LACROIX

ANNUAL REPORT

2020

A SMARTER WORLD

LACROIX's mission, as an international supplier of technological equipment and a provider of industrial IoT solutions, is to help its customers build and better manage the world that awaits us tomorrow, by making use of connected technologies that are effective, robust, and secure.

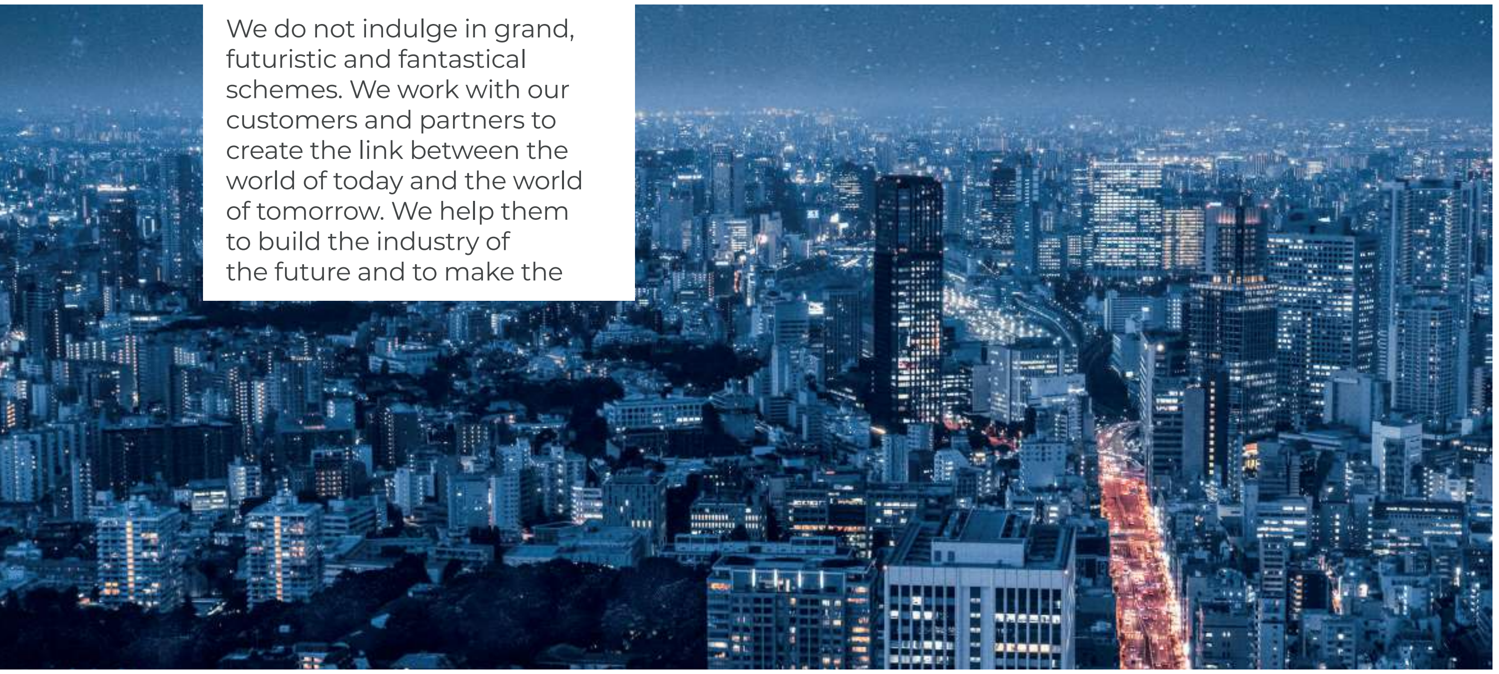
LACROIX's work: together towards a connected, responsible world.

As a listed mid-cap 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. LACROIX provides safe, connected equipment for the management of intelligent road infrastructure (traffic signs, traffic management, street lighting, V2X) and for the management and coordination of water and energy facilities. LACROIX also designs, develops, and produces electronic equipment for its automotive, home automation, aeronautics, industry, and healthcare customers.

We do not indulge in grand, futuristic and fantastical schemes. We work with 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, supplying them with the equipment and solutions for a smarter world.

What will tomorrow's smart world look like?

An increasingly urban world, where population migration is intensifying and resources are becoming scarce. It is therefore crucial to manage them better. At the same time, new technologies are emerging, and creating a world that is more and more connected, with ever more data. These profound changes are transforming markets and opening up unlimited perspectives for our customers. Our activities place us at the heart of these transformations.



€566M
REVENUE IN 2020 (15 MONTHS)
+18% VS. 2019 (12 MONTHS)

€20.1M
CURRENT OPERATING INCOME 2020 (15 MONTHS)
-3% VS. 2019 (12 MONTHS)

€31M
NET DEBT 2020
-44% VS. 2019

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 digital and interconnected ecosystem. We provide a quality, bespoke service thanks to our teams and factories, 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. It is thanks to the connected equipment and technologies of tomorrow, designed with a solid foundation built on experience and expertise, that 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 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.

€355M
ELECTRONICS ACTIVITY

€125M
CITY ACTIVITY

€86M
ENVIRONMENT ACTIVITY

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N.B.: The original French version should be purposefully and exclusively referred to in case of any doubts or questions.

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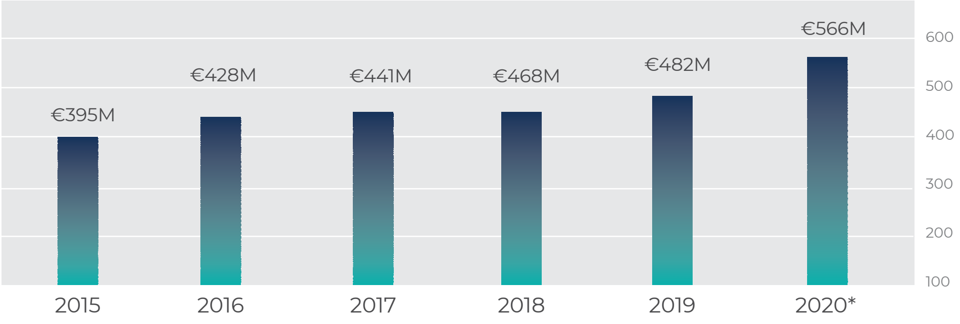
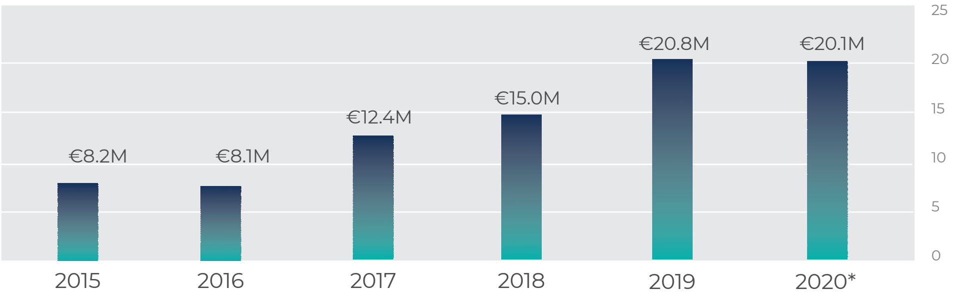
COMBINED ANNUAL GENERAL MEETING

KEY FIGURES

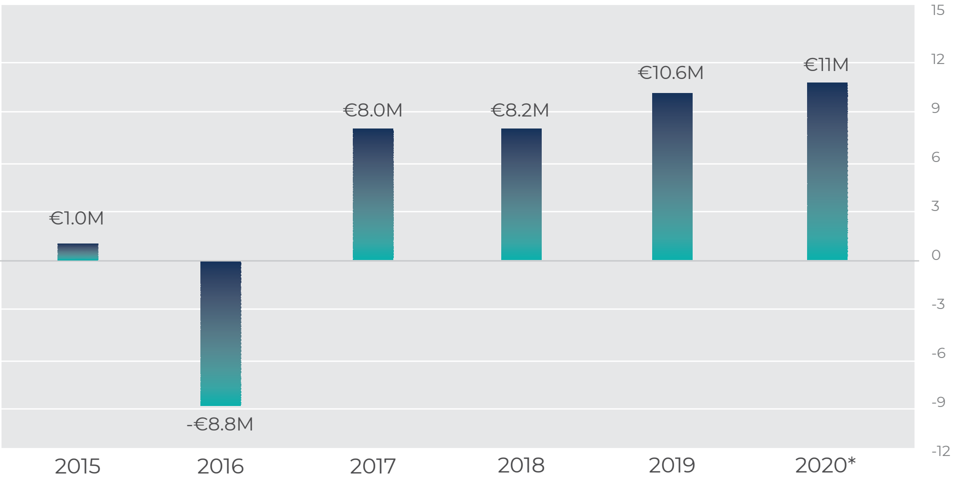
Revenue



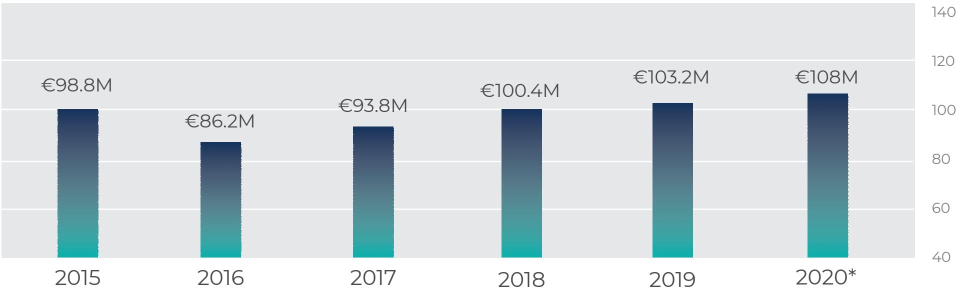
Operating profit



Net income - Group share



Shareholders' equity



* Financial Year 2020 - 15 months.

STATEMENT OF THE CORPORATE OFFICER RESPONSIBLE FOR THE FINANCIAL REPORT

set out in accordance with Articles 222-3 and 222-4 of the General Regulations of the French Financial Markets Authority

Vincent Bedouin,
Chairman & CEO of the Company

CERTIFIES

"To my knowledge, the financial statements for the past year are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets and liabilities, financial position, and income of the Company and of all companies included within the scope of consolidation. The annual report gives a true and fair view of the major events that have occurred during the 15 months of the financial year, their impact on the statements, the main transactions between related parties, as well as a description of the main risks and uncertainties that they face."

Vincent Bedouin

LACROIX

Société Anonyme (Public Limited Company) with a Board of Directors

with a share capital of €25,000,000

Registered office: 8 impasse du Bourrelier - 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 2020

LACROIX

Société Anonyme (Public Limited Company) with a Board of Directors, with a share capital of €25,000,000

Registered office: 8 impasse du Bourrelier
44800 Saint-Herblain - France
855 802 815 RCS Nantes
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1. LACROIX

LACROIX's mission, as an international supplier of technological equipment and a provider of industrial IoT solutions, is to help its customers build and better manage the world that awaits us tomorrow, by making use of connected technologies that are effective, robust, and secure.

As a listed mid-cap 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. LACROIX designs, develops, and produces electronic equipment for its automotive, home automation, aeronautics, industry, and healthcare customers.

LACROIX provides safe, connected equipment for the management of intelligent road infrastructure (traffic signs, traffic management, street lighting, V2X) and for the management and coordination of water and energy facilities. Drawing on its extensive experience and expertise, the Group works with its customers and partners to build the connection 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, supplying them with the equipment for a smarter world.

Consolidated income

The year 2020 was marked by the following extraordinary aspects:

- The Covid crisis and its very significant impact on our activities from early March to late May, before a gradual return to "normal" in terms of activities.
- The modification of our financial year dates, with a new closing date of 31 December, leading to the presentation of a 2020 financial year with an exceptional duration of 15 months.

In this context, while it was not possible to meet our 2020 objective, LACROIX has shown great resilience and recorded the following results:

- Revenue as at 31 December (15 months) of **€566.3M**, compared to €481.6M as at 30 September 2019 (12 months). Pro forma 12 month revenue (from 01 January 2020 to 31 December 2020) amounts to €441.0M, down by 8.4%. This development, while illustrating the significance of the impact of the Covid crisis, also shows the rapid return to normal after a highly disrupted period between March and May. Revenue for the final quarter of the calendar year shows growth compared to the same quarter in the previous year, confirming the return to a pre-crisis level of activity, despite the new lockdown announced at the end of October in France and the continuation of the epidemic in Europe.
- Current operating income amounts to €20.1M (15 months), down by €0.6M compared to COI in the previous financial year (12 months). After a positive first half-year at €6.2M, profitability dropped sharply with the decline in activity in the third quarter. The measures taken (ending of temporary contracts, taking of leave by permanent employees, introduction of short-time working and part-time unemployment, etc.) in order to lower the break-even point, and the good recovery in the fourth and fifth quarters, enabled LACROIX to record a positive COI in the second half-year and the fifth quarter. This favourable development was also supported by the inclusion in the accounts of 2 years of Research Tax Credit (CIR), supporting growth at the end of the year for €1.3M.
- Net income (Group share) (15 months versus 12 months) is up by +€0.4M, benefiting from lower extraordinary expenses during the period, partly compensated by an increase in financial expenses (exchange effect), the tax expense (in particular conversion of the deferred tax asset basis to the future rate of 25%), as well as an increase in non-controlling interests.

COMBINED ANNUAL GENERAL MEETING

Furthermore, during the period, the Company implemented its first employee shareholding plan. This plan was a great success, with an overall participation rate of 37%, and as high as 67% among employees in France.

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 activity develops, industrialises, produces, and integrates electronic assemblies and sub-assemblies for the automotive, aeronautics, home automation, industrial, and healthcare sectors. It helps its customers to conceive and boost their innovations, and develop the world of "Smart Industries".

Representing more than 59% of revenue and more than 80% 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 the 2020 financial year were as follows:

- A violent impact of the crisis from March to June, followed by a K-shaped recovery including a strong rebound of automotive activity and depressed aeronautical activity. As such, revenue for the period, initially on the rise, went down 43% for April-June, before rebounding then going flat during the periods of July-September and October-December. It should be emphasised that the impact of activities in the aeronautical sector remains limited, representing only 7 to 8% (pre-crisis) of the Electronics Activity.
- Despite the measures taken to limit the impacts of the drop in activity, a sharp decline in COI (-€6.9M), which remains nonetheless largely positive at +€2.5M.
- Advancement of our Symbiose project with the creation of a structure responsible for the factory construction project (investments of €25M), with a (minority) holding acquired by BPI's SPI fund.
- The acquisition of eSoftThings. With this acquisition, LACROIX consolidated its R&D department already present in the Rennes area and reinforced its positioning around industrial IoT (hardware, software, and cloud) and artificial intelligence (computer vision, object classification, predictive behaviour models).

In an environment that is still uncertain, notably in terms of procurement, the activity will nevertheless return to growth thanks to a more favourable baseline effect and continued strengthening of programmes with customers. Current operating profitability looks likely, for its part, to come close to its pre-crisis levels. Finally, the activity will continue to invest: the Symbiose 4.0 future factory will be delivered by the end of the year, a project which by 2027 should enable French activities to achieve a revenue of €100M.

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

In €M	N (15 months)	N - 1 (12 months)
Revenue	355.2	317.7
Operating profit	2.5	9.4
Net income	(1.6)	6.9
Cash flow	6.7	12.5
Net investments*	13.7	8.7

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

City Activity

Connected technologies for smarter mobility

By designing and producing equipment 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 traditional 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 used for smart roads. Its expertise and experience provide a solid foundation for imagining and designing tomorrow's connected technologies.

In a market context that is still difficult in the more traditional and promising segments regarding new technologies, the main events of the 2020 financial year were the following:

- A strong impact of the Covid crisis during the period from March to May with a gradual resumption of activity until the end of the year. As such, initially moving in the right direction, revenue was down by 26.6% for the April-June period, then improved, before becoming flat for the July-September period (+0.4%), then finishing with growth in the fifth quarter (+7.3%).
- A decline in COI from -€1.3M during the period to -€1.78M. The measures taken to bring down operating expenses could not fully compensate for contraction in the activity. Were it not for the effect of the Covid crisis, the activity was on course to achieve balance.

