A operations and financial assets.

Environment Activity

Connected technologies for smarter water & energies

The scarcity of water, energy resources, and raw materials is one of the biggest global concerns. Optimising their use is a priority and controlling the impact of human activities on the environment is a fundamental need for any company with a committed Corporate Social Responsibility (CSR) policy. By designing and producing equipment and solutions to remotely control, automate, and manage water and energy infrastructure, this activity opted for a "Smart Water & Energy" solution. In the age of the digital revolution and connected objects, this activity strives to optimise the use of water and energy resources.

Experiencing constant growth (its sales have doubled in under 10 years), and with the acquisition of SAE IT-systems, which has an equivalent offer in electricity networks, this activity accounts for 14% of Group revenue and contributes significantly to profits.

Evolving in buoyant markets worldwide, with the challenges and the maturity of the water and energy markets creating a context that favours smart, connected equipment, the Environment Activity pursues investments in HR and Research & Development (R&D) to accelerate its international development, where it currently achieves around 25% of its sales.

In this context, the major events of the financial year were as follows:

- Revenue of €70.1M, representing growth of 3.8% compared to the same period in 2020 (+9.1% against 2019) benefiting from structurally buoyant markets, despite the Covid crisis and its impacts on export activity.

- In addition to these aspects, 2021 was notable in terms of the activity's water segment, for promising initial sales of its new products dedicated to the international market.

- COI remaining at high levels at €14.9M, despite continued investments in R&D (expensed) and HR to support and reinforce growth.

The activity's outlook is favourable, with momentum remaining positive. The ending of travel restrictions and the availability of new products targeted for export should make it possible to benefit from this trend. Income levels remained excellent, notwithstanding the continued HR investments made with a view to supporting this growth.

The key figures for the Environment Activity are as follows (contribution):

In €M	N (12 months)	N - 1 (15 months)
Revenue	70.1	85.8
Operating profit	14.9	21.7
Net income	10.4	14.5
Cash flow	11.2	16.2
Net investments*	1.0	0.7

(*) Net investments excluding investments relating to M&A operations.

Research & Development Activity

Research & Development activities concern all activities and are counted as operating expenses. These activities generated Research Tax Credit (CIR) amounting to €2.6M in respect of expenses for the 2021 calendar year.

In addition, in 2021, LACROIX was selected to take part in 3 collaborative and innovative projects, 2 of which are winners of the "relocation in critical sectors" tender, under the France Relance (Relaunching France) plan. The projects in question address themes such as urban mobility and its impact on air quality, or optimal management of critical resources such as water.

Financial situation

Self-financing capacity reached €25.0M (not including the fair value of Firstronic shares) against €24.7M in the previous financial year.

After significant improvement in 2020 (+€21.7M), changes in working capital amount, in contrast, to -€15.7M. This development, also related to the return of growth, is very largely explained by the consequences of the crisis in procurement of components having a strong impact on our stocks, even though the impact on stock increases was more than half funded by customers (advances, etc.).

Investments (other than financial) largely increased to €30.5M, in line with construction of the Symbiose factory, representing €17.5M during this period. In addition, LACROIX carried out asset disposals of €1.3M, primarily represented by the disposal of a building after moving into its new head office.

As such, free cash flow is negative at -€24.3M (compared with +€30.9M in 2020).

For this period, the other key financial details are as follows:

- The impact of acquisitions of subsidiaries and other financial assets for €69.2M (total of acquisitions and consolidation of target overdrafts).
- A capital increase of €43.2M (net of fees).
- Establishment of new loans for €51.4M, including €30M related to partial funding of the acquisition of Firstronic.
- Repayment at the end of the first year of 2 State-guaranteed loans taken out in 2020 for €18.5M.

The ratio of net debts (excluding debts for rentals and acquisitions) to equity (gearing) amounts to 0.57 compared to 0.29 as at 31 December 2020.

Prospects

In a context that remains uncertain (procurement of electronic components, changing prices of raw materials, etc.), but buoyed by a strong dynamic in its markets and the strengthening of its position in the USA, LACROIX will continue its growth, on course to meet its 2025 objectives.

1. LACROIX GROUP

Company activity

As the parent company of the Group, it contributes to the management of assets, mainly consisting of the equity of the parent companies of the 3 activities and some subsidiaries, and the supervision and coordination of each of them through General Management and Executive Management, as well as Finance, Legal & Compliance, Human Resources, Strategic Innovation, R&D, IT, and Communication Departments.

Since June 2017, LACROIX Group has also been home to Innovation Lab, the Group's innovation catalyst responsible for testing technologies and usages related to and for Group activities. Since the end of 2018, it has also been home to Data Factory, tasked with the development, support, and maintenance of software platforms for using our product data.

Lastly, LACROIX Group shares a certain number of resources between activities, such as the teams in the Payroll shared-service centre, the managers of cross-cutting projects (IT, Finance, HR, etc.), and the central R&D teams working on the common platforms of our future offers.

Revenue, excluding dividends, is generated by royalties received from subsidiaries in exchange for the services described above.

As at 31 December 2021, revenue amounted to €10,275K compared to €9,944K, i.e. an increase of 3.3% compared to the previous financial year (15 months), reflecting the expansion of teams at corporate level, working on a cross-cutting basis for the Group's activities.

Operating income shows improvement at €2,402K against €2,659K. Taking account, for 2020, of the exceptional duration of 15 months and the reversal of the provision for performance-related shares (€413K), the result is globally stable. This shortfall in results was largely offset by the positive financial income of +€7,049K compared with +€2,589K, and the tax income of €3,970K (€5,919K in 2020) related to tax consolidation.

As such, net income was €8,641K compared to €6,092K for the previous financial year.

Non tax-deductible expenses

Non tax-deductible expenses and costs amounted to €47,298 at the end of the financial year.

This amount corresponds to the non-deductible portion of leases for passenger vehicles used by the Company for an amount of €38,194 and to corporate vehicle tax charges of €9,104, which generated a tax obligation amounting to 12,534 euros.

Information on payment terms

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby inform you that at the end of the 2 previous financial years, the balance of trade receivables and payables by due date was as follows:

	Received invoices, not settled by the end of the financial year and due						Issued invoices, not settled by the end of the financial year and due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment periods												
Number of invoices concerned	**127**	53	15	11	100	**179**	**93**	2	1	0	3	**6**
Total amount, including tax, of invoices in question	**€435,109.08**	€182,810.49	€79,965.65	(€2,068.96)	€93,211.58	**€353,918.76**	**€2,110,159.35**	€5,198.99	€2,785.50	€-	€12,128.35	**€20,112.84**
Percentage of total purchases amount for the year, including tax	**4.99%**	2.10%	0.92%	(0.02%)	1.07%	**4.06%**						
Percentage of revenue for the year, including tax							**16.29%**	0.04%	0.02%	0.00%	0.09%	**0.16%**
(B) Invoices excluded from (A) relating to written-off or unrecorded debts and receivables												
Number of invoices	0	0	0	0	0	0	0	0	0	0	0	0
Total amount of excluded invoices, including tax		-	-	-	-	-		-	-	-	-	-
(C) Reference payment terms used (contract or legal terms)												
Payment terms used for calculation of payment delays		The average delayed payment term for suppliers is 15.57 days						30 days end of month, by the 15th of the following month				

2. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER

In compliance with Articles L. 233-13 and L. 22-10-11 of the French Commercial Code, we hereby inform you of the following:

Company share capital structure

As at 31 December 2021, Company share capital was €32,055,239.04, made up of 4,829,096 shares.

The structure of share capital is as follows:

	% of capital	% of voting rights*
Bedouin family Group	62.36%	77.18%
Treasury shares**	3.07%	-
Public	34.59%	22.82%

(*) Exercisable voting rights.
(**) Of which shares held under the liquidity agreement.

Threshold crossing

In accordance with Articles L. 233-7 and R. 233-1 of the French Commercial Code, any natural or legal person, whether acting alone or in conjunction with others, in possession, directly or indirectly, of a number of shares representing more than one twentieth, one tenth, three twentieths, one fifth, one quarter, three tenths, one third, one half, two thirds, eighteen twentieths or nineteen twentieths of capital or voting rights must notify the Company thereof.

During the financial year ending 31 December 2021, crossing of the following legal threshold was reported:

- Crossing of the lower threshold for ownership of share capital by FMR LLC indirectly by the intermediary of Fidelity Management & Research Company LLC, resulting from a transfer of shares on the market.

In addition to reporting the crossing of legal thresholds, any shareholder possessing at least 2% of share capital in the Company is required to notify the latter thereof within 15 days, pursuant to Article 8 of the Company's Articles of Association. This reporting obligation concerns each 2% fraction of share capital held in the Company.

During the financial year ending 31 December 2021, the following crossings of statutory thresholds were reported:

- Crossing of the upper threshold for ownership of share capital by the French Deposits and Consignments Fund (Caisse des dépôts et consignations - CDC) indirectly by the intermediary of CDC Croissance, resulting from CDC Croissance's subscription to the capital increase;
- Passive crossing of the lower threshold for ownership of share capital by the French Deposits and Consignments Fund (CDC) indirectly by the intermediary of CDC Croissance;
- Crossing of the upper threshold for ownership of share capital by VINILA INVESTISSEMENTS, resulting from its subscription to the capital increase;
- Passive crossing of the lower threshold for ownership of share capital by VINILA INVESTISSEMENTS;
- Crossing of the upper threshold for ownership of share capital by QUAREO CAPITAL, resulting from its subscription to the capital increase;
- Passive crossing of the lower threshold for ownership of share capital by QUAREO CAPITAL.

Significant shareholding in registered form

With the exception of shares held by the Bedouin family group, there was no significant registered shareholding at the closing of the financial year.

Double voting rights

Article 10 of the Articles of Association assigns a double voting right to each share fully paid up subject to proof that the share is registered in the name of one and the same shareholder for at least 3 years.

Control mechanism

With the exception of the double voting right conferred, no special rights are attached to shares.

Nor are there control mechanisms in the employee shareholding system, nor agreements between shareholders of which the Company is aware and which may entail restrictions on share transfers.

Board of Directors' powers regarding share buy-back

The General Meeting delegates to the Board of Directors the power, pursuant to the provisions of Article L. 22-10-62 of the French Commercial Code, European Regulation 2273/2003 of 22 December 2003, and Articles 241-1 to 241-7 of the General Regulations of the French Financial Markets Authority, to purchase Company shares up to 10% of share capital.

The Board of Directors holds a power granted by the General Meeting of 11 May 2021 regarding capital increase and the free allocation of shares in the Company.

Treasury shares

In 2005, the Company entrusted the implementation of a liquidity contract compliant with FAIF's code of ethics recognised by the French Financial Markets Authority on 22 March 2005, to the brokerage firm PORTZAMPARC.

As of 31 December 2021, the Company held 145,232 treasury shares and 4,005 shares under the liquidity agreement, i.e. a total of 149,237 treasury shares representing 3.09% of capital.

Subsidiaries

	Share capital (3)	Other share-holders' equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Total amount of guar-antees	Pre-tax revenue from the previous financial year	Income from the previous financial year	Dividends received during the financial year
				Gross	Net					
1. Subsidiaries held at more than 50%										
LACROIX ENVIRONMENT	13,575	11,009	100.00%	13,575	13,575	28		1,073	10,650	4,518
LACROIX ELECTRONICS	15,000	(6,744)	100.00%	46,427	46,427	31,943		43,708	(2,647)	
LACROIX CITY	9,373	3,310	100.00%	14,999	8,499	55,636		10,887	1,060	
LACROIX VI	5	(1)	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		(1,786)	100.00%	0	0	31,631			(1,265)	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE (2)	610	8	100.00%	406	406				59	
LACROIX ENVIRONMENT GmbH	25	682	70.00%	18	18	11,082			3,838	2,100
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shares										
TOTAL				**75,434**	**68,934**	**130,319**				**6,618**

(1) Results of the subsidiary in USD have been converted at the closing rate in €.
(2) Results of the subsidiary in SGD have been converted at the closing rate in €.
(3) In local currency.

Equity investments

In accordance with Article L. 233-6 of the French Commercial Code, we hereby specify that no investments or acquisitions have been made in relation to companies having their registered office in France.

However, a majority stake in the company FIRSTRONIC, LLC located in the United States (increasing the minority stake of 12.50% to a majority holding of 62.20%) by the intermediary of LACROIX North America, was completed during the 2021 financial year.

Companies controlled

The Company currently controls the following companies:

- LACROIX ELECTRONICS (France - 100%)
- LACROIX ELECTRONICS BEAUPREAU (France - LACROIX ELECTRONICS subsidiary - 75%)
- LACROIX ELECTRONICS TUNIS (France - LACROIX ELECTRONICS BEAUPREAU subsidiary - 99.9%)
- LACROIX Electronics Tunisie (Tunisia - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX Electronics Service Tunisie (Tunisia - LACROIX ELECTRONICS subsidiary - 99.97%)
- LACROIX Electronics GmbH (Germany - LACROIX ELECTRONICS subsidiary - 100%)

- LACROIX ELECTRONICS SP. ZO.O. (Poland - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ELECTRONICS CESSON (France - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ENVIRONMENT (France - 100%)
- LACROIX SOFREL (France - LACROIX ENVIRONMENT subsidiary - 98.4%)
- LACROIX SOFREL ESPAÑA S.L.U. (Spain - LACROIX SOFREL subsidiary - 98.4%)
- LACROIX SOFREL SRL (Italy - LACROIX SOFREL subsidiary - 98.4%)
- LACROIX CITY (France - 100%)
- LACROIX CITY SAINT HERBLAIN (France - LACROIX CITY subsidiary - 99.9%)
- LACROIX OCÉAN INDIEN (France - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX MAYOTTE (France - LACROIX OCÉAN INDIEN subsidiary - 99.9%)
- LACROIX PACIFIC (France - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX CITY NORTE SA (Spain - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX CITY CENTRO, SAU (Spain - LACROIX CITY NORTE subsidiary - 99.9%)
- LACROIX Trafic Cameroun (Cameroon - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX CITY CARROS (France - LACROIX CITY subsidiary - 100%)
- LACROIX CITY MADRID SAU (Spain - LACROIX CITY CARROS subsidiary - 100%)
- LACROIX CITY Les Chères (France - LACROIX CITY subsidiary - 100%)
- SMARTNODES (Belgium - LACROIX CITY LES CHÈRES subsidiary - 100%)
- LACROIX CITY PLOUFRAGAN (France - LACROIX CITY subsidiary - 100%)
- LACROIX SINGAPORE PTE. LTD. (Singapore - 100%)
- LACROIX NORTH AMERICA (United States - 100%)
- FIRSTRONIC, LLC (United States - LACROIX NORTH AMERICA subsidiary - 62.2%)
- LACROIX Environment GmbH (Germany - 70%)
- SAE-IT Systems (Germany - LACROIX ENVIRONMENT GmbH subsidiary - 70%).

Loans

In accordance with the provisions of Article L. 511-6, 3 bis of the French Monetary and Financial Code, we hereby inform you that during the financial year, the Company granted LACROIX North America, by way of accessory to its main activity, a loan for an amount of €30M intended to contribute towards the funding of 49.7% of shares in FIRSTRONIC, LLC.

Employee shareholding

In accordance with the provisions of Article L. 225-102, paragraph 1, of the French Commercial Code, we hereby inform you that the proportion of capital represented by shares held by staff within the framework of a company mutual investment fund amounted to 0.8% as at 31 December 2021.

3. MAIN RISK FACTORS FACED BY THE COMPANY

Under the provisions of Article L. 225-100-1, I, 3, of the French Commercial Code, we present the relevant information:

Strategic and operational risks

The nature of the strategic risks to which the Company is exposed is unlikely to seriously jeopardise the sustainability of Group activities.

In view of its activities, the Group is nevertheless exposed to the following operational risks:

Risks relating to raw materials and shortage of electronic components

Raw materials represent an important proportion of the purchases made by the Group, and a significant share of its revenue. As such, purchases represent 66% of total revenue and the share of raw materials in its purchases is approximately 85%. This is particularly true in the Electronics Activity, where purchases account for close to 70% of revenue. The Group is exposed both to their price fluctuations and their availability on the market.

The Group's contracts generally include price indexing mechanisms linked to changes in the cost of inputs. This is the case, notably, for the City Activity, which has price review clauses in its multi-annual contracts with local authorities. This is also mainly the case for the Electronics Activity, where some component prices are even under customer control, enabling the transfer of price changes upwards as well as downwards. The existence of a lag between the rise in prices of inputs and pass-through into the selling price remains, but with a limited and temporary impact.

The Group may also be required to hedge certain raw materials (aluminium, tin, etc.) with suppliers or on the markets.

IT system risk

Group Management pays particular attention to its IT system and a series of provisions has been implemented to ensure its security and availability. This involves regularly updating the Group's solutions, its technical architecture, and its security architecture. The regular completion of audits and intrusion tests, carried out by third-party experts, contributes to this continuous improvement. Furthermore, in order to reduce any major risks, crisis management plans have been implemented in each of the 3 business sectors and have been audited over the year.

Risks relating to matching the Group's offer to the expectations of its customers, and to the development of new products

The Group's growth relies partly on its ability to integrate new technologies into its products in order to offer optimal performance to its customers in line with their practices. More broadly, it is essential for the Company to anticipate the needs and practices of its customers in order to develop the products and technologies appropriate to their requirements. In this perspective, the Group devotes a significant share of its expenses and its teams to its research and development activity.

In order to reduce this risk in the context of an acceleration of its R&D spending, LACROIX has:

- strengthened its innovation capacity by creating Innovation Lab by LACROIX – teams responsible for experimental research into practices and technologies, in contact with the Group's customers in order to monitor and anticipate changing needs;
- created the role of key account management in order to strengthen proximity with strategic customers;
- strengthened the marketing teams throughout the 2016-2020 plan, thereby enabling better market monitoring and above all better definition and specification of customer needs;
- strengthened the R&D teams, for greater proficiency in technologies and schedule implementation in our new offers (the right product at the right time), and;
- implemented a process between the marketing and R&D teams in order to ensure consistency between the needs of the market, and development decisions and priorities.

Industrial and environmental risks

The significant scale of the Company's industrial investment programmes ensures that it has recent and secure equipment to mitigate the risks of major failures that might bring manufacturing operations to a halt. Therefore, the main industrial risks are those that could affect or stop production at the main sites (fire, technical breakdown, etc.) and compromise the quality of products. Quality procedures are in place for identifying, correcting, and preventing, or at least mitigating, failures.

Legal, tax, and social risks

The Group monitors legal, tax, and social developments in order to ensure that its operations are compliant, and to anticipate the impacts of new regulations. A review of the main risks is performed per business sector in order to ensure that all risks are exhaustively considered in the financial statements.

Based on known information, the Group considers it unlikely that current mutual agreement procedures or disputes will have a significant impact on the consolidated financial statements.

Financial risks

The different degrees to which the Group is exposed to financial risks are set out below.

Currency risk

Other than the Electronics Activity, the Group is not particularly exposed to currency risks.

As regards this activity, currency risk mainly concerns purchases made in USD, JPY, TND, and PLN.

As regards purchases in USD and JPY, the Company has signed contracts with its main customers providing for an adjustment of the selling price of goods based on fluctuations in the EUR/USD parity. There is therefore no currency risk for this item.
As regards the balance, the Company uses partial hedging of its requirements to cover a target rate established for each budget year.

Expenses in TND and PLN mainly concern the salaries and social contributions of employees at our Turkish and Polish sites and some local purchases. Group policy is to opt for forward hedging based on projected requirements.

Generally speaking, recourse to financial instruments is limited strictly to business requirements, and excludes any speculative activities.

Interest rate risk

Most Group debts are at variable interest rates.

The Group implements various financial instruments of varying maturities to mitigate this risk. At the end of December 2021, the portion of financing at variable rates hedged by swaps was 29% of the nominal value.

In January 2022, additional coverage was taken out. This brings the level of coverage at the end of January 2022 to 76% of nominal value.

Liquidity risk

Gross debt position for the Group amounts to €138,042K.

There is no covenant tied to any financing.

Available cash amounts to €33,355K.

The Group therefore considers its exposure to this risk to be very low.

Credit risk

Each of the Group's activities has implemented a system for monitoring and managing client risk, sometimes using credit insurance contracts for this purpose to protect from potential client risk.

Client type by sector of activity is described below:

Activities	Main types of clients
City Activity	Authorities and private companies operating road infrastructures
Environment Activity	Public bodies and major water, heating and energy network management stakeholders
Electronics Activity	French and foreign companies operating internationally

Capital risk

The Group monitors its capital closely by tracking changes to its debt-to-equity ratio.

	Period 2021	Period 2020
Borrowings	99,061	67,884
Current bank borrowings	38,981	18,705
Other net financial debts	(1,793)	(955)
Cash and Cash equivalents	(33,355)	(54,389)
Net debt	102,893	31,245
Shareholders' equity	180,509	109,097
Debt ratio (gearing)	**57.0%**	**28.6%**

Classification of financial assets and liabilities at fair value

The Group does not provide a detailed table on the fair value hierarchy of its financial assets and liabilities, according to the 3 levels defined in the revised IFRS 7 standard. Evaluation of fair value is based on observable data, most of which is external to the Group.

EVENTS SUBSEQUENT TO CLOSING

The recent events in Ukraine have no direct impact on the Group's activities. The Group will nevertheless be on guard for any potential indirect consequences that may arise in the weeks or months to come.

STOCK MARKET INFORMATION

Changes in share price over the 2021 financial year

LACROIX Group shares were listed during the 2021 financial year until 31 January 2022, in Euronext Paris Compartment C. Since this date, the shares have been listed in Compartment B.

Over the course of financial year 2021, 518,736 shares were traded for a capital amount of €21,111,059 at an average price of €40.70.

The share price as at closing on 31 December 2021 was €43.10.

Company purchases of treasury shares

Share buy-back programme

Our proposition is to renew the powers given by the General Meeting on 11 May 2021 to the Board of Directors to purchase Company shares on the stock market, under the conditions and within the limits specified in Articles L. 22-10-62 et seq. of the French Commercial Code, and pursuant to the provisions of European Regulation no. 2273/2003 of 22 December 2003.

The aims of the buy-back programme are identical to those for the previous financial year:

- to ensure market-making under a liquidity contract compliant with FAIF's code of ethics recognised by the Financial Markets Authority,
- to purchase shares for retention and subsequent allocation for trade or payment as part of an external growth operation,
- to ensure coverage of plans to allocate bonus shares or share purchase options, and more generally all shareholding plans for employees and corporate officers of the Group,
- to enable cancellation of all or part of the shares bought back.

Authorisation is granted for a maximum term of 18 months subject to the following conditions:

- the maximum number of redeemable shares may not exceed 333,691, i.e. 6.91% of share capital.
- the maximum purchase price per share is set at €60.
- the total amount earmarked for this programme is set at €21.69 million.

The shares will be bought back through trading on the market or through block share acquisitions as per the applicable laws and regulations. Block share acquisitions could account for the entire programme. Acquisitions and disposals can be made during a public tender offer within the limits permitted by stock market regulations.

The number of shares held under execution of the scheme may not exceed 10% of share capital, i.e. 482,909 shares.

Assessment of previous share buy-back programmes

In respect of the programmes authorised by the General Meetings of 13 March 2020 and 11 May 2021, applying to the financial year ending 31 December 2021, the Company did not conduct any treasury share purchase or sale transactions.

In addition, under the liquidity agreement held 100% by LACROIX Group:

- 12,292 shares were acquired at an average price of €36.71;
- 11,728 shares were sold at an average price of €37.68.

At the end of the financial year, the shares held under the buy-back programme were allocated to the following objectives:

- coverage of stock option plans for employees and corporate officers of LACROIX Group: 64,872 shares,
- subsequent allocation for trade or payment as part of an external growth operation: 80,334 shares,
- stabilisation of the price by a service provider: 4,031 shares,

i.e. a total of 149,237 treasury shares representing 3.09% of the capital, having a book value of €2,913,810 and a market value of €6,432,115, based on the price on 31 December 2021.

REPORT ON CORPORATE GOVERNANCE

Regulated agreements

In accordance with the provisions of Article L. 225-37-4, 2° of the French Commercial Code, we shall state below the agreements, other than those concerning day-to-day operations or concluded under normal conditions, concluded, directly or through a third party, between, firstly, as the case may be, the Chairman & CEO, the Deputy CEO, one of the administrators or one of the shareholders having a fraction of Company voting rights higher than 10% and, secondly, another company controlled by the Company as per Article L. 233-3 of the French Commercial Code.

Provision of services agreement with VINILA INVESTISSEMENTS

Persons concerned: Vincent Bedouin (Chairman & CEO of LACROIX Group and Chairman of VINILA INVESTISSEMENTS), Nicolas Bedouin (Deputy CEO of LACROIX Group and member of the Supervisory Board of VINILA INVESTISSEMENTS), and Marie-Reine Bedouin (member of the Board of Directors of LACROIX Group and Chairwoman of the Supervisory Board of VINILA INVESTISSEMENTS).

Nature and purpose: Conclusion of a provision of services agreement on 4 January 2021, under which the company VINILA INVESTISSEMENTS undertakes to make available to the Company premises situated at 5 rue de la Pérouse, 75016 Paris, France.

Amount: The amount of the annual flat compensation paid in return for the provision of service comes to €20,000 excl. VAT.

Loan agreement concluded with LACROIX North America

Persons concerned: Nicolas Bedouin (Deputy CEO of LACROIX Group and President of LACROIX North America).

Nature and purpose: Conclusion of a loan agreement on 22 December 2021 intended to contribute to funding the acquisition of 49.7% of shares in Firstronic, LLC.

Amount: The amount of the loan granted by LACROIX Group to LACROIX North America is €30,000,000.

The following regulated agreement concluded during a previous financial year continued during the same financial year.

Management and coordination agreement concluded with the company VINILA INVESTISSEMENTS

Persons concerned: Vincent Bedouin (Chairman & CEO of LACROIX Group and Chairman of VINILA INVESTISSEMENTS), Nicolas Bedouin (Deputy CEO of LACROIX Group and member of the Supervisory Board of VINILA INVESTISSEMENTS), and Marie-Reine Bedouin (member of the Board of Directors of LACROIX Group and Chairwoman of the Supervisory Board of VINILA INVESTISSEMENTS).

Nature and purpose: Continuation of the management and coordination agreement, authorised by the Supervisory Board on 29 December 2009 in return for a fixed annual remuneration of €140,000.

Conditions: The expense recognised in respect of the financial year ending 31 December 2021 amounted to the sum of €140,000.

In accordance with the legal provisions, standard agreements entered into under normal conditions have not been subject to this check.

The agreements were sent to the Statutory Auditors for presentation in their special report to the General Meeting.

Composition and operation of the administrative and management bodies

Composition and operation of the Board of Directors

The Board of Directors is the collegiate body that determines the Company's policies and ensures their implementation, defines the Company's strategy, appoints the corporate officers and, through its deliberations, regulates any questions concerning the proper running of the Company in accordance with the powers conferred by the law, the Articles of Association, and the Company's internal regulations.

The Board of Directors is composed of at least three (3) members and at most eighteen (18) members, to which the representatives of the named employees may be added.

The number of administrators over the age of 70 May be greater than one third of the Board of Directors in office.

The term of appointment for each director is three (3) years.

As at 31 December 2021, the Board of Directors of LACROIX Group was composed of 7 members listed below in the section "List of terms of office and duties during year ended 31 December 2021".

Independence of the members of the Board of Directors

Taking into account the criteria recommended by the AFEP MEDEF Code for qualifying an administrator as independent, it appears from the examination of the situation of each administrator that Mr Hugues Meili, Ms Ariane Malbat, and Ms Muriel Barneoud all fulfil the conditions for qualifying as independent.

Representativeness of women on the Board of Directors

In accordance with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code on the balanced representation of women and men on the Board of Directors and on professional equality, we hereby inform you that the male/female distribution within the Company's Board of Directors is 57% to 43% as of 31 December 2021.

There are 3 female members out of a total of 7 members currently on the Board of Directors.

Mission of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board of Directors, which he reports to the General Meeting of shareholders of the Company.

The Chairman of the Board of Directors ensures the proper functioning of the Company's corporate bodies, including the committees under the Board of Directors.

Information sent to Administrators

The members of the Board of Directors have received all the documents and information necessary for the fulfilment of their duties within the deadlines for their examination.

The Chairman has regularly provided the administrators with all relevant information concerning the Company.

Internal regulations of the Board of Directors

The Board of Directors adopted internal regulations on 26 July 2018, that it then amended on 16 December 2019, allowing it to meet by videoconference or telecommunication.

These regulations also define the Board of Directors' rules of procedure regarding ethics (shareholding, confidentiality, conflict of interest, etc.).

Work of the Board

The Board of Directors meets as often as the interests of the Company require.

Over the year ending 31 December 2021, the Board of Directors met five (5) times, mainly to:

- allocate bonus shares,
- consider the annual and half-year financial statements,
- increase the capital,
- consider an M&A project.

Specialised Committees of the Board

The Board of Directors has established 4 permanent Committees:

- an Audit & Compliance Committee,
- a Compensation Committee,
- a Strategic Committee,
- a Development Committee.

The mission of which is to provide in-depth analysis and reflection prior to the Board of Directors' deliberations and to contribute to the preparation of the Board's decisions.

Audit & Compliance Committee

The Audit & Compliance Committee, acting under the responsibility of the Board of Directors, is primarily responsible for reviewing the accounts and monitoring issues relating to the preparation and control of accounting and financial information. It also oversees the definition and monitoring of the Company's compliance programme. It follows the process of preparing financial information and, where appropriate, makes recommendations to ensure its integrity.

As such, it is responsible for:

- following the process of preparing financial information;
- monitoring the effectiveness of the internal audit and risk management systems, and the effectiveness of the compliance programme;
- issuing recommendations on the Statutory Auditors proposed at the General Meeting;
- monitoring the Statutory Auditors' performance of their tasks;
- monitoring the Statutory Auditors' compliance with the conditions of independence;
- approving services other than account certification (SACC);
- reporting to the Board of Directors.

The Audit & Compliance Committee must inform the Board of Directors immediately of any difficulties encountered. These reports are either inserted in the minutes of the meetings of the Board of Directors concerned, or attached as an appendix to these minutes.

The Audit & Compliance Committee is composed solely of Pierre Tiers.

Compensation Committee

The Compensation Committee's main task is to make recommendations and proposals to the Board of Directors, for the members of the Board of Directors who would stand to benefit, with regards to:

- the allocation of the annual compensation for administrators;
- all other types of compensation, including the conditions applicable at the end of their term of office;
- the possible compensation of the managers;
- changes or potential changes to the pension and insurance scheme;
- benefits in kind and diverse financial entitlements; and
- where necessary:
    - granting of share subscription or purchase options; and
    - allocation of bonus shares.

More generally, the Compensation Committee is also responsible for making recommendations to the Board of Directors concerning:

- the policy on compensation for executive managers,
- the profit-sharing mechanisms, by any means, for the employees of the Company and, more broadly, Group companies, including:
    - the Employee Savings Plans of the Group companies;
    - supplementary pension systems;
    - reserved issuances of securities giving access to capital;
    - the granting of share subscription or purchase options; and
    - the allocation of bonus shares.

One of the Compensation Committee's tasks is to make recommendations to the Board of Directors regarding the performance criteria to be used, if any, for granting or exercising any share subscription or purchase options, as well as for the possible allocation of bonus shares.

The Compensation Committee is made up of 2 members, namely Pierre Tiers and Ariane Malbat.

Strategic Committee

The Strategic Committee analyses, studies, and advises on:

- the main strategic plans of the Company and the Group;
- the Group's development policy; and
- major projects or programmes for the development of industrial products that are planned to be carried out by the Company or a Group company.

The Strategic Committee studies and reviews:

- strategic agreements and partnerships;
- external growth operations and those affecting the Group's structures; and more generally
- any significant project of any kind.

The Strategic Committee is made up of 5 members, namely Pierre Tiers, Hugues Meili, Hubert de Boisredon, Ariane Malbat, and Muriel Barneoud.

Development Committee

The Development Committee is responsible for reflecting on the Group's major strategic orientations, and for questioning and expanding upon the key issues involved in the strategic plan.

The Development Committee is made up of 2 members, namely Hugues Meili and Vincent Bedouin.

The Development Committee may also bring in external guests in order to contribute to or coordinate meetings on particular topics.

List of terms of office and job roles during the financial year ending 31 December 2021

In accordance with the provisions of Article L. 225-37-4, 1 of the French Commercial Code, we present the list of all the terms of office and duties exercised in any company by each of the corporate officers of the Company.