- An improvement in net income of €4.4M related to the reduction of non-recurring charges for €5.2M (including revaluation in 2019 for €6.5M of the contingency for previous proceedings).

During the next financial year, the City Activity looks set to start moving forward again and return to its pre-crisis growth dynamic. This development will enable the activity to improve its COI, and to become profit-making once again.

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

In €M	N (15 months)	N - 1 (12 months)
Revenue	125.3	104.6
Operating profit	- 1.8	- 0.5
Net income	- 4.4	- 8.8
Cash flow	- 1.6	- 1.4
Net investments*	2.2	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 CSR policy. By designing and producing equipment to remotely control, automate, and manage water and energy infrastructure, this activity opted for a "Smart Water & Energy" solution for the digital revolution, using connected objects 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 15% 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 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 growth (+€26.6M over 15 months versus 12 months and +€8.3M pro forma for 12 months), benefiting in particular from the contribution of SAE IT-systems, for a full year (acquisition in January 2019).
- A remarkable resistance of this activity to Covid. Less impacted than other activities during the lockdown period (-19.4% in the second quarter), the activity bounced back stronger and faster (+17.4% from July to September), before confirming an excellent level of activity over the fifth quarter (+7.6%). During this entire period, the activity benefited in particular from the sustained growth of smart grid activities in Germany.
- An increase in COI of €7.8M, benefiting from the integration of SAE over a full year, growth in activities, as well as limited operational expenses during the Covid period.

The activity's outlook is favourable, with momentum remaining positive, despite the slowdown in international deployment due to Covid-related travel difficulties. Income levels remained excellent, notwithstanding the HR investments made with a view to supporting and boosting growth.

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

In €M	N (15 months)	N - 1 (12 months)
Revenue	85.8	59.2
Operating profit	21.7	13.9
Net income	14.5	8.7
Cash flow	16.2	9.8
Net investments*	0.7	0.6

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

Research & Development Activity

Mainly involved in the Environment Activity and City Activity, Research & Development activities are counted as operating expenses.

These activities generated Research Tax Credit (CIR) amounting to €1.5M in respect of expenses for the 2019 calendar year. Following the change of closing date, the Company also recorded the 2020 CIR in the accounts for an amount of €1.9M.

Financial situation

The self-financing capacity generated by operations reached **€24.7M**, compared with €24.9M in the previous financial year.

This positive performance, driven primarily by the 15-month results, is also broadly supported by the increase in WCR of **+€21.7M**. Each activity contributed positively during the period to the improvement in WCR, particularly with regard to "stocks" for the Electronics Activity and "customers" for the City Activity. The Company also benefited during the period from the expected insurance pay-out concerning the Tunisian claim (increased need of €3.7M in the previous year).

Investments (excluding financial investment) continued on baselines amounting to €17.0M.

Furthermore, the Company paid out €1.5M in fines, despite appeals that are still in progress (non-suspensive). While awaiting final judgements, these amounts are considered to be financial assets.

Finally, the Company invested €4.9M to acquire a 96% holding in eSoftThings.

As such, free cash flow is positive at **€30.9M.**

The ratio of net debts (excluding debts for rentals and acquisitions) to equity (gearing) shows significant improvement, at 0.29 compared to 0.55 as at 30 September 2019.

As regards cash evolution, the Group's companies benefited from the implementation of 2 State-guaranteed loans (PGE) (2 different scopes) for a total of €18.5M. At the end of December, the Group also benefited from capital increases carried out in relation to the construction of our Symbiose factory, with staggered disbursements until the end of 2021.

Prospects

LACROIX ended its year on a very satisfactory note, thereby confirming the strong resilience of its model. Looking forward to an imminent end to the crisis, and despite the caution imposed by this unprecedented period, we are particularly confident in LACROIX's ability to quickly return to its growth trajectory and follow the ambitious strategic plan to be presented in April.

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 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 has also been home to LACROIX 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 shares a certain number of resources between sectors, such as the teams in the Payroll shared-service centre and the managers of cross-cutting projects (IT, Finance, HR, etc.).

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

As at 31 December 2020, revenue amounted to €9,944K compared to €6,099K, i.e. an increase of 63% on the previous financial year, as a consequence of the exceptional 15-month financial year, but also reflecting the expansion of teams at corporate level, working on a cross-cutting basis for the Group's activities.

Operating income remains stable at €2,659K compared to €2,630K in the previous financial year, benefiting during the period from a reversal of the provision for performance-related shares of €413K (performance criteria not met), as well as provisions for bonuses that were significantly reduced in a context of weaker results. This shortfall in results was largely offset by the positive financial income of +€2,589K (€6,268K in 2019), and the tax income of €5,919K related to tax consolidation. It should be noted that over this period, the Company carried out the assignment of treasury shares as part of its first employee shareholding initiative, positively affecting extraordinary income by +€269K.

As such, extraordinary income was €6,092K compared to €8,578K for the previous financial year.

Non tax-deductible expenses

Non tax-deductible expenses and charges amounted to €56,015 at the closing of the financial year.

This amount corresponds to the non-deductible portion of leases for private vehicles used by the Company for an amount of €41,801 and to corporate vehicle tax expenses of €14,214, which generated a tax obligation amounting to €17,365.

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	**98**	32	12	7	40	**91**	**103**	2	-	-	-	**2**
Total amount, including tax, of invoices in question	**€506,212.89**	€144,468.54	€57,880.64	€19,995.92	€976.11	**€233,281.21**	**€2,083,257.47**	€88,315.28	-	-	-	**€88,315.28**
Percentage of total purchases amount for the year, including tax	**7.67%**	2.19%	0.88%	0.30%	0.01%	**3.38%**						
Percentage of revenue for the year, including tax							**16.29%**	0.69%	-	-	-	**0.69%**
(B) Invoices excluded from (A) relating to written-off or unrecorded debts and receivables												
Number of invoices		-	-	-	-	-		-	-	-	-	-
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 23.14 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. 225-100-3 of the French Commercial Code, we hereby inform you of the following:

Company share capital structure

As at 31 December 2020, Company share capital was €25,000,000, made up of 3,766,560 shares.

The structure of share capital is as follows:

	% of capital	% of voting rights*
Bedouin family	70.25%	84.93%
Treasury shares**	3.94%	
Public	25.81%	15.07%

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

Threshold crossing

In accordance with Article 8 of the Articles of Association, any shareholder owning 2% or more of the share capital is required to inform the Company within 15 days by registered letter with acknowledgement of receipt, and this requirement concerns each 2% fraction of capital ownership.

During the past financial year, no threshold crossing was declared, either upwards or downwards.

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, with the exception of the FIDELITY Group holding 10% of the capital.

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 has been registered in the name of a single 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 Articles L. 225-209 et seq. 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 also benefits from a delegation granted by the General Meeting of 8 March 2019 and extended by the General Meeting of 28 August 2020 regarding capital increase, and a delegation granted by the General Meeting of 28 August 2020 relating to the allocation of bonus shares within 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 2020, the Company held 145,232 treasury shares and 3,041 shares under the liquidity agreement, i.e. a total of 148,273 treasury shares representing 3.94% 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 guaran-tees	Pre-tax revenue from the previous financial year	Income from the previous financial year
				Gross	Net				
1. Subsidiaries held at more than 50%									
LACROIX ENVIRONMENT	13,575	4,877	100.00%	13,575	13,575	20		85	6,884
LACROIX ELECTRONICS	15,000	- 4,566	100.00%	46,427	46,427	22,456		52,200	- 10,540
LACROIX CITY	9,373	2,164	100.00%	14,999	8,499	49,881		10,652	147
LACROIX VI	5	-1	100.00%	5	5				
LACROIX NORTH AMERICA INC (1)		- 354	100.00%	0	0	3,400			67
LACROIX II	5		100.00%	5	5				
LACROIX SINGAPORE (2)	610	- 67	100.00%	406	406				29
LACROIX ENVIRONMENT GMBH	25	- 198	100.00%	18	18	11,211			- 151
2. Shares between 10 and 50%									
None									
3. Shares less than 10%									
Other shares									
TOTAL				**75,434**	**68,934**	**86,969**			

(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 the following investments and acquisitions have been made in relation to companies having their registered office in France:

- Acquisition of a majority stake in the company eSoftThings (96%).

In addition, the Company:
- disposed of its 10% holding in SESA in the United States, through its subsidiary LACROIX North America.

Loans

We inform you that no loans were granted pursuant to Article L. 511-6 3 bis of the French Monetary and Financial Code.

Employee shareholding

On the occasion of the delegation to be submitted to a vote by the General Meeting in relation to capital increase, it will be appropriate to rule on an increase plan at the next General Meeting.

3. MAIN RISK FACTORS FACED BY THE COMPANY

Under the provisions of Article L. 225-100, paragraph 4 of the French Commercial Code, we present the relevant information below:

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:

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.

Supplier and raw materials risk

There are no major risks of dependency on suppliers. However, for the Electronics Activity, adjustments in suppliers' production capacity may lead to certain components being placed under verification, thus significantly lengthening lead times. In response to this, the Company is required to create security stocks. The risk then becomes a risk of obsolescence of these components should the product be modified by the customer, but this is covered by logistics contracts.

IT system risk

Group Management pays particular attention to its IT system and a series of provisions has been implemented to ensure its security. 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.

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 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 financial instruments to mitigate this risk. At the end of December 2020, the portion of financing at variable rates hedged by swaps was 87% of the nominal value.

Liquidity risk

Gross debt position for the Group amounts to €86,589K.
There is no covenant tied to any financing.
Available cash amounts to €54,389K. 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.

Customer profiles by sector of activity are 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.

	FY 2020	FY 2019
Borrowings	67,882	48,872
Current bank borrowings	18,707	21,398
Other net financial debts	- 955	- 960
Cash and cash equivalents	- 54,389	- 13,542
Net debt	31,245	55,768
Shareholders' equity	107,988	103,199
Debt ratio (gearing)	**28.9%**	**54.0%**

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

No elements requiring indication have arisen subsequent to closing.

STOCK MARKET INFORMATION

Changes in share price over the 2020 financial year

LACROIX stock is listed on Euronext Paris, compartment C.

Over the course of 2020 financial year, 339,294 shares were traded for a capital amount of €8,459,656 at an average price of €24.93.

The share price as at closing on 31 December 2020 was €32.50.

Company purchases of treasury shares

Share buy-back programme

Our proposition is to renew the powers given by the Ordinary General Meeting on 13 March 2020 to the Board of Directors to purchase Company shares on the stock market, under the conditions and within the limits specified in Articles L. 225-209 et seq. of the French Commercial Code, and pursuant to the provisions of the European Regulation 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 French 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 duration of 18 months subject to the following conditions:

- the maximum number of shares that can be bought back may not exceed 228,253, i.e. 6.06% of share capital.
- the maximum purchase price per share is set at €50.
- the total amount earmarked for this programme is set at €11.42 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 programme may not exceed 10% of share capital, i.e. 376,656 shares.

Assessment of previous share buy-back programmes

In respect of the programmes authorised by the General Meetings of 8 March 2019 and 13 March 2020, applying to the financial year ending 31 December 2020, the Company conducted the following treasury share purchase or sale transactions: disposal of 40,000 shares within the framework of the employee shareholding plan.

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

- 23,905 shares were acquired at an average price of €24.67;
- 24,192 shares were sold at an average price of €25.04.

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: 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: 3,041 shares.

a total of 148,247 treasury shares representing 3.94% of the capital, having a book value of €2,849,246 and a market value of €4,818,028, based on the price on 31 December 2020.

REGULATED AGREEMENTS

No new regulated agreements were entered into during the financial year ended 31 December 2020.

Regulated agreements entered into during prior financial years continued during that year.

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.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Article L. 225-37 of the French Commercial Code, we present to you in this Management Report, our report on corporate governance containing all the information required by the regulations in force:

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 3 members and at most 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.

The term of appointment for each director is 3 years.

As at 31 December 2020, the Board of Directors of LACROIX was composed of 7 members listed below in the section "List of terms of office and duties during year ended 31 December 2020".

Chairman & CEO and Deputy CEO

In accordance with the provisions of Article L. 225-37-4, 4° of the French Commercial Code, we hereby inform you that your Board of Directors has chosen one of the 2 methods of general management provided for in Article L. 225-51-1 of the French Commercial Code.

On 26 July 2018, the Board of Directors decided to combine the roles of Chairman of the Board of Directors and Chief Executive Officer.

Consequently, Vincent Bedouin assumes responsibility for the general management of the Company for the duration of his term of office as administrator.

On 26 July 2018, the Board of Directors decided, at the suggestion of the Chief Executive Officer, to appoint Nicolas Bedouin as Deputy CEO for the term of office of the CEO.

The term of office as CEO of Vincent Bedouin and the term of office as Deputy CEO of Nicolas Bedouin were renewed by the Board of Directors on 22 March 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 Meili, Ms Malbat, and Ms Barneoud all fulfil the conditions for qualifying as independent.

Representativeness of women on the Board of Directors

In accordance with Law no. 2011-103 of 27 January 2011 on the balanced representation of women and men on the Board of Directors and on professional equality, the male/female distribution within the Board of Directors is 57% to 43% as of 31 December 2020. 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 on 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

On 26 July 2018, the Board adopted internal regulations allowing it to meet by videoconference or telecommunication.

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

Work of the Board

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

Over the year ending 31 December 2020, the Board of Directors met 3 times, mainly to:

- consider the annual financial statements,
- consider the half-year financial statements,
- consider a project for external growth,
- consider the plan to change the closing date.

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's 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 concerning, for the members of the Board of Directors who would stand to benefit:

- allocation of the annual compensation for administrators (directors' fees);
- all other types of compensation, including the conditions applicable at the end of their term of office;
- possible compensation for the managers;
- modifications or potential changes to the pension and insurance plan;
- benefits in kind and various 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 agreement and partnership projects;
- 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 5 members, namely Pierre Tiers, Hugues Meili, Hubert de Boisredon, Ariane Malbat and Muriel Barneoud.

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

Status of the terms of office of the members of the Board of Directors

All terms of office of the members of the Board of Directors expire this year. The General Meeting is advised to renew them.

List of terms of office and job roles from 1 October 2019 to 31 December 2020

In accordance with the provisions of Article L. 225-37-4 of the French Commercial Code, we present below 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 Chairman & CEO Chairman Chairman (until 13/02/2020) Sole administrator Sole administrator Chairman (until 08/02/2020) Manager Manager Manager Manager Manager Manager Chairman of the Board of Directors	SAS VINILA INVESTISSEMENT LACROIX SAS LACROIX ENVIRONMENT SAS LACROIX SOFREL LACROIX SOFREL ESPANA LACROIX SOFREL SRL Italy SAS LACROIX CITY LES CHERES SARL LACROIX VI SARL LACROIX VII SARL LACROIX III SARL LACROIX II SCI MAJE SCI LTI SUD EST LACROIX ELECTRONICS Beaupréau
Pierre Tiers	Chairman Founding Director Member of the Board of Directors Member of the Strategic Committee	SAS NOVAPULS PRO.POSITIONS LACROIX SAS Groupe DMD SAS Groupe CETIH SAS VECTURA: SAS PASSERELLES Finances SAS FINPLE (ending during 2020) SAS O°CODE
Hugues Meili	Member of the Board of Directors Chairman & CEO Chairman Chairman Administrator Member of the Board of Directors Chairman of the Board	LACROIX NIJI SA BORDILLA I SAS Kurmi Software SAS Crédit Agricole d'Ille et Vilaine DELTA DORE Bretagne Développement Innovation
Marie-Reine Bedouin	Member of the Board of Directors Chairwoman of the Board of Directors	LACROIX SAS VINILA INVESTISSEMENTS
Hubert de Boisredon	Member of the Board of Directors Chairman Member of the Strategic Committee Manager Manager Manager Manager	LACROIX ALSENS SAS KIPLI ALRE ALSOL ALPER SCI BUROO
Ariane Malbat	Member of the Board of Directors	LACROIX

Muriel Barneoud	Member of the Board of Directors Presidency of the Appointments & Compensation Committee Vice President	LACROIX HAKKA TECHNOLOGIE VERIMATRIX CCIR Ile de France FONDATION CNAM Abbé Grégoire HAKKA TECHNO VERIMATRIX VERIMATRIX ACSEL CAP DIGITAL AFRC

Executive Management

Name	Term of office	Company
Vincent Bedouin	Chairman Chairman & CEO Chairman Chairman (until 13/02/2020) Sole administrator Sole administrator Chairman (until 08/02/2020) Manager Manager Manager Manager Manager Manager Chairman of the Board of Directors	SAS VINILA INVESTISSEMENT LACROIX SAS LACROIX ENVIRONMENT SAS LACROIX SOFREL LACROIX SOFREL ESPANA LACROIX SOFREL SRL Italy SAS LACROIX CITY LES CHERES SARL LACROIX VI SARL LACROIX VII SARL LACROIX III SARL LACROIX II SCI MAJE SCI LTI SUD EST LACROIX ELECTRONICS Beaupréau
Nicolas Bedouin	Deputy CEO Chairman Manager Member of the Supervisory Board Member of the Board of Directors	LACROIX LACROIX NORTH AMERICA INC. LACROIX ELECTRONICS Beaupréau (17/10/2019 to 28/01/2020) SCI MAJE SAS VINILA INVESTISSEMENTS LACROIX ELECTRONICS Beaupréau

Compensation and benefits received by executive corporate officers

In accordance with Article L. 225-102-1 of the French Commercial Code, we hereby advise you of the amount of total compensation and benefits of any kind, paid during the financial year ended 31 December 2020, to the executive corporate officers, by the Company and the companies it controls per Article L. 233-16 of the French Commercial Code:

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

	Period 2020		Period 2019		Period 2018	
Vincent Bedouin CEO	Owed	Paid	Owed	Paid	Owed	Paid
Fixed compensation	XX	280,769	XX	220,000	XX	227,883
Variable compensation	30,000	130,143	130,143	113,069	113,069	67,500
Special compensation						
Attendance fees						
Benefits in kind		7,516		7,516		7,516
TOTAL	**30,000**	**418,428**	**130,143**	**340,585**	**113,069**	**302,899**
Nicolas Bedouin Deputy Managing Director	Owed	Paid	Owed	Paid	Owed	Paid
Fixed compensation	XX	182,290	XX	138,845	XX	142,047
Variable compensation	18,750	82,818	82,818	67,842	67,842	45,000
Special compensation						
Attendance fees						
Benefits in kind		5,610		4,735		4,735
TOTAL	**18,750**	**270,718**	**82,818**	**211,422**	**67,842**	**191,782**

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

Over a comparable 12-month period, i.e. from 1 October 2019 to 30 September 2020, the fixed compensation paid to Vincent Bedouin amounts to €227,692.
Furthermore, Vincent Bedouin waived his variable compensation payable in respect of this 12-month period, a decision endorsed by the General Meeting of 28 August 2020.

Similarly, over a comparable 12-month period, i.e. from 1 October 2019 to 30 September 2020, the fixed compensation paid to Nicolas Bedouin amounts to €147,676.
Nicolas Bedouin also waived his variable compensation payable in respect of this 12-month period, a decision endorsed by the General Meeting of 28 August 2020.

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

	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	418,428	340,585
Nicolas Bedouin Member of the Board and Deputy Managing Director		
Expenses recorded in the financial year Valuation of options granted during the financial year Valuation of performance shares granted during the financial year	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, i.e. from 1 October 2019 to 30 September 2020, the total fixed and variable compensation payable to Vincent Bedouin amounts to €357,835. Over this same period, it amounts to €230,494 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.

Attendance fees

The executive corporate officers did not receive directors' fees during the financial year.

Share subscription or purchase options granted during the financial year

No share subscription or purchase options were allocated to the executive corporate officers during the past 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.

Directors' fees and other compensation received by non-executive corporate officers during the financial year, for the previous financial year, were as follows:

Name	Amount of fees in €
Muriel Barneoud	10,000
Hubert de Boisredon	9,000
Ariane Malbat	11,000
Hugues Meili	17,000
Pierre Tiers	16,750

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: 24 February 2017.
- The plan is awarded under performance-related conditions, which must be fulfilled in order to receive the final benefit from these plans.
- The definitive allocation of the shares will be carried out over 2 periods:
  - up to 31 December 2018, i.e. approximately 2 years from the first Acquisition period.
  - up to 31 December 2020, i.e. approximately 4 years from the second Acquisition period.
- On the expiry of these dates, the shares will be definitively allocated to the beneficiaries, subject to the conditions being fulfilled and in the following manner:
  - 30% of the shares may be acquired after approximately 2 years, i.e. on 31 December 2018. This acquisition constitutes an advance payment on the plan.
  - 100% of the shares may be acquired after approximately 4 years, i.e. on 31 December 2020. The shares acquired at the end of the first period, being paid as an advance payment, will be deducted from the total amount allocated.
- 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 paid in 2019 as per the 2018 advance payment: 6,959 shares.
- No performance-related shares paid following the 2020 calculation, as a result of non-attainment of the performance criteria / triggering threshold.

As such, for this period, the provision allocated in previous financial years was recovered, thus constituting income in the 2020 accounts.

Compensation policy (Say on Pay)

Compensation is determined by the Board of Directors at the recommendation of the Appointments & 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 Appointments & Compensation Committee, under the conditions provided for in Article L. 225-37-2 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.

At its meeting of 22 March 2021, the Board of Directors, upon proposal from the Appointments & Compensation Committee, set the overall amount of compensations (directors' fees) allocated to administrators for their term of office in respect of the financial year ending 31 December 2020 at €63,750, divided as indicated above.

This amount was determined in accordance with the principles above.

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 2021 in the amount of €207,900 p.a., gross, paid as of 1 January 2021. Vincent Bedouin's annual fixed compensation remains the same as for the 2020 financial year.

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

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 financial year 2021, Vincent Bedouin's variable compensation remains calculated on the basis of the Current Operating Income ("COI") earned by the Group compared to the 2021 COI presented as part of the PB.

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 an identical 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.

For the period from 1 October 2019 to 30 September 2020, the variable portion for Vincent Bedouin is calculated based on €120,000 gross, as approved by the General Meeting in 2019.
Vincent Bedouin has made known his decision not to receive his variable compensation for this period, wishing to preserve the Group's operating account. This decision was approved by the General Meeting of 28 August 2020.

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 2021 in the amount of €140,000 p.a., gross, paid as of January 2021.

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

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 financial year 2021, Nicolas Bedouin's variable compensation remains calculated on the basis of the Current Operating Income ("COI") earned by the Group compared to the 2021 COI presented as part of the PB. 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.

Nicolas Bedouin's variable portion will be calculated on an identical 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.

Variable compensation for Nicolas Bedouin is calculated on the basis of the current operating income ("COI") earned each year by the Group compared to the best of the COI in 2020 or the budget set for the year.
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.

This variable portion is directly linked to performance.

For the period from 1 October 2019 to 30 September 2020, the variable portion for Nicolas Bedouin is calculated based on €75,000 gross, as approved by the General Meeting in 2019.
Nicolas Bedouin has made known his decision not to receive his variable compensation for this period, wishing to preserve the Group's operating account. . This decision was approved by the General Meeting of 28 August 2020.

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 3.77 times the average of compensations paid in 2020, compared to 5.07 in 2019. It is equal to 7.97 times the median compensation in 2020, compared to 6.75 in 2019. Furthermore, the compensation paid to Nicolas Bedouin for the financial year represents 2.42 times the average of compensations paid in 2020, compared to 3.15 in 2019, and is equal to 5.09 times the median compensation in 2020, compared to 4.19 in 2019.

Resolutions regarding Say on Pay proposed at the General Meeting:

Under the provisions of Article L. 225-37-2 of the French Commercial Code, as amended by the order 2019-1234 of 27 November 2019, we bring to your attention the projects for resolutions approved by the Board of Directors that will be submitted at the General Meeting of 11 May 2021, for the purpose of approving the compensation items allocated and attributable to the Company's executive officers.

Fourteenth 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 maximum annual amount for the current financial year to be distributed among the members of the Board of Directors, at €70,000.

Fifteenth resolution
Approval of the compensation policy for administrators

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 the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the administrators, as presented in the annual financial report of the Company.

Sixteenth resolution
Approval of the compensation items due or allocated for the 2020 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, approves the compensation items due or allocated for the 2020 financial year to Vincent Bedouin, Chairman & CEO of the Company, as presented in the annual financial report of the Company.

Seventeenth resolution
Approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated 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 on the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the items of the compensation policy applicable to Vincent Bedouin, Chairman & CEO, as presented in the annual financial report of the Company.

Eighteenth resolution
Approval of the compensation items due or allocated for the 2020 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, approves the compensation items due or allocated for the 2020 financial year to Nicolas Bedouin, Deputy CEO of the Company, as presented in the annual financial report of the Company.

Nineteenth resolution
Approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated 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 on the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the items of the compensation policy applicable to Nicolas Bedouin, Deputy CEO, as presented in the 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

Date of General Meeting	Nature of the delegation	Term of authority granted	Date and terms of use by the Board of Directors
8 March 2019 (11th resolution) extended by the EGM of 28 August 2020 (3rd resolution)	Issue of ordinary shares or securities giving access to share capital or entitlement to debt securities with retention of preferential subscription rights	26 months	NONE
8 March 2019 (13th resolution)	Capital increase reserved for employees	26 months	NONE

Main features of internal monitoring and risk management procedures

This report on the internal monitoring and risk management procedures implemented within LACROIX 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 monitoring at LACROIX thanks to the environment created within the Group as well as to the specific organisation put in place, from which result targeted internal audit and risk management procedures. All of these points are presented below.

COMBINED ANNUAL GENERAL MEETING

Internal monitoring objectives and stakeholders

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

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

Like any monitoring system, the internal monitoring system cannot provide an absolute guarantee that all the risks of errors 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 centralises the management of its internal monitoring, supported by the **Legal & Compliance Department** for some aspects and the **Audit & Internal Monitoring Division** for others.

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

Internal monitoring environment

A number of structural references for internal monitoring exist within LACROIX.

LACROIX values – boldness, commitment, team spirit, open-mindedness, and respect – are therefore points of reference that unite our internal teams. They guide conduct, encourage initiatives to be taken, and benevolently allocate responsibility.

In addition, the **Ethical Charter** sets out the ethical principles applicable at LACROIX 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.

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

Finally, the **Rules of Procedure** between LACROIX and each of the areas of activity 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**, allowing for the transfer of responsibility to persons with specific skills, authority and means.

Organisation of internal monitoring

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

- **The Management Monitoring Directors** 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 accountants** 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 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 under IFRS and ensures the consistency of processing and compliance with Group 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 queries.
- **The IT 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 computer recovery plans are regularly conducted under the supervision of the IT Department. A position as IT Systems Security Manager has also been created. All of the major subsidiaries of LACROIX use **ERP software**.

Implementation of internal monitoring

The Audit & Internal Monitoring Division plans its duties on the basis of validated priorities in the context of Risk & Opportunity Mapping. From this perspective, its duties revolve around:

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

Main activities for the 2020 financial year

For the 2020 financial year, internal auditing tasks were extensively disrupted by the pandemic situation. As such, a certain number of tasks had to be postponed and the teams focussed on other tasks. The main contributions were therefore as follows:

- Continuous improvement of internal monitoring and the fight against fraud:
  - Reworking of Risk & Opportunity Mapping with contributions from all members of the activities' departmental committees;
  - Considering data analysis tools that would make it possible to set up routine checks and increase the effectiveness of our checks in collaboration with Audencia students;
  - Harmonisation of the procedures, rules, and checks to carry out on the Group as a whole in order to combat internal and external fraud;
  - Continuous improvement of internal monitoring and consideration of auditors' recommendations;
  - Contribution to the construction of management tools for the 2025 plan and proper deployment of LACROIX's priorities in its areas of activity.
- Internal audits:
  - Definition of a multi-year auditing plan to be applied as of 2021;
  - Revised and expanded work programmes.
- Support provided to the Compliance Department:
  - Continued roll-out of GDPR;
  - Updating and improvement of the anti-corruption procedure;

Areas of work for 2021

The areas of work defined for the 2021 financial year, dependant upon the development of the health crisis and freedom of travel, will concern in particular:

- Continuous improvement of internal monitoring and the fight against fraud:
  - Continued improvement and roll-out of the Electronics Activity business continuity plan;
  - Deployment of targeted automatic monitoring in line with the analysis tool chosen;
  - Monitoring of action plans for key aspects of risk mapping;
  - Monitoring of IT action plans for cyber security issues.
- Internal audits:
  - Resumption of on-site audits.

- Review of key processes according to the multi-year plan approved and the work programmes prepared in 2020. Support provided to the Compliance Department:
  - Continued roll-out of GDPR;
  - Updating of Corruption Risk Mapping.

In accordance with Article L. 225-235 of the French Commercial Code, as amended by Law 2003-706 of 1 August 2003 ("Financial Security Law"), our Statutory 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 our Articles of Association.

TERMS OF OFFICE OF STATUTORY AUDITORS

The terms of office of the firms Atlantique Révision Conseil (A.R.C) and Ernst & Young et Autres, joint statutory auditors, firstly, and the firm Auditex and Jean-Paul Caquineau, joint alternate auditors, secondly, will expire at the end of the General Meeting called to vote on the accounts closing 31 December 2020.

The General Meeting is advised to:

- renew the term of office of the firm Ernst & Young et Autres, a simplified joint-stock company located at 12 place des Saisons, 92400 Courbevoie Paris La Défense 1, France, enrolled in the Nantes trade and companies register under number 438 476 913, in the capacity of statutory auditor, and

- appoint the firm Mazars, a public limited company with a board of directors and a supervisory board, with a capital of €8,320,000, whose head office is located at Tour Exaltis, 61 rue Henri Régnault, 92400 Courbevoie, France, enrolled in the Paris trade and companies register under number 784 824 153, in the capacity of statutory auditor,

for a period of six (6) financial years, which will expire at the end of the Ordinary General Meeting called in 2027 to rule on the accounts closing 31 December 2026.

Since 11 December 2016, the appointment of one or more alternate auditors is only required if the statutory auditor appointed is a natural person or a single-member company (Article L. 823-1 paragraph 2 of the French Commercial Code). Consequently, it is suggested not to renew the terms of office of the alternate auditors.

APPROPRIATION OF PROFIT

Distributable profit is composed of:

Profit from the financial year	€6,091,533
Plus retained earnings	€2,173,759
Other reserves	€75,900,000
To form a distributable profit of	€84,165,292

We suggest that you approve the allocation of the net profit for the financial year, amounting to €6,091,533, to which the balance carried forward amounting to €2,173,759 is added, as follows:

As dividends to shareholders Namely €0.68 per share	€2,561,261
In the "other reserves" account, which thus amounts to €80 million	€4,100,000
The balance in "retained earnings"	€1,604,031

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 allocation, the Company's equity stands at €112,655,391, before the fraction of dividends on the treasury shares held by the Company.

Since 1 January 2018, distributed income 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.

Dividends will be paid before 13 July 2021.

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
2016 - 2017	0.60	2,142,590	3,766,560	3,570,984
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

COMPENSATION FOR ADMINISTRATORS (ATTENDANCE FEES)

We suggest that you set the total annual amount of compensation allocated to the Board of Directors (directors' fees) for the current financial year at €70,000.

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 regarding Company securities was brought to our attention during the financial year.

DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

EDITORIAL

LACROIX is fully committed to having an increasingly positive human and environmental impact, and includes such considerations in the decisions it makes at the very highest level.