The Board of Directors

Name	Term of office	Company
Vincent Bedouin	Chairman & CEO Chairman Chairman Chairman Chairman Sole administrator Sole administrator Manager Manager Manager Manager Manager Manager Manager Chairman of the Board of Directors Vice President	LACROIX Group VINILA INVESTISSEMENTS LACROIX ELECTRONICS CESSON LACROIX ENVIRONMENT We Network LACROIX SOFREL ESPAÑA LACROIX SOFREL SRL (until 21/06/2021) LACROIX VI LACROIX VII LACROIX III LACROIX II SCI MAJE SCI LTI SUD EST LACROIX ELECTRONICS BEAUPREAU Economic Industry Strategic Committee
Pierre Tiers	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman Manager Member of the Strategic Committee Member of the Strategic Committee President of the Chamber	LACROIX Group GROUPE DMD 60000 Rebonds Grand-Ouest association NOVAPULS PRO.POSITIONS VECTURA PASSERELLES FINANCES Nantes Commercial Court
Hugues Meili	Member of the Board of Directors Member of the Board of Directors Chairman & CEO Chairman Chairman Member of the Supervisory Board Chairman of the Board	LACROIX Group Crédit Agricole d'Ille et Vilaine NIJI SA BORDILLA I SAS Kurmi Software SAS DELTA DORE Bretagne Développement Innovation
Marie-Reine Bedouin	Member of the Board of Directors President of the Supervisory Board	LACROIX Group VINILA INVESTISSEMENTS
Hubert de Boisredon	Member of the Board of Directors Chairman Chairman Member of the Strategic Committee Manager Manager Manager Manager	LACROIX Group ALSENS SAS EOTEKUM KIPLI ALRE ALSOL ALPER SCI BUROO

Ariane Malbat	Member of the Board of Directors	LACROIX
Muriel Barneoud	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Presidency of the Appointments & Compensation Committee Vice President Vice President Vice President	LACROIX AKKA TECHNOLOGIES CCIR Ile de France AKKA TECHNOLOGIES ACSEL CAP DIGITAL AFRC

Executive Management

Name	Term of office	Company
Vincent Bedouin	Chairman & CEO Chairman Chairman Chairman Chairman Sole administrator Sole administrator Manager Manager Manager Manager Manager Manager Manager Chairman of the Board of Directors Vice President	LACROIX Group VINILA INVESTISSEMENTS LACROIX ELECTRONICS CESSON LACROIX ENVIRONMENT We Network LACROIX SOFREL ESPAÑA LACROIX SOFREL SRL (until 21/06/2021) LACROIX VI LACROIX VII LACROIX III LACROIX II SCI MAJE SCI LTI SUD EST LACROIX ELECTRONICS BEAUPREAU Economic Industry Strategic Committee
Nicolas Bedouin	Deputy CEO Chairman Member of the Board of Directors Manager Member of the Supervisory Board Manager	LACROIX Group LACROIX NORTH AMERICA INC. LACROIX ELECTRONICS BEAUPREAU SCI MAJE VINILA INVESTISSEMENTS FIRSTRONIC, LLC

Compensation and benefits received by executive corporate officers

In accordance with Article L. 22-10-9 of the French Commercial Code, we hereby advise you of the amount of total compensation and benefits, paid during the financial year ended 31 December 2021, to the executive corporate officers, by the Company and the companies it controls per Article L. 233-16 of the French Commercial Code:

Resolutions regarding compensation items payable or allocated in respect of the 2020 financial year to Vincent Bedouin and Nicolas Bedouin were approved by the Combined General Meeting of 11 May 2021.

According to AFEP/MEDEF recommendations, the compensation paid to executive corporate officers during the year was as follows:

	Period 2021		Period 2020 (*)		Period 2019	
Vincent Bedouin Chairman & CEO	Owed	Paid	Owed	Paid	Owed	Paid
Fixed compensation (xxx)	XX	230,000	XX	280,769	XX	220,000
Variable compensation	105,182		30,000	130,143	130,143	113,069
Special compensation						
Attendance fees						
Benefits in kind		5,466		7,516		7,516
TOTAL	**105,182**	**235,466**	**30,000**	**418,428**	**130,143**	**340,585**
Nicolas Bedouin Deputy CEO	Owed	Paid	Owed	Paid	Owed	Paid
Fixed compensation (xxx)	XX	156,250	XX	182,290	XX	138,845
Variable compensation	65,738		18,750	82,818	82,818	67,842
Special compensation						
Attendance fees						
Benefits in kind		3,498		5,610		4,735
TOTAL	**65,738**	**159,748**	**18,750**	**270,718**	**82,818**	**211,422**

Information given in €.
(*) Financial year of 15 months from 1 October 2019 to 31 December 2020.
(xxx) The compensations indicated correspond to duties undertaken under LACROIX and VINILA INVESTISSEMENTS.

Over a comparable periods, from 1 January to 31 December, the fixed compensation paid to Vincent Bedouin amounts to €230,000, remaining the same between 2020 and 2021.

Due to Vincent Bedouin's waiver of payment of his variable portion in 2020, no variable compensation payment was made to him in 2021.

Over a comparable periods, from 1 January to 31 December, the fixed compensation paid to Nicolas Bedouin amounts to €156,250 in 2021 compared with €150,000 in 2020.

Due to Nicolas Bedouin's waiver of payment of his variable portion in 2020, no variable compensation payment was made to him in 2021.

Summary of compensation, options and shares allocated to each executive corporate officer:

	Period 2021	Period 2020 (*)	Period 2019
Vincent Bedouin Chairman of the Board and Chief Executive Officer			
Expenses recorded in the financial year Valuation of options allocated during the financial year Valuation of performance-related shares allocated during the financial year	235,466	418,428	340,585
Nicolas Bedouin Member of the Board and Deputy Managing Director			
Expenses recorded in the financial year Valuation of options allocated during the financial year Valuation of performance-related shares allocated during the financial year	159,748	270,718	211,422

Information given in €.
(*) Financial year of 15 months from 1 October 2019 to 31 December 2020.

Over a comparable 12-month period, from 1 January to 31 December, the fixed compensation paid to Vincent Bedouin amounts to €235,466 in 2021 compared with €357,835 in 2020. Over this same period, it amounts to €159,748 in 2021 compared with €230,494 in 2020 for Nicolas Bedouin.

The variable compensation of executive officers is set by the Board of Directors on the recommendation of the Compensation Committee, based on the achievement of objectives reviewed annually.

Summary of compensation for each executive corporate officer

The information relating to the amounts due refers to the amounts set aside for the financial year, unlike the amounts paid, which indicate the variable portion granted for the previous financial year.

Compensation in respect of administrator duties

The executive corporate officers did not receive compensation in respect of their duties as administrators (attendance fees) during the financial year.

Share subscription or purchase options granted during the financial year

No share subscription or purchase options were granted to the executive officers during the last financial year.

Share subscription or purchase options exercised during the financial year

No subscription or purchase options were exercised during the financial year by the executive corporate officers.

We inform you that members of the Board of Directors do not receive additional compensation and are not eligible for stock options.

Shares allocated and available

The main features of the bonus share allocation plan are as follows:
- Opening date of the plan: 1 February 2021;
- The plan is awarded under performance-related conditions, which must be fulfilled in order to receive the final benefit from these plans;
- Shares will be allocated at annual periods;
- The allocated shares will be definitively acquired by third parties over a period of 3 years, and subject to continued presence at the end of each period;
- The retention period will be equal to the remaining period as from the date of allocation in order to comply with the statutory lock-in period of 2 years minimum, as set out in Article 225-197-1 of the French Commercial Code.

At the end of this latest acquisition period, the key details are as follows:
- Number of performance-related shares allocated in 2021: 3,934 shares.

Compensation policy (Say on Pay)

Compensation is determined by the Board of Directors at the recommendation of the Compensation Committee.

Compensation policy for the members of the Board of Directors

In accordance with Article L. 225-45 of the French Commercial Code, the terms of compensation of administrators are set by the Board of Directors upon proposal from the Compensation Committee, under the conditions provided for in Article L. 22-10-8 of the French Commercial Code and limited to an annual fixed sum determined by the General Meeting of shareholders.

The compensations payable to administrators for their term of office are divided between the administrators according to their contribution and presence on the different committees.

The Board of Directors, upon proposal from the Compensation Committee, set the overall amount of compensations allocated to administrators for their term of office in respect of the financial year ending 31 December 2021 at €64,750, divided as indicated above.

Name	Amount of fees in €
Muriel Barneoud	€11,000
Hubert de Boisredon	€10,000
Ariane Malbat	€11,750
Hugues Meili	€15,000
Pierre Tiers	€17,000

Compensation policy for executive officers

The total amount of compensation paid to executive officers takes into account the general interests of the Company, market practices, and the level of responsibility and contribution to the Group's development.

Compensation policy for Vincent Bedouin – Chairman & CEO

Vincent Bedouin will receive fixed annual compensation determined according to market practices and responsibilities undertaken.

Fixed compensation for Vincent Bedouin was approved for 2022 in the amount of €220,000 p.a., gross, paid as of 1 January 2022. Fixed annual compensation for Vincent Bedouin will rise to €230,000 in 2023, then €240,000 in 2024, and €250,000 in 2025.

In addition, Vincent Bedouin also receives gross annual compensation equal to €22,100 paid by the company VINILA INVESTISSEMENTS.

Additional information:
- Vincent Bedouin benefits from a supplementary pension plan;
- Vincent Bedouin benefits from a company health insurance policy;
- Vincent Bedouin receives a benefit in kind through the provision of a company car.

For the 2021 financial year, Vincent Bedouin's variable compensation is calculated on the basis of the COI earned by the Group compared to the 2021 COI presented as part of the budget.
The variable portion to be paid will be capped at 1.5 times the allocated variable portion and no variable portion will be allocated if the COI is less than 50% of the target set.

Vincent Bedouin's variable portion will be calculated on a basis of €120,000 gross for the 2021 financial year, to which will be added the pro rata amount related to the period from 1 October to 31 December 2020, i.e. a total basis of €150,000 gross.
This variable portion is directly linked to performance.

The amount of variable compensation for Vincent Bedouin in respect of the reference year is €105,182 gross, calculated as follows:

- Where P is the COI retained in the budget, i.e. €21,671K
- Where R is the COI achieved at the end of the reference year, i.e. €18,147K
- Where V is the variable compensation share awarded, i.e. €150,000
- Therefore, the variable portion to be paid equals R x (V / P) x (R / P), i.e. €105,182 gross

For the following financial years, Vincent Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2021 financial year. It is however specified that the variable portion may only be paid in excess of 1 times the variable portion allocated and limited to 1.5 times, on condition that the COI achieved is higher than the COI set out in the LEADERSHIP 2025 plan. No variable portion will be allocated if the COI is less than 50% of the target set.

For financial years 2022 and 2023, the variable portion for Vincent Bedouin will be calculated on the basis of €130,000 gross, rising to €140,000 gross for financial years 2024 and 2025.

LACROIX's LEADERSHIP 2025 strategic plan sets ambitious objectives for expansion and performance. Vincent Bedouin will be directly concerned with attainment of these objectives via the payment of a multi-annual bonus, the amount of which may reach €250,000 gross by the end of the LEADERSHIP 2025 plan.

For the periods 2022 to 2024, this bonus will take the form of annual instalments of a maximum amount of €50,000 gross subject to the results obtained being in line with the objectives of the LEADERSHIP 2025 plan.

The amount of this bonus and its annual instalments will be converted into shares allocated to Vincent Bedouin.

The objectives related to payment of the multi-annual bonus concern:
- 25% Revenue growth in €M (2025 objective: €800M)
- 25% Profitability measured as a % of EBITDA (2025 objective: 9%)
- 25% Balancing the balance sheet as measured by level of debt (2025 objective <0.8)
- 25% The CSR dynamic

The Board of Directors reserves the right, at the recommendation of the Compensation Committee, to grant exceptional compensation in the context of very specific and justified circumstances (major transaction for the Company).

Compensation policy for Nicolas Bedouin – Deputy CEO

Nicolas Bedouin will receive fixed annual compensation determined according to the level of responsibility undertaken, contribution to the Group's development, and market practices.

Fixed compensation for Nicolas Bedouin was approved for 2022 in the amount of €155,000 p.a., gross, paid as of 1 January 2022. Fixed annual compensation for Nicolas Bedouin will rise to €165,000 in 2023, then €175,000 in 2024, and €185,000 in 2025.

In addition, Nicolas Bedouin also receives gross annual compensation equal to €16,250 paid by the company VINILA INVESTISSEMENTS.

Additional information:
- Nicolas Bedouin benefits from a supplementary pension plan;
- Nicolas Bedouin benefits from a company health insurance policy;
- Nicolas Bedouin receives a benefit in kind through the provision of a company car.

For the 2021 financial year, Nicolas Bedouin's variable compensation is calculated on the basis of the COI earned by the Group compared to the 2021 COI presented as part of the budget.

The variable portion to be paid will be capped at 1.5 times the allocated variable portion and no variable portion will be allocated if the COI is less than 50% of the target set.

Vincent Bedouin's variable portion will be calculated on a basis of €75,000 gross for the 2021 financial year, to which will be added the pro rata amount related to the period from 1 October to 31 December 2020, i.e. a total basis of €93,750 gross.

This variable portion is directly linked to performance.

The amount of variable compensation for Nicolas Bedouin in respect of the reference year is €65,739 gross, calculated as follows:

- Where P is the COI retained in the budget, i.e. €21,671K
- Where R is the COI achieved at the end of the reference year, i.e. €18,147K
- Where V is the variable compensation share awarded, i.e. €93,750
- Therefore, the variable portion to be paid equals R x (V / P) x (R / P), i.e. €65,739 gross

For the following financial years, Nicolas Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2021 financial year. It is however specified that the variable portion may only be paid in excess of 1 times the variable portion allocated and limited to 1.5 times, on condition that the COI achieved is higher than the COI set out in the LEADERSHIP 2025 plan. No variable portion will be allocated if the COI is less than 50% of the target set.

For financial years 2022 and 2023, the variable portion for Nicolas Bedouin will be calculated on the basis of €90,000 gross, rising to €100,000 gross for financial years 2024 and 2025.

LACROIX's LEADERSHIP 2025 strategic plan sets ambitious objectives for expansion and performance. Nicolas Bedouin will be directly concerned with attainment of these objectives via the payment of a multi-annual bonus, the amount of which may reach €180,000 gross by the end of the LEADERSHIP 2025 plan.

For the periods 2022 to 2024, this bonus will take the form of annual instalments of a maximum amount of €35,000 gross subject to the results obtained being in line with the objectives of the LEADERSHIP 2025 plan.

The amount of this bonus and its annual instalments will be converted into shares allocated to Nicolas Bedouin.

The objectives related to payment of the multi-annual bonus concern:

- 25% Revenue growth in €M (2025 objective: €800M)
- 25% Profitability measured as a % of EBITDA (2025 objective: 9%)
- 25% Balancing the balance sheet as measured by level of debt (2025 objective <0.8)
- 25% The CSR dynamic

The Board of Directors reserves the right, at the recommendation of the Compensation Committee, to grant exceptional compensation in the context of very specific and justified circumstances (major transaction for the Company).

In accordance with the provisions set out by the French Commercial Code (Article L. 225-37-3, paragraphs 4 and 5), it is specified that the compensation paid to Vincent Bedouin for the financial year represents 3.09 times the average of compensations paid in 2021, compared to 3.77 in 2020. It is equal to 4.21 times the median compensation in 2021, compared to 7.97 in 2020.

Furthermore, the compensation paid to Nicolas Bedouin for the financial year represents 2.10 times the average of compensations paid in 2021, compared to 2.42 in 2020, and is equal to 2.87 times the median compensation in 2021, compared to 5.09 in 2020.

Resolutions regarding Say on Pay proposed at the General Meeting

Under the provisions of Article L. 22-10-8 of the French Commercial Code, we bring to your attention the projects for resolutions approved by the Board of Directors that will be submitted at the General Meeting of 6 May 2022, for the purpose of approving the compensation items allocated and attributable to the Company's executive officers.

SIXTH RESOLUTION - *Setting the amount of annual total compensation for members of the Board of Directors*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, sets the total annual amount of compensation for the current financial year to be distributed among the members of the Board of Directors, at €80,000.

SEVENTH RESOLUTION- *Approval of the compensation policy for members of the Board of Directors*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy for the administrators, as presented in the 2021 annual financial report of the Company.

EIGHTH RESOLUTION - *Approval of the compensation items due or allocated for the 2021 financial year to Vincent Bedouin, Chairman & CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2021 to Vincent Bedouin, as presented in the 2021 annual financial report of the Company.

NINTH RESOLUTION - *Approval of the compensation policy for Vincent Bedouin, Chairman & CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applicable to Vincent Bedouin, as presented in the 2021 annual financial report of the Company.

TENTH RESOLUTION - *Approval of the compensation items due or allocated for the 2021 financial year to Nicolas Bedouin, Deputy CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2021 to Nicolas Bedouin, as presented in the 2021 annual financial report of the Company.

ELEVENTH RESOLUTION - *Approval of the compensation policy for Nicolas Bedouin, Deputy CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applicable to Nicolas Bedouin, as presented in the 2021 annual financial report of the Company.

TWELFTH RESOLUTION - *Approval of information relating to compensation of the executive officers referred to in Article L. 22-10-9 I of the French Commercial Code*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of said Code, as included in the report of the Board of Directors on corporate governance, contained in the 2021 annual financial report of the Company.

Summary table of delegations of authority and powers granted by the General Meeting to the Board of Directors regarding capital increases

Nature of the delegation	Date of General Meeting	Term of authority granted	Amount authorised	Increases made during the financial year
Company share purchases	11/05/2021 (20th resolution)	18 months	6.06% of capital, or 228,253 shares, for a maximum amount of €11.42 million	NONE
Issue of ordinary shares or securities giving access to share capital or entitlement to debt securities with retention of preferential subscription rights	11/05/2021 (24th resolution)	26 months	€9,960,000	€7,055,239.04
Share cancellations	11/05/2021 (25th resolution)	26 months	6.06% of capital	NONE
Capital increase reserved for employees	11/05/2021 (26th resolution)	26 months	€1,250,000 This amount is included in the global ceiling of €11.42 million	NONE

Main features of internal control and risk management procedures

This report on the internal control and risk management procedures implemented within LACROIX Group is based on the implementation guide for the reference framework published by the AMF (French Financial Markets Authority) and applicable to mid-cap and small-cap stocks of financial markets.

It is possible to achieve the objectives of internal control at LACROIX Group thanks to the environment created within the Group as well as to the specific organisation put in place. This enables us to define specific internal audits and procedures of risk management. All of these points are presented below.

Internal control objectives and stakeholders

Internal control, as it is deployed within LACROIX Group, contributes to the prevention and control of risks resulting from the Company's business, including those related to the risks of errors and frauds. In particular, it ensures:

- Compliance with applicable laws and regulations;
- Reliability of financial statements;
- Safeguarding and protection of assets;
- Prevention and management of risks, and the implementation of process optimisations.

Like any monitoring system, the internal control system cannot provide an absolute guarantee that all the risks of error and fraud are totally eliminated.

It is, of course, only possible to achieve these objectives through the appropriation and application of the rules and procedures by all employees of the Company, under the supervision of each service manager. LACROIX Group centralises the management of its internal control, supported by the **Legal & Compliance Department** for some aspects and the **Audit & Internal control department** for others.

The **Audit & Compliance Committee** aims to monitor and challenge the effectiveness of the internal control and risk management system.

Environment of control

A number of structural standards for internal control exist within LACROIX Group.

LACROIX Group values – audacity, commitment, team spirit, openness, and respect – are therefore points of reference that unite our internal teams. They guide conduct, encourage initiatives, and give reponsibility in a positive way.

In addition, the **Ethical Charter** sets out the ethical principles applicable at LACROIX Group for conducting business and individual behaviour. It does not claim to answer all questions of an ethical nature, but rather sets out the basic rules and guidelines that must govern each decision. It provides the framework for the **Anti-Corruption Code of Conduct and the Competitiveness Code of Conduct**: these compliance programmes contribute to employee awareness and training, and make it possible to implement appropriate mechanisms for the prevention of offences, and their detection and punishment where appropriate.

The Risk & Opportunity Mapping is established in relation to the strategic plan and the General Manaement challenge priorities every year. This mapping makes it possible to identify the subjects with the strongest impacts and the most important levers for durable growth at LACROIX Group. This mapping is part of the multi-year development plan defined by the Management.

Finally, the **Functionning Rules** between LACROIX Group and each of activities define the levels of responsibility borne by the various players, as well as their areas of responsibility. These rules are supported by **delegations of authority**, enabling responsibility to be passed on to those with specific skills, authority, and means.

Organisation of internal control

Internal control is everyone's responsibility. In particular, all process leaders are responsible for ensuring the existence and application of procedures within their scope and for ensuring the associated regulatory monitoring. Nevertheless, an organisation as well as control, monitoring and steering tools exist, in order to give Management decision-making keys on the one hand, and to ensure a handover of internal control at all levels within LACROIX Group on the other hand. The main factors are described below:

- The **Activity VPs controlling** for the activities manage reports to the General Management. In particular, they allow monthly monitoring of budget commitments by subsidiary, by activity, and cumulated, and also include non-financial elements and forecasts, allowing for better management of subsidiaries.

- Likewise, centralised **cash reporting** at the registered office allows for weekly consolidated monitoring of cash flows and the debt position of subsidiaries.

- The **accounting managers** are responsible for the reliability of the financial information and notably for the correct application of the Group's procedures. The tax declarations of the French subsidiaries of LACROIX Group are prepared or checked by the holding's Accounting Department. These declarations are also regularly reviewed by external consultants.

- The **Consolidation Department**, centralised at the registered office, prepares the accounts in accordance with IFRS and ensures the consistency of processing and compliance with Group's rules and procedures.

- The **Legal & Compliance Department** ensures overall regulatory compliance (company law, contracts, insurance, etc.) and supports activities in the context of major contractual negotiations or litigation management. It advises the General Management and intervenes in internal restructuring and external growth operations. Advice can be obtained from outside experts on an ad hoc basis. **Compliance advisers** are in place within each of the activities. They act as relays for the Compliance Department, working alongside the teams to communicate rules and procedures, and are easily available to employees to answer any ethical query.

- The **Information System Department** notably ensures the integrity and safeguarding of data, as well as the security and availability of our IT systems. As such, external audits and tests of disaster recovery plans are regularly conducted under the supervision of the IT Department and the IT Systems Security Manager. All of the major subsidiaries of LACROIX Group use **ERP software**.

Implementation of internal control

The Audit & Internal control department plans its duties on the basis of validated priorities in the context of Risk & Opportunity Mapping. It also relies on the recommendations of our statutory auditors on internal control and IT configuration. From this perspective, its missions are based on::

- Monitoring compliance with legislation as well as the internal regulations;
- Improving operational processes;
- Continuous improvement of internal control and the fight against fraud;
- Support provided to the Compliance Department.

Main activities for the 2021 fiscal year

For the 2021 fiscal year, the following tasks were carried out:

- Continuous improvement of internal control and the fight against fraud:
  - Selection of an automated monitoring solution,
  - Monitoring of action plans for key aspects of risk mapping, in relation to the strategic plan,
  - Creation of a quarterly event to raise awareness and combat external fraud,
  - Continuous securing of our information systems

- Internal auditing of subsidiaries:
  - DROM-COM subsidiaries (French overseas territories);

- Operational audit:
  - Supplier dependency risk, across the Group as a whole, with a focus on evaluating the risk and drawing up short- and medium-term action plans, and a focus on improving our product development and purchasing/procurement processes.

Areas of work for 2022

The areas of work defined for the 2022 financial year will mainly concern:

- Continuous improvement of internal monitoring and the fight against fraud:
  - Deployment of the automated monitoring solution for the Electronics Activity,
  - Progress report on risk and opportunity mapping,
  - Continuation of events for awareness raising and combating external fraud,
    Review of the segregation of duties implemented in our ERP software,
  - Further securing our information systems,
  - Monitoring of the Electronics Activity Continuity Plan;
- Internal auditing of subsidiaries:
  - 8 subsidiaries which earn less than €20M in annual revenue, and timely follow-up on recommendations,
  - 4 subsidiaries which earn more than €20M in annual revenue;
- Operational audits:
  - Continuation of the audit related to supplier dependency risk,
  - Application of our structural process for the identification, development, and sale of our products;
- Support provided to the Compliance Department:
  - Updating and improvement of the anti-corruption procedure.

In accordance with Article L. 22-10-71 of the French Commercial Code, our Auditors will present, in a report attached to their general report, their observations on this report.

Factors likely to have an impact in the event of a takeover

Factors likely to have an impact in the event of a takeover are disclosed in the Management Report.

Shareholder participation in the General Meeting

The specific conditions relating to the participation of shareholders in the General Meeting are described in Articles 22 and 23 of the Company's Articles of Association. Additionally, some of these conditions, together with practical information, are contained in the meeting notices and invitations published and/or sent to shareholders before each meeting.

COMPANY ADMINISTRATION AND CONTROL

We hereby specify that no term of office of any administrator or statutory auditor has expired.

APPROPRIATION OF PROFIT

We suggest that you approve the allocation of the net profit for the financial year, amounting to €8,640,541.22, to which the balance carried forward amounting to €1,772,521.14 is added, as follows:

Profit from the financial year	€8,640,541.22
To the legal reserve	€688,358.00
Balance	€7,952,183.22
Plus retained earnings	€1,772,521.14
To form a distributable profit of	€9,724,704.36
As dividends to shareholders Namely €0.85 per share	€4,104,731.60
In the "Other reserves" account, which thus amounts to €84 million	€4,000,000.00
The balance in "Retained earnings"	€1,619,972.76

It being understood that this amount shall be increased by the fraction of the dividends corresponding to shares held by the Company as part of its share buy-back programme.

Following this appropriation, shareholders' equity stands at €160,627,835, before the portion of dividends on the treasury shares held by the Company.

Since 1 January 2018, distributed profit has been paid as a single flat tax of 30%, i.e. 12.8% on income tax and 17.2% on social contributions:

- individuals in a tax household for which the reference taxable income of the year before last was less than €50,000 (single, divorced or widowed taxpayers) or €75,000 (joint taxpayers) may apply for exemption from payment of 12.8% income tax; shareholders are responsible for making this request for exemption by, at the latest, 30 November of the year preceding the payment of the dividend,

- the option for progressive dividend taxation remains possible and must be indicated on the tax return; in this case, the 12.8% flat tax will be deducted from the tax due. The 40% tax allowance will be maintained, but social contributions will be taken from the amount before such tax allowance,

- the proposed dividend is eligible for the 40% tax allowance resulting from Article 158-3-2° of the French General Tax Code and applicable to natural persons residing in France.

It should also be noted that, in accordance with the provisions of Article L. 136-7 of the French Social Security Code, social contributions taken from dividends paid to natural persons tax domiciled in France are subject to the same rules as the contribution referred to in Article 117 quater of the French General Tax Code, i.e. deducted at source by the paying establishment, where the latter is based in France, and paid to the Treasury in the first 15 days of the month following that of the dividend payment.

Dividends will be paid before 12 July 2022.

In accordance with the provisions of Article 243 bis of the French General Tax Code, it should be noted that the dividends distributed in respect of the preceding financial years were as follows:

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
2017 - 2018	0.72	2,711,923	3,766,560	3,578,026
2018 - 2019	0.90	3,389,904	3,766,560	3,621,328
2019 - 2020 (*)	0.68	2,561,261	3,766,560	3,619,775

(*) Financial year of 15 months from 1 October 2019 to 31 December 2020.

ANNUAL TOTAL COMPENSATION OF ADMINISTRATORS

We suggest that you set the total annual amount of compensation allocated to the Board of Directors for the current financial year at €80,000.

INFORMATION RELATING TO SECURITIES TRANSACTIONS

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and the General Regulations of the Financial Markets Authority, we hereby inform you that no transaction carried out by the executive officers of LACROIX Group regarding Company securities was brought to our attention during the financial year.

DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

EDITORIAL

At the end of 2021, a year which was particularly complicated due to the Covid crisis, the electronic component crisis, and the widespread increase in raw material prices, the Group's resilience and good performance underlined the ever-greater alignment between current societal challenges and LACROIX's mission: "Enable our customers to build & manage smarter life ecosystems".

2021: a fresh impetus for CSR at LACROIX

2021 was a key year for CSR, with the commitment to combine the launch of our LEADERSHIP 2025 strategic plan with a more structured and ambitious CSR policy, placing it not just at the heart of the Group's strategy, but also encouraging greater team participation within it.

As such, we organised a digital "Challenge Day" in June 2021, bringing together more than 1,400 employees from all activities and all countries in which the Group is based. This enjoyable Group-wide event was an opportunity above all to provide LACROIX teams with a greater understanding of CSR and the UN's 17 Sustainable Development Goals.
It also provided a chance to hear their opinions on the key aspects of our CSR strategy and to receive feedback on priorities and proposals for action.

2022: consolidation of our strategy and deployment

As a result of the work carried out in 2021, and drawing on feedback from the teams, we have identified 4 key goals in line with LACROIX's mission, constituting the backbone of our social and environmental commitments.

We are now working to translate these 4 societal objectives into operational objectives, so that our CSR strategy can be scheduled and costed, and cover our entire value chain. We are also relying on the completion of key diagnostics (carbon footprint, LCA, etc.) and consultations with our external stakeholders to help us define the right level of ambition in the short, medium, and long term.

To strengthen our team and support us in the deployment of our CSR approach, we are very pleased to welcome Louis Prat to the role of CSR Director.

2021 enabled the introduction of a new momentum for CSR, and 2022 is the year for structuring and operational deployment, something we will detail in early 2023 as part of our 2022 Annual Report.

CSR is an ethical duty and a strategic imperative for LACROIX, but it is also a shared passion among the teams, which gives meaning to our mission and our actions on a daily basis.

Vincent Bedouin
Chairman

"The world is now at a crossroads, and I firmly believe that technology has a key role to play in environmental transition, if it can be used to develop simple, effective, and robust products and solutions.

LACROIX possesses extraordinary assets to be a leader in this impactful technology, and I am delighted with the trust placed in me to help the Group finalise and deploy its CSR strategy."

Louis Prat
CSR Director

LEADERSHIP
2025

The unifying power of LACROIX's values

By aligning social and operational rules with these values, LACROIX's teams help to place people at the centre of the organisation. LACROIX managers and their staff thus avail of a reference framework understood by all and invaluable for taking action, coordinating their interactions, and guiding their decision making.

BOLDNESS

"Whether or not you think you can do it,
you should always try."

COMMITMENT

"Don't talk, act!
Don't say it, show it!
Don't promise it, prove it!"

TEAM SPIRIT

"If you want to go fast, set off alone.
If you want to go far, set off together!"

OPEN-MINDEDNESS

"Strength comes from differences,
not similarities."

RESPECT

"We're a team because we respect each other,
trust each other, and care about each other."

LACROIX confirms its commitment via external guidelines

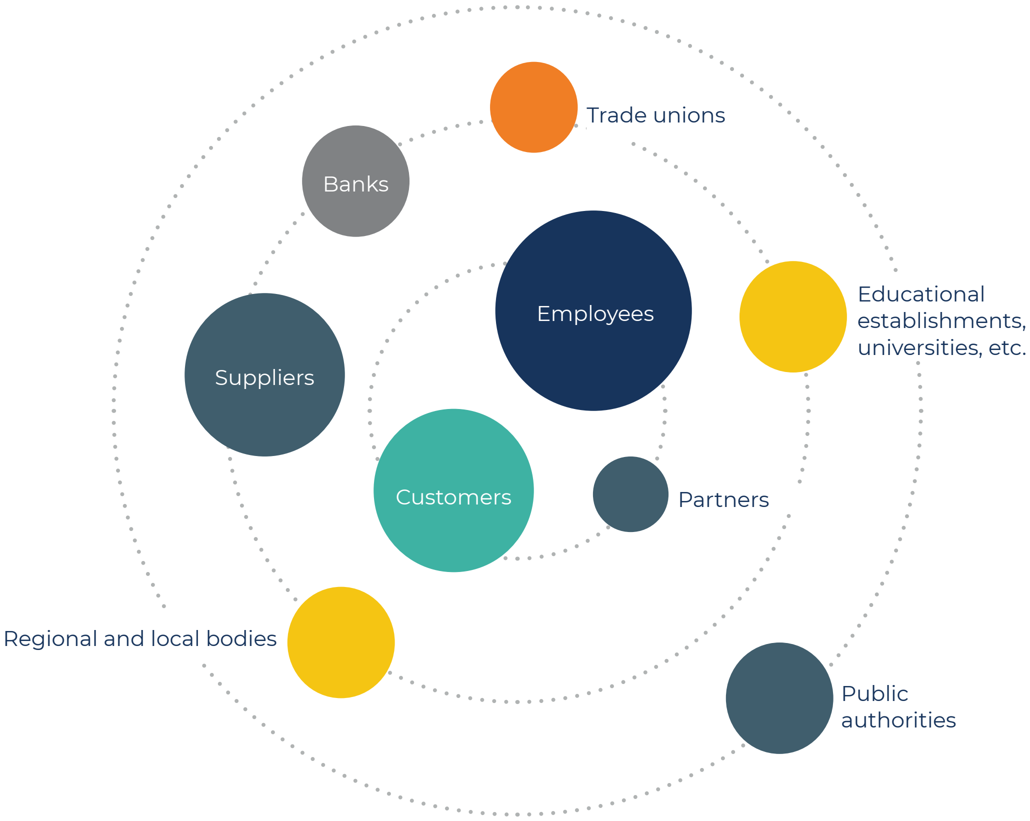
In order to strengthen its commitment to CSR, since 2017, LACROIX has adhered to the international Global Compact of the United Nations, which brings together over 12,000 companies on a voluntary basis worldwide around shared sustainable development objectives. In 2021, LACROIX drew on the guidelines of the **17 Sustainable Development Goals** to devise its new CSR approach (see Editorial).