"We are ordinary people, but together, we can achieve extraordinary things". Through its activities, the Company employs, trains, and unites an increasingly large group of people around shared values.

The Company also interacts with an extended network of stakeholders (shareholders, customers, suppliers, partners, employees' families) whom it seeks to include in its social policy. In 2020, like all businesses, LACROIX had to adapt to cope as well as possible with the unprecedented health crisis in order to protect all its employees while also preserving its economic activity. These extreme circumstances, which required the immediate implementation of extensive remote-working measures, also highlighted the Company's role as a creator of social connections.

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

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

Beyond the "direct" 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.

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

At the end of the year 2020, LACROIX closed its "Ambition 2020" strategic plan, designed to deeply transform the Company, lay solid foundations for CSR imperatives, and enable progress in many areas – some of which are illustrated in this report. To keep this momentum going, LACROIX is launching its new strategic plan, an acceleration plan – "Leadership 2025" –, which is intended to lead the Group into new territory, with the ambition of becoming a world leader in Industrial IoT and electronic devices for critical applications by 2025.

The launch of this new plan at the start of 2021 was an opportunity for LACROIX to clarify its overall purpose, and a real asset towards the establishment of a solid CSR strategy. By design, the plan harnesses the contribution of all employees, adopting a methodology of alignment of priorities and projects within the organisation. This new plan will strengthen the focus on CSR, placing it at the centre of decision-making and bringing all employees on board.

Vincent Bedouin
Chairman

The unifying power of LACROIX's values

The Ambition 2020 transformation plan has deeply changed the organisation and laid a foundation of values shared by all employees. By aligning social and operational rules with these values, LACROIX's teams help to place people at the centre of the organisation. Managers and their staff thus avail of a reference framework understood by all and invaluable for coordinating their interaction 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."

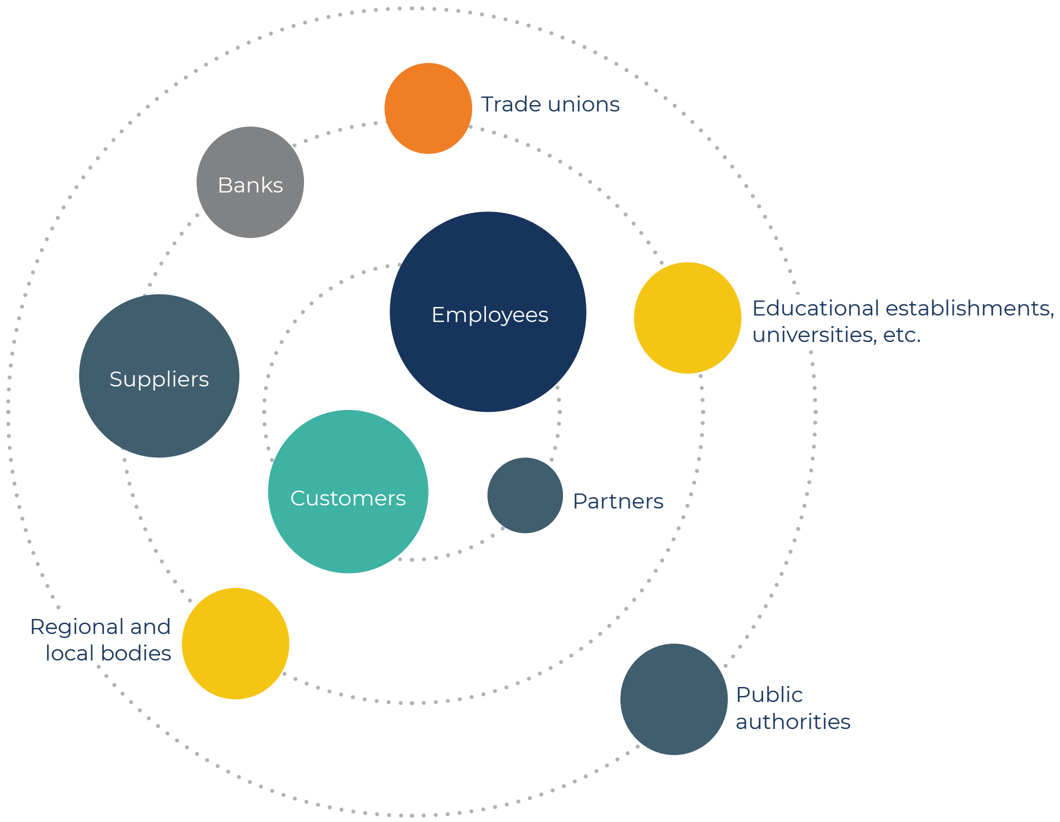
LACROIX confirms its commitment via external guidelines

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. Adhering to the Global Compact means sharing the conviction that commercial practices based on universally recognised principles will contribute to the emergence of a more stable, fair, and open global market, and to the development of prosperous and dynamic societies.

LACROIX is also preparing for an annual diagnostic and benchmarking exercise, including the extra-financial procedure conducted by Gaïa Rating.
In 2020, LACROIX's efforts were recognised by an improvement in its Gaïa Rating position, moving up 32 places compared to the 2019 financial year (96/230 in 2020). The diagnostic carried out highlighted progress, in particular, **in the areas of governance and the environment**. Gaïa Rating, an ESG ratings agency operated by EthiFinance, conducts an annual fact-finding mission covering most listed mid-caps and SMEs in France.

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.



LACROIX ENGAGEMENT: THE FIRST EMPLOYEE SHAREHOLDING INITIATIVE WITHIN THE GROUP

The take-up of the employee shareholding plan exceeded the Group's expectations: 66% of eligible employees in France subscribed to this first plan. Internationally, 37% of eligible employees also wanted to participate, demonstrating our teams' confidence and commitment to the Group.

This first scheme includes all of LACROIX's French and international sites, with the exception of Tunisia, due to Tunisian Central Bank regulations.

By creating real cohesion within the teams, LACROIX can count on this entrepreneurial mindset to go beyond its borders and unleash the energies of its employees, who are now stakeholders in the Company.

"We are very pleased with the broad success of our first employee shareholding plan. With this initiative, we wanted to involve our employees even more closely in our development. Their involvement is a strong sign of their confidence in the Company's strategy and an extremely positive message."

Vincent Bedouin
Chairman & CEO at LACROIX

Meeting with Sylvie de Pange, Manager of the Employee Shareholding Division at CIC Epargne Salariale, who supported LACROIX in this adventure.

"When we met with the LACROIX teams to launch this employee shareholding project, we immediately understood the desired objectives: it is true that the benefits of employee shareholding are numerous and depend on the philosophy adopted by the Company. Of course, the financial benefit is one objective, but in this case it was not LACROIX's main one; they were mainly interested in the social aspect."

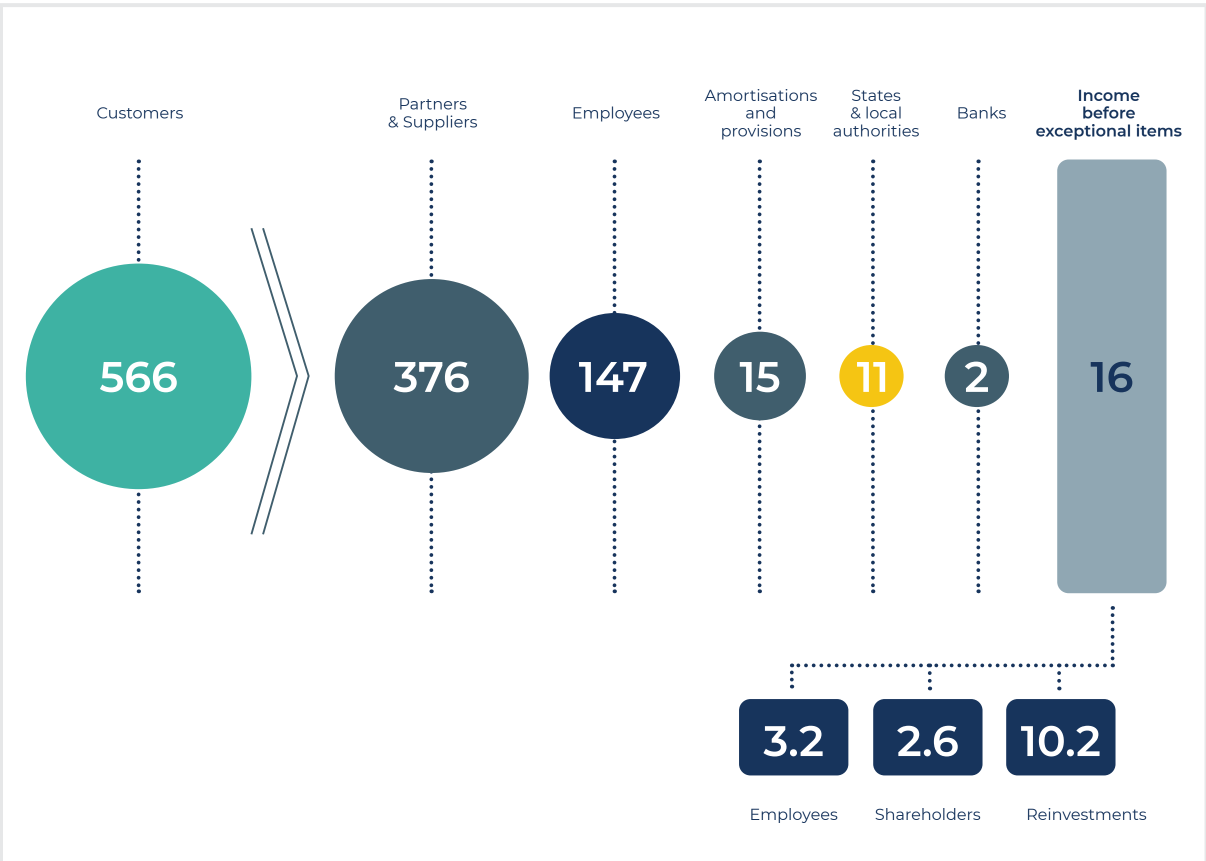
OUR VALUE CHAIN

LACROIX key figures

4,225
EMPLOYEES
(4,168 EMPLOYEES IN 2019)

€566M
(€482M IN 2019)

VALUE CREATION (IN MILLIONS OF €)



DISTRIBUTION BY ACTIVITY

3,286
EMPLOYEES
(3,196 EMPLOYEES IN 2019)

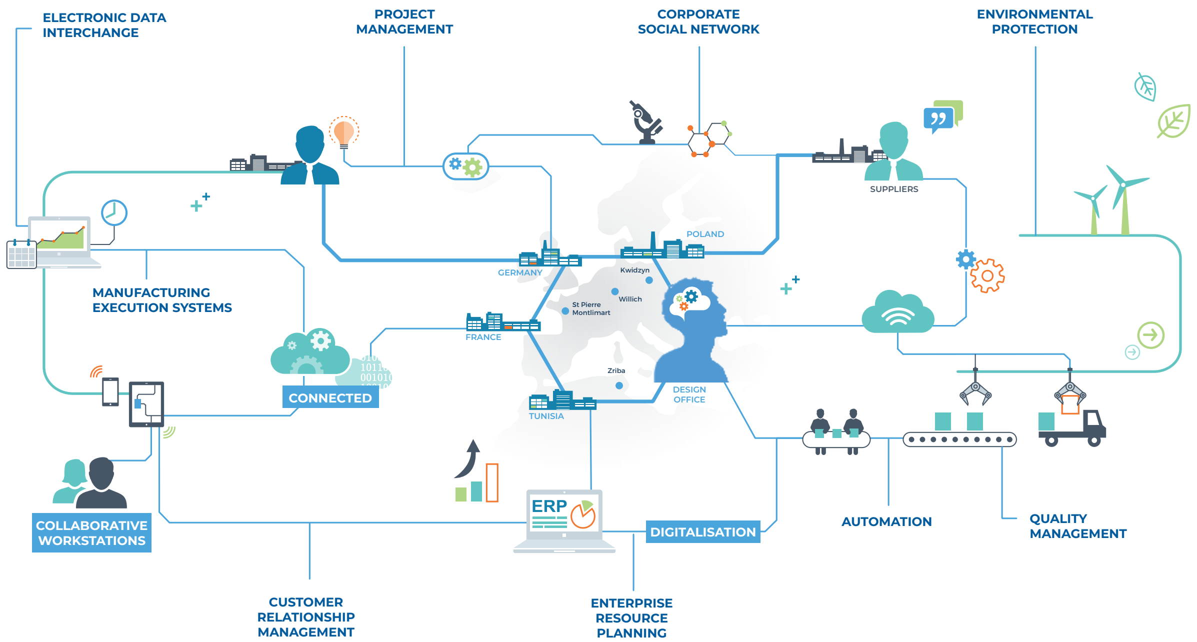
€355M
(OVER 15 MONTHS)
(€318M IN 2019)

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 is investing in the electronics industry of the future (or “Industry 4.0”) to accompany its partners through their digital transformation and industrial modernisation.

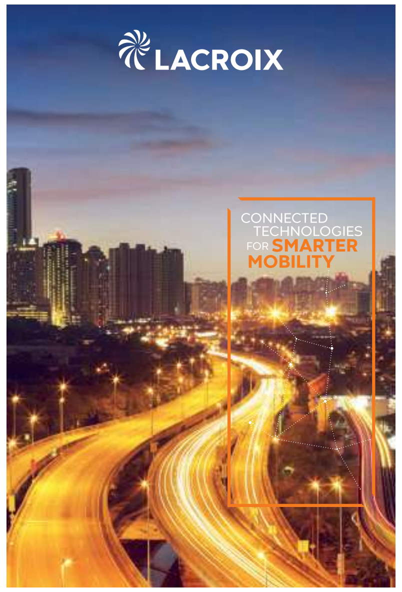
In support of its ambition to become a world leader by 2025 in industrial IoT, smart objects, and electronic devices for critical applications, in 2020, LACROIX acquired eSoftThings, a Rennes-based start-up specialising in the design of connected objects and artificial intelligence. This acquisition has been integrated into the Electronics Activity Solutions design teams, and includes the Impulse offer.

Impulse 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 3,286 people across 5 production sites, and Impulse is based in the same 4 countries.



The Electronics Activity rises to the challenges of competitiveness while ensuring a bespoke, quality service for our customers thanks to the acquisition and implementation of the latest technologies: automation of collaborative workstations, new optical reading tools, counting of X-ray components, and digital tools for logistics simulation or project cooperation.

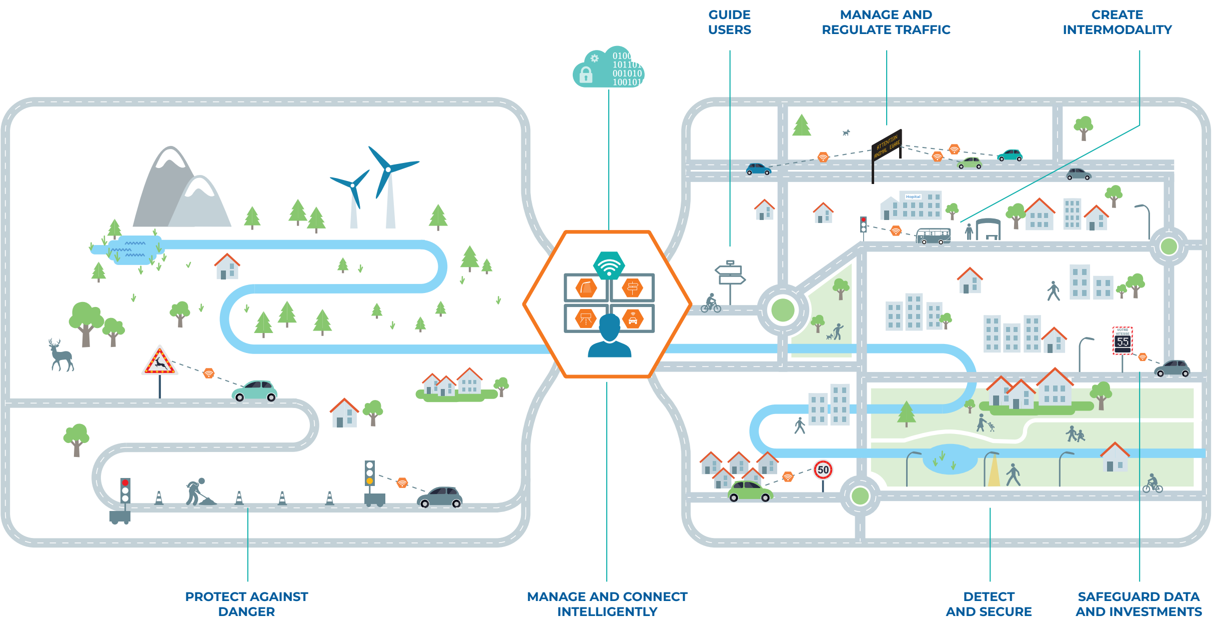


610
EMPLOYEES
(676 EMPLOYEES IN 2019)

€125M
(OVER 15 MONTHS)
(€105M IN 2019)

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 610 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.



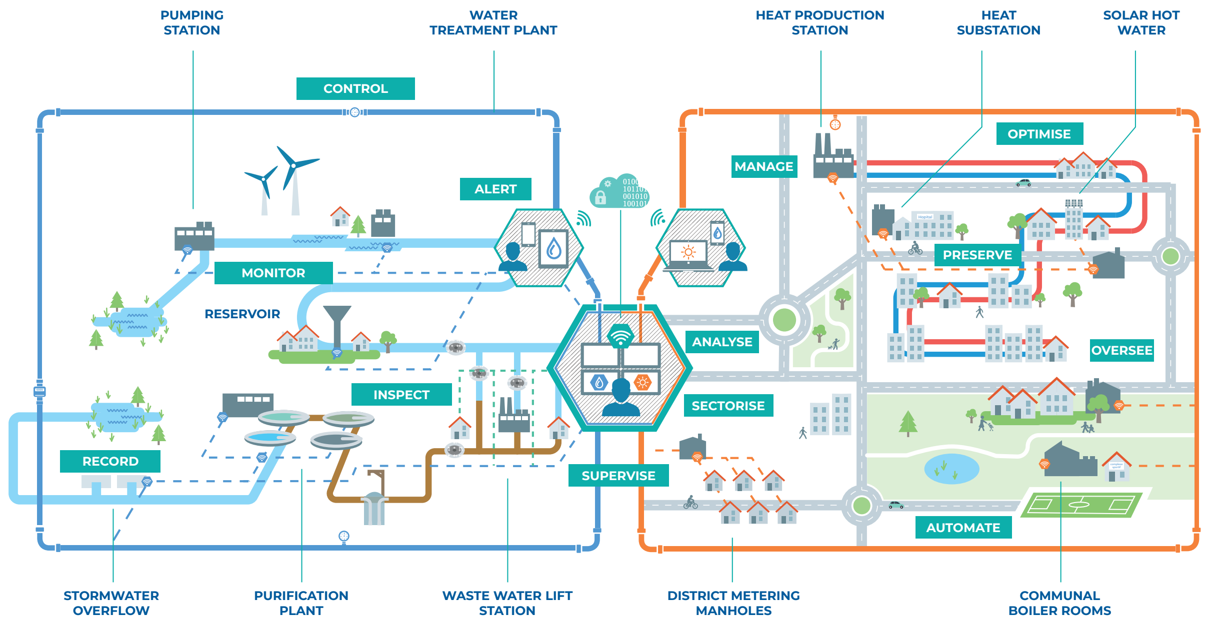
282
EMPLOYEES
(261 EMPLOYEES IN 2019)

€86M
(OVER 15 MONTHS)
(€59M IN 2019)

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.



CSR APPROACH

Under a continuous improvement approach, LACROIX continues to focus its efforts on the **key issues raised by a materiality assessment**, complemented by the operational principals 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 represents a permanent priority for LACROIX.

Talents and skills

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

Local development

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

Ethics

LACROIX 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.

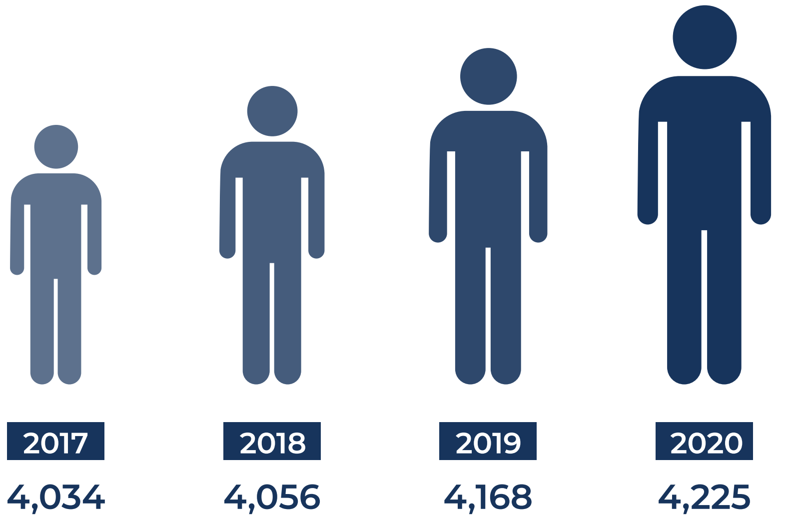
Risks and opportunities	Support and diligence checks	Status*
Employee satisfaction	Roll-out of LACROIX values guidelines Employee satisfaction survey across entire Group	Existing Existing
Health and safety	Accident prevention and safety measures at work Accident prevention measures and raising awareness 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	To be strengthened To be strengthened To be strengthened Existing
Attractiveness	Strengthening of employer brand Acting as a regional stakeholder and contributing to development of the socio-economic fabric	To be strengthened Existing
Ethical business practices and behaviours	Roll-out of LACROIX 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

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

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 4,225 employees in 2020, the LACROIX workforce has increased slightly in number (+57 employees) in relation to last year.

The acquisition of eSoftThings completed during the financial year contributed to this increase, with the integration of 47 new employees.



1.1 Jobs & Workforce figures

Distribution of workforce by Activity

	Electronics Activity		City Activity		Environment Activity	
	2020	2019	2020	2019	2020	2019
Total workforce	**3,286**	**3,196**	**610**	**676**	**282**	**261**
Men	1,290	1,234	413	457	220	200
Women	1,996	1,962	197	219	62	61

An additional 47 workers are employed by LACROIX Corp. (Group parent company).
There were 35 employees in 2019 in this entity, which has grown in particular through the development of R&D functions within the LACROIX Corp. teams.

78%
OF THE GROUP'S WORKFORCE WORK FOR THE ELECTRONICS ACTIVITY
(77% IN 2019)

71%
OF THE GROUP'S WORKFORCE WORK OUTSIDE FRANCE
(68% IN 2019)

LACROIX's activities are also supported by staff made available under temporary employment contracts, representing an average of 51 full-time equivalents in 2020, compared to 131 in 2019.

1.2 LACROIX & You 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 a record participation rate of 88% for the latest survey, conducted at the end of 2020 (84% in 2018) the Group's employees have once again shown that they are keen to be involved.

With the participation of over 3,700 employees, the findings of this survey, which combines around 100 points of assessment across 10 topics, provide a valuable foundation on which to base improvement measures and actions.

72%
OF EMPLOYEES SATISFIED IN 2020
71% OF EMPLOYEES SATISFIED IN 2017

The figures shown use the same survey scope, questions, and topics.

75% objective for 2020: While the satisfaction rate among employees has continued to progress since 2015, we have not yet reached the 75% objective that was set for the closure of the Ambition 2020 strategic plan.

Based on feedback from the 2020 survey, we will continue and strengthen 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.

Most LACROIX companies have staff representation bodies, which held 246 meetings in 2020 across the entire Group (173 meetings in 2019). The increase in the number of meetings is related in particular to the context of the Covid-19 health crisis.

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: the 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.

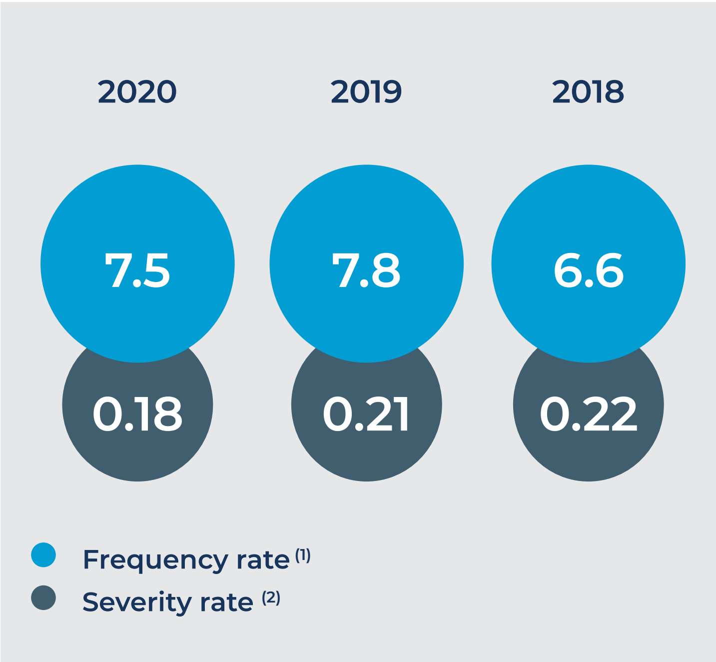
In this context, very widespread and unprecedented use of remote working was introduced, and those working on-site were given the benefit of essential personal protective equipment (surgical masks, washable masks, hand sanitiser) and physical distancing rules were quickly laid out.

Workplace accidents

The frequency rate of workplace accidents fell by 0.3% compared to 2019. However, it remains higher than in 2018, taking account of the number of accidents still related to handling operations. This increase requires greater attention to be paid to safety instructions, and more information to be provided on handling techniques and postures.

For the fourth consecutive year, the severity rate of workplace accidents has fallen. The results achieved confirm the steps taken to prevent accidents and raise awareness around the risks involved in our activities, and to ensure that personal protective equipment is worn.

Occupational hazard training for new staff in workshops is systematically included as part of their welcome package. Communication activities will be reinforced in future years to ensure the sustained involvement of managers.



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:

- 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.

COMBINED ANNUAL GENERAL MEETING

Absenteeism

Short-term absenteeism accounts for most work stoppages. The increase in this indicator recorded in 2020 stems from the rise in stoppages recorded in relation to the Covid-19 crisis, particularly with leave for child care being included in this indicator.

Absenteeism related to maternity leave remains stable. Corrected for this indicator, absenteeism related to illness and accidents was 4.32% in 2020.

	2020	2019
Short-term illness	4.21%	3.62%
Occupational illness	0.01%	0.03%
Workplace and commuting accidents	0.10%	0.15%
Maternity, paternity, and adoption leave	3.97%	4.09%
Total absenteeism rate	**8.30%**	**7.89%**

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:

Healthy eating awareness campaigns, such as the "fruit day" and "healthy food" initiatives organised in partnership with local producers to promote a nutritional diet.

Implementation of health benefits at national level, offering wider cover and a higher 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 forklift trucks (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

2,271 WOMEN

1,954 MEN

53% of the Group's workforce in 2020 were women, compared with 54% in 2019.

As was the case in 2018 and 2019, 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. 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 2020, the gender equality index was above 75 points for all of the Group's companies based in France calculated using this indicator.

Between 2019 and 2020, LACROIX Electronics Tunisia finalised its partnership with GIZ, a German cooperative development agency, in order to promote corporate gender diversity in Tunisia.

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

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.

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 provided 45,202 hours of training in 2020, very far behind the 84,597 hours of training dispensed in 2019, as a result of the constraints imposed by the health crisis.

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

These training courses also ensure the upkeep and transmission of expertise and know-how. Within this framework, the Electronics Activity makes use of its internal training school to train employees in the highly technical processes involved in this activity. For the last 2 years, the Signalisation Division, a branch of the City Activity, has undertaken a similar internal training approach for the transmission of technical known-how in workshops.

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	74,858	432	8,219	212	1,520	38

Good practices

LACROIX has introduced 3 diploma training programmes designed to develop managerial culture:

LACROIX Corporate MBA for executive managers
LACROIX Visa Manager for middle management
LACROIX Management Certificate for local managers

In 2020, 36 employees graduated from these training courses. The 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.

Senior & Advanced Leadership profiles	Advanced & Emerging Leadership profiles	First Line Management & Shift Leaders
LACROIX Corporate MBA	**LACROIX Visa Manager**	**LACROIX Management Certificate**
by Audencia Business School	by Audencia Business School	by IPPEI Consulting

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.

LACROIX Lab's role 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.

LACROIX organises a conference for its managers at the start of each year.

In 2021, this event, which brought together around 150 Group managers, took place under a new format enabling everyone to share the results of the Ambition 2020 strategic plan and the initial details of the new Leadership 2025 plan.

Furthermore, support roles for activities (Communications, Human Resources, Finance, and IT) set up sector-specific committees to discuss the issues around their duties, good practices, and to contribute to the deployment of cross-cutting projects.

DIGITAL TRANSFORMATION

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

LACROIX Lab

In 2019, LACROIX rolled out the digital application "Expensya" for the digitalisation of employee expense forms, making them easier to use, more efficient, and wasting less paper. After a test phase, this solution was fully deployed in 2020.

LACROIX TECH

LACROIX digitalised its process of annual reviews and deployed them across all of its sites. Each employee now benefits from online access to their forms as part of a harmonised process.

The tool deployed has made it possible to achieve completed review levels in excess of 95% for the last 3 years.

LACROIX FAB

LACROIX digitalised the system for submitting and approving employee expense forms, including automated entry into the accounts.

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.

There were 43 young people on professional development or apprenticeship contracts in 2020 within the various entities of the Group.

In Tunisia, the Electronics Activity regularly provides contracts under the Initiation into the World of Work scheme, which offers an initial foot in the door for young people entering the employment market. In 2020, 33 young Tunisians benefited from this type of contract.

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.

LACROIX employees regularly visit colleges to present their activities or support future graduates within the framework of college-business workshops. To give a few examples, the Electronics Activity takes part in the interview simulation events organised by ESEO; students from Polytech Nantes regularly visit the production workshops on the Montrevault-sur-Evre site; and the City Activity contributes annually to the employment forum organised by regional authorities.

The Electronics Activity in Poland organises an annual "School close to work" event, in partnership with a leading college, the local authorities, and local 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 is supporting 2 young people in this qualification process.

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.

INSIGHT DAY 2020

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.

2.6 Key figures

LACROIX workforce movement:

711 Arrivals

595 Departures

6.9% Turnover

Of the 711 employees who joined LACROIX in 2020, 47 of them joined as a result of the acquisitions made over the course of the 2020 financial year.
The Group integrated about the same number of men (354 employees) as women (357) in 2020. Of the 595 employees who left the Group, 272 of them were on fixed-term contracts.

LACROIX's turnover decreased by 1.8 points in 2020, amounting to 6.9% compared with 8.8% in 2019. Staff turnover decreased for the fourth year in a row.
Most staff movements concern the site of the Electronics Activity in Poland, which improved its ratio by 1 point to reach 10.5%. Despite the health crisis, the Polish employment market remained tight at the end of the year.

Recruitments and integrations by socio-professional category

	Men		Women		Total	
	2020	2019	2020	2019	2020	2019
Total	**354**	**521**	**357**	**434**	**711**	**955**
Labourers	198	257	291	290	489	547
Employees, Technicians & Supervisors	65	155	52	117	117	272
Managers	91	109	14	27	105	136

Fixed-term and permanent contracts are taken into account.