In particular, the Group used this to raise employee awareness of sustainable development challenges, and to help them prioritise these challenges for LACROIX based on a comprehensive and universally recognised source.

LACROIX has been preparing for an annual diagnostic and benchmarking exercise since 2018, including the extra-financial procedure conducted by Gaïa Rating. In 2021 (during the 2020 financial year), LACROIX received an ESG score of 69/100 compared to 66/100 in 2020.

DIALOGUE WITH STAKEHOLDERS

LACROIX builds constructive relationships with its stakeholders, helping to promote the conditions for dialogue in relation to their corporate social responsibility. Such dialogue with stakeholders represents a means of fostering connections, innovation, and added value within a framework that prioritises listening and co-construction, and enables decisions to be made while taking stakeholder expectations into consideration.



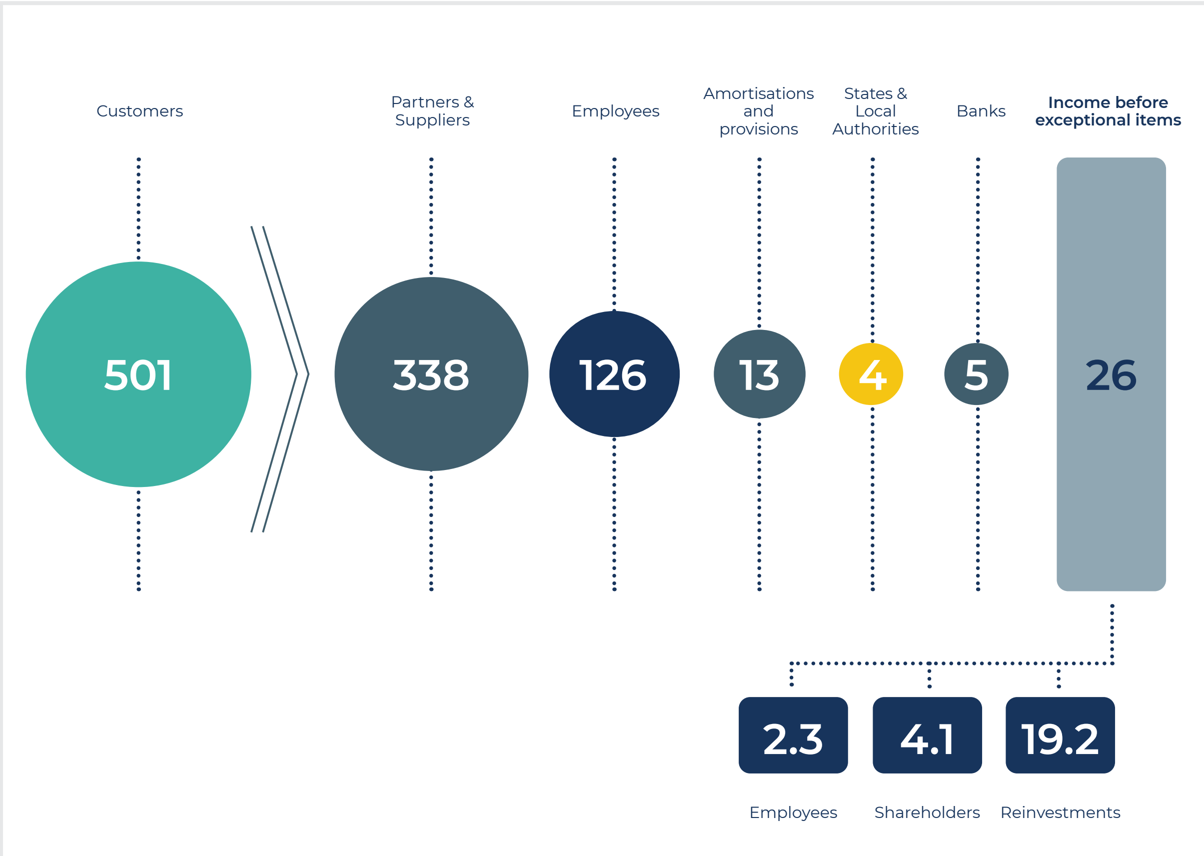
OUR VALUE CHAIN

LACROIX Group key figures

3,874
EMPLOYEES
(4,225 EMPLOYEES IN 2020)

€501M
(€566M IN 2020)

VALUE CREATION (IN MILLIONS OF €)



DISTRIBUTION BY ACTIVITY

2,935
EMPLOYEES
(3,286 EMPLOYEES IN 2020)

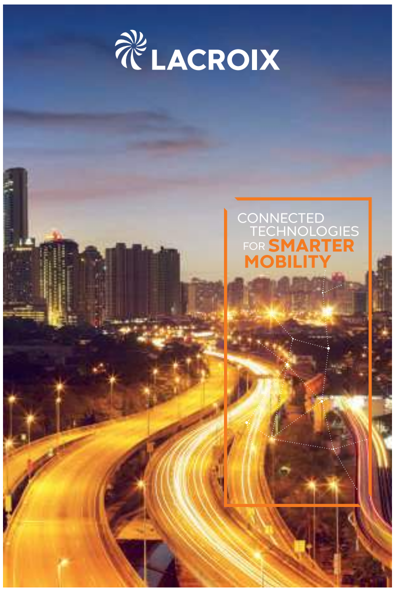
€321M
(OVER 15 MONTHS)
(€355M IN 2020 OVER 15 MONTHS)

As a major stakeholder in international electronics subcontracting, the Electronics Activity specialises in designing and manufacturing electronic assemblies and sub-assemblies. For over 40 years we have been breathing life into the electronics projects of our world-leading customers in the industrial, automotive, home automation, civil and defence aeronautics, and healthcare sectors.

Today more than ever, LACROIX rises to the challenges of the electronics industry of the future, ensuring a quality, bespoke service for its customers. The Electronics Activity uses the latest technologies derived from the industry of the future (or "Industry 4.0") to accompany its partners through their digital transformation and industrial modernisation.

Through its Impulse offering, the Electronics Activity works alongside the Group's customers and other activities to accelerate the development of smart solutions through the provision of its know-how in designing software, acoustic solutions, and connected objects, routinely using artificial intelligence. Based in France, Germany, Poland, and Tunisia, the Electronics Activity employs almost 3,000 people across 5 production sites and the Impulse teams for its design needs.

In December 2021, LACROIX announced its acquisition of the American company Firstronic to expand its footprint in North America (not included in 2021 figures, to be consolidated as of the 2022 financial year). This acquisition strengthens the Group's global dimension and will enable it to better serve its international customers, to gain critical mass for purchases, and to accelerate the Group's deployment in North America.

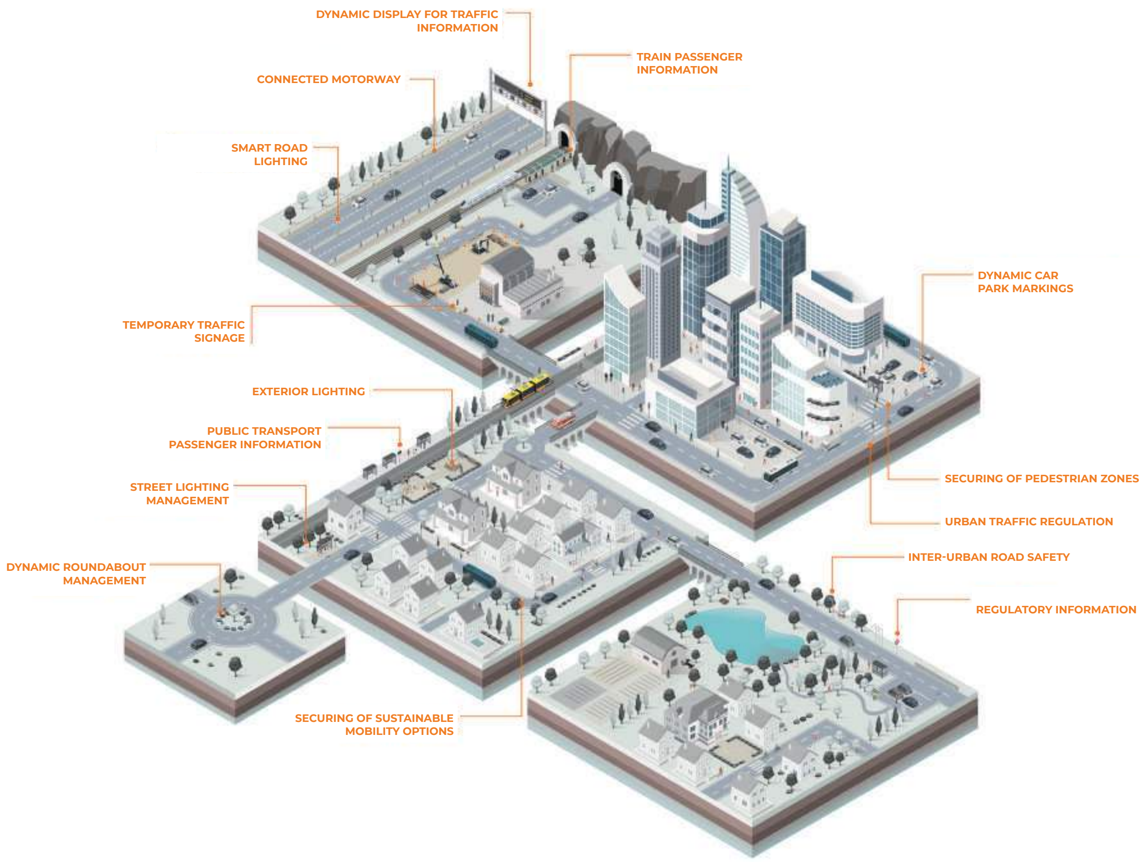


578
EMPLOYEES
(610 EMPLOYEES IN 2020)

€110M
(OVER 15 MONTHS)
(€125M IN 2020 OVER 15 MONTHS)

As an industrial designer of complementary equipment and solutions for smart roads, the City Activity brings its expertise and experience to local authorities and companies, devising and designing the kind of future-facing connected uses that make it possible to guide, optimise, and safeguard the flow of vehicles and people, otherwise known as Smart Mobility.

Based in France, Spain, and Belgium, the activity today accounts for some 578 employees across various design offices and production sites. Our equipment combines the latest in digital innovations with our professional expertise to help create open, interoperable ecosystems for tomorrow's urban spaces. Facing the challenges of an increasingly urban and connected world, the City Activity provides support for our customers in transforming regions and infrastructure.



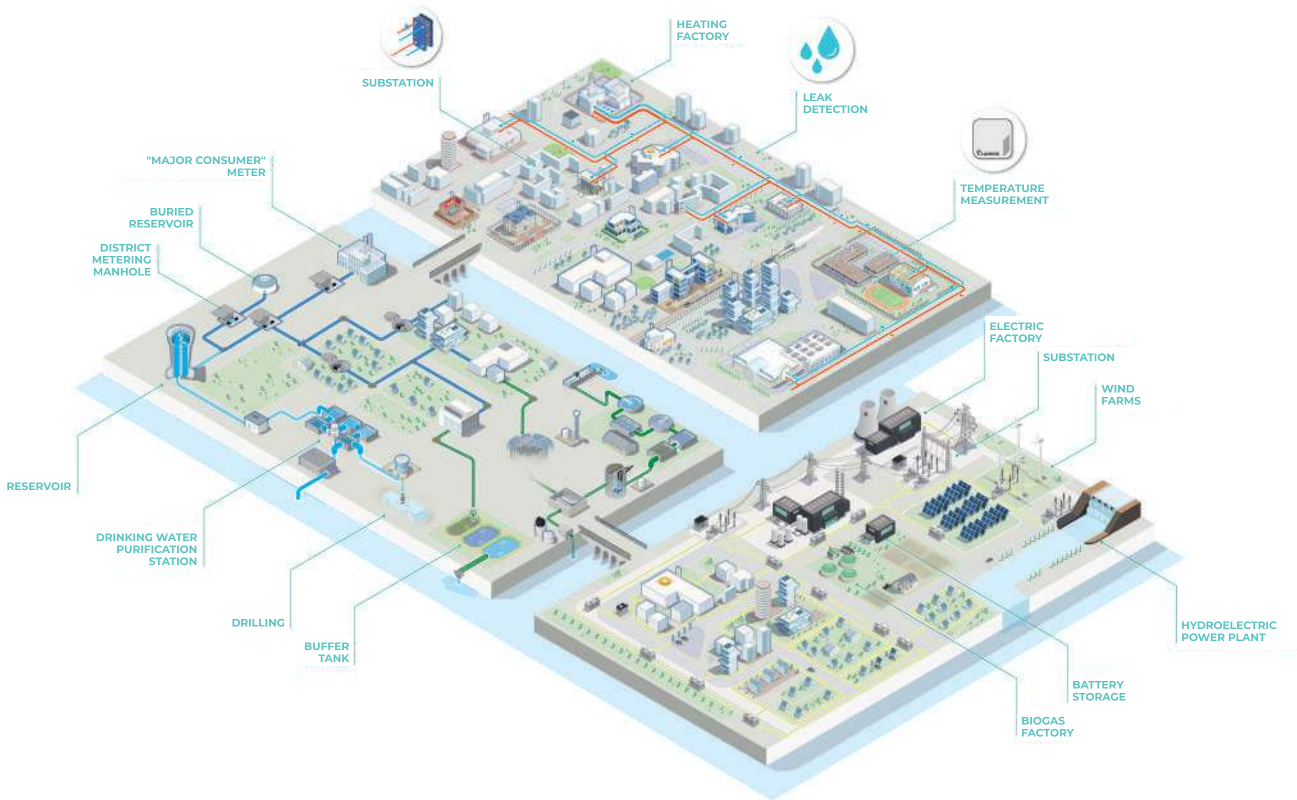
298
EMPLOYEES
(282 EMPLOYEES IN 2020)

€70M
(OVER 15 MONTHS)
(€86M IN 2020)

The Environment Activity serves the "Smart Water & Energy" sector by designing and producing equipment and solutions for controlling, automating, and remotely managing water and energy infrastructures. In the age of the digital revolution and connected objects, its solutions optimise the use of water and energy resources.

Drawing on its in-depth understanding of the sector and its operator and integrator customers, the Environment Activity helps to improve the performance of their water and energy networks, and protect the environment. As a key player in the industrial IoT sector, the Environment Activity is at the cutting edge of new technologies, mastering all technological building blocks in electronics, industrial computing, telecommunications, automation, and cyber security, and investing over 10% of its annual revenue in innovation and R&D.

As well as being the French market leader, the Environment Activity supports its customers internationally. By 2050, 50% of the world's population will be facing water shortages. With subsidiaries in Germany, Spain, Italy, and Singapore, and a network of more than 40 certified partners worldwide, the Company is focussing its development on sensitive locations. After having developed its presence and expertise in France and Europe, the Environment Activity is developing its activities in Africa, Latin America, Asia, and the Middle East in order to bring smart equipment to the whole world.



MATERIALITY ASSESSMENT AND CHALLENGES

Under a continuous improvement approach, LACROIX continues to focus its efforts on the **key issues raised by a materiality assessment**, complemented by the operational principles and recommendations of the Global Compact.

Based on these different elements, and considering its business models, LACROIX has identified **6 main topics** related to the social consequences of its activities, their environmental consequences, their effects related to respect for human rights, and finally, their impacts with regard to the fight against corruption.

Taking a dynamic and progressive approach, these results are **regularly reassessed** in order to take full account of changes in context and local situations, as well as the demands of stakeholders.

Health, safety, and well-being

The health and safety of its employees at all levels of the Company represent a permanent priority for LACROIX Group.

Talents and skills

Since its teams are its most important assets, LACROIX Group is committed to staff development and optimal integration of new skills.

Local development

LACROIX Group seeks to contribute to the development of the socio-economic fabric in the regions in which it operates.

Ethics

LACROIX Group is committed to sharing and upholding ethical business practices and behaviours.

Environmental impacts

LACROIX is committed to reducing the environmental impacts of its activities and influencing the practices of its stakeholders.

Innovation

Technology and its uses are changing, requiring us to prepare for future professional practices by integrating digital innovation and data exploitation.

IDENTIFICATION AND CONTAINMENT OF KEY RISKS

Within the framework of its activities, LACROIX is exposed to risks, for which it performs a diagnostic through **risk and opportunity** mapping.

LACROIX carries out the appropriate diligence checks and measures their effectiveness by implementing relevant monitoring indicators. Some of the policies and diligence checks presented are still in the construction phase, and will be gradually deployed next year and associated with measurement indicators.

Risks and opportunities	Support and diligence checks	Status*
Employee satisfaction	Roll-out of LACROIX Group values guidelines Employee satisfaction survey across entire Group	Existing Existing
Health and safety	Accident prevention and safety measures at work Accident prevention measures and raising awareness about health Safety training and diligence	Existing Existing Existing
Skills management and development	Key skills mapping Predicted developments in tasks and skills Training plan Proactive apprenticeship policy	Upcoming To be strengthened Existing Existing
Attractiveness	Strengthening of employer brand Acting as a regional stakeholder and contributing to development of the socio-economic fabric	Existing Existing
Ethical business practices and behaviours	Roll-out of LACROIX Group Ethical Charter Global Compact programme Roll-out of and training in anti-corruption measures Standard certifications for processes	Existing Existing Existing Existing
Supply chain	Supply contract conclusion Customer contract conclusion	Existing Existing
Geopolitics	Business continuity plan Country risk indicator	Existing Existing
Environment and waste generation	ISO 14001 certification Waste recycling procedures with qualified suppliers Specific processing for hazardous waste	Existing Existing Existing

Existing: process or practice deployed
Upcoming: process or practice soon to be deployed
To be strengthened: process or practice requiring development

ELIGIBILITY FOR EUROPEAN TAXONOMY

In accordance with EU Regulation 2020/852, adopted in June 2020, LACROIX has worked to identify its activities eligible for European Taxonomy in the 2021 financial year. These efforts focused on LACROIX's activities helping to mitigate climate change (our activities being far removed from areas of adaptation to climate change).

In summary, we documented the following 3 KPIs for LACROIX eligibility:

	Measurement	2021 value
Eligible revenue	% of revenue	47%
Eligible OPEX	% of OPEX	63%
Eligible CAPEX	% of CAPEX	30%

The assumptions considered are contained in the methodological note in the appendix.

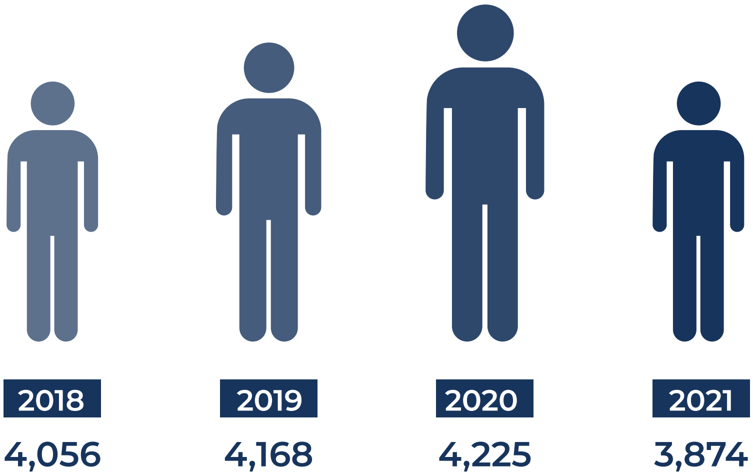
IDENTIFICATION AND CONTAINMENT OF KEY RISKS

Within the framework of its activities, LACROIX is exposed to risks, for which it performs a diagnostic through risk and opportunity mapping.

LACROIX carries out the appropriate diligence checks and measures their effectiveness by implementing relevant monitoring indicators.

1. HEALTH, SAFETY, AND WELL-BEING AT WORK

Human Capital is at the heart of the LACROIX project. It is the people who work at LACROIX that are its most important asset. Our teams drive the Group's development and the successful completion of its projects.



With 3,874 employees in 2021 compared with 4,225 employees in 2020, LACROIX's workforce has decreased by 351 employees, mainly on our Polish site, lastingly impacted by the worldwide difficulties in procurement of electronic components. On this site, the workforce has been reduced by 341 employees, mainly through termination of fixed-term contracts. However, during this phase of the health crisis and worldwide procurement crisis, LACROIX has introduced support measures to protect employment, notably within the framework of State mechanisms.

1.1 Jobs & Workforce figures

Distribution of workforce by Activity

	Electronics Activity		City Activity		Environment Activity	
	2021	2020	2021	2020	2021	2020
Total workforce	**2,935**	**3,286**	**578**	**610**	**298**	**282**
Men	1,139	1,290	385	413	232	220
Women	1,796	1,996	193	197	66	62

An additional 63 workers are employed by LACROIX Corp. (Group parent company). There were 47 employees in 2020 within this entity responsible for cross-cutting functions in the Group and strengthened by management functions, particularly in the area of R&D.

76%
OF THE GROUP'S WORKFORCE WORK FOR THE ELECTRONICS ACTIVITY
(78% IN 2020)

68%
OF THE GROUP'S WORKFORCE WORK OUTSIDE FRANCE
(71% IN 2020)

LACROIX's activities are also supported by staff made available under temporary employment contracts, representing an average of 160 full-time equivalents in 2021, compared to 51 in 2020. The growth in the use of temporary contracts also reflects the poor visibility regarding material procurements.

1.2 Internal satisfaction survey

In order to understand the expectations of its employees and their relationship to work and the Company, and to gauge commitment to its projects, LACROIX has conducted an internal satisfaction survey since 2015, LACROIX & You, among all Group employees. This survey is run every 2 years.
With 88% of employees participating, the findings of the 2020 survey, which combines around 100 points of assessment across 10 topics, provide a valuable foundation on which to base improvement measures and actions.

While the satisfaction rate among employees has continued to progress since 2015 with 72% of employees satisfied in 2020 compared with 71% in 2017, the 75% objective set for the closure of the Ambition 2020 strategic plan has not yet been achieved.

Based on the results of the 2020 survey, we are continuing and further strengthening the actions taken to meet the expectations of our employees and achieve this objective.

1.3 Organisation of corporate dialogue

LACROIX is committed to establishing high-quality social dialogue with staff representation bodies.

This dialogue takes the form of work meetings and discussions with staff representation bodies, whose configuration varies according to local legislation. These exchanges are intended to create a responsible and constructive relationship of trust, conducive to business development and employee fulfilment within the Group.

The Group particularly welcomes the quality of exchanges that took place in relation to the health crisis, which made it possible to introduce measures seeking to protect the health of employees.

Most LACROIX entities have staff representation bodies, which held 180 meetings in 2021 across the entire Group (246 in 2020 and 173 in 2019). The Electronics Activity also held the 2 annual meetings of its European Economic and Social Committee.

1.4 Health and safety at work

LACROIX has a duty and responsibility to protect the health and safety of its employees, and endeavours to assess and improve working conditions and implement accident prevention measures in collaboration with the bodies representing its employees and external stakeholders.

Health, safety, and dedicated training programmes

Accident prevention and safety are organised through dialogue with various representatives: Social & Economic Committee (CSE), Health & Safety and Working Conditions Committee (CHSCT) or similar organisations on international sites (CCE, etc.). The various health and safety bodies operating within LACROIX cover almost 100% of staff. In a spirit of collaboration and responsibility, those involved ensure LACROIX's compliance with local obligations and regulations and work to roll out training initiatives of a regulatory or preventative nature.

Due to the health crisis related to Covid-19, the Management and Human Resources teams increased dialogue with the social partners in order to define and implement all sanitary measures ensuring protection of the health of Group employees.
Each playing their part, the parties jointly and responsibly defined the conditions for continuing activities suited to the situation, considering at all times the protection of employees as the absolute priority.

In this context, very widespread use of remote working has been introduced across all our sites in compliance with sanitary measures, those working on-site have been given the benefit of essential personal protective equipment (surgical masks, washable masks, hand sanitiser), and physical distancing rules have been rolled out and maintained.

Workplace accidents

With a reduction of 0.3 points in 2020, workplace accident frequency fell once again by 0.6 points in 2021. The main types of workplace accidents are related to handling operations, for which employees are regularly reminded of safety instructions.
For each accident leading to work stoppage, the causes are recorded and an action plan is drawn up, linking back to the single safety document.

The severity rate of workplace accidents remains stable (-0.01 points) over the last 2 financial years. The results justify the steps taken to prevent accidents, monitor compliance with security measures, raise awareness around the risks involved in our activities, and ensure that personal protective equipment is worn.

Occupational hazard awareness training for new staff in workshops is systematically included as part of their welcome package. Regular communication campaigns provide reminders of the guidelines and the importance of this matter, and managers are directly involved in supporting workplace safety approaches.

	2021	2020	2019
Frequency rate (1)	6.9	7.5	7.8
Severity rate (2)	0.17	0.18	0.21

Good practices

For each accident leading to work stoppage, a diagnostic procedure is implemented with root cause analysis and action plans.

(1) Number of workplace accidents with at least 1 day of stoppage *1,000,000 / effective work hours.
(2) Number of days of stoppage due to workplace accidents * 1,000 / effective work hours.

LACROIX makes regular investments intended to improve the working environment of its employees, helping to enhance both safety and comfort.

Some of the most significant examples of this are as follows:

- Working areas and furniture in newly occupied sites (Symbiose, Odysséa, Colivia, etc.).
- Improved workstation ergonomics in workshops.
- Investments enabling a reduction of repetitive movements in workshops, particularly through support from motorised systems and cobots.
- Investments in automatic storage systems to limit handling operations and enhance their safety.
- Investments in resources for handling heavy or bulky loads.

Absenteeism

The year 2021 was marked by a very large number of short-term absences due to Covid-19. These absences account for most of the increase in short-term sick leave, which rose by 6 points. Child-care leave is also included, and significantly affects the results, particularly with the closure of schools in Poland and classroom closures in France.

Absenteeism related to maternity, paternity, and adoption leave is up by 3 points. Corrected for this indicator, absenteeism related to illness and accidents was 10.37% in 2021 compared with 4.32% in 2020.

	2021	2020
Short-term illness	5.08%	4.21%
Occupational illness	0.01%	0.01%
Workplace and commuting accidents	0.10%	0.10%
Maternity, paternity, and adoption leave	3.48%	3.97%
Total absenteeism rate	**8.67%**	**8.30%**

1.5 Accident prevention measures and raising awareness about health

Across the Group's various entities, preventative actions have been introduced to encourage employees to adopt certain measures to improve their everyday lives at work. Once again, here are some of the most significant examples:

In October 2021, the Tunisian site, together with the local health authorities, organised a Covid-19 vaccination day for employees wishing to avail of it.

Healthy eating awareness campaigns, such as the "fruit day" and "healthy food" initiatives organised in partnership with local producers to promote a nutritional diet.
As part of the opening of its Symbiose facility, the Electronics site in Beaupréau updated its catering service by offering dishes based around seasonal, locally grown fruit and vegetables.

In December 2021, the Polish teams successfully represented LACROIX at Runmageddon 2021 – a team race based around physical challenges.
A great example of promoting physical exercise.

Implementation of health benefits in each country, offering wider cover for healthcare-related fees as well as employer contribution.

LACROIX also provides training courses and exercises required by regulations in each of the countries in which it operates.

As such, its employees are regularly trained or retrained in the use of handling equipment (operator licenses), first-aid (first-responder courses), fire emergencies (front and rear fire-warden training), risks related to the use of chemical and hazardous products, the use of high-voltage currents (certification and training), and so on.

1.6 Gender equality

2,079 WOMEN

1,795 MEN

Women represented 54% of the Group's workforce in 2021.
Since 2018, they account for 61% of Electronics Activity staff, which employs a predominantly female workforce in its workshops.

LACROIX closely monitors the equal treatment of men and women in the workplace. Each activity takes account of wage gaps that may exist between men and women, seeking to reduce any such gaps.
In addition to Company-level agreements and mandatory action plans, specific measures are in place to make it easier for women to carry out a professional activity.

In collaboration with Zaghouan Hospital in Tunisia, the site organised, on a quarterly basis, a day of awareness raising about breast cancer and how to detect it.

LACROIX contributes to development of the kindergarten and crèche located in Zriba, where its Electronics site is based in Tunisia.

la minut'rit conciergerie d'entreprise

LACROIX funds janitorial facilities on most of its sites, offering services available in the workplace to facilitate everyday activities. The service providers used apply the CCES Charter (prioritising economic and solidarity-based short supply chains) in cooperation with local suppliers.

As it does every year, LACROIX took part in the ODYSSEA race to raise funds for breast cancer research.

2. TALENTS AND SKILLS

In a rapidly changing technological environment where digital services and data management are ever-more essential, developing skills and retaining talent are key factors for success, identified as major challenges in LACROIX's materiality assessment.

2.1 Training

Staff training is a key priority, contributing to employee upskilling and individual fulfilment of potential. It is important for the effective involvement of everyone within the Group, and drives collective success.

Each activity within LACROIX defines its own annual training plan, taking account of the Group's strategic development priorities, the needs expressed by managers, and the wishes of employees.

The Group set aside 56,581 hours of training for its teams in 2021, compared with 45,202 hours in 2020. Without matching the number of hours devoted to training in 2019 (84,597 hours), due to a context that remained highly disrupted by health restrictions, training activities progressed well. The teaching budget allocated to training in 2021 was €646K.

This training covers support for developing new business-specific expertise and processes, introducing new business tools and software, further digitalisation of tools, and taking on new responsibilities.

Across LACROIX activities, training initiatives break down as follows:

	Electronics Activity		City Activity		Environment Activity	
	Number of hours	Budget (€K)	Number of hours	Budget (€K)	Number of hours	Budget (€K)
Training provided	48,392	317	4,261	211	1,509	72

2,419 hours of training were also provided in relation to LACROIX Corp. activities, for a budget of €46K.

Good practices

LACROIX has introduced 2 diploma training programmes designed to develop managerial culture:

LACROIX Corporate MBA for executive managers
LACROIX Visa Manager for middle management

Graduates include profiles from all of our locations (France and international). All share a common foundation built on the Group's vision, values, and management principles.
In June 2022, the second group of Visa graduates will include 12 managers having passed the course, set up in 2021.

Senior & Advanced Leadership profiles

LACROIX Corporate MBA

by

Audencia BUSINESS SCHOOL

Advanced & Emerging Leadership profiles

LACROIX Visa Manager

by

Audencia BUSINESS SCHOOL

2.2 Development of collaborative working

LACROIX draws upon technological resources that enable its employees to create thematic or task-based communities for the purpose of sharing good practices or collectively solving identified issues.

LACROIX thus makes use of the main collaborative applications offered in Office 365, and has undertaken a process ultimately enabling each employee to have their own digital identity.

INNOVATION LAB BY LACROIX

The role of Innovation Lab (formerly LACROIX Lab) is to support innovation within the Group. It performs pioneering work on issues related to Group activities identified by a community of catalysts.

LACROIX Tech is a community of stakeholders focussed on innovation and development within LACROIX. Around 200 employees share their ideas and the latest developments in various cutting-edge fields.

LACROIX Fab brings together the Group's manufacturing teams, who share their know-how and good practices, thereby contributing to industrial excellence. Created in 2018, LACROIX Fab represents the Group's industrial DNA.

[AI]Roads – Project undertaken by Innovation Lab by LACROIX in collaboration with WaltR

Making air more breathable thanks to smarter and more responsible mobility.
Innovation Lab by LACROIX presented, in collaboration with WaltR (a start-up founded at CNES), a project with a consortium of European cities seeking to reduce greenhouse gas emissions.
This project has been recognised by the World Economic Forum (WEF) as a climate change measure.

*Making air more breathable thanks to smarter and more responsible mobility.