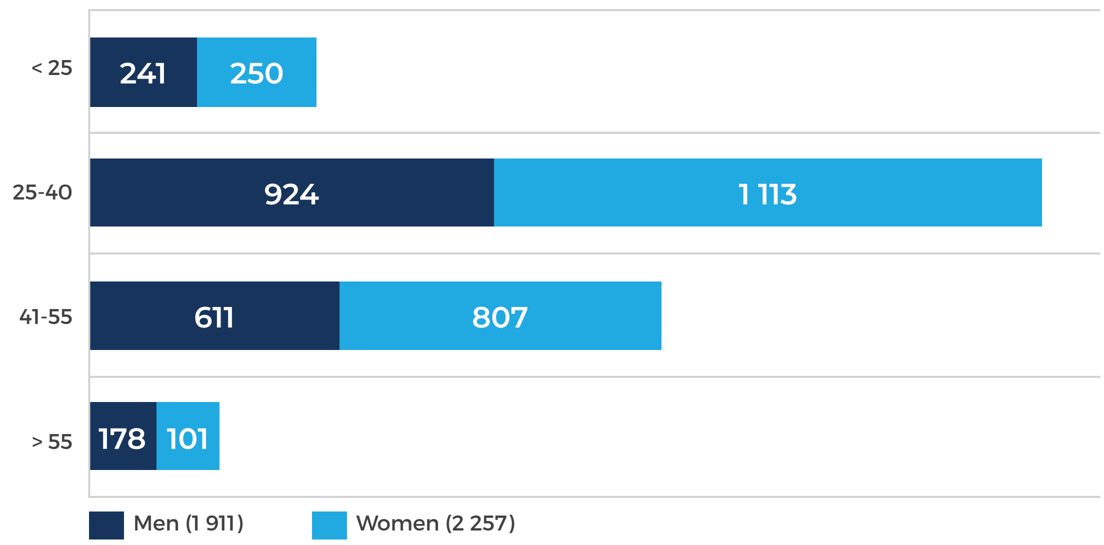
The 47 employees integrated due to acquisitions during the financial year are broken down in the table above.

Socio-professional distribution

	Managers		Employees, Technicians & Supervisors		Labourers	
	2020	2019	2020	2019	2020	2019
Total	**702**	**634**	**1,160**	**1,196**	**2,363**	**2,338**
Men %	546 78%	489 77%	639 55%	662 55%	770 33%	760 33%
Women %	156 22%	145 23%	522 45%	553 45%	1,593 67%	1,579 67%

The Electronics Activity has a largely manufacturing-based workforce, and primarily employs women in its production workshops.
Managers represent 17% of the total workforce in 2020 (15% in 2019), Employees, Technicians & Supervisors make up 27% of the total workforce in 2020 (29% in 2019) and Labourers, at 56%, remained stable in 2020 (56% in 2019).

Distribution of workforce by age bracket



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

As of 2020, 60% of the LACROIX workforce are younger than 40 years old (57% in 2019), and 12% are younger than 25 (7% in 2019).

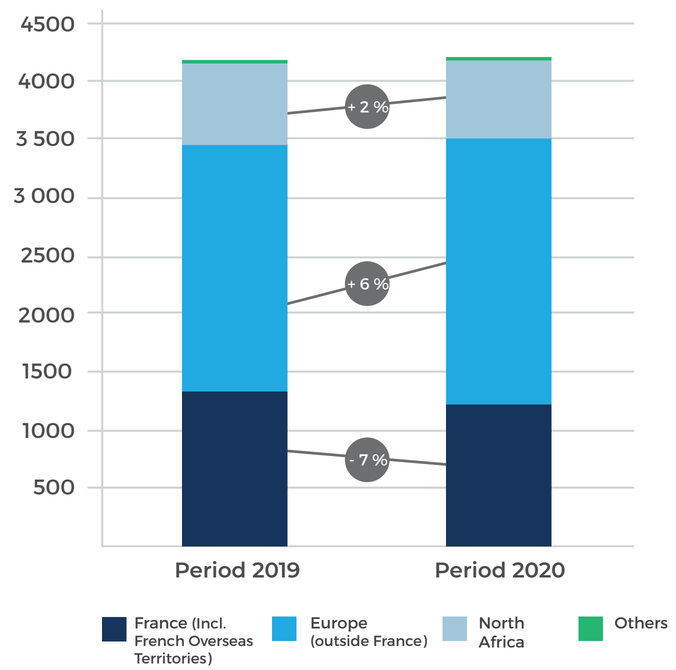
Distribution by geographical areas

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. 71% of staff were located outside France in 2020 (unchanged from 2019).

LACROIX is notably present in:	
Poland	1,946 employees
France	1,233 employees
Tunisia	707 employees
Germany	220 employees
Spain	94 employees
Belgium	13 employees
Italy	8 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: achievements in 2020

LACROIX undertook a process of identifying and evaluating its main risks, leading to a strengthening of its internal regulations and an update to its codes of conduct on "anti-corruption" and "competitiveness". It also drew up practical support guides for everyday risk management.

LACROIX 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.

Good practices

The teams most exposed to requests linked to corruption (sales, purchases, etc.) are trained in the applicable anti-corruption procedure. By the end of the 2020 financial year, 414 employees had received training in compliance rules (365 in 2019).

LACROIX validates learning through an online certification system. As at 30 September, 90% of exposed staff, i.e. 365 members, hold certification.

3.2 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.

Good practices

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.

3.3 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 13485 (medical sector)	ISO 9100 (aeronautical sector)	Part 21 G Part 145 (aeronautical sector)	ISO 27001 (IT systems security)	ISO 14001 (environment management)
Industrial sites							
Saint-Pierre-Montlimart (France - 49)	Certified		Certified	Certified	Approved		Certified
Saint-Herblain (France - 44)	Certified						Certified
Carros (France - 06)	Certified						Certified
Les Chères (France - 69)	Certified						Certified
Madrid (Spain)	Certified						Certified
Willich (Germany)	Certified		Certified				Certified
Zriba (Tunisia)	Certified	Certified		Certified			Certified
Kwidzyn (Poland)	Certified	Certified					Certified
Vern sur Seiche (France - 35)		Certified					Certified
Cologne (Germany)						Certified	Certified
Design offices							
Cesson-Sévigné (France - 35)	Certified	Certified	Certified	Certified			Certified
Echirolles (France - 38)	Certified						Certified
Quimper (France - 29)	Certified						Certified
Ploufragan (France - 22)	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.

3.4 Equal treatment and non-discrimination

LACROIX, both in France and in all countries in which it operates, 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. It is therefore very important to take account of this diversity and multiculturalism, and to act in favour of professional equality and non-discrimination. LACROIX reaffirms its commitment to the elimination of 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 2020, no cases of discrimination were reported.

3.5 Geopolitical risks

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.

4. CONTRIBUTING TO THE DEVELOPMENT OF 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 425 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 1,946 direct jobs). It plays a key role in regional balance within rural areas.

The Group contributes significantly to employment in the Nantes area, where it employs 350 people.

In 2020, LACROIX expanded in the Rennes area with the integration of 47 employees from the start-up eSoftThings, bringing the total workforce to around 250 people in the region.

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.

4.1 Economic development

Based near Rennes, LACROIX Lab 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 LACROIX Lab to develop ideas and promote innovative solutions, including schools, research laboratories, start-ups, and businesses. LACROIX Lab 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.

In 2020, LACROIX Lab distinguished itself by taking part in **DataMix** as a facilitator. This was a creative marathon co-organised by ENEDIS, Rennes LabFab, and **Rennes Métropole**, which brought together 40 participants seeking to prototype procedures for repurposing energy data. LACROIX Lab's participation as a group facilitator was in line with our objectives: promoting a connected, responsible world by stimulating collective intelligence. Through forging new relationships in person (or remotely on this occasion), learning new facilitation techniques, and the experience gained to enable us to organise a similar event, DataMix provided an ideal opportunity to reconnect with the spirit of the smart world.

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, LACROIX Lab 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 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, Chairman & 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.

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).

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

Through its Lab, LACROIX strives to support schools and colleges in the Rennes area and promote its industrial activities, for example by organising training in IoT for students at the Stage 301 school near Rennes, and giving talks on prototyping to students at EPITECH Rennes.

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 training in artificial intelligence. **Carlo Purassanta** took the opportunity to set out his vision of AI in France, including the vital issues of training and availability of talent.

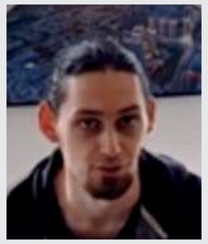
Carlo Purassanta

"In light of the current context, digital technology is at the heart of economic recovery, and the need for new skills has never been greater. Organisations, regardless of their size or sector, need profiles with the digital skills to meet today's challenges.

In order to support the digital acceleration at work in all sectors, we have also announced our goal of opening 6 new Microsoft by Simplon AI Schools by the end of the year, for a total of 23 throughout France, and our ambition is to train 1,000 people by 2022.

85% of jobs that will exist in 2030 do not yet exist as of today. We know that digital technology, and artificial intelligence in particular, is profoundly changing the contours of these future professions. In the field of AI, the demand for skills is already critical. This situation presents a solid opportunity, especially for people looking for work or retraining."

Within the framework of this partnership, LACROIX hosts apprentices for a one-year period, to help us improve our understanding of data and how artificial intelligence can help us rise to the challenges encountered in our areas of activity.



"At LACROIX, projects around data are very interesting and the tools available make data processing much easier. And the team is very welcoming!"

Antoine, SIMPLON apprentice

"We've had a great welcome from the LACROIX teams, and we really feel at home... let's do this thing!"

Stan, SIMPLON apprentice

LACROIX remains faithful to the "Industry Week" organised by the French Metal Industry and Trade Union. The 2020 event was severely impacted by the Covid crisis, but we remain entirely committed. In this framework, Group employees engage with teaching professionals and students at workshops to share information and advice on professional career options. LACROIX also regularly participates in professional forums that take place near the Group's various sites.

4.3 Links and initiatives with local residents

As a keen participant in local life, LACROIX participates in events and initiatives organised alongside local residents and regional stakeholders.

LACROIX provides support to its Electronics Activity in Tunisia, which for several years has been renovating a nursery school in Zriba, a town close to its factory, where the children of its employees are educated. After renovating a classroom and upgrading educational resources in 2016, and building a leisure and study area in 2017, the Company is providing further support through the supply of educational materials.

In the context of the health crisis, the Group made a donation of protective equipment to hospitals in Tunisia and France (masks, protective gowns, etc.).
LACROIX contributes to local cultural activities such as the "Movie Review Festival" in Kwidzyn, Poland, or the "El Medina" Theatre Festival in Zriba, Tunisia.

5. ENVIRONMENTAL IMPACT

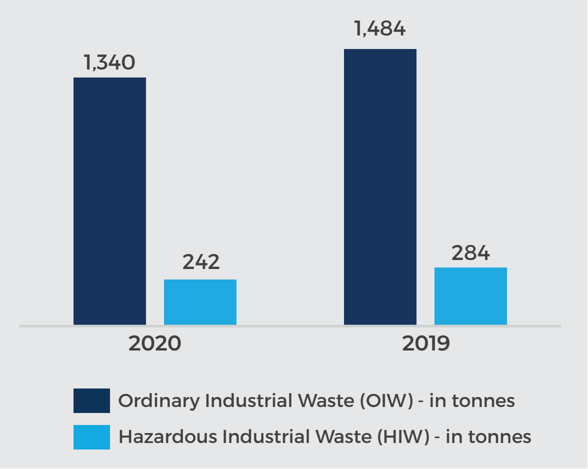
Its role as a technology partner in the fields of Smart City, Smart Environment, and Smart Industry places LACROIX at the heart of environmental protection issues. The Group's teams thus design increasingly smart products and solutions to reduce urban light pollution and traffic in cities, optimise water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

5.1 Waste generation and recycling*

81%
OF INDUSTRIAL WASTE IS RECYCLED

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

LACROIX recycled 81% of the industrial waste it produced in 2020. 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.

The total mass of industrial waste generated in 2020 fell compared to the previous period, with 1,340 tonnes in 2020 compared to 1,484 tonnes in 2019; However, activity was disrupted and reduced due to the health crisis.

The generation of hazardous industrial waste remains limited and controlled.

* 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	2020	2029
Electricity (MWh)	18,166	18,407
Gas (MWh)	5,432	6,280
Fuel oil (m³)	15	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

CO_2 emissions related to consumption were estimated on the basis of the ADEME carbon assessment procedure, and amounted to 9,960 tonnes in 2020 compared to 10,563 tonnes in 2019, representing a 6% reduction, reflecting the measures taken to reduce energy consumption and, once again, a context of disrupted activity due to the health crisis.

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, in respect of which our strategy is aligned with the fight against climate change.

5.3 Good practices at LACROIX

In 2020, changes in some managerial practices and the use of digital spaces had a positive impact on CO_2 emissions, even if it is still too early to assess the precise impact:

The last LACROIX & You satisfaction survey highlighted the desire of most employees to see a framework introduced to enable **remote working, and this was officially launched in 2020** (up to 6 days per month for eligible posts, to be arranged between the employee and their manager).

Used sensibly, remote working gives employees greater flexibility, reduces time spent travelling to and from work, and therefore provides an **opportunity to cut CO_2 emissions related to employee travel.**

In Germany, electricity consumed on the Electronics Activity site comes from 100% renewable energy sources.

The **COHERENCE** project was launched in 2020 across the entire Group in order to improve skills around the use of digital spaces. This project is intended to profoundly change practices and will considerably reduce (1) **the volume of data sent** by email (including in particular advice to no longer send attachments but favour links instead) and (2) **the volume of data stored** (thanks to the pooling of documentary resources on the Cloud, avoiding the need for several versions of the same document to exist locally, and also thanks to the adoption of working on shared documents, which avoids "versioning", as this can lead to the existence of dozens of near-identical versions of the same document). While it is impossible for us today to quantify our progress, the **significant impact of digital technology on CO_2 emissions is now well understood** and this commitment will help to reinforce our stance.

6. 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 2020, the project advanced as scheduled, with milestones including the **launch of construction work** on the new building, the laying of the foundation stone in November, and the **establishment of new governance** based around working groups with clearly defined objectives, enabling smooth coordination of construction work.

symbiose

The Symbiose project moved forward in 2020 in relation to each of the **3 aspects that constitute a fundamental break** from traditional industry and a strong connection to societal challenges:

Technological and digital disruption: we have officially launched a project to automate our warehouses, part-funded (€800K) by the government's resilience plan. This project will enable us to improve our efficiency, reduce our stocks, decrease our storage area, and therefore cut our energy consumption related to the building. We also continued our digitalisation campaign, in particular through the deployment of an Integrated Business Planning (IBP) solution, to be launched in early 2021. This solution will enable our customers to be more closely integrated into our production schedule systems and to perform their own simulations in order to provide greater flexibility and efficiency. Finally, we chose to deploy the PTC ThingWorx digital platform for industrial innovation, enabling real-time production line management. The data collected in real time and contextualised by ThingWorx gives us a better understanding of the condition of the machinery, a complete overview of production lines, and the ability to detect anomalies and maintenance needs at an earlier stage. We now envisage going beyond the simple automatic generation of information. For example, we are studying the introduction of predictive maintenance to pursue operational excellence, or the use of augmented reality to deliver powerful experiences. Symbiose is important for the rest of the Electronics Activity, and this solution is also deployed across all of our sites.

Environmental responsibility: the choice of energy equipment has been validated, in particular (1) the covering of the entire roof of the new building and canopies over the car park with solar panels in partnership with EDF, and (2) the choice of new-generation HVAC equipment that reduces energy consumption (a grant application has been submitted to ADEME for this project). The estimated impact of this transformation is a reduction of over 50% in CO_2 emissions related to energy consumption compared to the current factory located in Saint-Pierre-Montlimart (on a like-for-like basis).

Social innovation: the digital and environmental transformation of our factory will revolutionise the everyday lives of our employees, enabling them to work in a more environmentally friendly setting while also changing the work they perform by focussing their time on tasks of higher added value. In particular, they will be able to enhance their cross-cutting skills using digital tools, and train in future industry tasks (configuration and integration of robots, use of IBP, etc.).