LACROIX Tech Biennial 2021: creating contacts and driving innovation

On 22, 23, and 24 June 2021, LACROIX's marketing and innovation teams met for the third LACROIX Tech Biennial. Due to health restrictions, this session, bringing together 350 participants from France, Spain, Germany, and Belgium, was 100% digital.
This biennial meet-up provides an opportunity to share knowledge, to demystify our lines of work, and to bring different areas of expertise together in order to facilitate exchanges in future projects. The event was punctuated by talks, workshops, and opportunities to make new contacts.
While nothing can replace an in-person get-together, the WorkAdventure solution chosen by LACROIX's communications teams was highly successful. Immersed in the world of 1990s video games, participants were able to move virtually from room to room within a 3D model of the Odysséa offices created for the occasion, in order to take part in the various events.

“It was by far the best digital seminar I have attended. People were initially a little shy about speaking virtually, since the spontaneity of the real world is missing, but this platform gave us access to very interesting content in an original, enjoyable, and intuitive environment.

Sebastian Schneider,
Software Development Engineer at SAE-IT Systems”

“This was my third LACROIX Tech Biennial and my first 100% digital one. There was a consistently high quality of discussions and speakers. I really liked the fact that this edition was in English, because this allowed us to interact with our colleagues in Spain, Germany, and Belgium, opening up new areas of knowledge.

Julien Henriques,
Mechanical Design Office Engineer within the City Activity”

Champion's Lean #21-22

Under the initiative of **LACROIX Fab**, LACROIX is launching its second round of **Champion's Lean** sessions.

Through this qualification-based training course, LACROIX is building its internal network of operational leaders in collaboration with our LACROIX Fab community, and developing a culture of performance and competitiveness.

The LEAN approach is at the heart of our Group training programmes, being included in all management courses and GREEN BELT and BLACK BELT qualification-based courses in partnership with SCHNEIDER Consulting.

DIGITAL TRANSFORMATION

Across multiple areas, LACROIX has adapted its processes and practices, simplified them, and improved efficiency by implementing fully digital solutions.

The health crisis has also, in its own way, helped to accelerate the adoption of these digital practices.

In 2021, LACROIX continued the digitalisation of its processes, in response to new employee practices.

- LACROIX digitalised its validation process for internal supplier invoices with the ESKER tool. This deployment concerns almost all its sites. Information is fully digitalised, from receipt of the invoice to issuing of payment, by way of the internal validation circuit. In this way, the accounting teams gain efficiency, and the validation circuit is shortened.

- LACROIX has harmonised and digitalised, across the entire Group, its recruitment process using SMARTRECRUITER - ATS (Applicants Tracking System), which makes it possible to centralise applications received across the Group while also ensuring GDPR compliance. The tool enables recruitment officers to evaluate profiles, schedule interviews, and communicate with applicants, all online in an SAAS environment. This tool allows HR teams to save time in their recruitment procedures and gives managers direct access to their vacant positions. It also provides applicants with a better applicant experience.

- Within France, LACROIX has digitalised its time and activity management tool using the KELIO solution from Bodet. For employees, the modern and intuitive interface, accessible in roaming mode, enables access to their personal information on leave and working hours. Validation circuits are digitised. In our industrial buildings, clock-in terminals are now touch-screen and self-service. This system also includes new practices such as remote-working management.

- The Electronics Activity has developed a Real Time Monitoring (RTM) digital solution enabling instant consultation of production performance levels. The data collected is also processed for the purposes of continuous improvement and short-interval management procedures (such as LACROIX Daily Meetings).

Good practices

LACROIX has deployed teams of "Digifriends" on all of its sites, tasked with strengthening the Group's digital culture. These teams work proactively and offer support to users for the digital solutions available.

2.3 Support for apprenticeship training

LACROIX affirms its support for the integration of young people in employment with a proactive policy of integration via in-company apprenticeships.

In 2021, there were 109 young people in LACROIX teams taking their first steps in the working world, either on professional training contracts, apprenticeships, or work initiation schemes.

There were 38 young people in apprenticeships in France compared to 33 in 2020.

2.4 Links with colleges and actions to support teaching

LACROIX also develops privileged partnerships enabling young people to join the Group's activities at the end of their studies. Lasting links have been forged with Audencia Business School, ESEO Angers, Polytech Nantes, Supelec Rennes, and the University of Gdansk.

The Electronics Activity in Poland has implemented a partnership operation known as "School close to work".

Within this framework, the Company organises regular visits by young students to its production site in Kwidzyn.

The site also partners with schools, colleges, local authorities, and training organisations, with the aim of orienting technical training courses to meet business needs as closely as possible and providing guidance to young people in relation to their training and career choices.

Partnerships with employment integration organisations (INSERIM, Pôle Emploi Insertion) and local associations (Cap Entreprises) enable LACROIX to present the industry's professions, host young people on internships, and support young people who find themselves outside the educational system.

LACROIX also partners with the second-chance school Symplon.co, an "altruistic and inclusive maker network", which trains young people in the skills of digital technology. LACROIX will welcome a new student cohort in 2022 to the Innovation Lab.
LACROIX also welcomed one new young person in November 2021 as part of the Cyber Security course.

The Microsoft AI School, a **community school** dedicated to artificial intelligence, has been set up in Rennes, at the initiative of Microsoft and Simplon, and with **LACROIX as a partner**. The ambition of this project is to support job-seekers by offering free, supervised training in the fields of artificial intelligence and cyber security.

Vincent Bedouin, on the front-line supporting the campaign organised by the Pays de Loire region, "Welcome the future into your company" with the twin aim of supporting students in their search for an internship, essential for completion of their course, and encouraging managers to host them, helping to develop the next generation of skilled workers.

2.5 Integration of new employees

LACROIX ensures that every new employee is fully integrated and shares the values, culture, and environment of the Group. LACROIX ensures that its employees benefit from an integration course, guaranteeing a good understanding of our organisational structures, the assimilation of safety rules, and an awareness of customer expectations and sector-specific quality standards.

Each year in France, a special day is dedicated to welcoming new managers to the Group. This is an opportunity for participants to get to know each other, learn about the history and strategy behind LACROIX, and give feedback on their experience of this welcome event.

In 2022, this procedure will be extended to all Group entities.

2.6 Key figures

LACROIX workforce movement:

399 Arrivals

750 Departures

11.80% Turnover

Of the 399 employees who joined LACROIX in 2021 (compared to 711 in 2020), 254 were recruited by the Electronics Activity, 80 by the City Activity, 38 by the Environment Activity, and 27 by the Group's corporate functions. The Group recruited 175 women and 224 men.

Of the 750 employees who left the Group in 2021 (compared to 595 in 2020), 489 worked for the Electronics site in Poland.

LACROIX's turnover increased by 4.8 points in 2021, amounting to 11.8% compared with 6.5% in 2020. The increase in this turnover rate is very largely related to contract terminations due to the lack of deliveries of electronic components.

Recruitments and integrations by socio-professional category

	Men		Women		Total	
	2021	2020	2021	2020	2021	2020
Total	**224**	**354**	**175**	**357**	**399**	**711**
Labourers	90	198	84	291	174	489
Employees, Technicians & Supervisors	78	65	62	52	140	117
Managers	56	91	29	14	85	105

Fixed-term and permanent contracts are taken into account.

The 47 employees integrated due to acquisitions during the financial year are broken down in the table above.

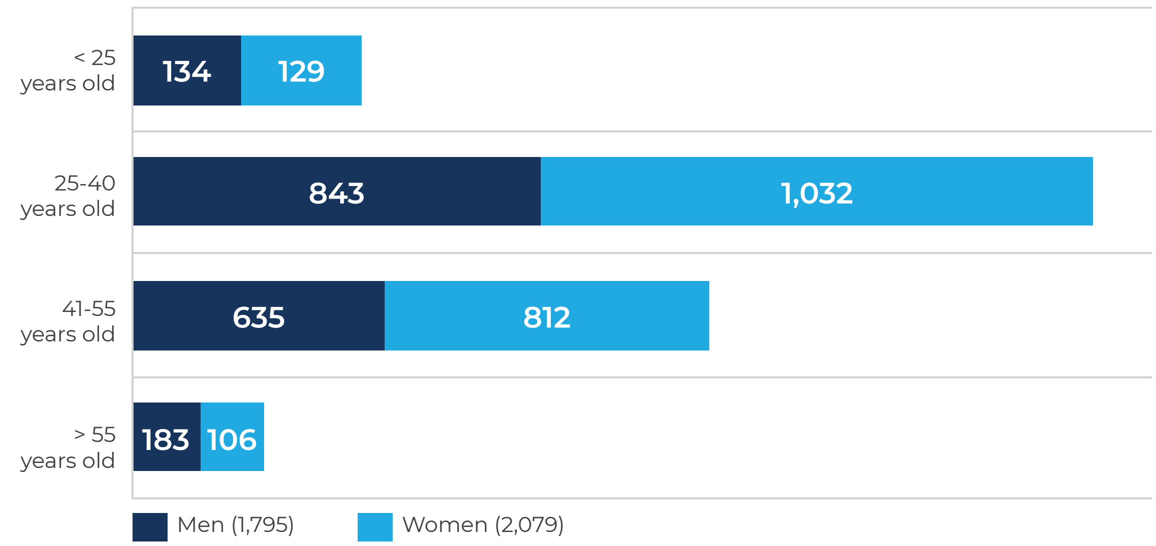
Socio-professional distribution

	Managers		Employees, Technicians & Supervisors		Labourers	
	2021	2020	2021	2020	2021	2020
Total	**719**	**702**	**1,157**	**1,160**	**2,363**	**2,363**
Men %	552 77%	546 78%	640 55%	639 55%	603 30%	770 33%
Women %	167 23%	156 22%	517 45%	522 45%	1,395 70%	1,593 67%

The Electronics Activity has a largely manufacturing-based workforce, and primarily employs women in its production workshops.

Managers represented 19% of the total workforce in 2021 (17% in 2020), Employees, Technicians & Supervisors made up 30% of the total workforce in 2021 (27% in 2020), and Labourers, at 51%, remained stable in 2021 (56% in 2020).

Distribution of workforce by age bracket



The workforce is characterised by a young and predominantly female population.

As of 2021, 55% of the LACROIX workforce are younger than 40 years old (60% in 2020), and in both 2020 and 2021, 7% are younger than 55.

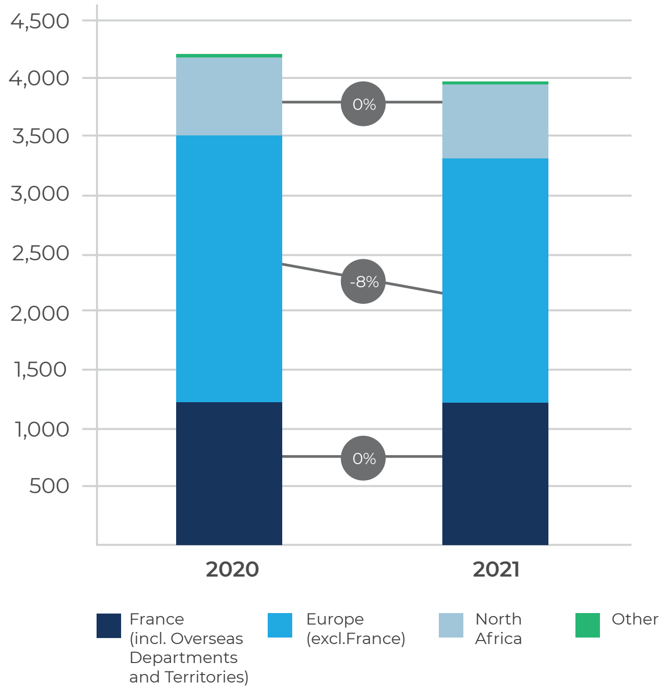
Distribution by geographical areas

The story of LACROIX began in France. The development of the Group's activities over recent years has seen it support customers and conquer new markets internationally.

This international development has naturally been accompanied by changes in the geographical distribution of its workforce.
68% of staff were located outside France in 2021 compared with 71% in 2020.

LACROIX is notably present in:	
Poland	1,601 employees
France	1,241 employees
Tunisia	697 employees
Germany	224 employees
Spain	85 employees
Belgium	13 employees
Italy	9 employees

4 employees are based in China, Singapore, and Morocco.



3. SHARING AND ENSURING COMPLIANCE WITH ETHICAL BUSINESS PRACTICES AND CONDUCT

LACROIX is committed to conducting its activities according to operational principles and behaviours founded on respect and integrity. Its requirements in terms of transparency and combating corruption have been strengthened by the obligations introduced under the "Sapin II" Law.

The Group's strategic development plan, particularly in terms of business development and international growth, further underlines its requirements with regard to business ethics and behaviours, combating corruption, and compliance.

LACROIX has strengthened its governance and anti-corruption mechanisms and pursues a policy of zero tolerance towards corruption in all its activities and across all territories in which it operates. These actions are undertaken at the very highest level of the Company's Management.

3.1 Combating corruption

LACROIX has undertaken a process of identifying and evaluating its main risks, leading to a strengthening of its internal regulations in the context of its codes of conduct on "anti-corruption" and "competitiveness". It has also drawn up practical support guides for everyday risk management. These documents are given to new arrivals in the Company.

The teams most exposed to requests linked to corruption (sales, purchases, etc.) are trained in the applicable anti-corruption procedure. To date, 400 employees have received training in compliance rules.

3.2 Alert system

LACROIX has also rolled out a policy on invitations and gifts and introduced an alert system accessible to all employees, which can be used to report any irregularities in terms of corruption or compliance with fundamental personal safety regulations.

LACROIX thus introduced a centralised internal alert system. This makes it possible to receive and handle reports submitted by any employee concerning serious breaches or potential breaches of the law, regulations, or provisions of LACROIX's Codes of Conduct on corruption and competition, or of other principles, guidelines, or internal policies.

Alerts handled by means of the dedicated systems make it possible, where appropriate, to enhance procedures for identifying and preventing risks, under a continuous improvement and risk management approach.

3.3 Selecting suppliers

LACROIX has drawn up a supplier charter that sets out its requirements as regards respecting people and their roles, legal compliance and, specifically, compliance with competitiveness and environmental legislation.

As part of their annual negotiations with suppliers, Electronics Activity purchasing teams issue them a reminder of this code of conduct. This document is also sent out systematically to new suppliers.

LACROIX has also drawn up procedures for assessing highest-risk third parties with whom its activities interact.

The selection of suppliers naturally takes account of their economic performance as well as their ethics, in order to ensure consistency with our commitment to operating within a sustainable development approach. As such, our suppliers are assessed according to Quality, Safety, and Environmental criteria, particularly with regard to their certifications, their organisational structures specifically set up to ensure the quality of their products and services, and measures undertaken to reduce the environmental impact of their activities. Our Purchasing Department, in partnership with our Quality Department, performs diligence checks on our suppliers in order to ensure that our requirements are duly met.

These audits may concern several aspects at once, such as the ability of the supplier to meet our needs, their technical capabilities, their quality system management, their adherence to environmental regulations, and their compliance with labour legislation.

3.4 Equal treatment and non-discrimination

In all the countries in which it operates, LACROIX observes the principles set out in the ILO Conventions, in particular the “Fundamental Conventions” concerning fundamental rights at work: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

LACROIX employs staff with diverse profiles and from quite a broad range of geographical origins. LACROIX regards diversity, inclusion, and multiculturalism as vital factors for complementarity and enrichment. LACROIX asserts its commitment to work towards equal employment and against discrimination, and reaffirms its commitment to eliminate any form of discrimination with respect to employment and to the promotion of diversity.

Within the framework of company-level agreements and targeted actions, LACROIX encourages diversity within its teams, defines objectives and measures in favour of gender equality in the workplace, supports people with disabilities, promotes the employment of people with disabilities through part-payment of apprenticeship taxes to the GIRPEH (disabled employment association), and more generally seeks to combat workplace discrimination, particularly through the implementation of its key processes such as recruitment, individual assessments, wage increase policies, etc. In 2021, no cases of discrimination were reported.

3.5 Geopolitical risks – Service continuity

In countries exposed to geopolitical risks in which it conducts significant manufacturing operations, LACROIX has established a business security and continuity plan providing for the uninterrupted fulfilment of its delivery commitments to its customers.

In its risk mapping procedures, LACROIX has been able to identify the type of events that may affect the continuity of service of its operations, entailing financial impacts and social repercussions for its activities.

These risks primarily concern operations in the broader sense (logistics, manufacturing, etc.) and the supply chain (shortages, etc.). In extreme cases leading to a stoppage of activity, these events are likely to impact LACROIX’s ability to deliver to its customers, with immediate consequences across the entire value chain, particularly in the Electronics Activity.

In this context, and in situations exposed to geopolitical risks in which it conducts significant manufacturing operations, LACROIX has established a business security and continuity plan providing for the uninterrupted fulfilment of its delivery commitments to its customers.

The Electronics Activity is most exposed to these risks. As such, it is drawing up a business and service continuity plan, identifying various measures to mitigate impacts in the event of a crisis.

The key measures concern prevention, first and foremost, with systems for identifying risks as far upstream as possible (reliability of signals, local assessments, sector-specific information, etc.). Other measures are related to production organisation, redistribution of manufacturing between sites, or constitution of security stock enabling continuity of service. In the context of long-term disruption of component deliveries, measures undertaken may go as far as product redesign to overcome a shortage of components. Continuity of employment among the workforce is also taken into account in the continuity plan, in particular by identifying support measures concerning labour law mechanisms, insurance policies, etc. The full system is currently being rolled out in the Electronics Activity and will undergo functional testing.

4. A COMPREHENSIVE QUALITY COMMITMENT

The certification procedures undertaken by LACROIX assure our customers and their end customers of the optimal quality of our products and solutions. The certifications implemented confirm compliance with quality, industrial, and environmental requirements in our manufacturing processes and procedures.

	ISO 9001 (general quality)	IATF 16949 (automotive sector)	ISO 9100 (aeronautical sector)	Part 21G Part 145 (aeronautical sector)	ISO 27001 (IT systems security)	ISO 14001 (environment management)
Industrial sites						
Saint-Pierre-Montlimart (France)	Certified		Certified	Approved		Certified
Saint-Herblain (France)	Certified					Certified
Carros (France)	Certified					Certified
Les Chères (France)	Certified					Certified
Madrid (Spain)	Certified					Certified
Willich (Germany)	Certified					Certified
Zriba (Tunisia)	Certified	Certified	Certified			Certified
Kwidzyn (Poland)	Certified	Certified				Certified
Vern sur Seiche (France)	Certified	Certified				Certified
Cologne (Germany)	Certified				Certified	Certified
Design offices						
Cesson-Sévigné (France)	Certified	Certified	Certified			Certified
Echirolles (France)	Certified					Certified
Quimper (France)	Certified					Certified
Ploufragan (France)	Certified					Certified
Willich (Germany)	Certified					Certified

As such, LACROIX's sites work in accordance with ISO 9001 and 14001 certification.

The Electronics Activity sites also comply with technical certifications in order to meet the requirements of customers in certain sectors of activity.

5. CONTRIBUTING TO THE DEVELOPMENT OF THE REGIONAL SOCIO-ECONOMIC FABRIC

LACROIX plays a significant role in terms of local employment (direct and indirect) and regional development. The Electronics Activity is a major economic player in its areas of activity in France (major employer in Les Mauges, with 400 direct jobs), in Tunisia (second-largest employer in the business district of Zriba, with almost 700 direct jobs) and in Poland (third-largest employer in the Kwidzyn region, with 1,600 direct jobs). It plays a key role in regional balance within the rural areas in which it is based on each of these sites.

The Group contributes significantly to employment in the Nantes area, where it employs 350 people, and the Rennes area, where it employs a further 250.

Across all the areas of activity in which it operates, LACROIX seeks to contribute to economic, social, and regional development through direct initiatives or support for local initiatives.

5.1 Economic development

Based near Rennes, **Innovation Lab by LACROIX** is an innovation driver designed to support innovation within the Group. The team of 3 full-time employees oversees a network of partners and works to devise new uses and develop new technologies.

Numerous local stakeholders interact with **Innovation Lab by LACROIX** to develop ideas and promote innovative solutions, including schools, research laboratories, start-ups, and businesses.

Innovation Lab by LACROIX plays a key leadership role through webinars, creative-thinking sessions, design workshops, and the likes, sharing new disruptive working practices, new tools, and innovative, concrete solutions that can be deployed to meet the societal challenges and problems of both today and tomorrow.

LACROIX also took part in an exhibition focussing on data capture organised by Nantes Métropole as part of **Nantes Digital Week** on Smart City topics.

On this occasion, **Innovation Lab by LACROIX** and other stakeholders (businesses, institutes, schools) offered an immersive, large-scale experience to educate, warn, and help explain the issues around data capture in public spaces.

LACROIX's governance has also worked hard, at its level, to support regional economic development:

At **national level**, through the Electronics **Industry Strategic Committee** (ISC), within which Vincent Bedouin, CEO of LACROIX, has occupied the role of Vice President since 2018. The objective of the ISC is to establish meaningful, effective, and regular dialogue between the State, companies, and employee representatives on all key topics that may enable French industry to regain a leading position in the electronics sector.

*Driver of Industry

In western France, through the **We Network cluster**, a resource centre for smart systems (continuous improvement, AIV, cobots, IT, system integration, additive manufacturing, and IoT) of which Vincent Bedouin has been President since its creation. This cluster is based in Angers, an area with an industrial tradition and that is home to **the greatest density of electronic production sites** in France (25% of all employment in the French electronics industry, or 50,000 jobs). The key roles of We Network are:

- **To coordinate and promote** the potential of the French professional electronics sector (laboratories, design offices, industrial manufacturers, educational institutes),
- **To support electronics stakeholders** and users (all fields, all locations) with innovative projects,
- **To oversee the WISE programme**, offering advice and expertise at European level to stakeholders in electronic design and production in western France (Brittany, Centre, and Loire).

5.2 Promotion of industry professions

LACROIX regularly takes part in events intended to raise awareness of the industry's professions and to strengthen the link between the Company and its stakeholders, in universities above all.

In Poland, the Electronics Activity is pursuing its cooperation with 2 local universities to promote professions within the electronics industry. To this end, and through its "School close to work" programme, the different sites regularly host visits from young students in order to teach them about roles within our industry.

The Electronics Activity also contributes to the content of technical programmes in order to provide the best employment opportunities for young students.

LACROIX also regularly participates in professional forums that take place near the Group's various sites.

*Industry Week - 22-28 November 2021

LACROIX remains faithful to the "Industry Week" organised by the French Metal Industry and Trade Union. As part of the 2021 event devoted to the theme of "Inventing a sustainable future", LACROIX employees spoke with teachers and students in discussion workshops organised by schools, local employment initiatives, and colleges.

LACROIX employees regularly speak at round tables to promote job opportunities within our industry.

As part of Connected Week 2021, organised by Angers Loire Métropole and SEPEM Industries, LACROIX spoke about digital transformation within the industry.

6. ENVIRONMENTAL IMPACT

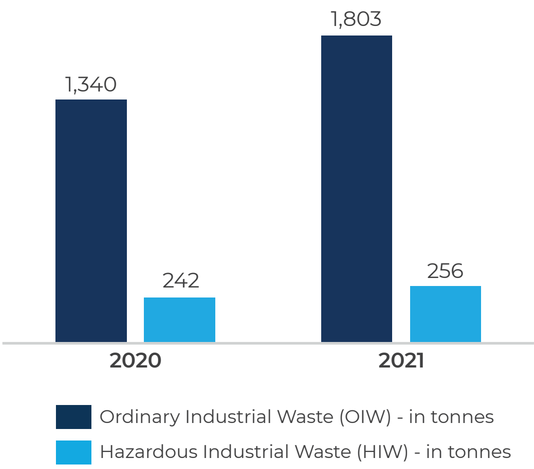
Its role as a technology partner in the fields of Smart City, Smart Environment, and Smart Industry places LACROIX at the heart of environmental protection issues. The Group's teams thus design increasingly smart products and solutions to reduce urban light pollution and traffic in cities, optimise water resource management, and consume less energy while also providing additional services.

As part of this development, LACROIX is committed to reducing the environmental impacts of its activities and influencing the practices of its stakeholders.

In this respect, the entire Group adheres to a proactive environmental policy leading to **ISO 14001** certification for all Electronics Activity sites and City Activity Signalisation, Traffic, and Public Lighting Divisions.

Each one of these sites has an organisational structure enabling it to track the environmental impact of its activities and perform regulatory monitoring. The various indicators monitored ensure the effectiveness of corrective measures and continuous improvements implemented. Various awareness-raising and training initiatives promote employee involvement in everyday environmental practices (presentations for new employees, display of key indicators, etc.).

In this regard, the Group's activities endeavour to:



- Recycle waste generated and work to reduce it;
- Manage energy and water consumption;
- Use environmentally friendly processes;
- And, generally speaking, reduce their carbon footprint.

Across all its production sites, LACROIX has implemented systematic recovery of hazardous waste during sorting.

The Group is also working with its suppliers and customers to reduce packaging waste and to introduce shuttle crates and reusable or recyclable packaging.

6.1 Waste generation and recycling*

82%

OF INDUSTRIAL WASTE IS RECYCLED

LACROIX activities produce various kinds of waste, which is recycled where possible.

LACROIX recycled 82% of the industrial waste it produced in 2021, i.e. a 1-point improvement.

Each of the activities has implemented measures designed to optimise the processing and recovery of generated waste. LACROIX actively favours waste processing contractors who prioritise energy recovery from waste recycling activities.

Measures are undertaken by each activity alongside customers and suppliers in order to reduce packaging waste and to digitise paper documentation.

Due to the resumption of work, the total mass of industrial waste generated in 2021 increased compared to the previous period, from 1,340 tonnes in 2020 to 1,803 tonnes in 2021;

The generation of hazardous industrial waste remains limited and controlled at 256 tonnes.

The Group carries out waste sorting and elimination operations through specific channels, and is working on its processes for reducing material loss and scrapping. It is also worth noting that in the City Activity, a digital screen-printing process is being adopted and the use of inks and solvents in the screen-printing process is being abandoned.

* Office and canteen waste, where identifiable, is not taken into account.

5.2 Energy consumption management

LACROIX implements activities and makes investments in the majority of its sites with a view to reducing energy consumption and improving energy performance on its premises.

Consumption levels	2021	2020
Electricity (MWh)	20,491	18,166
Gas (MWh)	7,038	5,432
Fuel oil (m^3)	3	15

The main investments concern lighting, heating systems, and centralised building management (allowing for boilers, heating units, and other equipment to be controlled and adjusted in an intelligent way).

LACROIX also continues to invest in more energy-efficient LED lighting systems on most of its sites to reduce its energy consumption.

CO_2 emissions

Due to the levels of reliability of data concerning emission factors, as well as our limited ability to take action, we have agreed to restrict our communication to CO_2 emissions related to our energy consumption for Scopes 1 and 2, in respect of which our strategy is aligned with the fight against climate change. As part of updating the CSR approach, Scope 3 will be included in 2022 by conducting a full report.

7. SYMBIOSE, A DISRUPTIVE PROJECT

The LACROIX Symbiose project, rolled out in 2018, focuses on an ambition to build the industrial electronics factory of the future, combining industry 4.0 standards, respect for the environment, and employee fulfilment, with a global approach that also remains true to its roots in the Pays de la Loire region. In 2021, the plan to build the new Symbiose factory was brought to completion, despite difficulties related to bad weather in the second quarter. The teams also began preparations for moving into the new factory in the first quarter of 2022, so that this will not affect production capacities for customers. The whole team is proud to see this ambitious construction project being finalised.

In addition to the building, the Symbiose project made significant progress in 2021 in **each of its 3 pillars**:

Technological and digital disruption: What Symbiose promises is above all an industrial site in line with industry 4.0 standards, bringing a new competitive edge to our territories. This transformation represents a complete overhaul of production methods, integrating digital technology and automation systems.

In particular, 2021 witnessed the entry into service of the new automated warehouse using the EXOTEC solution: 3,000m^2 of optimised and automated storage space with over 6,000 component containers managed by robots, enabling warehouse staff to focus on tasks of higher added value.

On the customer side, the Integrated Business Planning (IBP) system offers real-time scheduling and simulation, in line in particular with our internal production tools and interfaces, to determine the availability of components on the market.

Lastly, extensive work has been carried out with the support of SCHNEIDER's consultancy teams on continuous improvement of the industrial process, integrating automation elements such as robots, cobots, and AGVs (automated guided vehicles) for a smoother production chain and increased productivity. The stated objective of this industrial transformation is to be able to produce twice as much value with the same workforce.

Social innovation: Symbiose is intended in particular to provide a significant improvement in its employees' quality of life at work. At the very beginning of the project, an internal survey revealed the key areas in which progress was desirable, thereby giving shape to the future factory. Work was carried out on training in 2021 with the "efficient and happy" campaign, focussing on self-confidence, and internal communication methods were improved to better correspond to the industrial environment and the rhythms of production rotation (making particular use of the social network Yammer and management routines). LACROIX also drew on its expert networks (Lean for good industrial practices, Digifriends for help with digital issues) to prepare for the transition to industry 4.0. Lastly, the new Symbiose site was conceived with experts in spatial design to offer pleasant working spaces, both in production areas (workstation ergonomics) and in office areas (acoustics, luminosity, etc.) for better quality of life at work.

Environmental responsibility: In order to make Symbiose an environmentally friendly factory, an energy performance assessment was carried out by EDF on the factory at Saint-Pierre-Montlimart to identify areas of improvement for the new site. Emphasis was placed on heat recovery and production capacities on the site, via the installation of photovoltaic panels on canopies over the car parks (dedicated to self-supply) and on the 10,000m^2 of roof area (able to supply the network with power equivalent to the average consumption of approximately 350 households). To help the Symbiose building meet High Environmental Quality (HEQ) standards, work was also carried out on:

- Optimising the heating, ventilation, and air-conditioning systems;
- Lighting (favouring natural light and using LEDs in workshops);
- Recovering rainwater for green-space upkeep;
- Installing charging points for electric vehicles.

The Symbiose site is also equipped with innovative solutions from the Environment Activity for water and energy management, using equipment produced in the factory itself, promoting concepts of circularity, short circuits, and synergies within LACROIX.

EUROPEAN TAXONOMY – OUR METHODOLOGY

To analyse the eligibility of LACROIX activities for European Taxonomy, we worked separately on the 3 activities to produce the following table.

		LACROIX	LACROIX CORP.	ELECTRONICS	CITY	ENVIRONMENT
Revenue	**FY 2021, in €M**	**501**	**0**	**321**	**110**	**70**
	% eligible	47%	0%	17%	100%	100%
	Eligible in 2021, in €M	236	0	56	110	70
OPEX	**FY 2021, in €M**	**25.8**	**-0.6**	**10.8**	**7.2**	**8.4**
	% eligible	63%	0%	7%	100%	100%
	Eligible in 2021, in €M	16	0	0.7	7.2	8.4
CAPEX	**FY 2021, in €M**	**34.8**	**2.8**	**26.8**	**3.1**	**2.1**
	% eligible	30%	0%	20%	100%	100%
	Eligible in 2021, in €M	11	0	5.4	3.1	2.1

For each activity, we adopted a BU/Product Line approach, focussing on the most representative activities.
The following table summarises the conclusions reached for each Group entity.