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.com. 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.

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

With regard to the scope covered:

- The social and company indicators cover 100% of the scope. Different scopes are specified.
- 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. The Electronics Activity design office, foreign distribution subsidiaries for LACROIX Sofrel, and foreign companies for the City Activity are not included.
- Acquisitions made over the financial year are not included in the calculation of social and environmental indicators, other than information concerning the workforce at the end of the reporting period.

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

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	46
- 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

REPORT OF THE INDEPENDENT THIRD-PARTY ORGANISATION ON THE CONSOLIDATED DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

LACROIX
Financial year of 15 months ending 31 December 2020

To the General Assembly or shareholders,

In our quality as an independent verifier, 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 entity Lacroix (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31.12.2020 (hereafter referred to as the "Statement"), 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*).

The entity's responsibility

The management board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement or which are available online or on request from the entity's head office.

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.

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 (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

COMBINED ANNUAL GENERAL MEETING

Nature and scope of the work

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].

- 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 information set out in the second paragraph of article L. 22-10-36 regarding 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 its their business relationships, its 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; our work was carried out on the consolidating entity and on an entity : Lacroix Elec Tunisia;
- 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;
- 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;

[1] ISAE 3000 - Assurance engagements other than audits or reviews of historical financial 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 contributing entity and covers between 16% and 19% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (16% of the workforce, 18% of electricity consumption and 19% of hours worked, ...);
- 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.

Means and resources

Our verification work mobilized the skills of four people and took place between December 2020 and March 2021 on a total duration of intervention of about three weeks.

We conducted five interviews with the persons responsible for the preparation of the Statement including in particular the legal and compliance, ethics, human resources, health and safety, environment and purchasing departments

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe 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.

Paris-La Défense, the 11th of March 2021

Independent third party
EY & Associés

Partner
Jean-François Bélorgey

Partner, Sustainable Development
Christophe Schmeitzky

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Lacroix Group
Fifteen-month accounting period ended 31 December 2020

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 2020.

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 2020 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 October 2019 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 first-time application as of 1 October 2019 of IFRS 16 "Leases",
- Note 7.3 "Change of closing date" to the consolidated financial statements, which states that, due to the change of closing date adopted at the extraordinary general meeting of shareholders on 28 August 2020, the financial statements for 2020 and 2019 are not comparable as they relate to fifteen- and twelve-month periods respectively.

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 how audits are performed.

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 2020, the net value of goodwill is €44,148k.

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- or six-year periods, a discount rate of 8.4% and a perpetual growth rate of 1.7% 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 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 2020 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 €11,118k as at 31 December 2020.

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.

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

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Lacroix Group by your general meeting of shareholders held on 28 March 1997 for ACCIOR – A.R.C. and on 18 March 2009 for ERNST & YOUNG et Autres.

As at 31 December 2020, ACCIOR – A.R.C. was in its twenty-fourth year and ERNST & YOUNG et Autres in its twelfth 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 risks 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.

Fait à La Roche-sur-Yon and Nantes, 25 March 2021

The Statutory Auditors

ACCIOR – A.R.C.
Jérôme Boutolleau

ERNST & YOUNG et Autres
Stanislas de Gastines

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Lacroix Group
Fifteen-month accounting period ended 31 December 2020

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 2020.

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 2020 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.

Fondement de l'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 October 2019 to the Lacroix Group Accounting period ended 31 December 2020 2 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 Note 3.1 "Key events of the period" to the financial statements which states that, due to the change of closing date adopted at the extraordinary general meeting of shareholders on 28 August 2020, the financial statements for 2020 and 2019 are not comparable as they relate to fifteen- and twelve-month periods respectively.

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 how audits are performed.

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 securities

Risk identified

As at 31 December 2020, 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 the 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 the 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 et L. 22-10-10 [L. 225-37-4, L. 22-10-10 et 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 favor, 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 purchase of investments and controlling interests and 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

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Lacroix Group by your general meeting of shareholders held on 28 March 1997 for ACCIOR – A.R.C. and on 18 March 2009 for ERNST & YOUNG et Autres.

As at 31 December 2020, ACCIOR – A.R.C. was in its twenty-fourth year and ERNST & YOUNG et Autres in its twelfth 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 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.

Fait à La Roche-sur-Yon and Nantes, 25 March 2021

The Statutory Auditors

ACCIOR – A.R.C.
Jérôme Boutolleau

ERNST & YOUNG et Autres
Stanislas de Gastines

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

Year ended 31 December 2020

ANNUAL GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 and commitments 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 or commitments. 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 and commitments 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 2020, 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 and commitments submitted for approval to the annualgeneral meeting

We hereby inform you that we have not been notified of any agreements or commitments authorized during the year ended 31 December 2020 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements and commitments 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 or commitment, which was approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2020.

With S.A.S. Vinila Investissements, majority shareholder of your company

Persons concerned: Mr Vincent BEDOUIN (CEO of your company and President of S.A.S. Vinila Investissements), Mr Nicolas BEDOUIN (Deputy CEO of your company and member of the Supervisory Committee of S.A.S. Vinila Investissements) and Ms Marie-Reine BEDOUIN (Member of the Board of Directors of your company and Chairman of the Supervisory Board of S.A.S. Vinila Investissements).

Nature and purpose

Continuation of the management and coordination agreement, authorized by your Supervisory Board on 29 December 2009, entered into with S.A.S. Vinila Investissements for the fixed annual remuneration of €140,000.

Conditions

An expense in the amount of €175,000 was recognised in respect of the fifteen-month accounting period ended 31 December 2020.

Fait à La Roche-sur-Yon and Nantes, 25 March 2021

The Statutory Auditors

ACCIOR – A.R.C.
Jérôme Boutolleau
Partner

Membre de la Compagnie
Régionale OUEST-ATLANTIQUE

S.A.S au capital social de € 40 000
343 156 766 R.C.S. La Roche-sur-Yon

53, rue Benjamin Franklin
CS 80654
85016 LA ROCHE-SUR-YON CEDEX

ERNST & YOUNG et Autres
Stanislas de Gastines
Partner

Membre de la Compagnie
Régionale de VERSAILLES et du CENTRE

S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

3, rue Emile Masson
CS 21919
44019 NANTES CEDEX 1

TEXT OF RESOLUTIONS PROPOSED TO THE COMBINED GENERAL MEETING

11 MAY 2021

AGENDA

1. ON AN ORDINARY BASIS

- approval of the annual financial statements;
- approval of the consolidated financial statements;
- appropriation of results and distribution of dividends;
- approval of the regulated agreements;
- renewal of the term of office as administrator of Vincent Bedouin;
- renewal of the term of office as administrator of Pierre Tiers;
- renewal of the term of office as administrator of Hugues Meili;
- renewal of the term of office as administrator of Marie-Reine Bedouin;
- renewal of the term of office as administrator of Hubert Alefsen de Boisredon d'Assier;
- renewal of the term of office as administrator of Murielle Barneoud;
- renewal of the term of office as administrator of Ariane Malbat;
- renewal of the firm Ernst & Young et Autres in the capacity of statutory auditor and ending of the term of office as alternate auditor of Jean Paul Caquineau;
- appointment of the firm Mazars in the capacity of statutory auditor and ending of the term of office as alternate auditor of the company Auditex;
- setting of the amount of annual total compensation for members of the Board of Directors;
- approval of the compensation policy for administrators;
- approval of the compensation items due or allocated for the 2020 financial year to Vincent Bedouin, Chairman & CEO;
- approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated to Vincent Bedouin, Chairman & CEO;
- approval of the compensation items due or allocated for the 2020 financial year to Nicolas Bedouin, Deputy CEO;
- approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated to Nicolas Bedouin, Deputy CEO;
- authorisation to be granted to the Board of Directors to proceed with the purchase of shares in the Company;
- ratification of the transfer of registered office.

2. ON AN EXCEPTIONAL BASIS

- modification of Article 5 of the Company's Articles of Association;
- modification of Article 20 of the Company's Articles of Association and renumbering of the Articles of Association;
- delegation of competence to be granted to the Board of Directors to issue ordinary shares in the Company and/or securities giving immediate or future access to share capital in the Company or entitlement to debt securities with retention of preferential subscription rights;
- authorisation granted to the Board of Directors for the cancellation of all or part of the shares purchased under the share buy-back programme;
- delegation of competence granted to the Board of Directors to proceed with the issuance, reserved to members of the Employee Savings Plan, with removal of preferential subscription rights in favour of the latter, of shares and/or securities giving access to new shares in accordance with Article L. 225-138-1 of the French Commercial Code;
- powers to carry out formalities.

TEXT OF THE RESOLUTIONS

1. ON AN ORDINARY BASIS

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 and the reports of the Statutory Auditors, approves the annual financial statements for the financial year ending 31 December 2020, as presented to it, together with the transactions recorded in these accounts and summarised in these reports, which show a net profit of €6.1 million.

Pursuant to Article 223 quater of the French General Tax Code, it approves the expenses and charges referred to under Article 39.4 of the said Code, which amount to an overall total of €56,015 and which generated a tax obligation amounting to €17,365.

Consequently, it gives discharge to the members of the Board of Directors for the performance of their office duties during the said financial year.

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 the reports of the Statutory Auditors, approves the consolidated financial statements for the financial year ending 31 December 2020, as presented to it, together with the transactions recorded in these accounts and summarised in these reports, which show a net profit of €11.0 million.

THIRD RESOLUTION
Appropriation of results and distribution of dividends

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, upon proposal from the Board of Directors, decides to allocate the earnings of €6,091,533 in respect of the financial year ending 31 December 2020, to which the balance carried forward amounting to €2,173,759 is added, as follows:

As dividends to shareholders **€2,561,261.00**
Namely €0.68 per share

In the "other reserves" account **€4,100,000.00**
which thus amounts to €80 million

The balance in the "balance carried forward" account **€1,604,031.00**

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 allocation, the Company's equity stands at €118,746,924, before the fraction of dividends on the treasury shares held by the Company.

Payment of the dividend will be made at the Company's registered office on **13 July 2021.**

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

- Since 1 January 2018, distributed income 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.

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

Financial Year	Dividend per share	Total dividend	Total number of shares	Number of paid shares
2016 - 2017	0.6	2,142,590	3,766,560	3,570,984
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

FOURTH RESOLUTION
Approval of the regulated agreements

The General Meeting, after having taken note of the special report of the Statutory Auditors on the agreements referred to under Article L. 225-38 et seq. of the French Commercial Code and voting on this report, notes that the agreements previously entered into and authorised have continued and that no agreements referred to under Article L. 225-38 of the said Code were entered into during the financial year.

FIFTH RESOLUTION
Renewal of the term of office as administrator of Vincent Bedouin

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Vincent Bedouin

His term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Vincent Bedouin has already stated his acceptance of the office of member of the Board of Directors, which has just been granted to him, and that he is not subject to any measure that may prevent his exercise thereof.

SIXTH RESOLUTION
Renewal of the term of office as administrator of Pierre Tiers

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Pierre Tiers

His term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Pierre Tiers has already stated his acceptance of the office of member of the Board of Directors, which has just been granted to him, and that he is not subject to any measure that may prevent his exercise thereof.

SEVENTH RESOLUTION
Renewal of the term of office as administrator of Hugues Meili

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Hugues Meili

His term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Hugues Meili has already stated his acceptance of the office of member of the Board of Directors, which has just been granted to him, and that he is not subject to any measure that may prevent his exercise thereof.

EIGHTH RESOLUTION
Renewal of the term of office as administrator of Marie-Reine Bedouin

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Marie-Reine Bedouin

Her term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Marie-Reine Bedouin has already stated her acceptance of the office of member of the Board of Directors, which has just been granted to her, and that she is not subject to any measure that may prevent her exercise thereof.

NINTH RESOLUTION
Renewal of the term of office as administrator of Hubert Alefsen de Boisredon d'Assier

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Hubert Alefsen de Boisredon d'Assier

His term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Hubert Alefsen de Boisredon d'Assier has already stated his acceptance of the office of member of the Board of Directors, which has just been granted to him, and that he is not subject to any measure that may prevent his exercise thereof.

TENTH RESOLUTION
Renewal of the term of office as administrator of Murielle Barneoud

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Murielle Barneoud

Her term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Murielle Barneoud has already stated her acceptance of the office of member of the Board of Directors, which has just been granted to her, and that she is not subject to any measure that may prevent her exercise thereof.

ELEVENTH RESOLUTION
Renewal of the term of office as administrator of Ariane Malbat

The General Meeting, voting under the conditions of quorum and majority required by Ordinary General Meetings, after having taken note of the report of the Board of Directors, renews, for a period of three (3) years, the term of office as administrator of:

Ariane Malbat

Her term of office shall come to an end after the annual Ordinary General Meeting due to take place in 2024 and called to vote on the accounts for the financial year closing 31 December 2023.

Ariane Malbat has already stated her acceptance of the office of member of the Board of Directors, which has just been granted to her, and that she is not subject to any measure that may prevent her exercise thereof.

TWELFTH RESOLUTION
Renewal of the firm Ernst & Young et Autres in the capacity of statutory auditor and ending of the term of office as alternate auditor of Jean Paul Caquineau

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, observes that the term of office as Statutory Auditor of the firm Ernst & Young et Autres, a simplified joint-stock company located at 12 place des Saisons, 92400 Courbevoie Paris La Défense 1, France, expires at the end of this Meeting and decides to renew this term of office for a period of six (6) financial years, which will expire at the end of the Ordinary General Meeting called to vote in 2027 on the accounts for the financial year ending 31 December 2026.

The General Meeting notes that:

- since 11 December 2016, the appointment of one or more alternate auditors is only required if the statutory auditor appointed is a natural person or a single-member company (Article L. 823-1
- paragraph 2 of the French Commercial Code);
- the term of office of Jean-Paul Caquineau, alternate auditor, has now expired.

THIRTEENTH RESOLUTION
Appointment of the firm Mazars in the capacity of statutory auditor and ending of the term of office as alternate auditor of the company Auditex

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, observes that the term of office as Statutory Auditor of the firm Atlantique Révision Conseil (A.R.C), a public limited company located at 40 rue de Wagram, 24 résidence les Terrasses, 85000, La Roche-sur-Yon, France, expires at the end of this Meeting and decides to appoint in the capacity of statutory auditor the firm Mazars, a public limited company with a board of directors and a supervisory board, with a capital of €8,320,000, whose registered office is located at Tour Exaltis, 61 rue Henri Régnault, 92400 Courbevoie, France, enrolled in the Paris trade and companies register under number 784 824 153, for a period of six (6) financial years, which will expire at the end of the Ordinary General Meeting called to vote in 2027 on the accounts for the financial year ending 31 December 2026.

The firm Mazars has stated in advance that it would accept this mission and that it was not subject to any measure or conflict of interest that may prevent its exercise thereof.

The General Meeting notes that:

- since 11 December 2016, the appointment of one or more alternate auditors is only required if the statutory auditor appointed is a natural person or a single-member company (Article L. 823-1 paragraph 2 of the French Commercial Code);
- the term of office of the company Auditex, alternate auditor, has now expired.

FOURTEENTH 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 maximum annual amount for the current financial year to be distributed among the members of the Board of Directors, at €70,000.

FIFTEENTH RESOLUTION
Approval of the compensation policy for administrators

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 the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the compensation policy for the administrators, as presented in the annual financial report of the Company.

SIXTEENTH RESOLUTION
Approval of the compensation items due or allocated for the 2020 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, approves the compensation items due or allocated for the 2020 financial year to Vincent Bedouin, Chairman & CEO of the Company, as presented in the annual financial report of the Company.

SEVENTEENTH RESOLUTION
Approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated 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 on the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the items of the compensation policy applicable to Vincent Bedouin, Chairman & CEO, as presented in the annual financial report of the Company.

EIGHTEENTH RESOLUTION
Approval of the compensation items due or allocated for the 2020 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, approves the compensation items due or allocated for the 2020 financial year to Nicolas Bedouin, Deputy CEO of the Company, as presented in the annual financial report of the Company.