Activity	BU / Entity (% of activity revenue)	**Eligible activity** (Ref. in Appendix 1 concerning mitigation)	NACE	Conclusion
Envi.	Sofrel (67%)	3.6. Other low-carbon production technologies	26.51 Manufacture of instruments and appliances for measuring, testing, and navigation	**100% of the Sofrel activity** allows for savings in terms of technician travel through remote management, there by significantly reducing emissions
Envi.	SAE (33%)	7.3. Installation, maintenance, and repair of equipment promoting energy efficiency 3.6. Other low-carbon production technologies	26.51 Manufacture of instruments and appliances for measuring, testing, and navigation	**100% of the SAE activity** allows for savings in terms of travel through remote management and energy efficiency improvements
City	Road signs (55%)	6.15. Infrastructures favourable to low-carbon road transport and public transport	25.99 Manufacture of other fabricated metal products (not listed in Appendix 1 but not exhaustive)	The vast majority of the Road signs BU activity involves "infrastructure necessary for the operation of urban transport" → **100% eligible**
City	Traffic & V2X (26%)	3.6. Other low-carbon production technologies	27.90 Manufacture of other electrical equipment	Article 3.6 referring to activities "intended to obtain substantial reductions in greenhouse gases" → **100% eligible with a contribution related to urban decongestion and an impact on GHG emissions**

(table ends on following page)

City	Street Lighting (19%)	3.6. Other low-carbon production technologies	27.40 Manufacture of electric lighting equipment	Article 3.6 referring to activities "intended to obtain substantial reductions in greenhouse gases" → **100% eligible with the promotion of LED and smart lighting**
Elec.	Manufacturing (93%)	3.6. Other low-carbon production technologies	26.12 Manufacture of loaded electronic boards	Since the activity of this entity is generic (manufacturing electronic sub-assemblies), it is more appropriate to **focus on the end uses of products manufactured in our factories**. We therefore concluded that **products that contributed to a significant reduction in GHG emissions were eligible** (in respect of activity 3.6) and the others were not. By way of example, smart condensing boilers and electric heat pumps are considered eligible because they provide a significant reduction in GHG emissions compared to conventional thermal boilers. In contrast, we concluded that LED lamps for cars were **ineligible** because, although they consume less energy than incandescent lamps, we did not consider their contribution to a reduction in GHG emissions to be "significant" **The allocation of OPEX / CAPEX to eligible product families was performed on a pro rata basis for revenue from relevant products according to their production site**. Large differences regarding eligible CAPEX are explained by significant CAPEX amounts produced on the French site of Saint-Pierre-Montlimart (Symbiose project), producing fewer products in 2021 related to eligible activities than our other sites (particularly the Polish site, the main producer of LED lamps)
Elec.	Design and other miscellaneous activities (7%)	Diversified base of projects and customers – considered ineligible by default	Miscellaneous	Diversified base of projects and customers – **considered ineligible by default**
Holding	Holding	Ineligible (0% revenue / OPEX / CAPEX)	N/A	**Ineligible**

REPORT METHODOLOGY AND FRAMEWORK

The information presented is drawn up using a reporting protocol, available on request from the following email address: info@lacroix.group. This methodological guide for internal Group use sets out the definitions and methodologies to be applied in order to ensure the homogeneity of this consolidated information. As the Firstronic entity was acquired on 31 December 2021, it is excluded from the scope of extra-financial reporting.

This CSR report has been reviewed by the independent third-party body EY.

With regard to the scope covered:

- The workforce indicators cover 100% of the scope. The social and company indicators do not include foreign companies for the City Activity and SAE-IT for the Environment Activity.
- The environmental indicators cover 95% of the Group's consolidated revenue and 95% of the workforce – all industrial and semi-industrial sites with over 50 employees are included. Foreign subsidiaries for the Electronics Activity, foreign companies for the City Activity, and the workshop transferred to Tunisia for the Electronics Activity are not included.

Given the nature of our activities, we consider that the following areas – combating food waste, combating food insecurity, animal welfare protection, and responsible, equitable, and sustainable food supply – are not primary CSR risks and need not be expanded upon in this report.

The Group has not implemented any practices aimed at artificially reducing its corporation tax or moving its taxable income to tax havens.

LACROIX monitors tax contributions made by organisations by country of location.
Transfer pricing documentation is monitored and updated on a regular basis and is subject to audits and inspections.
In this respect, LACROIX is not at risk of attempting tax evasion.

The reporting period corresponds to the fiscal year, i.e. from 1 January 2020 to 31 December 2020. The stated comparative basis therefore refers to the period running from 1 October 2018 to 30 September 2019, i.e. the equivalent period for the previous fiscal year.

After you have read the reports submitted by your Statutory Auditors, the Board asks you to adopt the resolutions on which you are required to vote.

Drawn up in Saint-Herblain,
on 18 February 2021

The Board of Directors

FIVE-YEAR FINANCIAL SUMMARY AND OTHER SIGNIFICANT AREAS

Nature of items	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020
CAPITAL AT YEAR END					
- Share capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
- Number of existing ordinary shares	3,766,560	3,766,560	3,766,560	3,766,560	3,766,560
- Number of preference shares (non-voting)					
- Maximum number of future shares to be created					
TRANSACTIONS AND REVENUE FROM THE FINANCIAL YEAR					
- Revenue net of taxes	2,513,387	3,184,417	4,155,210	6,098,794	9,944,480
- Pre-tax profit, employee profit-sharing, depreciation, allowances and provisions	7,583,139	5,251,254	4,040,601	3,652,372	173,477
- Income taxes	(3,062,331)	(3,645,286)	(3,575,140)	(4,619,761)	(5,919,185)
- Employee profit-sharing payable for the year	0	0	0	0	0
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	10,431,958	8,791,007	7,193,223	8,578,017	6,091,533
- Distributed profit (1)	1,506,624	2,259,936	2,711,923	3,389,904	2,561,261
EARNINGS PER SHARE					
- Profit after tax, employee profit-sharing, before depreciation, allowances and provisions	2.83	2.36	2.02	2.20	1.62
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	2.77	2.33	1.91	2.28	1.62
- Dividend per share	0.40	0.60	0.72	0.90	0.68
PERSONNEL					
- Average number of employees during the year	7	7	12	27	27
- Total payroll for the year	1,091,910	1,336,721	1,633,085	2,592,440	4,588,082
- Total amount paid for employee benefits in the year (social security, company welfare schemes, etc.)	564,517	667,341	784,637	1,411,738	2,407,622

(1) Proposed appropriation of profit for the 2019/2020 financial year.

Drawn up in Saint-Herblain,

on 24 March 2021

INDEPENDENT THIRD PARTY'S REPORT ON CONSOLIDATED NON-FINANCIAL STATEMENT

LACROIX Group
Year ended the December 31st, 2021

Independent third party's report on consolidated non-financial statement presented in the management report

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your society (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended December 31st, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on :

- the entity's compliance with other applicable legal and regulatory requirements, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax avoidance legislation
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy)
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 (1).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Means and resources

Our verification work mobilized the skills of four people and took place between December 2021 and February 2022 on a total duration of intervention of about three weeks.

We conducted three interviews with the persons responsible for the preparation of the Statement including in particular Legal and Compliance, Ethics, Human Resources, Health and Safety, environment and purchasing.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
    - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
    - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (occupational health and safety, geopolitics, employee satisfaction and attractiveness), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities : Lacroix Saint-Pierre Montlimart ;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 31% and 8% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, the 23rd March 2022

French original signed by:

Independent third party
EY & Associés

Christophe Schmeitzky
Partner, Sustainable Development

Appendix 1: information considered most important

Social information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Number of employees Number of permanent and fixed-term contracts Number of departures Absenteeism rate Number of days of absence Number of days worked Frequency rate of work-related accidents and illnesses Number of accidents at work Severity rate of work-related accidents and diseases Number of days lost due to work-related accidents Total number of worked hours	Measures deployed for the health and safety of employees (preventive action, training) Social dialogue mechanisms Measures taken for gender equality and equal treatment The results of internal skills (training plan)
Environmental information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Generation of non-toxic waste Waste recovery rate Electricity consumption Fuel consumption Gas consumption Greenhouse gas emissions from energy consumption (tons of CO_2 equivalent)	Waste recycling procedures with qualified suppliers Hazardous waste specific treatments Energy consumption control devices for sites
Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
	The impact of the company on the territory and the development of a socio-economic condition Procedures related to the choice of suppliers The results of the ethics policies of the business and behaviour (fight against corruption, Global Compact program). Risk mitigation devices Geopolitics Certification procedures related to the quality of produce Initiatives for territories economic development

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

LACROIX Group
Year ended 31 December 2021

To the General Meeting of Shareholders of Lacroix Group,

Opinion

In compliance with the engagement entrusted to us by your general meeting of shareholders, we have audited the accompanying consolidated financial statements of Lacroix Group for the accounting period ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of Matter

We draw your attention to the following matters:

- Notes 6.2.1 "General principles" and 7.1 "Accounting changes" to the consolidated financial statements, which describe the methods adopted and the impacts of the retrospective application to the balance sheet as at 31 December 2020 of the IFRS IC decision on attributing benefit to periods of service and limits on the latter;

- Note 7.3 "Change of closing date" to the consolidated financial statements, which mentions the non-comparability of the financial statements due to the change of closing date which occurred the previous year.

Our opinion is not modified in respect of these matters.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this accounting period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our procedures.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823 9 and R. 823 7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

Risk identified

As at 31 December 2021, the net value of goodwill is €84,375k.

As stated in Note 6.4.4 “Business combinations” to the consolidated financial statements, goodwill is subject to an impairment test at least once a year and more frequently when events or circumstances indicate that goodwill may be impaired. Impairment tests are carried out at the level of the Cash Generating Units (CGUs). They consist in comparing the carrying amount of a CGU to its recoverable amount.

The recoverable amount of the goodwill of each CGU defined by your group is determined based on future cash flows calculated for five-year periods, a discount rate of 8.5% for the City and Environment CGUs and 9% for the Electronics CGU, and a perpetual growth rate of 1.7% for the City and Environment CGUs and 2% for the Electronics CGU, as stated in Note 8.1 “Goodwill”.

The measurement of the recoverable amount of goodwill is a key audit matter due to the materiality of goodwill in relation to your group’s financial statements and the use of assumptions and estimates to make this assessment.

Our response

We analyzed the key data and assumptions used to determine the recoverable amount of goodwill. We included a valuation specialist in our audit team to perform these various analyses:

- We assessed the operational assumptions adopted to establish the cash flow projections, notably by comparing them to past actual figures and market prospects. In particular, we studied these assumptions in the light of the uncertain economic context related to the global crisis caused by the COVID-19 pandemic.
- We reviewed the implementation of the reconciliation of the business plans used for the impairment tests with the Leadership 2025 strategic plan approved by the Board of Directors.
- We examined the methods used to determine the discount rate and the perpetual growth rate and their consistency with the underlying market assumptions.

Lastly, we assessed the appropriateness of the information disclosed in Notes 6.4.4 “Business combinations” and 8.1 “Goodwill” to the consolidated financial statements.

Measurement of provisions for disputes with local authorities

Risk identified

As stated in Note 8.13 “Provisions for liabilities and charges” to the consolidated financial statements, as at 31 December 2021 your group is involved in disputes with local authorities concerning losses allegedly suffered during the period, for which certain group companies were sentenced for cartel activities in 2010.

The total amount of the provisions recognized in respect of these disputes with local authorities is €3,241k as at 31 December 2021.

We considered this to be a key audit matter in view of the amounts at stake and the level of judgement required to determine these provisions.

Our response

Within the scope of our audit of the consolidated financial statements, our work, performed in collaboration with a public law specialist included in our audit team, consisted in the following in particular:

- familiarizing ourselves with the risk analysis performed by your group and the assumptions adopted to estimate the amount of the provisions based on the corresponding documentation, in particular the written opinions of independent experts;
- comparing the assumptions adopted by your group with existing case law for equivalent disputes taken to court.

Allocation of the purchase price of the additional stake in Firstronic

Risk identified

On 28 December 2021, Lacroix Group acquired an additional stake in Firstronic, increasing its holding from 12.5% to 62.2%, as stated in Note 7.2 to the consolidated financial statements entitled “Changes in scope and entry of minority shareholders”. Given the date of acquisition of Firstronics, only its closing balance sheet as at 31 December 2021 has been integrated into the group’s financial statements.

As at 31 December 2021, this transaction resulted in the recognition of provisional goodwill in the amount of €40,154k and the partial allocation of the purchase price to “customer relations” for €38,441k.

In accordance with IFRS 3, the purchase price allocation must be finalized within twelve months of the acquisition date.

We considered the allocation of the purchase price for the majority stake in Firstronic to be a key audit matter due to the following:

- the materiality of the assets and liabilities recognized in the consolidated accounts, and the resulting goodwill;
- the degree of judgement required to identify the assets acquired and the liabilities assumed, and the estimates used to measure their fair value.

Our response

Within the scope of our audit of the consolidated financial statements, our work consisted in the following in particular:

- familiarizing ourselves with the legal documentation relating to the transaction;
- performing specific procedures on the Firstronic balance sheet as at 31 December 2021;
- reviewing the conditions of the first-time consolidation of Firstronic;
- analyzing, together with our valuation specialists, the valuation methods used to determine the fair value of the assets acquired and liabilities assumed, in particular:
    - reviewing the key assumptions of the method used to evaluate customer relations;
    - assessing the assumptions used to measure other assets and liabilities at fair value;
    - performing arithmetical controls on the various valuation procedures carried out on the assets and liabilities taken over;
- analyzing the overall consistency of the purchase price allocation and the resulting residual goodwill, bearing in mind that the allocation as at 31 December 2021 is provisional and will be finalized within twelve months of the acquisition date;
- reviewing the appropriateness of the disclosures in the notes to the consolidated financial statements relating to this acquisition.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the information relating to the Group given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in this statement. This information should be the subject of a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the the CEO's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Lacroix Group by your general meeting of shareholders held on 11 May 2021 for Mazars and on 18 March 2009 for ERNST & YOUNG et Autres.

As at 31 December 2021, Mazars was in its first year and ERNST & YOUNG et Autres in its thirteenth year of total uninterrupted engagement.

Previously, the firm Exco Atlantique (acquired by ERNST & YOUNG Audit and renamed ERNST & YOUNG Atlantique in 2008) was statutory auditor.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Nantes, 23 March 2022

Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

MAZARS
4, rue Edith Piaf
Immeuble Asturia A
44800 Saint-Herblain S.A. à directoire et conseil de surveillance au capital de € 8 320 000
784 824 153 R.C.S. Paris

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
3, rue Emile Masson
CS 21919
44019 Nantes cedex 1
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

LACROIX Group
Year ended 31 December 2021

To the General Meeting of Shareholders of Lacroix Group,

Opinion

In compliance with the engagement entrusted to us by your general meeting of shareholders, we have audited the accompanying financial statements of Lacroix Group for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of Matter

We draw your attention to the following matters:

- Note 3.1 "Key events of the period" to the financial statements which mentions the non-comparability of the financial statements due to the change of closing date which occurred the previous year.
- The section "Change in accounting methods, measurement and estimation" of Note 3.2 "Accounting principles and methods" to the financial statements, which describes the impact of the change in accounting method relating to the rules on measurement and recognition of pension commitments and similar employee benefits further to the updating of recommendation ANC No. 2013-02.
- Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this accounting period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. These measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our procedures.

It is in this complex, evolving context that, in accordance with the requirements of Articles L. 823 9 and R. 823 7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of the recoverable amount of equity securitiesrecouvrable des titres de participation

Risk identified

As at 31 December 2021, equity securities amount to a gross value of €75,424k and a net value of €68,924k.

As stated in Note 3.2.3 "Financial assets" to the financial statements, the gross value of equity securities and other long-term securities corresponds to the purchase cost excluding related expenses. A provision for impairment is recorded when the value-in-use of equity securities is less than the gross value. This value-in-use is assessed on a case-by-case basis taking into account the general situation and the sales and earnings outlook for each of the companies concerned, consistent with your group's development plans.

We considered that the valuation of the equity securities is a key audit matter in view of their materiality in relation to your company's financial statements and the level of judgement required to assess their value-in-use.

Our response

Within the scope of our audit of the financial statements, our work notably consisted in the following:

- familiarizing ourselves with the valuation of the equity securities performed by your company, the methods used and the underlying assumptions;
- assessing the operational assumptions adopted to establish the sales and earnings forecasts for the subsidiaries by comparing them with past actual figures and market prospects. In particular, we studied these assumptions in the light of the uncertain economic context related to the global crisis caused by the COVID-19 pandemic;
- examining the consistency of the value-in-use thus determined and the recoverable amount used for the impairment tests performed on goodwill for the purposes of preparing your group's consolidated financial statements;
- verifying the arithmetical accuracy of the value-in-use calculations performed by your company for the values deemed material.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements to be included in the annual financial report mentioned in Article L. 451 1 2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the CEO's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Lacroix Group by your general meeting of shareholders held on 11 May 2021 for Mazars and on 18 March 2009 for ERNST & YOUNG et Autres.

As at 31 December 2021, Mazars was in its first year and ERNST & YOUNG et Autres in its thirteenth year of total uninterrupted engagement.

Previously, the firm Exco Atlantique (acquired by ERNST & YOUNG Audit and renamed ERNST & YOUNG Atlantique in 2008) was statutory auditor.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.
The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Nantes, 23 March 2022

Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

MAZARS
4, rue Edith Piaf
Immeuble Asturia A
44800 Saint-Herblain S.A. à directoire et conseil de surveillance au capital de € 8 320 000
784 824 153 R.C.S. Paris

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
3, rue Emile Masson
CS 21919
44019 Nantes cedex 1
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

Annual general meeting held to approve the financial statements for the year ended 31 December 2021

To the Annual General Meeting of Lacroix Group,

In our capacity as statutory auditors of your company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2021, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

Agreement authorized and entered into during the year ended 31 December 2021

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been notified of the following related party agreement which received prior authorization from your Board of Directors.

- With Lacroix North America

Person concerned

- Mr Nicolas Bedouin: Deputy CEO of your company and President of Lacroix North America.

Nature and purpose

Conclusion of a loan agreement, authorized by your Board of Directors on 20 September 2021, to contribute to the financing of the acquisition of 49.7% of the shares of Firstronic LLC.

Conditions

The loan granted by your company to Lacroix North America amounts to K€. 30,000.

Reasons justifying why the company benefits from this agreement

In accordance with the law, we report to you that the prior authorization given by the Board of Directors does not include the reasons justifying why the agreement benefits the company, as required by Article L. 225-38 of the French Commercial Code (Code de commerce).

- Agreement with no prior authorization

En application des articles L. 225-42 et L. 823-12 du Code de commerce, nous vous signalons que la convention suivante n'a pas fait l'objet d'une autorisation préalable de votre conseil d'administration.

Il nous appartient de vous communiquer les circonstances en raison desquelles la procédure d'autorisation n'a pas été suivie.

- With Vinila Investissements

Persons concerned

- Mr Vincent Bedouin: CEO of your company and President of Vinila Investissements;
- Mr Nicolas Bedouin: Deputy CEO of your company and member of the Supervisory Board of Vinila Investissements;
- Ms Marie-Reine Bedouin: member of the Board of Directors of your company and Chairman of the Supervisory Board of Vinila Investissements.

Nature and purpose

Conclusion of a services agreement according to which the premises located at 5 rue de la Pérouse in Paris are made available to the company.

Conditions

The fixed annual remuneration amounts to €20,000 excluding taxes. Additional services will be billed at month-end according to the services provided.

The agreement is entered into for a period of one year, renewable on its anniversary date, namely 4 January.

Due to an omission by your Board of Directors, this agreement did not receive prior authorization as required by Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (Code de commerce), we have been notified that the implementation of the following agreement, which was approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2021.

- With Vinila Investissements

Persons concerned

- Mr Vincent Bedouin: CEO of your company and President of Vinila Investissements;
- Mr Nicolas Bedouin: Deputy CEO of your company and member of the Supervisory Board of Vinila Investissements;
- Ms Marie-Reine Bedouin: member of the Board of Directors of your company and Chairman of the Supervisory Board of Vinila Investissements.

Nature and purpose

Continuation of the management and coordination agreement, authorized by the Supervisory Board on 29 December 2009, for the fixed annual remuneration of €140,000.

Conditions

An expense in the amount of €140,000 was recognized in respect of the year ended 31 December 2021.

In accordance with the law, we hereby inform you that the Board of Directors did not perform the annual review of agreements entered into and authorized in previous years, whose implementation continued during the year ended 31 December 2021, as required by article L. 225-40-1 of the French Commercial Code (Code de commerce).

Nantes, 23 March 2022

Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

MAZARS
4, rue Edith Piaf
Immeuble Asturia A
44800 Saint-Herblain S.A. à directoire et conseil de surveillance au capital de € 8 320 000
784 824 153 R.C.S. Paris

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

ERNST & YOUNG et Autres
3, rue Emile Masson
CS 21919
44019 Nantes cedex 1
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

TEXT OF RESOLUTIONS PROPOSED TO THE COMBINED GENERAL MEETING OF 6 MAY 2022

FIRST RESOLUTION

Approval of the annual financial statements

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note:

of the Management Report of the Board of Directors, including the report on corporate governance,

and of the reports of the Statutory Auditors,

approves the annual financial statements for the financial year ending 31 December 2021, as presented to it, together with the transactions recorded in these accounts and summarised in these reports.

Pursuant to Article 223 quater of the French General Tax Code, the General Meeting approves the expenses and non-deductible charges referred to under Article 39-4 of the said Code, which amount to an overall total of €47,298, and the corresponding tax obligation of €12,534.

Consequently, it gives discharge to the administrators for their management during the financial year ending 31 December 2021.

SECOND RESOLUTION

Approval of the consolidated financial statements

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note:

- of the Management Report of the Board of Directors,
- and of the report of the Statutory Auditors,

approves the consolidated financial statements for the financial year ending 31 December 2021, as presented to it, together with the transactions recorded in these accounts and summarised in these reports.

THIRD RESOLUTION

Appropriation of results and distribution of dividends

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves the proposal from the Board of Directors to allocate the profits of the financial year ending 31 December 2021, amounting to €8,640,541.22, as follows:

Profit from the financial year	€8,640,541.22
To the legal reserve	€688,358.00
Balance	€7,952,183.22
Plus retained earnings	€1,772,521.14
To form a distributable profit of	€9,724,704.36
As dividends to shareholders Namely €0.85 per share	€4,104,731.60
In the “Other reserves” account, which thus amounts to €84 million	€4,000,000.00
The balance in “Retained earnings”	€1,619,972.76

It being understood that this amount shall be increased by the fraction of the dividends corresponding to shares held by the Company as part of its share buy-back programme.

Following this appropriation, shareholders' equity stands at €160,627,835, before the portion of dividends on the treasury shares held by the Company.

Payment of the dividend will be made at the Company's registered office on 12 July 2022.

The General Meeting notes that the shareholders have been informed of the following:

- since 1 January 2018, distributed income has been subject to single flat tax of 30%, i.e. 12.8% on income tax and 17.2% on social contributions,
- the compulsory non-definitive flat-rate income tax levy is maintained, but its rate is aligned with that of the single flat tax (12.8% - French General Tax Code, Art. 117 quater),
- individuals in a tax household for which the reference taxable income of the year before last was less than €50,000 (single taxpayers, divorced or widowed taxpayers) or €75,000 (joint taxpayers) may apply for exemption from payment of the 12.8% flat-rate levy; associates are responsible for making this request for exemption by, at the latest, 30 November of the year preceding the dividend payment,
- the option for progressive dividend taxation remains possible and must be indicated on the tax return; in this case, the non-definitive flat-rate levy of 12.8% will be deducted from the tax payable. The 40% tax allowance will be maintained, but social contributions will be taken from the amount before such tax allowance,
- the proposed dividend is eligible for the 40% tax allowance resulting from Article 158-3-2° of the French General Tax Code and applicable to natural persons residing in France.

Shareholders were also reminded that, in accordance with the provisions of Article L. 136-7 of the French Social Security Code, social contributions taken from dividends paid to natural persons tax domiciled in France are subject to the same rules as the contribution referred to in Article 117 quater of the French General Tax Code, i.e. deducted at source by the paying establishment, where the latter is based in France, and paid to the Treasury in the first 15 days of the month following that of the dividend payment.

In accordance with the law, the General Meeting notes that the dividends distributed in respect of the 3 preceding financial years were as follows:

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
2017 - 2018	0.72	2,711,923	3,766,560	3,578,026
2018 - 2019	0.90	3,389,904	3,766,560	3,621,328
2019 - 2020	0.68	2,561,261	3,766,560	3,619,775

FOURTH RESOLUTION

Ratification of the agreement concluded with the company VINILA INVESTISSEMENTS pursuant to Article L. 225-42 of the French Commercial Code

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the special report from the Statutory Auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code and voting on this report, ratifies the service provision agreement concluded with the company VINILA INVESTISSEMENTS during the financial year ending 31 December 2021, the object of which is the provision of premises located in Paris, France, as described in the aforementioned special report in accordance with the provisions of Article L. 225-42 of the French Commercial Code.

FIFTH RESOLUTION

Approval of the agreement concluded with the company LACROIX North America pursuant to Article L. 225-38 of the French Commercial Code

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the special report from the Statutory Auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code and voting on this report, approves the loan agreement concluded with the company LACROIX North America during the financial year ending 31 December 2021.

SIXTH RESOLUTION

Setting the annual total compensation for members of the Board of Directors

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, sets the total annual amount of compensation for the current financial year to be distributed among the members of the Board of Directors, at €80,000.

SEVENTH RESOLUTION

Approval of the compensation policy for members of the Board of Directors

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy for the administrators, as presented in the 2021 annual financial report of the Company.

EIGHTH RESOLUTION

Approval of the compensation items due or allocated for the 2021 financial year to Vincent Bedouin, Chairman & CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2021 to Vincent Bedouin, as presented in the 2021 annual financial report of the Company.

NINTH RESOLUTION

Approval of the compensation policy for Vincent Bedouin, Chairman & CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applicable to Vincent Bedouin, as presented in the 2021 annual financial report of the Company.

TENTH RESOLUTION

Approval of the compensation items due or allocated for the 2021 financial year to Nicolas Bedouin, Deputy CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2021 to Nicolas Bedouin, as presented in the 2021 annual financial report of the Company.

ELEVENTH RESOLUTION

Approval of the compensation policy for Nicolas Bedouin, Deputy CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applicable to Nicolas Bedouin, as presented in the 2021 annual financial report of the Company.

TWELFTH RESOLUTION

Approval of information relating to compensation of the executive officers referred to in Article L. 22-10-9 I of the French Commercial Code

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of said Code, as included in the report of the Board of Directors on corporate governance, contained in the 2021 annual financial report of the Company.

THIRTEENTH RESOLUTION

Authorisation to be granted to the Board of Directors to proceed with the purchase of shares in the Company

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, pursuant to the provisions of Articles L. 22-10-62 and L. 225-209-2 of the French Commercial Code:

- authorises the Board of Directors with powers to sub-delegate, to proceed with the stock-exchange purchase of shares in the Company for the following purposes:

- to ensure market-making under liquidity contracts compliant with FAIF's code of ethics recognised by the French Financial Markets Authority,
- to purchase shares for retention and subsequent allocation for trade or payment as part of external growth operations,
- to allocate or transfer them to employees and/or corporate officers of the Company and related companies, under the conditions and according to the procedures provided for in French or foreign law, particularly with regard to profit-sharing, bonus share allocation, and employee shareholding plans, and to carry out any hedge transaction related to the said employee shareholding plans,

- to allow the cancellation in whole or in part of securities thus bought back, subject to the adoption of a specific resolution by an Extraordinary General Meeting;

- sets at eighteen (18) months from this General Meeting the period of validity of this authorisation, which may be used on one or several occasions, and notes that this authorisation invalidates, for its unused portion, any prior authorisation having the same purpose.

The maximum number of shares that may be purchased is set at 333,691 (i.e. 6.91% of share capital). The General Meeting decides that the minimum purchase price per share may not exceed €60 (or a maximum total amount of €21.69 million intended for the purposes of this programme).

The shares will be bought back through trading on the market or through block share acquisitions as per the applicable laws and regulations. Block share acquisitions could account for the entire programme. Acquisitions and disposals can be made during a public tender offer within the limits permitted by stock market regulations.

The number of shares held under execution of this authorisation may not exceed 10% of share capital, i.e. 482,909 shares.

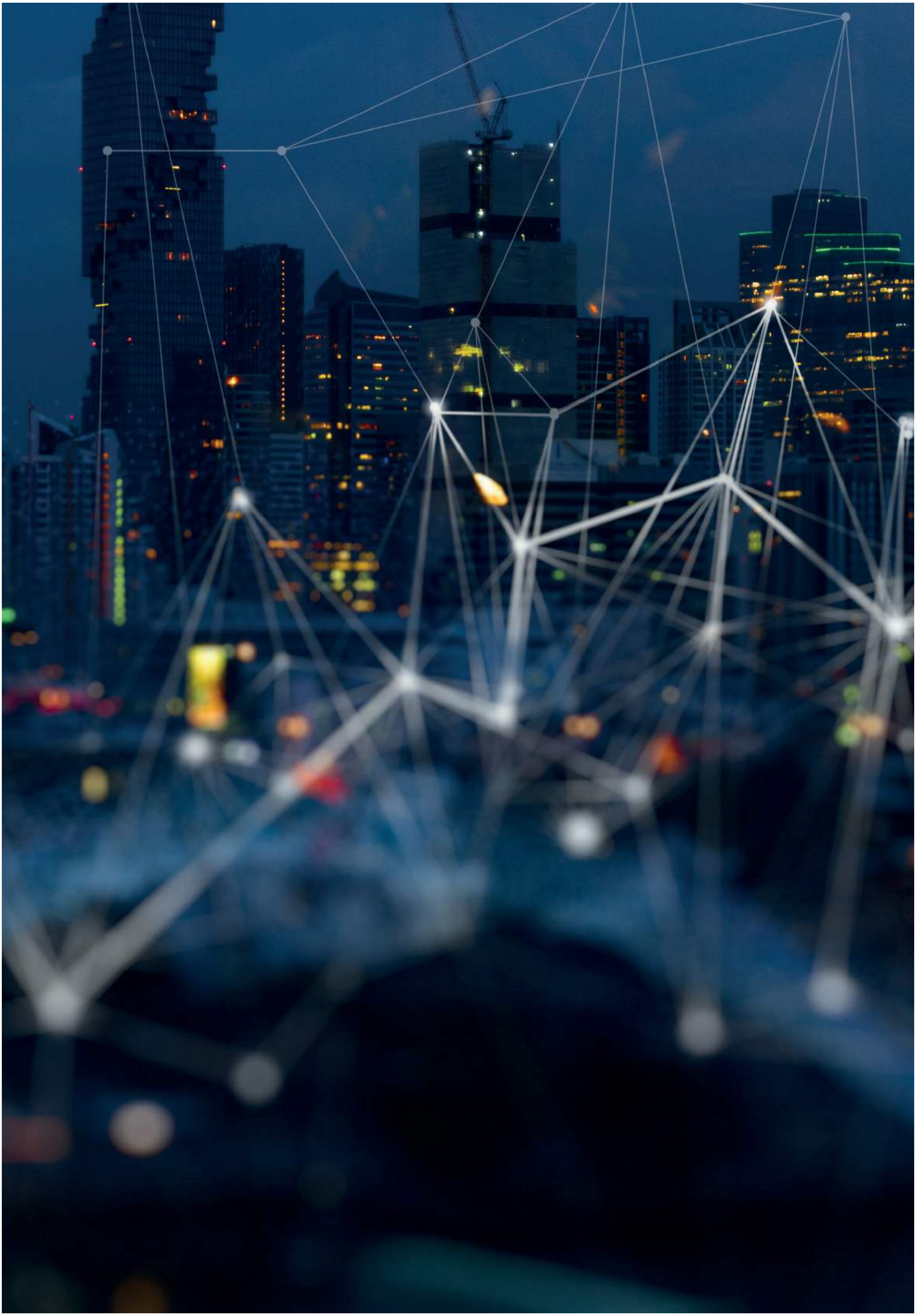
The Board of Directors shall provide each year to shareholders in its report to the Ordinary General Meeting, information relating to the purchase of shares and disposals made.

Full powers are granted to the Board of Directors to perform all formalities required for execution of this authorisation.

FOURTEENTH RESOLUTION

Powers to carry out formalities

The General Meeting gives full powers to the holder of copies or extracts of this report to fulfil all legal formalities.



PART 02

ACCOUNTING & FINANCIAL ITEMS

(CONSOLIDATED FINANCIAL STATEMENTS)

1. CONSOLIDATED BALANCE SHEET

In €K Assets	Note no.	Period 2021	Period 2020
Non-current assets			
Goodwill	8.1	84,375	44,149
Intangible assets	8.2	44,362	5,317
Tangible assets	8.3	94,584	58,086
Rights of use	8.4	12,141	8,927
Non-current financial assets	8.5	5,307	7,979
Investments in associates		0	0
Deferred tax assets (1)	8.19.3	9,783	5,245
Total non-current assets		**250,552**	**129,703**
Current assets			
Inventory and goods in progress	8.6	120,359	75,476
Trade accounts receivable	8.7	113,675	96,342
Other receivables	8.8	25,253	18,440
Derivative financial instruments		20	3
Cash and cash equivalents	8.9	33,355	54,389
Total current assets		**292,664**	**244,652**
TOTAL ASSETS		**543,216**	**374,355**

In €K Liabilities	Note no.	Period 2021	Period 2020
Shareholders' equity			
Share capital		32,055	25,000
Share premiums		39,645	3,455
Consolidated reserves (1)		60,753	58,412
Consolidated income of the year		21,610	11,009
Shareholders' equity (Group share)	4	154,063	97,876
Non-controlling interests	4	26,317	11,222
Total shareholders' equity		**180,380**	**109,099**
Non-current liabilities			
Provisions for other liabilities and charges (1)	8.11	20,598	30,654
Borrowings	8.12	74,851	33,270
Lease liabilities	8.4	9,431	6,670
Amounts due for business acquisitions	8.13	12,130	16,960
Deferred tax liabilities	8.19.3	10,026	72
Total non-current liabilities		**127,036**	**87,626**
Current liabilities			
Borrowings	8.12	63,191	53,319
Lease liabilities	8.4	2,921	2,355
Trade accounts payable	8.14	106,699	77,557
Derivative financial instruments liabilities		(0)	669
Amounts due for business acquisitions	8.13	10,414	0
Other payables	8.14	52,575	43,731
Total current liabilities		**235,800**	**177,631**
TOTAL LIABILITIES		**543,216**	**374,355**

(1) Retroactive application of the decision of April 2021 by the IFRS IC on "Attributing benefit to periods of service" has the following impacts on the balance sheet as at 31 December 2020: -€1,481K on provisions for other liabilities and charges, -€370K on deferred tax assets, and the net effect of these two impacts in the Group's consolidated reserves.

2. COMPREHENSIVE INCOME STATEMENT

2.1 Consolidated income statement

In €K	Note no.	Period 2021 12 months	Period 2020 15 months
Revenue	**9.1**	**501,450**	**566,329**
Change in inventories and goods in progress		(2,088)	(1,377)
Goods and raw materials purchased		(292,353)	(323,597)
Personnel expenses	**8.15**	(128,769)	(149,811)
Subcontracting and external expenses		(45,287)	(52,371)
Taxes		(3,619)	(5,186)
Depreciation, amortisation and provisions	**8.16**	(12,854)	(15,255)
Other income and expenses		1,647	1,412
Current operating profit	**9.1**	**18,126**	**20,145**
Other operating income and expenses	8.17	(922)	(1,060)
Impairment of goodwill		0	0
Operating profit		**17,204**	**19,084**
Financial income and expenses	8.18	5,776	(1,686)
Income tax expense	8.19	(595)	(5,674)
Equity method		0	0
Net income		**22,386**	**11,724**
Net income - non-controlling interests	4	776	716
Net income - Group share		**21,610**	**11,009**
Basic earnings per share (in euros)		5.32	3.04
Diluted earnings per share (in euros)		5.32	3.04

2.2 Consolidated statement of comprehensive income

In €K	Note no.	Period 2021 12 months	Period 2020 15 months
Net income		**22,386**	**11,724**
Currency translation differences		49	(1,502)
Change in derivative financial instruments		344	(325)
Actuarial gains and losses on retirement benefit obligations		814	480
Total change in other comprehensive income (OCI) (1)		**1,207**	**(1,347)**
Total comprehensive income (loss) for the period	**4**	**23,593**	**10,377**
Group		22,817	9,662
Non-controlling interests		776	716

(1) Amount net of tax.

3. CASH FLOW STATEMENT

In €K	Note no.	Period 2021 12 months	Period 2020 15 months
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**22,386**	**11,724**
- Income tax expense		595	5,674
Net income before income tax expense		**22,980**	**17,398**
Adjustments for:			
- Depreciation, amortisation and provisions		11,520	13,005
- Gains or losses on sale of assets		(1,064)	152
- Share of profit from associates		0	0
- Change in fair values		(8,966)	442
Income tax paid		**(3,939)**	**(4,740)**
Cash flows from operations of consolidated companies		**20,532**	**26,258**
Dividends received from equity-method companies			
Changes in working capital relating to operations		**(15,662)**	**21,700**
Net cash flow from operating activities		**4,869**	**47,958**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of tangible and intangible assets		(30,486)	(17,185)
Acquisition of financial assets		(898)	(1,830)
Proceeds from sales of tangible and intangible assets		1,566	645
Effect of changes in consolidation scope*		(72,445)	(4,878)
Net cash flow from investment activities		**(102,262)**	**(23,248)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders and non-controlling interests		(3,840)	(3,660)
Proceeds from issuance of share capital (Group or non-controlling interests)		43,245	7,500
Other changes in shareholders' equity		(17)	665
Proceeds from borrowings		51,392	28,378
Repayment of borrowings		(31,629)	(11,273)
Repayment of lease liabilities		(2,774)	(3,101)
Net cash flow from financing activities		**56,377**	**18,509**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		(293)	322
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**(41,309)**	**43,541**
Cash and cash equivalents and bank overdrafts at the beginning of the period		35,684	(7,857)
Reclassification			
Cash and cash equivalents and bank overdrafts at the end of the period	8.11	(5,626)	35,684

* Of which €72,081K in respect of the acquisition of Firstronic (see 7.2) (€45,765K in share value, plus €26,316K of negative cash and cash equivalents).

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In €K Position on closing	Share capital	Premiums	Consol-idated reserves	Period result	Other		Total share-holders' equity - Group share	Non-controlling interests	TOTAL sharehold-ers' equity
					Currency translation differences	Shares of consol-idating company			
As at 30/09/2019	**25,000**	**3,455**	**62,393**	**10,617**	**(1,546)**	**(3,529)**	**96,390**	**6,809**	**103,199**
Change in accounting methode IAS 19 R (1)			1,111				1,111		1,111
As at 01/10/2019	**25,000**	**3,455**	**63,504**	**10,617**	**(1,546)**	**(3,529)**	**97,501**	**6,809**	**104,310**
Appropriation of results from previous year			10,617	(10,617)			0		0
Dividends			(3,371)				(3,371)	(290)	(3,661)
Capital increases							0	7,500	7,500
Changes in treasury shares						665	665		665
Commitments to purchase non-controlling interests			(10,315)				(10,315)		
Share-based payment effects/ Contributions to Employee Savings Plan			220				220		(10,315)
Net income of the period				11,009			11,009	716	11,724
Change in other comprehensive income (OCI)			155		(1,502)		(1,347)		(1,347)
Total comprehensive income (loss) for the period	0	0	**155**	**11,009**	**(1,502)**	0	**9,662**	**716**	**10,378**
Non-controlling interests arising from business combinations			3,513				3,513	(3,513)	0
Period ending 31/12/2020	**25,000**	**3,455**	**64,323**	**11,009**	**(3,048)**	**(2,864)**	**97,875**	**11,222**	**109,097**
As at 01/01/2021	**25,000**	**3,455**	**64,323**	**11,009**	**(3,048)**	**(2,864)**	**97,875**	**11,222**	**109,097**
Appropriation of results from previous year			11,009	(11,009)			0		0-
Dividends			(2,639)				(2,639)	(1,202)	(3,841)
Capital increases	7,055	36,190					43,245		43,245
Changes in treasury shares			47			(64)	(17)		(17)
"Commitments to purchase non-controlling interests" (2)			(1,495)				(1,495)		(1,495)
Share-based payment effects/ Contributions to Employee Savings Plan			73				73		73
Net income of the period				21,610			21,610	776	22,386
Change in other comprehensive income (OCI)			1,158		49		1,207		1,207
Total comprehensive income (loss) for the period	0	0	**1,158**	**21,610**	**49**	0	**22,817**	**776**	**23,593**
Non-controlling interests arising from business combinations (3)			(5,796)				(5,796)	15,522	9,726
Period ending 31/12/2021	**32,055**	**39,645**	**66,680**	**21,610**	**(2,999)**	**(2,928)**	**154,063**	**26,318**	**180,381**

(1) See 6.2.1, (2) See 8.13, (3) Mainly related to the acquisition of Firstronic during this period (see 7.2).

5. LIST OF CONSOLIDATED COMPANIES

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

Company and legal form	Head office	Tax scope	Period 2021	
			Consolidation method	% of interest
CONSOLIDATING COMPANY				
LACROIX GROUP	SAINT-HERBLAIN	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX 2	SAINT-HERBLAIN	1	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	100.00%
LACROIX ELECTRONICS SERVICE TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS GmbH	GERMANY		FC	100.00%
LACROIX ELECTRONICS CESSON*	CESSON-SÉVIGNÉ	1	FC	100.00%
FIRSTRONIC, LLC	MICHIGAN, USA		FC	62.20%
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.00%
Environment Activity				
LACROIX ENVIRONMENT	SAINT-HERBLAIN	1	FC	100.00%
LACROIX SOFREL	VERN SUR SEICHE	1	FC	100.00%
LACROIX SOFREL SRL	ITALY		FC	100.00%
LACROIX SOFREL ESPAÑA	SPAIN		FC	100.00%
LACROIX ENVIRONMENT SINGAPORE	SINGAPORE		FC	100.00%
LACROIX ENVIRONMENT GMBH	GERMANY		FC	70.00%
SAE-IT Systems GmbH & Co KG	GERMANY		FC	70.00%
City Activity				
LACROIX CITY	SAINT-HERBLAIN	1	FC	100.00%
LACROIX CITY SAINT HERBLAIN	SAINT-HERBLAIN	1	FC	99.86%
LACROIX CITY CARROS	SAINT-HERBLAIN	1	FC	100.00%
LACROIX CITY MADRID	SPAIN		FC	100.00%
LACROIX CITY NORTE	SPAIN		FC	99.86%
LACROIX CITY CENTRO	SPAIN		FC	99.86%
LACROIX PACIFIC	NOUMÉA		FC	99.86%
LACROIX OCÉAN INDIEN	LE PORT	1	FC	99.86%
LACROIX MAYOTTE	MAMOUDZOU		FC	99.86%
LACROIX TRAFIC CAMEROUN	CAMEROON		FC	99.86%
LACROIX CITY LES CHÈRES	LES CHÈRES	1	FC	100.00%
SMARTNODES S.A.	BELGIUM		FC	100.00%
LACROIX 3	SAINT-HERBLAIN	1	FC	99.86%
LACROIX 7	SAINT-HERBLAIN	1	FC	99.86%
LACROIX CITY PLOUFRAGAN	CRÉTEIL	1	FC	100.00%
LTI SUD EST	CARROS		FC	0.00%

FC = fully consolidated and EM = equity method. (1) French tax consolidation scope. (2) Ad hoc entity.
*Formerly Lacroix Electronics Solutions, this entity acquired the company eSoftThings on 30 April 2021, with retroactive effect to 1 January 2021.

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

6.1. General information on the Company

Listed on Euronext Paris, Compartment B as of 31 January 2022, LACROIX Group is a public limited company under French law.

The Group's registered office is domiciled at 17 rue Océane, 44800 Saint Herblain, France

Beyond the "direct" imprint of its activity, 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 about a safer, more sustainable world.

Through its activities, LACROIX harnesses its technological know-how in order to:

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

6.2. Accounting standards

6.2.1. General principles

The annual financial statements are presented for the period ended 31 December 2021 by applying all the IFRS standards published by the International Accounting Standards Board (IASB) and adopted by the European Union. All the texts adopted by the European Union are available on the website of the European Commission at the following address: http://ec.europa.eu/finance/accounting/ias/index_fr.htm.

These methods are identical to those adopted in the consolidated financial statements on 31 December 2020.

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 2021 financial year.

Texts adopted by the European Union (mandatory application for periods opening on or after 1 January 2021) and final decisions of the IFRS IC issued in 2021.

Application of the decision of April 2021 by the IFRS IC on "Attributing benefit to periods of service":

- The Group has taken account, in its assessment with regard to commitments to staff, of the impacts of the agenda decision by the IFRS IC issued in April 2021. This decision concerns the need to take account, for the timing of recognition of commitments, of the stages of acquisition of entitlements and their corresponding caps. The reduction by €1,481K of the commitment as a result of retrospective application of this decision had an impact on the balance sheet as at 31 December 2020 (see paragraphs 1, 8.11, and 8.19.3). The impact on the results of the 2020 financial year were insignificant, and did not require any reassessment.

Texts adopted by the European Union (mandatory application for periods beginning on or after 1 January 2021):

- IAS 39 – IFRS 7 – IFRS 9 (Amendment) 'Reform of BOR rates (phase 2)'
- IFRS 4 (Amendment), 'Insurance contracts'
- IFRS 16 (Amendment) – 'Rent concessions'

Other final decisions by the IFRS IC (mandatory application in 2021):

- IAS 1 – IAS 7 – IFRS 7 'Accounting treatment of trade accounts payable under reverse factoring arrangements'
- IAS 38 'Configuration or customisation costs in a cloud computing agreement'
- IFRS 9 'Cover for cash flow variability due to real interest rates'
- IAS 10 'Preparation of financial statements when an entity is no longer a going concern'
- IAS 2 'Costs required for selling stock'
- IFRS 16 'Non-refundable Value Added Tax (VAT) on payments made in relation to lease contracts'
- IAS 32 'Recognition of guarantee obligations classed as financial liabilities during initial recognition in the accounts'

These texts and decisions of the IFRS IC have no impact on the Group's financial statements.

6.2.2 Presentation of the financial statements

Assets held for sale or consumption as part of the normal operating cycle, or within 12 months of closing, as well as cash and cash equivalents, are considered to be "current assets".

"Current liabilities" include debts due during the normal operating cycle or within 12 months after the closing of the financial year.

Other assets or liabilities are considered "non-current".

6.3 Use of estimations

The preparation of the consolidated financial statements requires the Group's management to exercise judgement, to make estimations, and to make assumptions that have an impact on the application of the accounting methods and on the amounts recognised in the consolidated financial statements.

These underlying assumptions and estimations are established and reviewed continuously based on past experience and other factors considered reasonable in the circumstances. Actual values may differ from estimated values.

The underlying assumptions and estimations are reviewed on an ongoing basis. The impact of changes to accounting estimations is recognised over the period of the change if it affects only that period or during the period of the change and any subsequent periods if these are also affected by this change.

6.4 Basis for consolidation

6.4.1 Consolidation methods

Group subsidiaries:

- A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it is exposed or is entitled to variable returns because of its relationship with the entity and has the ability to influence these returns because of the power it holds over it. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which such control ends.

- Non-controlling interests are prorated to the net identifiable assets of the acquired entity on the date of acquisition. Changes to the percentage of the Group's holding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates and joint ventures:

- Associates are entities for which the Company has significant influence over financial and operating policies without having control or joint control over them. Joint ventures are partnerships that give the Group joint control, whereby it has rights regarding the net assets of the partnership and no rights regarding its assets or obligations to assume for its liabilities. Associates and joint ventures are recognised as per the equity method. The consolidated financial statements include the Group's share of the total amount of profits and losses recognised by the joint ventures and equity method companies, until the date on which the significant influence or joint control ends.

Methods applied to the Group:

- Based on the provisions of IFRS 11 (structure of the partnership, legal form of distinct vehicles, contractual provisions and other facts and circumstances), the Group does not have any joint ventures.

The scope of consolidation and the list of subsidiaries are provided in Note 5.

6.4.2 Conversion methods for foreign companies' financial statements

The financial statements of foreign subsidiaries are converted as follows:

- For the balance sheet, at the currency's exchange rate on the closing date.
- For the income statement, at the average rate on the closing date.
- Currency translation differences are directly recognised in shareholders' equity under "Currency translation differences".

The table below shows the changes to the currency parities applied:

1ML = €X	Opening	Average	Closing	Average N-1
Zloty (PLN)	0.21931	0.21905	0.21754	0.22663
Dollar (USD)	0.81493	0.84559	0.88292	0.88099
CFP Franc (XPF)	0.00838	0.00838	0.00838	0.00838
CFA Franc (XAF)	0.00152	0.00152	0.00152	0.00152
SG Dollar (SGD)	0.61660	0.62932	0.65449	0.64049

Transactions in foreign currencies are recognised at the exchange rate on the day of the transaction. Gains and losses resulting from the payment of these transactions and the conversion of receivables and payables in foreign currencies are recognised in the income statement.

6.4.3 Elimination of intra-group transactions

In accordance with the applicable regulations, balance sheet amounts and unrealised income and expenses resulting from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated to the extent of the Group's interest in these associates.

6.4.4 Business combinations

Goodwill is subject to impairment testing performed at least once a year and more often where events or circumstances show indicators of impairment.

Impairment testing is performed on cash-generating units (CGU). The tests consist of comparing the CGU's book value with its recoverable value.

- The recoverable value is defined as the higher of the asset's net selling price and its value in use.

The Group has adopted a testing methodology based on the DCF (Discounted Cash Flows) method using Business Plans prepared for each activity (with the activity corresponding to the notion of CGU).

Note 8.1 presents the assumptions made.

6.5 Valuation methods and rules

The principles and methods used by the Group are as follows:

6.5.1 Intangible assets

Intangible assets are recognised at their acquisition cost, minus any accumulated amortisations and impairment losses, if applicable.

Research & Development costs

Research expenditure is recognised as expenses.

As regards development expenses, the Group has designed a monitoring procedure to collect all useful information for identifying, valuing, and monitoring expenditure.

Where expenditures classified as development expenses meet the criteria for capitalisation, they are capitalised. Otherwise, they are recognised as expenses.

Amortisation and impairment

Intangible fixed assets have a finite useful life. Amortisation is recognised as an expense, on a linear basis, based on the estimated useful life of the intangible asset.

	Duration
Concessions, patents, licences	Shorter of the legal period of protection or the useful life of the asset
Software	When capitalisable, from 3 to 10 years

They are subject to impairment testing where there is an indicator of impairment.

- Indefinite-life intangible assets are subject to annual impairment testing. Impairment tests are based on discounted future cash flows.

6.5.2 Tangible assets

Non-current tangible assets

Tangible assets are valued at their acquisition cost, minus any accumulated amortisations and impairment, or at their production costs for the part produced by the Group.

Where a tangible asset has significant components with different useful lives, these components are recognised separately.

Amortisation and impairment

Amortisation is recognised as an expense, on a linear basis, based on the estimated useful life of the tangible asset.

The amortisation periods used are as follows:

	Duration
Land improvements	7 to 30 years
Buildings for operations	25 to 50 years
Building installations and fixtures of properties owned by the Group	15 to 40 years
Building installations and fixtures of properties rented by the Group	Shorter of the term of the lease (including potential renewals) and the useful life of the asset
Equipment and tools	8 to 15 years
Transportation equipment	5 years
Office equipment and furniture	3 to 15 years

The book values of tangible assets are subject to impairment testing where events or changes in circumstances indicate that the book value may not be recoverable. Thus, if the book value of a tangible asset is higher than its estimated recoverable value, an impairment loss is recognised for this asset.

6.5.3 Lease contracts

In accordance with IFRS 16, when a lease contract is entered into, the Group must record a liability in the balance sheet corresponding to the discounted future payments of the fixed portion of the lease payments, in exchange for rights of use of the asset amortised over the duration of the contract.

In accordance with the exemptions provided for by this standard, the Group excludes contracts with a residual duration of less than 12 months and contracts relating to low-value assets (less than $5K).

The amount of the liability is significantly dependent on the assumptions made regarding the duration of the obligations and, to a lesser extent, the discount rate.

The duration of the contract generally used to calculate the liability is the duration of the contract initially negotiated, without taking into account early termination or extension options, except in special cases.

In accordance with the decision made by the IFRS Interpretation Committee ("IFRS IC") when the rental commitment is less than 12 months but assets have been capitalised in relation to this contract, the Group records a lease liability over a period consistent with the expected useful life of the invested assets.

The standard requires the discount rate for each contract to be determined by reference to the marginal borrowing rate of the contracting subsidiary. In practice, the marginal borrowing rate generally used is the sum of the risk-free rate by reference to its duration, a currency swap where applicable, the Group's credit risk, and a possible surcharge depending on the nature of the asset financed.

6.5.4 Financial assets

The Group classifies its financial assets as follows: assets held for trading, loans and advances, assets available for sale.

- Non-consolidated financial investments are classified as securities available for sale and are recognised at their fair value. Positive or negative changes in value are recognised in shareholders' equity under "Revaluation reserves". If a loss of value is deemed definitive, a provision for impairment for that amount is recognised under financial income.
- Financial investments (securities) are recognised at their fair value and changes in fair value are recognised under financial income.
- Loans and accounts receivable are considered as assets issued by the Company and recognised at cost. An impairment provision is established where there is an objective indication of impairment loss. The impairment loss, equal to the difference between the net book value and the recoverable value, is recognised in the income statement.

6.5.5 Financial risk management

Foreign currency and interest rate hedging:

- Hedging transactions are analysed by an independent expert in order to ensure that they comply with IAS 32 and IFRS 9 when they are of a significant nature.

6.5.6 Inventories and goods in progress

Inventory and goods in progress are valued at the lowest point of their cost and their net realisable value. The cost price is determined using the "First-In, First-Out" method. This cost includes the costs of materials and direct labour as well as indirect expenses strictly attributable to production.

Internal margins included in inventories are eliminated in the consolidated income statement.

Provisions for impairment are calculated based on the difference between the gross value determined according to the principles described above and the probable net realisable value.

6.5.7 Trade accounts receivable

Trade accounts receivable and related accounts are valued at their fair value. Since accounts receivable are due within one year, they are not discounted.
A provision for impairment is recognised, if necessary, depending on the likelihood of recovery at the closing date.

The Group, at the initiative of some of its main partner customers, has implemented reverse factoring contracts. The substantial analysis of these reverse factoring contracts set out in IFRS 9 confirmed that the 3 main de-recognition criteria applicable in particular to disposals of receivables were met, namely:

- The expiry or transfer of the contractual rights over cash flows relating to the asset,
- The transfer of almost all the risks and benefits incidental to ownership of the asset (credit risk due to the debtor's insolvency, carry trade risk inherent to payment deferral/delay compared to the normal due date, and risk of dilution resulting mainly from litigations and settlement differences (credit notes, compensation, etc.),
- The loss of asset control.

6.5.8 Cash and cash equivalents

"Cash in hand" includes bank balances and easily liquid investments.

Bank overdrafts are included in borrowings among short-term debts in the balance sheet liabilities.

6.5.9 Capital and reserves

When the Group buys back or sells treasury shares:

- The price paid including expenses incurred for their acquisition net of tax is deducted from shareholders' equity under "Treasury shares" until their disposal.
- When they are sold, the capital gain or loss is recognised in shareholders' equity.

6.5.10 Public grants

Grants are included in the financial statements, where there is reasonable assurance that:

- The Group will comply with the conditions related to the financing.
- The grants will be received.
- For public grants attached to assets, the Group has elected to present the financing as a deduction from the value of the related asset.

6.5.11 Provisions for other liabilities and charges

Where the Group has a present obligation (legal or constructive) arising from a past event and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if the obligation can be reliably estimated, the Group then recognises a provision.

6.5.12 Employee benefits

Retirement benefits:

- The Group recognises a provision for retirement benefits, based on collective agreements. This is a defined benefit plan. The provision is valued by an independent actuary. Note 8.11.1 presents the assumptions made.
- These valuations take into account in particular the future compensation level, the probable active life of employees, life expectancy, and staff turnover.
- The present value of commitments as thus valued is recognised in the balance sheet, after deduction of the fair value of assets paid by companies of the Group to financial institutions.
- Actuarial gains and losses, arising mainly from changes in actuarial assumptions and the difference between results estimated based on the actuarial assumptions and the actual results, are recognised to the full extent in shareholders' equity.
- The financial cost and the cost of services rendered are recognised as an expense for the financial year.

Share-based payments:

- Share subscription or purchase option plans granted to employees must be valued at their fair value, which fair value must be charged to the income statement with a corresponding entry for reserves over the vesting period (2 to 4 years) for employees.
- The fair value of options was calculated using the Black & Scholes model. The cost is thus charged over the vesting period with a corresponding increase in reserves.
- The fair value of bonus shares was calculated using the binomial model to take into account performance-related conditions.

6.5.13 Borrowings

Borrowings are initially recognised at their fair value, net of the related commissions.

The portion of financial debts falling due within one year is classified as current financial debts.

6.5.14 Commitments to purchase non-controlling interests

Non-controlling shareholders of some fully consolidated subsidiaries benefit from commitments to purchase their shares granted by the Group.

The Group recognises these commitments as follows:

- the value of the commitment on the closing date is shown under "Amounts due for business acquisitions";
- the commitment is recognised with a corresponding entry for Group share shareholders' equity;
- subsequent variations are recognised as shareholders' equity, including the effects of financial discounting.

6.5.15 Current and deferred taxes

A deferred tax amount is calculated for all existing temporary differences between the book value reflected in the consolidated balance sheet and the fiscal value of assets and liabilities.

The taxation rate used is that which the Group expects to pay or recover from the tax authorities and which has been enacted or substantively enacted by the balance sheet date. As such, the Group has used the rate of 25% for the calculation of its deferred taxes in France.

Tax assets and liabilities are not discounted and are classified in the balance sheet as non-current assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that these taxes will be recovered over future financial years.

Deferred tax assets and liabilities are offset against each other for one and the same entity. In this respect, a scope of consolidation for taxes is applicable within the Group.

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The tax scope is detailed in Note 5.

Tax rate by country:

	Period 2021
Germany	30.0%
United States	21.0%
Spain	25.0%
France	25.0%
Italy	27.9%
Poland	19.0%
Tunisia	10.0%

6.5.16 Assets and groups of assets held for sale and discontinued operations

A discontinued operation is either a component of an entity from which it has separated or an operation classified as held for sale and:

- which represents a separate major line of business or geographical area of operation;
- which is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation; or
- which is a subsidiary acquired exclusively with a view to resell.

An operation is classified as discontinued only when the entity has disposed of the operation or at an earlier date when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and cash flow statement are restated as if the operation had met the criteria of a discontinued operation as from the date of opening of the comparative period.

Furthermore, all assets and liabilities linked to discontinued operations or those held for sale are presented on a separate line of the assets and liabilities, as they would appear for a disposal after elimination of intra-group positions.

6.5.17 Revenue

Revenue from sales of goods and services is recognised once control of the goods or services has been transferred to the customer.

Depending on the different revenue flows of the Group and, where necessary, the specifics of each contract, control is transferred either on a specific date or progressively.

When it is established that the Group fulfils its performance obligations to customers on a progressive basis, the Group recognises revenue progressively by costs.

The amounts recognised as revenue are based on the transaction prices stipulated in the contract for the amount of the consideration the Group expects to receive pursuant to contract clauses.

The transaction prices stipulated in contracts have no significant variable portions requiring estimations to be used. Group contracts do not stipulate payment deadlines of more than one year, and no financing component is recorded in this respect.

6.5.18 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the period, excluding shares bought by the Company and held as treasury shares.

Diluted earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the period adjusted for the conversion of dilutive instruments into ordinary shares.

- The Group has such dilutive instruments: stock options and bonus shares.

6.5.19 Segment reporting

The Group's segment reporting is based on the concept of business segments. The choice of this level and its breakdown reflects the Group's organisational structure and the risk and profitability differences.

The business segment is the Group's only level of segment reporting. The following 3 main business segments have been selected:

- Electronics Activity,
- Environment Activity,
- City Activity.

7. COMPARABILITY OF FINANCIAL STATEMENTS AND SIGNIFICANT EVENTS DURING THE PERIOD

7.1 Accounting changes

The Group has applied the decision of April 2021 by the IFRS IC on "Attributing benefit to periods of service" retrospectively – see Note 6.2.

7.2 Changes in consolidation scope and minority entry

Acquisition of Firstronic:
On 28 December 2021, the Group acquired an additional stake of 49.7% of shares in the USA-based company, Firstronic. This acquisition, added to the 12.5% already held by the Group on opening, brings the Group's total stake to 62.2% of the capital in this company.

FIRSTRONIC is an EMS (Electronics Manufacturing Service) company serving very important clients, mainly in the automotive, industry, and healthcare sectors in North America.

The company has 2 production sites in Michigan (USA) and Mexico. Experiencing strong growth, the company attained revenue in 2021 of approximately $140 million and an adjusted EBITDA of over 9%.

Through this historic acquisition, LACROIX intends to create a multi-continental leader in electronic equipment and industrial IoT solutions, benefiting from significant industrial and commercial synergies.

Due to the date on which the company was acquired, the Group only included FIRSTRONIC's closing balance sheet as at 31 December 2021 in the 2021 financial statement.

The acquisition of this company created temporary goodwill of €40.2M on 31 December 2021.

The main asset identified in the acquisition price allocation process corresponds on 31 December 2021 to "customer relationships" for a value of €38M, obtained by using the so-called "surplus profit" valuation method. This intangible asset will be amortised over 15 years.

The transaction also includes put and call sales options for 6.7% of the minority shares, with medium-term maturity. The present value of these instruments is estimated at €4.4M as at 31 December 2021 (see 8.13). A portion of these options, subject to conditions of presence, will be recognised in the income statement as of the subsequent financial year and spread across the term of these instruments.

The allocation process between goodwill and other entries on the consolidated balance sheet is temporary as at 31 December 2021 and will be completed within 12 months of the acquisition date.

7.3 Change of closing date

At the Extraordinary General Meeting on 28 August 2020, LACROIX Group voted to change the closing date of its financial year from 30 September to 31 December. The current financial year beginning 1 January 2021 therefore has a term of 12 months, and shall have, as comparison points for the balance sheet, 31 December 2020, and for the income statement, a financial year of 15 months ending 31 December 2020. The 2020 and 2021 financial years are therefore not directly comparable.

The pro forma information on the main financial aggregates communicated by the Group is set out in Note 9.2.1.

7.4 Capital increase

In July 2021, the Group opted for a capital increase with retention of preferential subscription rights for an amount of €44.3M gross.

On this occasion, 1,062,536 new shares were subscribed, which now brings the free float to approximately 27% of capital (as opposed to less than 16% before the operation).

The long-standing family shareholders contributed €15M to this operation.

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	Variations	Changes in consolidation scope	Closing	Opening	Impairment charge of the period	Changes in consolidation scope	Closing	Opening	Closing
Electronics Activity	17,346		40,227	57,573	(5,991)			(5,991)	11,355	51,582
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	**59,640**		**40,227**	**99,867**	**(15,491)**			**(15,491)**	**44,148**	**84,375**

The change in consolidation scope of the financial year corresponds almost exclusively to the partial goodwill arising from the acquisition of Firstronic (see 7.2).

8.1.1 Impairment of goodwill

The following parameters were applied to perform impairment testing over the financial year:

- Discount rate:
  - 8.5% for the City Activity and Environment Activity CGUs (cash-generating units).
  - 9% for the Electronics Activity CGU (into which the recent Firstronic acquisition is integrated).
- Cash flows calculated over 5-year plans.
- Perpetual growth rate:
  - 1.7% for the City Activity and Environment Activity CGUs.
  - 2% for the Electronics Activity CGU.

The 0.25 point fluctuation in discount rate or perpetual growth rate has no impact on goodwill.

8.2 Intangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Preliminary expenses	10						10
Research & Development costs	742	167				171	1,080
Concessions, patents, licenses, software	14,807	1,163	(10)	102	(1)	138	16,199
Other intangible assets (1)	1,694	197	(1)	38,441	(2)		40,329
Intangible assets in progress	431	365				(388)	408
Advances and down payments							
Total	**17,684**	**1,892**	**(11)**	**38,543**	**(3)**	**(79)**	**58,026**
Cumulated amortisation							
Preliminary expenses	(9)	(0)					(10)
Research & Development costs	(242)	(118)					(361)
Concessions, patents, licenses, software	(10,782)	(1,011)	10			7	(11,776)
Other intangible assets	(1,332)	(185)	1				(1,516)
Total	**(12,365)**	**(1,315)**	**11**	**0**	**0**	**7**	**(13,662)**
Total intangible assets	**5,317**	**577**	**0**	**38,543**	**(3)**	**(71)**	**44,363**

(1) The difference in scope corresponds to "customer relationships" identified in the price allocation process for acquisition of the company Firstronic.

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Land	3,557	6	(58)		(1)		3,504
Buildings	34,702	156	(1,025)	674	(9)	41	34,539
Technical install., machinery and equipment	81,003	8,407	(1,056)	24,878	(243)	(2,101)	110,888
Other tangible assets	26,350	2,224	(421)	1,780	(18)	(50)	29,865
Tangible assets in progress	2,974	17,353			(2)	(268)	20,057
Advances and down payments	439	448	0		0	(107)	780
Total	**149,026**	**28,594**	**(2,560)**	**27,332**	**(273)**	**(2,485)**	**199,632**
Cumulated depreciation							
Land	(177)	(4)				0	(181)
Buildings	(21,398)	(1,217)	985	(367)	27	0	(21,970)
Technical install., machinery and equipment	(50,569)	(5,303)	1,017	(9,234)	100	2,371	(61,618)
Other tangible assets	(18,794)	(2,017)	343	(1,081)	12	259	(21,278)
Total	**(90,939)**	**(8,541)**	**2,345**	**(10,682)**	**139**	**2,630**	**(105,048)**
Total tangible assets	**58,087**	**20,053**	**(215)**	**16,650**	**(134)**	**145**	**94,584**

The significant level of investment over the period, notably in relation to assets in progress, mainly corresponds to the advancement of work on the new Symbiose factory 4.0.

In July 2021, for the purpose of optimising its property footprint, the Group disposed of a building in Saint-Herblain. This disposal generated capital gains of around €1M (see 8.17).

The other variations are due to accounting reclassifications between categories of tangible assets.

8.4 Lease contracts

8.4.1 Rights of use

Rights of use - Gross values	Opening	New contracts	Effects of assumption changes	Ends and terminations of contracts	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	8,793	3,539	106		1,834	(15)	0	14,257
Other assets	3,019	512	130	(210)				3,451
Total	**11,812**	**4,051**	**236**	**(210)**	**1,834**	**(15)**	**0**	**17,708**
Rights of use - Amortisations and provisions	**Opening**	**Amortisation of the period**	**Effects of assumption changes**	**Ends and terminations of contracts**	**Changes in consolidation scope**	**Currency translation differences**	**Other variations**	**Closing**
Buildings	(1,868)	(1,883)				6		(3,745)
Other assets	(1,017)	(1,004)		199				(1,822)
Total	**(2,885)**	**(2,887)**	**0**	**199**	**0**	**6**	**0**	**(5,567)**
Total net rights of use	**8,927**	**1,164**	**236**	**(11)**	**1,834**	**(9)**	**0**	**12,141**

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

8.4.2 Lease liabilities

Lease liabilities	Opening	New contracts	Effects of assumption changes	Repayment of the nominal value	Ends and terminations of contracts	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	7,020	3,539	106	(1,800)	0	1,834	(10)		10,689
Other assets	2,005	512	130	(974)	(10)				1,663
Total	**9,025**	**4,051**	**236**	**(2,774)**	**(10)**	**1,834**	**(10)**	**0**	**12,352**

8.5 Non-current financial assets

	Opening	Additions	Disposals	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Gross values							
Investment securities (1)	2,349			(11,023)	77	8,909	312
Receivables from investments	17						17
Other long-term investments	118						118
Loans	970	838	(115)		100		1,793
Collateral and surety	654	60	(81)			12	645
Other financial assets (2)	4,103			22		(1,457)	2,668
Total	**8,212**	**898**	**(196)**	**(11,001)**	**177**	**7,464**	**5,554**
Provisions for impairment	0						0
Investment securities (1)	(145)	(15)					(160)
Receivables from investments	0						0
Other long-term investments	(87)						(87)
Loans	0						0
Collateral and surety	0						0
Total	**(233)**	**(15)**	**0**	**0**	**0**	**0**	**(247)**
Total non-current financial assets	**7,979**	**883**	**(196)**	**(11,001)**	**177**	**7,464**	**5,307**

(1)The line "Investment securities" mainly corresponded on 31 December 2020 to the 12.5% stake held in the North-American company "Firstronic", over which the Group took control during the financial year; it is now fully consolidated as at 31 December 2021.
In accordance with the IFRS 9 standard, this stake was readjusted to fair value through profit or loss before its full consolidation by the Group (see 7.2).
This adjustment to fair value created financial income of €8,909K in the accounts on 31 December 2021 (see 8.19), which was reintegrated into the acquisition price of the company Firstronic.

(2) The amount accounted for under "Other financial assets" mainly corresponds to the payment of fines handed down by Court rulings, which are being appealed by the Group. Following the definitive ruling against the Company in its dispute with CD44, the "Provision for disputes" net of "Other financial assets" has been reclassified as short-term debt in the accounts as at 30 June 2021. This debt is fully discharged as at 31 December 2021. All that remains under this entry in the balance sheet are amounts disbursed relating to the CD76 case, for which an appeal was lodged in July 2021 (see Note 8.11).

8.6 Inventories and goods in progress

Inventories and goods in progress are presented as follows:

	Period 2021	Period 2020
Gross values		
Raw materials	91,706	53,051
In-process inventories	11,250	11,560
Intermediary goods inventory	14,022	13,294
Goods inventory	7,972	3,045
Total	**124,950**	**80,950**
Provisions for impairment		
Raw materials	(2,682)	(3,138)
In-process inventories	(102)	(119)
Intermediary goods inventory	(1,608)	(1,998)
Goods inventory	(201)	(219)
Total	**(4,592)**	**(5,474)**
Total inventories and goods in progress	**120,359**	**75,476**

The increase in stocks compared to 31 December 2020 results in part from the integration of Firstronic (€18.3M) as well as from the effects of the crisis in electronic components and general inflation in raw material prices. These effects were partially offset by working capital optimisation measures.

8.7 Trade accounts receivable

The breakdown of trade accounts receivable is as follows:

	Period 2021	Period 2020
Trade accounts receivable - Gross	116,165	98,823
Impairment	(2,489)	(2,481)
Total net trade accounts receivable	**113,675**	**96,342**

Receivables covered by a reverse factoring contract (see 6.5.7), not matured by 31 December 2021 and paid before that date, amount to €22.1 million, compared with €23.5 million as at 31 December 2020.

The integration of Firstronic accounted for €26M in the Group's trade accounts receivable balance as at 31 December 2021.

8.8 Other receivables

	Period 2021	Period 2020
Gross values		
Advance payments	680	849
Social receivables	539	335
Tax receivables (1)	14,757	12,325
Other receivables	5,865	2,768
Prepaid expenses	3,451	2,214
Total	**25,293**	**18,490**
Provisions for impairment		
Impairment	(40)	(50)
Total other receivables	**25,253**	**18,440**

(1) Tax receivables include €8.2 million in tax credits (Research Tax Credit "CIR" in particular) of which €1.1 million will be refunded in 2022.

8.9 Cash and cash equivalents

	Period 2021	Period 2020
Short-term deposits (1)	16,320	34,658
Cash in hand	17,036	19,731
Impairment	0	0
Total cash and cash equivalents	**33,355**	**54,389**
Bank overdrafts	(38,981)	(18,705)
Total cash and cash equivalents excl. bank overdrafts	**(5,626)**	**35,684**

(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 3 months.

8.10 Shareholders' equity

8.10.1 Share capital of the consolidating entity

As at 31 December 2021, following the capital increase carried out during the financial year (see 7.4), the share capital is composed of 4,829,096 shares with a nominal value of €6.64, against 3,766,560 as at 31 December 2020.

8.10.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2021
Opening Acquisitions Disposals	148,247 12,692 (11,702)
Closing	**149,237**

The value of treasury shares as at 31 December 2021 recognised in LACROIX's financial statements stood at €2,913K. On the basis of the average share price in December 2021, it stands at €5,779K.

8.10.3 Stock options

Variations in stock options during the financial year are detailed below:

	Period 2021	Period 2020
Opening	7,000	7,000
Options granted		
Options exercised		
Options lost		
Options expired	(7,000)	
Total stock options	0	7,000

8.10.4 Free shares

On 21 January (date of allocation), LACROIX Group introduced a free share plan benefiting some of its employees.

The definitive allocation of shares will be carried out in thirds, over a period of 3 years.

It is subject to the attainment of performance-related objectives and to the presence of the beneficiary on 31 December of each period of acquisition.

3,650 shares were allocated during the 2021 financial year.

The share retention period is set at 2 years, beginning on the date of allocation.

The expense for the period in respect of the free share plan is €73K as at 31 December 2021 within the meaning of IFRS 2.

8.11 Provisions for other liabilities and charges

Changes in provisions for other liabilities and charges can be analysed as follows:

	Opening	Additional provisions	Reversals used	Reversals not used	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	15,179	913	(487)	(366)		(2)	(948)	14,289
Provisions for warranty	428	78					0	506
Provisions for litigations (2)	14,175	552	(9,255)	(554)		(2)	15	4,931
Provisions for other liabilities and charges (3)	872							872
Total	**30,654**	**1,543**	**(9,742)**	**(920)**	**0**	**(4)**	**(933)**	**20,598**

(1) Of which -€1,480K on opening related to retrospective application of the decision of April 2021 by the IFRS IC on "Attributing benefit to periods of service" (see 6.2).

The assumptions taken into account for the calculations, for the French scope, are as follows:

- Discount rate of 0.9% (against 0.5% in 2020).
- Average increase in salaries of 3% including inflation.
- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 63 for non-managerial staff and 66 for managerial staff. Reason for retirement: 100% of departures are at the initiative of the employee.
- Turnover probability as per the table below:

	City Activity - LACROIX	Other activities
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 1.2% (against 0.7% in 2020).
- Inflation rate of 1.75%.
- 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, are mostly to cover disputes with authorities.

As regards disputes with authorities, following LACROIX City Saint-Herblain's conviction by the Competition Authority over 10 years ago for cartel activity in 2010, a number of companies or authorities have sued the Company. As at 31 December 2021, proceedings were ongoing with 7 companies or authorities.

As at 31 December 2021, the total provision amounts to €3.3M, i.e. a decrease of €7.9M compared to 31 December 2020. This decrease results in part from the definitive ruling against the Company in its dispute with CD44 and in part from a transaction signed with another authority.

For reference, the €3.3M in provisions for litigations as at 31 December 2021 still includes amounts already disbursed but accounted for under "Other financial assets" pending appeals lodged by the Group. In particular, this concerns the CD76 case, for which an appeal was lodged in July 2021 (see 8.5).

(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 December 2021, of the theoretical purchase price of said shares.

8.12 Borrowings

8.12.1 Maturity of borrowings

The breakdown of financial debts by maturity is as follows:

	Period 2021	Period 2020	2021 Maturity (1)	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings	76,426	56,346	12,322	64,104
Other financial debts (2)	22,635	11,538	11,887	10,748
Bank overdrafts	38,981	18,705	38,981	
Total borrowings	**138,042**	**86,589**	**63,190**	**74,852**

(1) "Non-current" portion of financial debts: of which €13,639K at more than 5 years.
(2) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €8,649K, compared with €7,537K in 2020.

8.12.2 Variation in borrowings

	Period 2021	Period 2020
Opening	67,884	48,872
Subscriptions (1)	51,392	28,378
Repayments (2)	(31,629)	(11,273)
Changes in consolidation scope	4,857	2,078
Currency translation differences	(37)	(165)
Other variations	6,595	(7)
Total borrowings (excl. bank overdrafts)	**99,062**	**67,884**
Bank overdrafts	38,981	18,705
Total borrowings	**138,042**	**86,589**

(1) Of which €7,500K convertible bond taken out from BPI. This is a financial instrument with 2 components according to IAS 32 (liabilities and shareholders' equity). The shareholders' equity component has been evaluated as insignificant.
(2) Repayment of State-guaranteed loans (PGE): During the month of July 2021, on the due date, the Group fully repaid the sums borrowed in 2020, i.e. €18.5M.

8.12.3 Borrowings by type of rate

The breakdown of debt between fixed rate and variable rate is as follows:

	Period 2021	Period 2020
Fixed-rate loans	25,884	32,076
Variable-rate loans (1)	50,542	24,270
Total bank borrowings and finance leases	**76,426**	**56,346**

(1) Of which a significant proportion is capped via financial instruments (see Note 9.1.2).

8.12.4 Borrowings by currency

	Period 2021	Period 2020
Denominated in euros	71,569	56,346
Denominated in foreign currencies	4,857	
Total bank borrowings and finance leases	**76,426**	**56,346**

8.13 Amounts due for business acquisitions

	Period 2021	Period 2020
Opening	16,960	6,281
Changes in consolidation scope (1)	4,453	364
Revaluation with impact on shareholders' equity (2)	1,495	10,315
Payment (3)	(364)	
Currency translation differences		
Other variations		
Amounts due for business acquisitions	**22,544**	**16,960**

(1) During acquisition of the company Firstronic, put and call sales options were agreed with some of the non-controlling stakeholders.
(2) Of which €1,495 related to revaluation of existing put and call options held by non-controlling shareholders in SAE-IT KG.
(3) Payment of the price of shares yet to be acquired in respect of the acquisition of eSoftThings in 2020..

8.14 Trade accounts payable and other payables

The breakdown of trade accounts payable and other payables is as follows:

	Period 2021	Period 2020
Trade accounts payable	106,699	77,557
Advance payments and deposits received	4,008	1,509
Social and tax payables	36,317	33,120
Other payables	7,599	6,217
Deferred revenue	4,651	2,884
Total trade accounts payable and other payables	**159,274**	**121,288**

The integration of Firstronic accounted for €29M in the Group's trade accounts payable balance as at 31 December 2021.

8.15 Personnel

8.15.1 Personnel expenses

	Period 2021	Period 2020
Gross compensation	(89,988)	(104,032)
Employer's social and tax contributions	(30,161)	(35,548)
Profit-sharing	(2,347)	(3,197)
Outsourced personnel expenses	(6,257)	(6,421)
Defined benefits plan expense	57	(392)
Share-based payments	(73)	(222)
Total personnel expenses	**(128,769)**	**(149,811)**

8.15.2 Workforce

The breakdown of the workforce employed by the Group's activities at the end of the year is as follows:

*	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Total activities	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Managerial	353	352	113	109	200	196	53	45	719	702
Technical	477	495	69	124	45	67		2	591	688
Clerical	295	276	97	49	164	155	10	0	566	480
Manual	1,810	2,163	19	0	169	192		0	1,998	2,355
Total salaried workforce	**2,935**	**3,286**	**298**	**282**	**578**	**610**	**63**	**47**	**3,874**	**4,225**
Pending assignment (1)	112	37	2	0	6	14		0	120	51
Total operational workforce	**3,047**	**3,323**	**300**	**282**	**584**	**624**	**63**	**47**	**3,994**	**4,276**

(1) Full-time equivalents of temporary workers.
(*) Workforce of fully consolidated entities.

8.16 Depreciation, amortisation and provisions

The amount for depreciation, amortisation and provisions net of reversals, included in current operating profit, can be broken down as follows:

	Period 2021 - 12 months	Period 2020 - 15 months
Depreciation, amortisation and provisions on tangible and intangible assets	(9,856)	(11,005)
Depreciation, amortisation and provisions on rights of use	(2,886)	(3,201)
Depreciation, amortisation and provisions on inventories	(161)	(1,565)
Depreciation, amortisation and provisions on current assets	89	47
Provisions on other liabilities and charges	(40)	469
Other depreciation, amortisation and provisions		
Total depreciation, amortisation and provisions (1)	**(12,854)**	**(15,255)**

(1) Excluding reversals used, directly charged to the affected income statement entries

8.17 Other income and expenses

	Period 2021 - 12 months	Period 2020 - 15 months
Restructuring costs (1)	(685)	(397)
Sale of assets (2)	986	266
Customer litigations		(662)
Other non-current expenses (3)	(1,223)	(267)
Total	**(922)**	**(1,060)**

(1) Restructuring costs for the 2021 financial year mainly correspond to efforts to optimise the structure of certain sites and to exceptional and non-recurring costs incurred by moving into the new factory 4.0 at Beaupréau.
(2) In July 2021, for the purpose of optimising its property footprint, the Group disposed of a building in Saint-Herblain. This disposal generated capital gains of around €1M.
(3) In 2020 and 2021, other non-current expenses mostly correspond to expenses related to changes in the scope of consolidation over the period.

8.18 Financial income and expenses

The breakdown of financial income is as follows:

	Period 2021 - 12 months	Period 2020 - 15 months
Interest expenses on borrowings	(847)	(986)
Interest income	43	100
Net financial expenses on borrowings	**(803)**	**(886)**
Net foreign exchange gains (losses)	(1,540)	(96)
Other financial income and expenses (1)	8,120	(704)
Total financial income and expenses	**5,776**	**(1,686)**
Summary		
Total revenue	22,518	8,510
Total expenses	(16,741)	(10,196)
Total financial income	**5,776**	**(1,686)**

(1) Of which €8,909K for the revaluation of Firstronic shares (see 8.5), €117K in financial expenses related to the provisioning of end-of-career benefits, and €233K in financial expenses on lease liabilities.

8.19 Income tax liability

8.19.1 Income tax expense

The breakdown of taxation is as follows:

	Period 2021 - 12 months	Period 2020 - 15 months
Current taxes	(3,639)	(5,699)
Deferred taxes (1)	3,045	25
Total income tax expense	**(595)**	**(5,674)**

(1) During the 2021 financial year, the Group's Polish subsidiary recognised a tax credit of approximately €5.3M. This shall be charged against future taxes payable. The tax credit was obtained in respect of productive investments made and a certain level of staff numbers maintained over time. An analysis of the main characteristics of the exemption in question meets the accounting criteria according to the IAS 12 standard.

8.19.2 Tax proof

Rationalisation of the income tax expense	Period 2021
Net income	22,386
Neutralisation of equity method	
Income tax expense (1)	(595)
Net income before income tax expense	22,980
Theoretical tax at the rate of 25% (2)	5,745
Difference (1)-(2)	**5,150**

The reconciliation between the income tax expense contained in the income statement and the theoretical tax that would be borne based on the rate applicable in France is as follows:

Analysis of this difference in the income tax expense	
Change in income tax rates	
Effects of permanent non-deductible expenses	(146)
Utilisation of tax losses previously unrecognised	86
Tax losses of the period not recognised	(1,187)
De-recognition of tax losses previously recognised	(153)
Specific income or expenses taxed at a reduced or higher tax rate	127
Differences of tax rates in the Group's foreign subsidiaries	890
Tax credits (1)	6,050
Other income taxes (CVAE)	(502)
Adjustments from previous periods	(15)
	5,150

(1) See Note 8.19.1.

8.19.3 Deferred taxes

The breakdown of deferred tax assets and liabilities is as follows:

	Opening	OCI	Currency translation differences	Impact on result	Change of rate per type of result	Changes in consolidation scope	Other variations	Closing
Deferred tax assets								
C3 S and Building effort	46			(3)				42
Employee profit-sharing	415			(85)				330
Retirement benefits (1)	2,111	(134)		7				1,984
Margins on inventories	246			12				258
Tax credit in the Polish economic area (2)			(23)	5,335				5,312
Loss carryforwards (3)	4,957			(153)				4,804
Other	415			(169)				246
Compensation DTA/DTL (*)	*(2,943)*						(249)	(3,193)
Total deferred tax assets	**5,246**	**(134)**	**(23)**	**4,944**			**(249)**	**9,784**
Deferred tax liabilities								
Regulated provisions	(2,519)			(82)				(2,602)
Finance lease	(154)		(8)	27				(135)
Tangible and intangible assets amortisation and depreciation, temporary differences	(76)			34				(42)
Buildings revaluations	(502)			35				(467)
Intangibles on acquisitions (4)			(82)	(1,871)		(8,072)		(10,025)
Other	236	(136)	(5)	(42)				53
Compensation DTA/DTL (*)	*2,943*						249	3,193
Total deferred tax liabilities	**(72)**	**(136)**	**(95)**	**(1,900)**		**(8,072)**	**249**	**(10,026)**
Total net deferred taxes	**5,175**	**(270)**	**(118)**	**3,044**		**(8,072)**		**(243)**

(1) Of which -€370K related to retrospective application of the decision of April 2021 by the IFRS IC on "Attributing benefit to periods of service".
(2) See Note 8.19.1.
(3) The base activated on the French tax scope of consolidation is €16.7M out of a total base of tax losses carried forward of €29.7M.
(4) The scope change amount corresponds to deferred taxes on "customer relationships" recognised as intangible assets within the framework of allocation of goodwill related to the acquisition of Firstronic.

(*) This line makes it possible, after overall breakdown of net deferred tax assets and liabilities by type, to consider individual positions and the balance sheet presentation due to the existence of a tax scope (Note 6.5.14).

9. OTHER INFORMATION

9.1 Degree of exposure of the Group to financial risks

9.1.1 Currency risk

Other than the Electronics Activity, the Group is not exposed to currency risks.

As regards this activity, currency risk mainly concerns purchases made in USD, JPY, TND, and PLN.

As regards purchases in USD and JPY, the Company has signed contracts with its main customers providing for an adjustment of the selling price of goods based on fluctuations in the EUR/USD parity. There is therefore no currency risk for this item. As regards the balance, the Company uses partial hedging of its requirements to cover a target rate established for each budget year.

Expenses in TND and PLN mainly concern the salaries and social contributions of employees at our Turkish and Polish sites and some local purchases. Group policy is to opt for forward hedging based on projected requirements.

Generally speaking, recourse to financial instruments is limited strictly to business requirements, and excludes any speculative activities.

9.1.2 Interest rate risk

Note 8.12.3 on “Borrowings and financial debts” shows that out of €76,426K of debt, €25,884K are at a fixed rate and €50,542K are at a variable rate.

The Group implements various financial instruments of varying maturities to mitigate this risk. At the end of December 2021, the portion of financing at variable rates hedged by swaps was 29% of the nominal value.

In January 2022, additional coverage was taken out. This brings the level of coverage at the end of January 2022 to 76% of nominal value.

9.1.3 Liquidity risk

Gross debt position for the Group amounts to €138,042K.
Available cash amounts to €33,355K.
The Group therefore considers its exposure to this risk to be very low.

9.1.4 Credit risk

Each of the Group’s activities has implemented a system for monitoring and managing client risk, sometimes using credit insurance contracts for this purpose to protect from potential client risk.

Customer profiles by sector of activity are described below:

Activities	Main customer types
Electronics	French and foreign companies operating internationally
Environment	Public bodies and major water and electricity management stakeholders
City	Government authorities and major public works companies

9.1.5 Financial gearing

The Group monitors its capital closely by tracking changes to its debt-to-equity ratio.

	Period 2021	Period 2020
Borrowings and other financial debts	99,061	67,884
Bank overdrafts	38,981	18,705
Other financial assets	(1,793)	(955)
Cash and cash equivalents (see Note 8.11)	(33,355)	(54,389)
Net debt position (1)	**102,893**	**31,245**
Shareholders' equity	(180,380)	109,097
Financial gearing	**57.0%**	**28.6%**

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

9.1.6 Classification of financial assets and liabilities at fair value based on fair value levels

The Group does not provide a detailed table on the fair value hierarchy of its financial assets and liabilities, according to the 3 levels defined in IFRS 7. Evaluation of fair value is based on observable data, most of which is external to the Group.

9.2 Segment reporting

9.2.1 Consolidated income statement by segment

Segment reporting for the period ended 31 December 2021 is detailed as follows:

Comparison over 12 months in 2021 versus 15 months in 2020:

	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Group total	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Revenues										
External sales	333,240	367,123	70,304	85,918	109,948	125,329	39	12	513,531	578,382
Inter-company sales between activities	(11,781)	(11,906)	(242)	(115)	(58)	(33)			(12,081)	(12,054)
Total revenues	**321,459**	**355,217**	**70,062**	**85,803**	**109,890**	**125,296**	**39**	**12**	**501,450**	**566,328**
Current operating profit	**5,409**	**2,530**	**14,922**	**21,724**	**3**	**(1,780)**	**(2,208)**	**(2,329)**	**18,126**	**20,145**
Depreciation, amortisation and provisions on tangible and intangible assets	7,561	8,200	1,471	1,771	3,328	4,051	382	180	12,742	14,202
IFRS 2 share-based payments		232		85		141	73	(235)	73	222
EBITDA	**12,970**	**10,962**	**16,393**	**23,580**	**3,331**	**2,412**	**(1,753)**	**(2,384)**	**30,941**	**34,569**

Comparison over 12 months in 2021 versus 12 months pro forma in 2020:

	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Group total	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Revenues										
External sales	333,240	285,170	70,304	67,619	109,948	98,152	39	12	513,531	450,954
Inter-company sales between activities	(11,781)	(9,838)	(242)	(105)	(58)	(31)			(12,081)	(9,975)
Total revenues	**321,459**	**275,332**	**70,062**	**67,514**	**109,890**	**98,120**	**39**	**12**	**501,450**	**440,979**
Current operating profit	**5,409**	**1,170**	**14,922**	**16,789**	**3**	**(1,684)**	**(2,208)**	**(1,867)**	**18,126**	**14,408**
Depreciation, amortisation and provisions on tangible and intangible assets	7,561	6,670	1,471	1,417	3,328	3,245	382	139	12,742	11,471
IFRS 2 share-based payments		232		85		141	73	(250)	73	207
EBITDA	**12,970**	**8,072**	**16,393**	**18,291**	**3,331**	**1,702**	**(1,753)**	**(1,978)**	**30,941**	**26,087**

Alternative performance indicators

EBITDA "Earnings Before Interest, Taxes, Depreciation, and Amortisation" retained by the Group is a non-GAAP operating indicator, which corresponds to current operating profit, increased by:

- depreciation for amortisations of tangible and intangible assets, as well as those relating to rights of use, and where applicable, those recognised as part of a business combination;
- the IFRS 2 "share-based payment" expense.

The other items of the income statement, broken down by segment, are as follows:

	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Total activities	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Depreciation, amortisation and provisions	**(7,383)**	**(8,435)**	**(1,229)**	**(1,728)**	**(3,829)**	**(4,990)**	**(413)**	**(101)**	**(12,854)**	**(15,255)**

9.2.2 Consolidated balance sheet by segment

The table below provides segment assets and liabilities, together with acquisitions of non-current assets during the period:

	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Group total	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Assets										
Non-current assets	183,945	60,997	25,222	24,734	34,822	36,944	6,563	7,028	250,552	129,703
Current assets	181,007	132,617	25,743	24,977	60,936	56,470	24,978	30,588	292,664	244,652
Total assets by segment	**364,952**	**193,614**	**50,965**	**49,711**	**95,758**	**93,414**	**31,541**	**37,616**	**543,216**	**374,355**
Liabilities										
Non-current liabilities	56,818	30,153	5,665	15,191	10,980	19,277	53,572	23,005	127,035	87,626
Current liabilities	241,677	118,425	17,792	8,559	95,486	84,187	(119,155)	(33,540)	235,800	177,631
Total liabilities by segment	**298,495**	**148,578**	**23,457**	**23,750**	**106,466**	**103,464**	**(65,583)**	**(10,535)**	**362,835**	**265,257**

	Electronics Activity		Environment Activity		City Activity		LACROIX Group		Total activities	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Acquisitions of non-current assets	25,497	13,824	983	732	2,874	2,182	1,132	447	30,486	17,185

9.3 Contractual obligations and other commitments

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

Off-balance sheet commitments	Period 2021	Period 2020
Guarantees given		
Related to financing (1)	38,944	7,726
Lease contracts with an effective date after closing (2)		2,745

(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 €38,944K includes €30,000K in guaranties provided for this period in respect to one of the loans obtained in order to fund the acquisition of Firstronic.
(2) In 2020, a commercial lease was signed by the Group before 31 December 2020 but with an effective date after the closing..
In 2020, none of the financing taken out by the Group had a covenant attached.

9.4 Associated parties

9.4.1 Transactions with associated undertakings

Affiliated companies are associates over which the Group exercises a significant influence and for which the transactions are not significant.

Note 8.12.1 refers to a debt (current account) owed to one of the shareholders, the company VINILA INVESTISSEMENTS.

9.4.2 Compensation of the company officers

Compensations allocated, during the financial year, to members of management and administrative bodies for their duties within the Group, are broken down as follows:

9.4.2.1 General Management

	Period 2021	Period 2020
Short-term benefits	528	474
Post-employment benefits	55	84
Other long-term benefits		
Share-based payments		
Total	**583**	**558**

Among the total amounts allocated for the financial year, variable compensations are subject to approval by the General Meeting.

9.4.2.2 Members of the Board of Directors

Compensations allocated and recognised in the financial year are broken down as follows:

	Period 2021	Period 2020
Short-term benefits	64	69
Post-employment benefits		
Other long-term benefits		
Post-employment benefits		
Share-based payments		
Total	**64**	**69**

9.5 Auditors' remuneration

The following table provides information on fees awarded to auditors and members of their network, paid by the Group in accordance with the terms of AMF 2006-10.

	Ernst & Young Network				Mazars Network			
	2021	%	2020	%	2021	%	2020	%
Audit								
Statutory Auditor	**249**	**87%**	**286**	**95%**	**121**	**90%**	**107**	**83%**
Consolidating entity	35		44		36			
Subsidiaries	214		242		85		107	
Other services pursuant to such legislation	**37**	**13%**	**14**	**5%**	**14**	**10%**		
Consolidating entity	37		14		14			
Subsidiaries								
Total audit services	**286**	**100%**	**300**	**100%**	**136**	**100%**	**107**	**83%**
Other services not directly linked to the audit mission								
Tax, social, regulatory							22	17%
Advisory								
Other services							**22**	**17%**
Total	**286**	**100%**	**300**	**100%**	**136**	**100%**	**129**	**100%**

9.6 Post-closing events

The recent events in Ukraine have no direct impact on the Group's activities.
The Group remains however fully focused on the possible indirect consequences that could happen in the coming weeks or months.

PART 03

ACCOUNTING & FINANCIAL ITEMS

(ANNUAL FINANCIAL STATEMENTS)

1. BALANCE SHEET

BALANCE SHEET - ASSETS (in €K)	Note	Period 2021			Period 2020
		Gross	Amort. & Prov.	Net	Net
Intangible assets	3.3.1	699	253	445	362
Tangible assets	3.3.1	1,372	205	1,167	288
Financial assets (1)	3.3.1	107,149	6,560	100,589	70,683
FIXED ASSETS		**109,220**	**7,019**	**102,201**	**71,333**
Advance payments on orders		17		17	20
Trade accounts receivable & Related accounts	3.3.2	2,140		2,140	2,172
Other receivables	3.3.2	139,358		139,358	93,127
Short-term deposits (2)	3.3.3	16,853		16,853	25,402
Cash in hand		162		162	140
Prepaid expenses	3.3.8	224		224	126
CURRENT ASSETS		**158,754**	**0**	**158,754**	**120,986**
Currency translation differences - assets		0		0	174
OVERALL TOTAL		**267,974**	**7,019**	**260,955**	**192,494**

(1) Of which investment securities for €75,424 of gross value, provision on securities for €6,500K.
(2) Of which treasury shares for €1,405K.

BALANCE SHEET - LIABILITIES (in €K)	Note	Period 2021	Period 2020
Share capital	3.3.4	32,055	25,000
Premiums for issuance, merger, and contribution	3.3.4	39,645	3,455
Legal reserve	3.3.4	2,517	2,517
Other reserves	3.3.4	80,000	75,900
Balance carried forward	3.3.4	1,773	2,174
Regulated provisions	3.3.4	102	79
Income	3.3.4	8,641	6,092
SHAREHOLDERS' EQUITY		**164,733**	**115,217**
Provisions for other liabilities and charges	3.3.5	260	419
PROVISIONS		**260**	**419**
Bank borrowings (2)	3.3.2	60,925	43,889
Borrowings and other financial debts	3.3.2	30,849	29,720
Trade accounts payable & Related accounts	3.3.2	1,234	1,187
Tax and social debts	3.3.2	2,827	2,062
Debts on fixed assets	3.3.2	0	0
Other	3.3.2	41	0
TOTAL DEBTS (1)		**95,876**	**76,858**
Currency translation differences - liabilities		87	0
OVERALL TOTAL		**260,955**	**192,494**

(1) Deferred debts and incomes of less than one year	42,992	52,361
(2) Including bank overdrafts, bank credit balances	29	248

2. INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (in €K)	Note	Period 2021	Period 2020
Net revenue		**10,275**	**9,944**
Reversals from provisions & Transfer of charges		76	138
Other income		50	0
OPERATING INCOME		**10,401**	**10,083**
Other external purchases		5,128	5,119
Taxes, duties, and similar		178	279
Personnel expenses	3.5.1	7,162	6,996
Depreciation, amortisation and provisions		268	277
Other expenses		64	71
OPERATING EXPENSES		**12,800**	**12,742**
OPERATING PROFIT (I) (1) (2)		**(2,399)**	**(2,659)**
Income from investments (3)		6,618	1,998
Income from other securities and receivables for capital assets (3)		0	0
Other Inter. & Simil. income (3)		781	861
Reversals from provisions & Transfer of charges		186	338
Income / disposals of short-term deposits		15	0
FINANCIAL INCOME		**7,600**	**3,198**
Depreciation, amortisation and provisions		26	175
Interest & Simil. expenses (4)		525	434
Expenses / disposals of short-term deposits			0
FINANCIAL EXPENSES		**552**	**609**
FINANCIAL PROFIT (II)		**7,049**	**2,589**
OPERATING PROFIT BEFORE TAXES (I + II)		**4,649**	**(71)**
On capital operations		51	701
Reversals from provisions		19	17
TOTAL EXTRAORDINARY INCOME		**70**	**717**
On management operations		3	
On capital operations		4	432
Depreciation, amortisation and provisions		42	42
TOTAL EXTRAORDINARY EXPENSES		**49**	**474**
= EXTRAORDINARY PROFIT	**3.4.1**	**22**	**243**
Employee contributions (IX)			
Taxes on profits (X)	3.4.2	(3,970)	(5,919)
Total income		**18,071**	**13,998**
Total expenses		**9,431**	**7,906**
PROFIT OR LOSS		**8,641**	**6,092**

(1) Of which income relating to previous financial years		
(2) Of which expenses relating to previous financial years		
(3) Of which income from affiliated companies	7,387	2,811
(4) Of which interest from affiliated companies	141	142

3. APPENDIX

3.1 Major events of the financial year

In July 2021, the Group opted for a capital increase with retention of preferential subscription rights for an amount of €44.3M gross.

On this occasion, 1,062,536 new shares were subscribed, which now brings the free float to 27% of capital (as opposed to less than 16% before the operation).

In December 2021, LACROIX Group took out a new loan for €30,000K to fund the acquisition of the American company FIRSTRONIC, carried out by its subsidiary LACROIX North America. A loan agreement was concluded for €30,000K between LACROIX Group and LACROIX North America.

LACROIX Group's registered office has changed and is now domiciled at 17 rue Océane, 44800 Saint Herblain, France.

In 2020, LACROIX Group benefited from State-guaranteed loans, which were repaid in July 2021 for €13,500K.

At the Extraordinary General Meeting on 28 August 2020, LACROIX Group voted to change the closing date of its financial year from 30 September to 31 December. The current financial year beginning 1 January 2021 therefore has a term of 12 months, and shall have, as comparison points for the balance sheet, 31 December 2020, and for the income statement, a financial year of 15 months ending 31 December 2020. The 2020 and 2021 financial years are therefore not directly comparable.

3.2 Accounting principles and methods

French accounting regulations and methods have been applied in compliance with the precautionary principle, in line with fundamental assumptions concerning:

- business continuity,
- consistency of accounting methods from one financial year to another,
- independence of financial years,

and in accordance with the general regulations on drawing up and presenting annual financial statements in keeping with the French Accounting Standards Authority (ANC) regulation no. 2016-07 relating to French generally accepted accounting principles.

The basic method used to evaluate elements recorded in the accounts is the historical cost method.

Changes in accounting, evaluation, and estimation methods

On 24 May, the IASB ratified a decision by the IFRS IC of April 2021 related to allocation of service costs associated with certain defined benefit plans. Until now, the amount of benefits estimated on retirement was spread across the entire career. Following this decision, final acquisition of benefits is subject to presence within the company up to the age of retirement (e.g. 62 years), the amount of benefits depends on seniority, and the amount is capped at a certain number of consecutive years of service (e.g. 16 years).

Subsequently, the Committee of the French Accounting Standards Authority (Autorité des normes comptables - ANC) updated its Recommendation no. 2013-02 of 7 November 2013 on the rules of evaluation and accounting of retirement commitments and similar benefits for annual financial statements drawn up according to French accounting standards.

The Company thus opted for estimation of the amount of the commitment presented in paragraph 3.3.5 "Status of provisions" concerning pensions, retirement, and benefits according to ANC recommendation no. 2013-02 of 7 November 2013 for its financial statements ending 31 December 2021. This change of method entails a decrease in the commitment for an amount of €69K as at 31 December 2021, recognised under balance carried forward.

The main methods used are as follows:

3.2.1 Intangible assets

Intangible assets are valued at their acquisition cost and are amortised using the straight-line method:

- Concessions, patents, licenses, software - 1 to 10 years straight line,
- Research & Development costs - 3 to 5 years.

3.2.2 Tangible assets

Tangible assets are valued at their acquisition cost (purchase price and related expenses, other than expenses incurred in asset acquisition) or at their production cost. Interest on loans specific to asset production are not included in the cost of production of these assets.

Amortisations are calculated using the straight-line method according to expected lifespan:

- Installations and fittings - 9 to 30 years straight line,
- Office IT equipment - 3 to 6 years straight line,
- Furniture - 15 years straight line.

3.2.3 Financial assets

The gross value of investment securities and other long-term investments corresponds to the purchase cost excluding related expenses. Receivables from investments and loans are valued at their historical cost.

A provision for impairment is created where the value in use of investment securities is lower than the gross value. This value in use is assessed on a case-by-case basis, taking particular account of the general situation, business prospects, results of each of the companies concerned, and in line with the Group's development plans.

3.2.4 Receivables

Receivables are valued at their nominal value. A provision for impairment is created where the carrying value of investment securities is lower than the gross value.

3.2.5 Short-term deposits

Their gross value corresponds to the purchase cost excluding related expenses. Where the carrying value corresponding to the closing price is lower than the gross value, a provision for impairment is recorded at closure.

Stock options are recorded in the accounts as short-term deposits.

3.2.6 Foreign currency transactions

Foreign currency expenses and income are recorded at their counter value in the reference currency on the transaction date. Currency liabilities, receivables, and cash equivalents are shown on the balance sheet at their counter value at the end of the financial year.

The difference resulting from recalculation of currency liabilities and receivables at the latter rate is included in the balance sheet under "Currency translation differences". Unrealised exchange losses not compensated are included in a provision for other liabilities.

3.2.7 Provisions for other liabilities and charges

Provisions for other liabilities and charges are created to take account of the Company's obligations to third parties, which are likely or certain to cause a release of resources in favour of such third parties, without at least equivalent compensation, and for which the due date or amount is not precisely fixed. They are valued by taking account of the information available and, where applicable, after consultation with the Company's experts and advisers.

- The amount recorded in respect of the provision for retirement has been valued using the actuarial method known as the "accruals basis" and also referred to as the "retrospective method of projected credit units". No differed tax asset was recorded in this respect.

- Since the closing of the 2013/2014 financial year, the Company has applied the ANC R 2013-02 recommendation. The Company has opted for method no. 2, which allows actuarial differences to be treated using the corridor method. This method involves recording actuarial differences included in the corridor as off-sheet balance commitments and amortising in the results those outside the corridor.

3.2.8 Extraordinary income

Extraordinary income includes elements of income not related to the ordinary activities of the Company.

It also include elements which, while related to ordinary activities, are exceptional in terms of their amounts and their occurrence.

3.2.9 Taxes on profits

LACROIX Group (the Group's parent company) and its integrated subsidiaries (all over 95% owned) decided to adopt the tax consolidation regime for groups provided for under Articles 223 A et seq. of the French General Tax Code (CGI), on the date of 27 September 1996, for 5 years as of 1 October 1996. Since 1 October 2001, the option of tax consolidation has been subject to renewal by tacit agreement.

The tax covered by subsidiaries is that which they would have borne in the absence of tax consolidation, the parent company recording in the results the provisional or temporary tax differentials arising from the application of the regime.

As at 31th December 2021, the tax scop includes the following entities:

List of subsidiaries	Registered office
LACROIX Electronics	SAINT-PIERRE-MONTLIMART
LACROIX Electronics Cesson	CESSON-SÉVIGNÉ
LACROIX Océan Indien	LE PORT
LACROIX City Saint-Herblain	SAINT-HERBLAIN
LACROIX Sofrel	VERN SUR SEICHE
LACROIX III	SAINT-HERBLAIN
LACROIX City	SAINT-HERBLAIN
LACROIX Environment	SAINT-HERBLAIN
LACROIX VI	SAINT-HERBLAIN
LACROIX VII	SAINT-HERBLAIN
LACROIX City Carros	SAINT-HERBLAIN
LACROIX City Les Chères	LES CHÈRES
LACROIX City Ploufragran	CRÉTEIL
LACROIX Mayotte	MAMOUDZOU
LACROIX II	SAINT-HERBLAIN

3.3 Balance sheet notes

Unless otherwise stated, the amounts are in €K.

3.3.1 Variation in capital assets, amortisations and provisions

GROSS VALUES	Opening	Additions	Disposals (1)	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	114	306		420
Other intangible assets (2)	428	20	169	279
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations (3)	397	1,180	204	1,372
FINANCIAL ASSETS				
Investment securities	75,424			75,424
Other long-term investments	70	0		70
Loans and other financial assets (4)	1,749	30,466	560	31,655
TOTAL	**78,182**	**31,972**	**934**	**109,220**

AMORTISATIONS & PROVISIONS	Opening	Additions	Disposals	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	53	42		95
Other intangible assets	127	32		159
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	109	96		205
FINANCIAL ASSETS				
Investment securities (5)	6,500			6,500
Other long-term investments	60			60
Loans and other financial assets	0			0
TOTAL	**6,849**	**170**	**0**	**7,019**

Transactions involving loans and other financial assets relate to treasury shares not allocated to the various plans and the liquidity contract.

(1) Reclassification of assets in progress on opening for €374K.
(2) Of which intangible assets in progress for €14K.
(3) Of which tangible assets in progress for €12K.
(4) Other financial assets for €31,655K, of which a loan of €30,000K concluded with the company LACROIX North America.
(5) Impairment of City Activity securities (Note 3.5.5).

3.3.2 Status of receivables and liabilities

STATUS OF RECEIVABLES & LIABILITIES		Gross amount	At 1 year max.	At over 1 year and at 5 years max.	At over 5 years
Status of receivables					
Receivables from investments					
Loans		30,000		20,000	10,000
Other financial assets		1,665	31		1,634
Doubtful or disputed trade accounts					
Other trade accounts receivable		2,140	2,140		
Receivables representing loaned securities					
Personnel and related accounts					
Social security and other social bodies					
State and other public authorities	Taxes on profits	8,166	8,166		
	Value added tax	152	152		
	Other taxes, duties, and similar	554	554		
	Sundry				
Group and associates		130,436	130,436		
Miscellaneous debtors		67	67		
Prepaid expenses		224	224		
TOTALS		**173,404**	**141,770**	**20,000**	**11,634**
Status of debts					
Convertible bonds					
Other convertible bonds					
Bank borrowings	At 1 year max. from origin	29	29		
	At over 1 year from origin	60,896	8,013	40,807	12,077
Borrowings and other financial debts					
Suppliers and related accounts		1,234	1,234		
Personnel and related accounts		1,268	1,268		
Social security and other social bodies		976	976		
State and other public authorities	Taxes on profits				
	Value added tax	427	427		
	Guaranteed bonds				
	Other taxes, duties, and similar	156	156		
Debts on capital assets and related accounts					
Group and associates		30,849	30,849		
Other debts		7	7		
Debts representing loaned securities					
Deferred income		34	34		
TOTALS		**95,876**	**42,992**	**40,807**	**12,077**
Borrowings taken out during the financial year		36,724			
Borrowings repaid during the financial year		19,416			

LACROIX Group took out a new loan for €30,000K to fund the acquisition of the American company FIRSTRONIC, carried out by its subsidiary LACROIX North America. A loan agreement was concluded for €30,000K between LACROIX Group and LACROIX North America.

In July 2021, LACROIX Group repaid the State-guaranteed loans taken out in July 2020, for a total of €13,500K.

3.3.3 Short-term deposits

	Period 2021	Period 2020
Treasury shares (1)	1,405	1,293
Investment (2)	15,448	24,109
TOTAL	**16,853**	**25,402**
PROVISIONS	**0**	**0**
NET VALUES	**16,853**	**25,402**

(1) At the closing of the financial year, the Company holds 64,872 securities, amounting to €1,405K. The treasury shares held cover all commitments related to the free share plan in progress.
(2) The other investments, composed of unit trusts (SICAVs), deposit certificates, and other investment products, amount to €15,448K as at 31 December 2021.

3.3.4 Capital

The share capital is composed of 4,829,096 shares, amounting to €32,055,239, and a double voting right is attributed to all nominal shares held for over 3 years by the same shareholder, representing 2,654,491 shares.

3.3.4.1 Change in equity

	Amount at start of financial year	Allocation Previous year result	Change of method (1)	Change	Closing balance
Share capital	25,000			7,055	32,055
Premiums	3,455			36,190	39,645
Legal reserve	2,517				2,517
Other reserves	75,900	4,100			80,000
Balance carried forward	2,174	(470)	69		1,773
Income	6,092	(6,092)		8,641	8,641
Regulated provisions	79			23	102
TOTAL	**115,217**	**(2,461)**	**69**	**51,909**	**164,733**

In July 2021, the Group opted for a capital increase with retention of preferential subscription rights for an amount of €44.3M gross. The transaction resulted in the subscription of 1,062,536 new ordinary shares for:

- a nominal value of €6.64, representing a capital increase of €7,055K,
- plus an issue premium of €35.01, representing an issue premium increase of €37,199K, minus costs related to the capital increase.

Distribution of dividends for €2,461K.

(1) The change in accounting method corresponds to a new regulation on the calculation of provisions for retirement (see paragraph 3.3.5).

3.3.4.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2021
Opening	**148,247**
Acquisitions	12,692
Disposals	(11,702)
Variation	0
Total treasury shares	**149,237**

The value of treasury shares as at 31 December 2021, recorded in the Company accounts for LACROIX Group, amounts to €2,914K.

The treasury shares are allocated according to type: 64,872 shares recognised under short-term deposits and 84,365 treasury shares recognised under long-term investments.

3.3.5 Status of provisions

	Opening	Additions	Disposals	Change of method (1)	Closing
Provisions for other liabilities and charges					
- Stock option exercising contingencies	12		12		0
- Exchange losses	174		174		0
- Retirement benefits	233	60	30	(69)	194
- Other liabilities	0	30			30
- Other charges (2)	0	35	0		35
TOTAL	**418**	**125**	**215**	**(69)**	**259**

(1) The change in accounting method corresponds to a new IFRS IC regulation on the calculation of provisions for retirement affecting LACROIX Group's financial statements. This change in accounting method has been recognised under opening shareholders' equity for an amount of €69K.
(2) Provisions for other expenses corresponding to the new free shares allocation plan concluded in January 2021.

The Company recognises a provision for retirement benefits, based on collective agreements.

This is a defined benefit plan. The provision is valued by an independent actuary according to the projected unit credit method.

The assumptions taken into account for the calculations, for the French scope, are as follows:

- Discount rate of 0.9% (against 0.5% in 2020).
- Average increase in salaries of 3% including inflation.
- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 63 for non-managerial staff and 66 for managerial staff. Reason for retirement: 100% of departures are at the initiative of the employee.
- Turnover probability as per the table below:

Age brackets	LACROIX
< 29 years old	10.00%
30 to 39 years old	5.00%
40 to 44 years old	3.00%
45 to 49 years old	3.00%
50 to 54 years old	2.00%
> 55 years old	-

3.3.6 Stock options

Stock options were allocated to executives and some employees. The exercise price of the granted options is equal to the average of the closing prices on the stock exchange over the 20 trading days preceding the date of granting. Options are subject to the completion of 4 years of service.

	Period 2021	Period 2020
Opening	**7,000**	**7,000**
Options granted		
Options exercised		
Options lost and expired	(7,000)	
Total stock options		**7,000**

3.3.7 Free shares

On 21 January 2021 (date of allocation), LACROIX Group introduced a free share plan benefiting some of its employees. 15,002 shares were allocated.

The definitive allocation of shares will be carried out in thirds, over a period of 3 years.

It is subject to the attainment of performance-related objectives during the first year of the plan, and to the presence of the beneficiary on 31 December of each period of acquisition.

The share retention period is set at 2 years, beginning on the date of allocation.

The expense for the period in respect of the free share plan is €25K and €10K in employer's contributions as at 31 December 2021.

The number of shares is broken down as follows:

	Period 2021	Period 2020
Opening		**25,931**
Options granted		
Allocated to beneficiaries	3,650	
Options lost and expired		(25,931)
Closing	**3,650**	

3.3.8 Adjustment accounts

Accrued income

	Period 2021	Period 2020
Trade accounts receivable and related accounts	10	0
Status	554	0
Accrued interest	36	27
Miscellaneous accrued income	50	
Total	**650**	**27**

Prepaid expenses

	Period 2021	Period 2020
Operating expenses	224	122
Financial expenses	0	4
Total	**224**	**126**

Accrued expenses

	Period 2021	Period 2020
Bank borrowings	3	55
Trade accounts payable and related accounts	428	410
Tax and social debts	2,019	1,350
Cash in hand, accrued expenses	0	0
Other debts	0	0
Total	**2,451**	**1,815**

3.4 Notes on Results

Unless otherwise stated, the amounts are in €K.

3.4.1 Breakdown of exceptional income and expenses

	Period 2021	Period 2020
Expenses in previous financial years	3	
Disposals of intangible assets		
Disposals of tangible assets	0	0
Disposals of financial assets		
Disposals of short-term deposits		
Share buy-back maluses	4	432
Allowance for special amortisations	42	42
Provision for investment securities		
Total expenses	**49**	**474**
Disposals of intangible assets		
Disposals of tangible assets	0	0
Disposals of financial assets		
Disposals of short-term deposits		
Share buy-back bonuses	51	701
Reversal of provision for other liabilities and charges		
Reversal of special amortisations	19	17
Total income	**70**	**717**
EXTRAORDINARY PROFIT	**22**	**243**

3.4.2 Tax breakdown

	Profit before taxes	Tax	After taxes
Operating Profit	4,649		4,649
Extraordinary Profit	22		22
Investment			0
Tax Consolidation: Tax Income		3,970	3,970
Net Profit	**4,671**	**3,970**	**8,641**

3.4.3 Tax consolidated companies

The Company is the Group parent company within a tax scope. The list of entities that are members of this scope is presented in Note 3.2.9.

The difference between accounted tax and theoretical tax calculated in the absence of tax consolidation is a saving of €3,970K.

3.4.4 Increases and decreases in future tax debts

	Opening		Changes		Closing	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
TYPE						
I. Certain or potential differences						
Temporarily non tax-deductible expenses						
Provision for taxes						
Retirement benefits	233		(39)		194	
Other						
II. Impact of items to be charged						
(previous to tax consolidation)						
Amortisations deemed deferred						
Loss carryforwards						
Long-term capital losses						
III. Tax consolidation regime						
Amortisations deemed deferred						
Loss carryforwards	28,985		685		29,722	
Net long-term capital losses						
IV. Potential taxation elements						
Unrealised capital gains (securities)						
Amount of special reserve for long-term capital gains (tax base)						

The impact of long-term capital gains at closing is evaluated at a rate of 0%.

3.5 Miscellaneous details

3.5.1 Workforce

	Period 2021	Period 2020
Manual		
Clerical	10	2
Technical (and Supervisors)	-	1
Managerial	53	42
TOTAL	**63**	**46**

3.5.2 Identity of consolidating company

VINILA INVESTISSEMENTS
Simplified joint-stock company with a share capital of €65,000
SIRET no.: 354 034 993 00023

3.5.3 Financial commitments

	Period 2021
Endorsements and guarantees given to subsidiaries	
Debts guaranteed by security interests	
Discounted bills not yet due	
Commitments concerning pensions, retirement, and benefits	94
Commitment to share buy-backs	872

3.5.4 Compensation of the company officers

Compensations paid, in respect of the financial year, to members of the administrative and management bodies for their duties within the Company amount to €476K.

Compensations to members of the administrative bodies, in respect of the financial year, were provisioned for €70K but were not paid as at 31 December 2021. Directors' fees are allocated upon proposal from the Compensation Committee and depend on participation in the various bodies (Board of Directors, Strategic Committee, Audit & Compliance Committee, Compensation Committee).

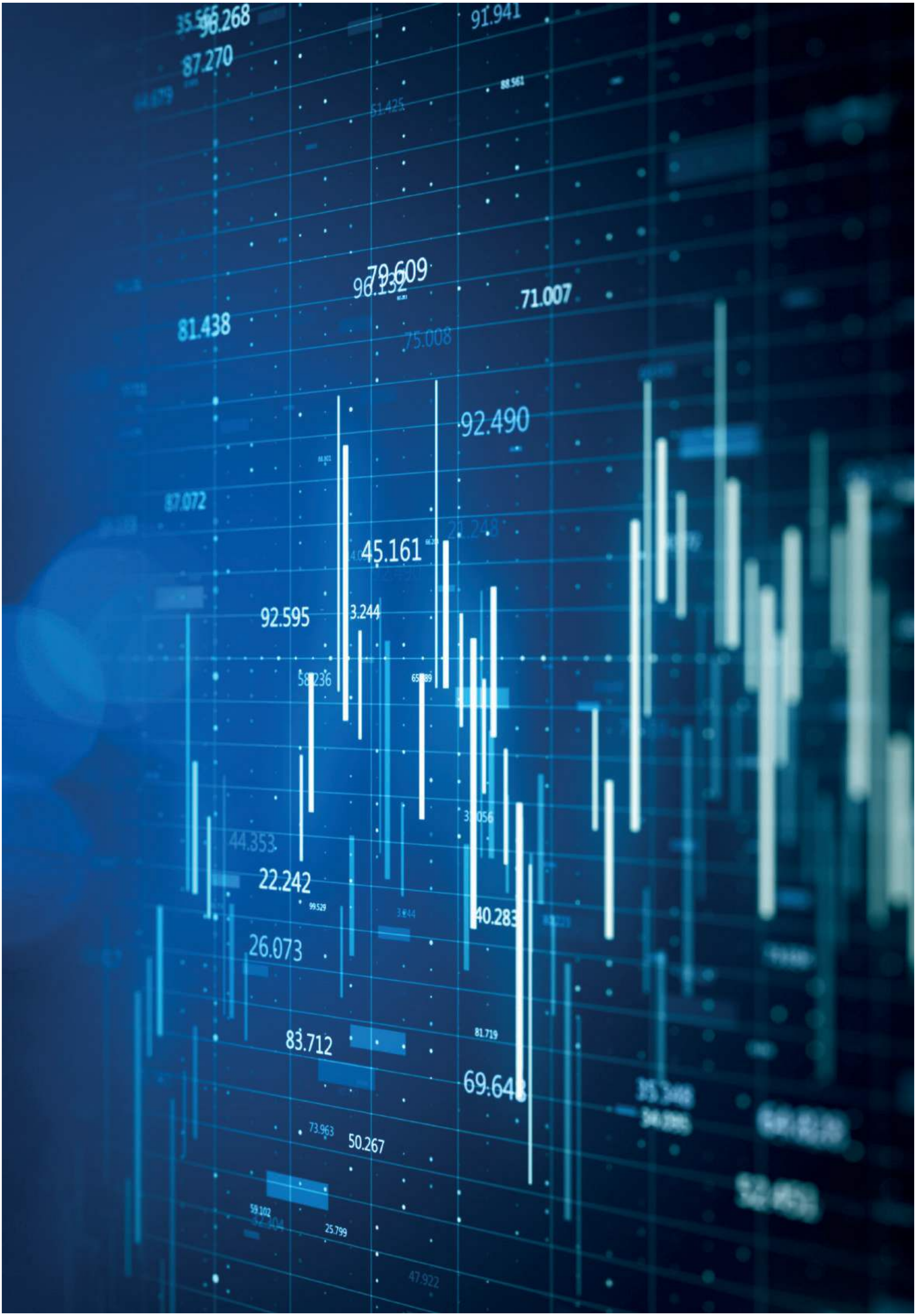
3.5.5 Subsidiaries and investments

	Share capital (3)	Other equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Amount of guarantees and in-vestments given	Revenue before taxes for the last financial year	Income for the last financial year	Dividends received during the financial year
				Gross	Net					
1. Subsidiaries held at more than 50%										
LACROIX ENVIRONMENT	13,575	11,009	100.00%	13,575	13,575	28		1,073	10,650	4,518
LACROIX ELECTRONICS	15,000	(6,744)	100.00%	46,427	46,427	31,943		43,708	(2,647)	
LACROIX CITY	9,373	3,310	100.00%	14,999	8,499	55,636		10,887	1,060	
LACROIX VI	5	(1)	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		(1,786)	100.00%	0	0	31,631			(1,265)	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE	610	8	100.00%	406	406				59	
LACROIX ENVIRONMENT GmbH	25	682	70.00%	18	18	11,082			3,838	2,100
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shareholdings				0	0					
TOTAL				**75,434**	**68,934**	**130,319**				**6,618**

(1) Results of the subsidiary in USD have been converted at the closing rate in €.
(2) Results of the subsidiary in SGD have been converted at the closing rate in €.
(3) In local currency.

3.5.6 Post-closing events

The recent events in Ukraine have no direct impact on the Group's activities.
The Group remains however fully focused on the possible indirect consequences that could happen in the coming weeks or months.

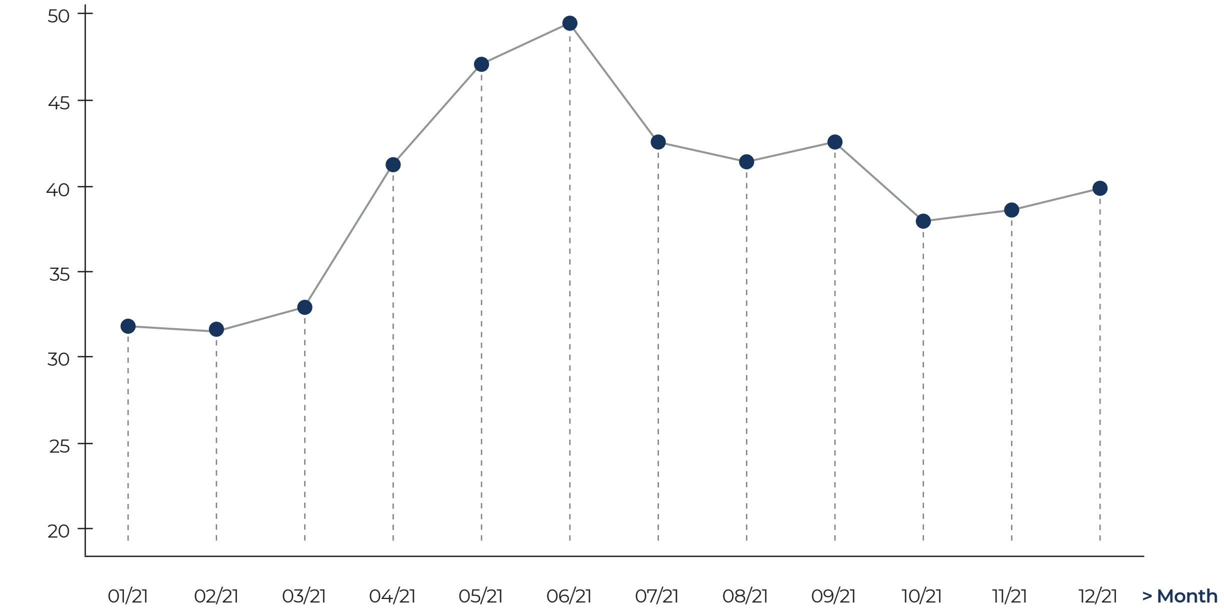

87.270
91.941
71.007
81.438
92.490
87.072
45.161
92.595
3.244
22.242
26.073
83.712
69.648
50.267

PART 04

SHARE PRICE TREND

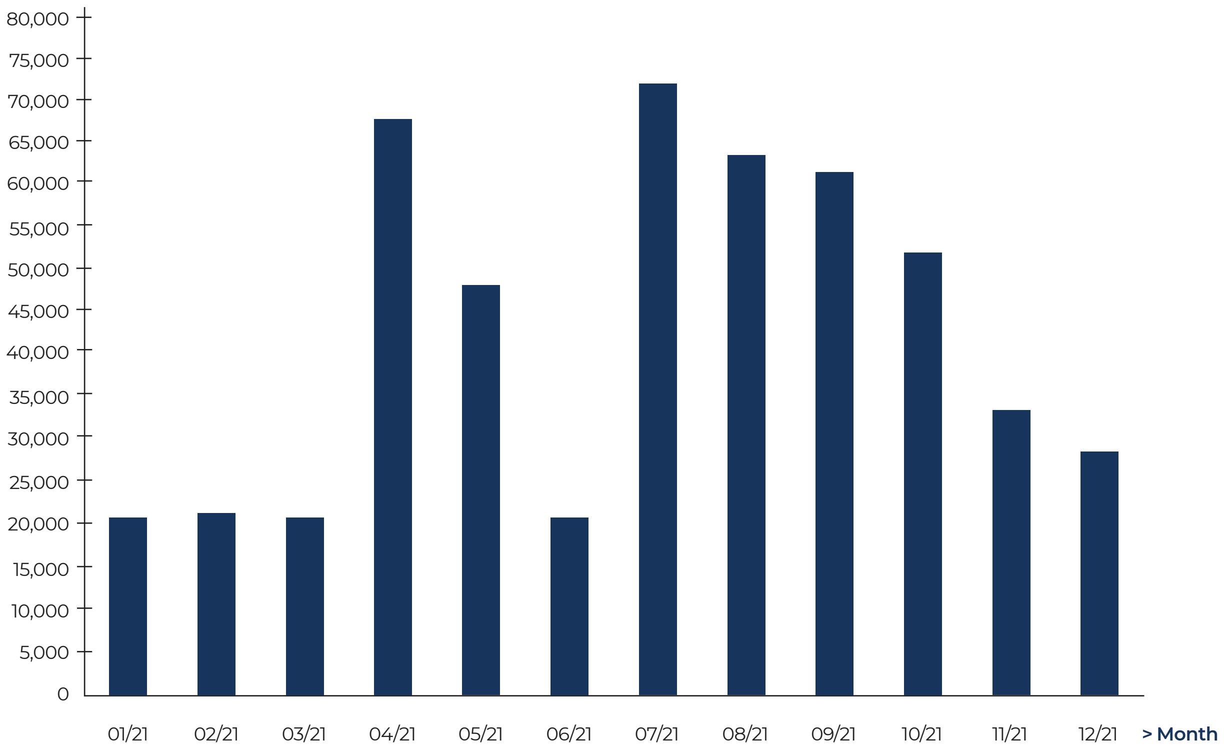
1 - CHANGES IN SHARE PRICE

Weighted average price (in euros)

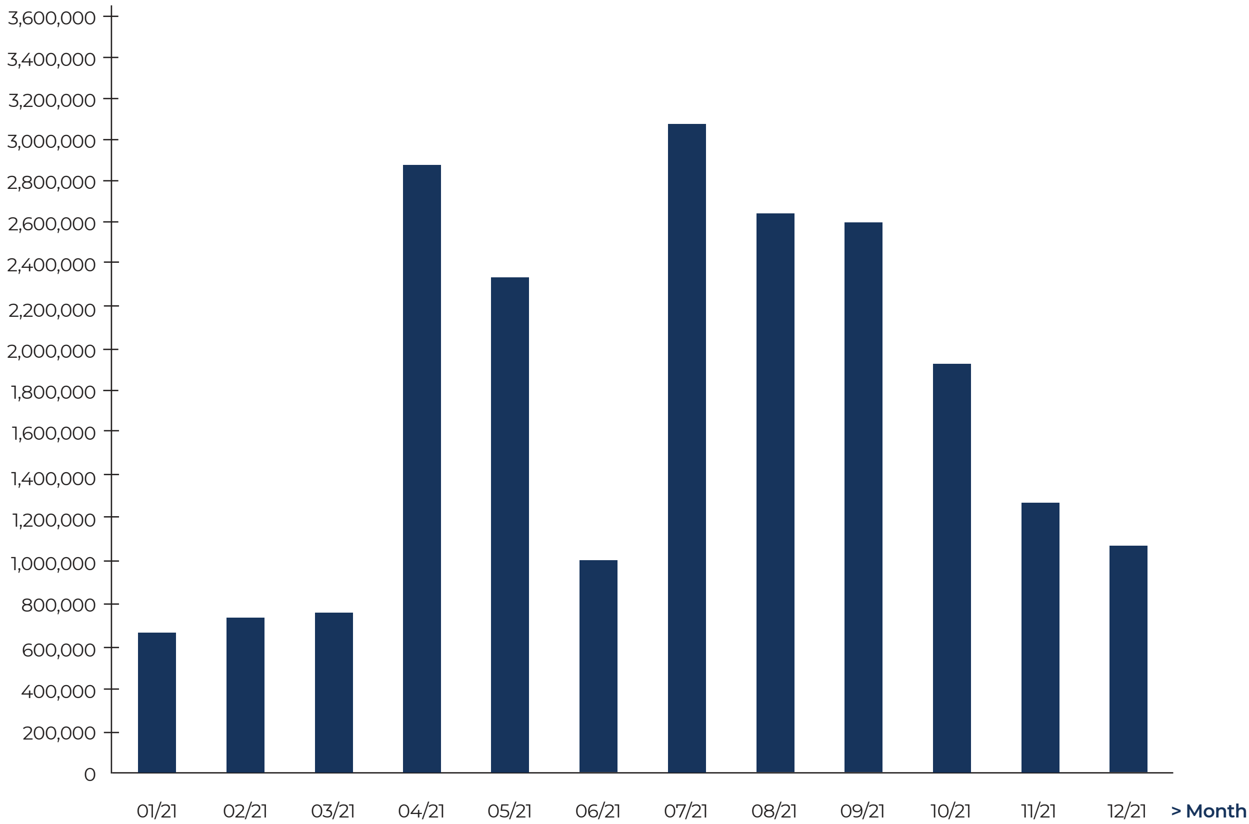


2 - NUMBER OF SHARES TRADED

Number



3 - CAPITAL AMOUNT IN EUROS



LACROIX

17 rue Océane
44800 Saint-Herblain - FRANCE
Tel.: +33 (0)2 72 25 59 59
info@lacroix-group.com

www.lacroix-group.com

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