NINETEENTH RESOLUTION
Approval of the principles and criteria for the determination, distribution, and allocation of the items composing the total compensation and benefits of any kind that may be allocated 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 on the compensation policy for executive corporate officers, set out pursuant to Article L. 225-37-2 of the French Commercial Code, approves the items of the compensation policy applicable to Nicolas Bedouin, Deputy CEO, as presented in the annual financial report of the Company.

TWENTIETH 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. 225-209 et seq. 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 a liquidity contract 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 an external growth operation,
  - to allocate or transfer them to employees and 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 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 228,253 (i.e. 6.06% of share capital). The General Meeting decides that the minimum purchase price per share may not exceed €50 (or a maximum total amount of €11.42 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. 376,656 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.

TWENTY-FIRST RESOLUTION
Ratification of the transfer of the Company's registered office

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, ratifies the transfer of the registered office from 8 impasse du Bourrelier, 44800 Saint-Herblain, France, to 17 rue Océane, 44800 Saint-Herblain, France, effective as of 1 May 2021, as decided by the Board of Directors on 22 March 2021.

2. ON AN EXCEPTIONAL BASIS

TWENTY-SECOND RESOLUTION
Modification of Article 5 of the Company's Articles of Association

The General Meeting, voting under the conditions of quorum and majority of Extraordinary General Meetings, after having taken note of the report of the Board of Directors, decides, subject to the adoption of the 21st resolution, to modify the first paragraph of Article 5 of the Articles of Association as follows:

"The registered office is set as: 17 rue Océane, 44800 Saint-Herblain, France."

The rest of the article remains unchanged.

TWENTY-THIRD RESOLUTION
Modification of Article 20 of the Company's Articles of Association and renumbering of the Articles of Association

The General Meeting, voting under the conditions of quorum and majority of Extraordinary General Meetings, after having taken note of the report of the Board of Directors, decides to modify Article 20 of the Articles of Association, pursuant to Article L. 823-1 paragraph 2 of the French Commercial Code (as amended by Law no. 2016-1691 of 9 December 2016, known as "Sapin II" Law) as follows:

"Control of the Company is exercised, as the case may be, by one or several statutory auditors appointed pursuant to Article L. 823-1 of the French Commercial Code".

The General Meeting, observing that Article 19 and 22 have earlier been removed, consequently decides to renumber Articles 20 et seq. of the Articles of Association.

TWENTY-FOURTH RESOLUTION
Delegation of competence to be granted to the Board of Directors to issue ordinary shares in the Company and/or securities giving immediate or future access to share capital in the Company or entitlement to debt securities with retention of preferential subscription rights

The General Meeting, voting under the conditions of quorum and majority of Extraordinary General Meetings, after having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to Articles L. 225-129 to L. 225-129-6 and L. 228-91 et seq. of the French Commercial Code:

1 - Delegates to the Board of Directors its competence to decide, on one or more occasions, in the proportions and at the times it shall see fit, both in France and abroad, to issue, with retention of preferential subscription rights for shareholders, shares or any other securities giving immediate or future access to share capital in the Company (including through the allocation of bonus shares), or securities giving entitlement to debt securities, whether in euros or in any other currency or monetary unit whatsoever established with reference to several currencies, both in France and abroad, the said shares granting the same rights as the old shares, subject to their dividend date; it being specified that the Board of Directors may sub-delegate to the CEO or, in agreement with the latter, to one or more Deputy CEOs, under the conditions permitted by law, all powers required to decide and perform the capital increase;

2 - Decides to expressly exclude any issuance of preferential shares and securities giving access to preferential shares;

3 - Decides that the nominal amount of capital increases that may be carried out immediately and/or in the future under this delegation may not exceed a total nominal amount of €9,960,000 (i.e., based on the current nominal value of the Company's shares of €6.64, a maximum of 1,500,000 shares), it being specified that this total nominal amount does not take account of adjustments that may be made in accordance with applicable legal and regulatory provisions and, where applicable, with contractual stipulations providing for other instances of adjustment, to preserve the rights of the holders of the securities or other rights giving access to share capital or to debt securities in the Company in accordance with applicable legal and regulatory provisions and with any contractual stipulations providing for other adjustments;

4 - Decides that the total nominal amount of bonds and other debt securities giving access to share capital, which may be issued under this delegation, shall be €60,000,000 maximum or the equivalent sum in the case of issuance in any other currency or in any monetary unit whatsoever established with reference to several currencies;

5 - Decides that subscription to these shares or securities giving access to share capital may be made either in cash, or by compensation against debts owed by the Company;

6 - Decides that the shareholders may exercise, under the conditions provided for by the law, their preferential subscription rights on an irreducible basis. Furthermore, the Board of Directors shall have the ability to grant shareholders the right to subscribe, on a reducible basis, to a number of securities higher than that to which they may subscribe on an irreducible basis, in proportion to the subscription rights at their disposal, and, in any event, up to the limit of their request. Where the subscriptions on an irreducible basis and, where applicable, on a reducible basis, have not absorbed the entirety of an issuance of shares or securities, the Board of Directors may use, in the order it shall see fit, the abilities offered by Article L. 225-134 of the French Code of Commerce, or some of them only, and notably the ability to offer the public all or part of unsubscribed securities;

7 - Takes note that, where applicable, this delegation shall carry with it by operation of law, in favour of the holders of securities that may be issued giving access to share capital in the Company, abandonment by shareholders of their preferential subscription rights to the shares to which these securities give entitlement;

8 - Grants all powers to the Board of Directors, with the ability to sub-delegate under the conditions provided for by legal and regulatory provisions, to implement this delegation, notably in order to:

- determine the dates, prices, and other details of issuances, as well as the form and characteristics of the securities to be created, to decide in addition, in the case of bonds or other debt securities giving access to share capital in the Company, whether or not they shall be subordinated (and, where applicable, the subordination ranking in accordance with the provisions of Article L. 228-97 of the French Commercial Code), setting their interest rate (notably at a fixed or variable, or zero-coupon or indexed, rate of interest), their duration (fixed or indefinite), and the other details of their issuance (including whether or not guarantees or sureties are given for them) and amortisation; these securities may come with warrants giving entitlement to the allocation and acquisition of or subscription to bonds or other securities representing receivables, or take the form of complex bonds as understood by the stock market authorities; to modify, during the lifespan of the securities in question, the procedures referred to above, in compliance with the applicable formalities;
- determine the number of shares and/or other securities to be issued, as well as their terms and conditions, and notably their issue price and, where applicable, the premium amount;
- determine the means of release of the shares and/or securities to be issued;
- determine the commencement date, with or without retroactive effect, of the securities to be issued and, where applicable, the conditions for their buy-back or exchange;
- suspend, where applicable, the exercising of rights attached to the securities to be issued for a maximum period of three (3) months, within the limits provided for by applicable legal and regulatory provisions;
- set the procedures used to ensure, where applicable, the rights of the holders of securities or holders of other rights giving access to share capital, in accordance with the applicable legal and regulatory provisions and, as the case may be, with the applicable contractual stipulations providing for other adjustments;
- where appropriate, decide to grant a guarantee or sureties for the securities to be issued, as well as for any debt securities to which these securities may give entitlement of allocation, and to define the nature and characteristics thereof;
- proceed, where appropriate, with any charge on the issue premiums, in particular fees incurred by the completion of the issuances, and deduct from this amount the sums required to raise the legal reserve to one-tenth of the new capital after each increase, and generally take any necessary measures and conclude any agreements to successfully complete the issuances envisaged;
- undertake any formalities required for admission to trading on the Euronext Paris market of the rights, shares, or securities issued, record the capital increase or increases resulting from any issuance carried out using this delegation, amend the Articles of Association accordingly, and ensure financial servicing of the securities concerned and exercising of the rights related thereto;

- generally take any necessary measures, conclude any agreements, request any authorisations, carry out any formalities and do whatever may be necessary to successfully complete or defer the issuances envisaged, and in particular record the capital increase or increases resulting from any issuance carried out using this delegation, and amend the Articles of Association accordingly;

9 - Takes note that, in the event that the Board of Directors should use the delegation of competence granted to it under this resolution, the Board of Directors shall inform the next Ordinary General Meeting, in accordance with the applicable law and regulations, of the use made of the authorisations granted under this resolution.

The delegation thus granted to the Board of Directors is valid for a period of 26 months as of this Meeting.

TWENTY-FIFTH RESOLUTION

Authorisation given to the Board of Directors for the cancellation of all or part of the shares purchased under the share buy-back programme

The General Meeting, voting under the conditions of quorum and majority of Extraordinary General Meetings, after having taken note of the report of the Board of Directors and the special report of the Statutory Auditors, and after noting the adoption of the 20th resolution of this General Meeting, authorises the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, all or part of the shares in the Company acquired in respect of implementation of the 20th resolution of this General Meeting or previous or subsequent buy-back programmes and to reduce the share capital by the total nominal amount of the shares thus cancelled, within the limit of 10% of the share capital on the date of this General Meeting, for a period of 24 months.

The General Meeting gives full powers to the Board of Directors, with powers to sub-delegate, to proceed with the said capital reductions, record their creation, charge the difference between the buy-back price of the cancelled shares and their nominal value against any reserve and premium accounts, consequently amend the Articles of Association, as well as to make all declarations to the French Financial Markets Authority, fulfil all other formalities and, in a general manner, do all that is necessary.

This authorisation is granted for a period of 26 months as of the present date and invalidates, for its unused portion, any prior authorisation having the same purpose.

TWENTY-SIXTH RESOLUTION

Delegation of competence granted to the Board of Directors to proceed with the issuance, reserved to members of the Employee Savings Plan, with removal of preferential subscription rights in favour of the latter, of shares and/ or securities giving access to new shares in accordance with Article L. 225-138-1 of the French Commercial Code

The General Meeting, voting under the conditions of quorum and majority of Extraordinary General Meetings, after having listened to a reading of the complementary report of the Board of Directors and the special report of the Statutory Auditors:

1 - Delegates to the Board of Directors, under the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138-1 and Articles L. 3332- 18 et seq. of the French Labour Code, subject to the implementation of one of the operations referred to in the 24th resolution, its competence to proceed with the issuance of shares and/or securities giving access to new shares in the Company, with removal of the shareholders' preferential subscription rights in favour of employees and former employees who are members of the Company's Employee Savings Plan(s);

2 - Decides that the maximum number of shares issued as part of immediate or future capital increases that may be made under this delegation may not exceed 5% of the share capital as recorded on the date of issue;

3 - Takes note that, in accordance with the provisions of Article L. 225-132 of the French Commercial Code, this delegation shall carry with it by operation of law, in favour of the holders of securities giving access to new shares in the Company that may be issued under this delegation, express abandonment by shareholders of their preferential subscription rights to the new shares to which these securities may give entitlement;

4 - Specifies that the issue price of new shares or securities giving access to share capital shall be determined under the conditions provided for in Article L. 3332-19 of the French Labour Code;

5 - Decides that the Board of Directors shall have full powers, within the limits and under the conditions set out above, to determine all the conditions and procedures of the securities issued, as well as to modify them subsequent to their issuance;

6 - Decides that this delegation, which invalidates in future any previous delegation having the same purpose, is granted for a duration of twenty-six (26) months as of this Meeting.

TWENTY-SEVENTH 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.

COMBINED ANNUAL GENERAL MEETING

02

ACCOUNTING
& FINANCIAL ITEMS
(CONSOLIDATED FINANCIAL STATEMENTS)

1. Consolidated balance sheet

In €K Assets	Note no.	Period 2020 15 months	Period 2019 12 months
Non-current assets			
Goodwill	8.1	44,149	37,679
Intangible assets	8.2	5,317	4,599
Tangible assets	8.3	58,086	53,319
Rights of use	8.4	8,927	-
Non-current financial assets	8.5	7,979	6,987
Investments in associates	8.6	-	7
Deferred tax assets	8.21.3	5,615	5,620
Total non-current assets		**130,073**	**108,211**
Current assets			
Inventory and goods in progress		75,476	82,612
Trade accounts receivable		96,342	102,420
Other receivables		18,440	20,426
Derivative financial instruments		3	9
Cash and cash equivalents	8.6	54,389	13,542
Total current assets		**244,652**	**219,009**
TOTAL ASSETS		**374,725**	**327,219**

In €K Liabilities	Note no.	Period 2020 15 months	Period 2019 12 months
Shareholders' equity			
Share capital		25,000	25,000
Share premiums		3,455	3,455
Consolidated reserves		57,301	57,319
Consolidated income of the year		11,009	10,616
Shareholders' equity (Group share)	**4**	**96,765**	**96,390**
Non-controlling interests	**4**	**11,222**	**6,809**
Total shareholders' equity		**107,988**	**103,200**
Non-current liabilities			
Provisions for other liabilities and charges	8.13	32,135	33,602
Borrowings	8.14	33,270	34,818
Lease liabilities	8.4	6,670	-
Amounts due for business acquisitions	8.15	16,960	6,281
Deferred tax liabilities	8.21.3	72	199
Total non-current liabilities		**89,107**	**74,901**
Current liabilities			
Borrowings	8.14	53,319	35,452
Lease liabilities	8.4	2,355	-
Trade accounts payable	8.16	77,557	71,314
Derivative financial instruments liabilities		669	21
Other payables	8.16	43,731	42,330
Total current liabilities		**177,631**	**149,118**
TOTAL LIABILITIES		**374,725**	**327,219**

2. Comprehensive Income Statement

2.1 Consolidated income statement

In €K	Note no.	Period 2020 15 months	Period 2019 12 months
Revenue	**9.1**	**566,329**	**481,591**
Change in inventories and goods in progress		(1,377)	(3,587)
Goods and raw materials purchased		(323,597)	(279,272)
Personnel expenses	8.17	(149,811)	(122,791)
Subcontracting and external expenses		(52,371)	(43,541)
Taxes		(5,186)	(4,178)
Depreciation, amortisation and provisions	8.18	(15,255)	(9,481)
Other income and expenses		1,412	2,019
Current operating profit	**9.1**	**20,145**	**20,759**
Other operating income and expenses	8.19	(1,060)	(4,414)
Impairment of goodwill		-	-
Operating profit		**19,084**	**16,345**
Financial income and expenses	8.20	(1,686)	(1,039)
Income tax expense	8.21	(5,674)	(4,175)
Equity method		-	(3)
Net income		**11,724**	**11,127**
Net income - non-controlling interests	4	716	511
Net income - Group share		**11,009**	**10,617**
Basic earnings per share (in euros)		3.04	2.97
Diluted earnings per share (in euros)		3.04	2.94

2.2 Consolidated statement of comprehensive income

In €K	Note no.	Period 2020 15 months	Period 2019 12 months
Net income		**11,724**	**11,127**
Currency translation differences		(1,502)	(528)
Change in derivative financial instruments		(325)	(408)
Actuarial gains and losses on retirement benefit obligations		480	(2,752)
Total change in other comprehensive income (OCI) (1)		**(1,347)**	**(3,687)**
Total comprehensive income (loss) for the period	**4**	**10,377**	**7,440**
Group		9,662	6,930
Non-controlling interests		716	511

(1) Amount net of tax.

3. Cash flow statement

In €K	Note no.	Period 2020 15 months	Period 2019 12 months
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**11,724**	**11,127**
- Income tax expense		5,674	4,175
Net income before income tax expense		**17,398**	**15,302**
Adjustments for:			
- Depreciation, amortisation and provisions		13,005	13,786
- Gains or losses on sale of assets		152	(2,947)
- Share of profit from associates		-	3
- Change in fair values		442	254
Income tax paid		**(4,740)**	**(4,370)**
Cash flows from operations of consolidated companies		**26,258**	**22,028**
Dividends received from equity-method companies			
Changes in working capital relating to operations		**21,700**	**(15,709)**
Net cash flow from operating activities		**47,958**	**6,319**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of tangible and intangible assets		(17,185)	(11,719)
Acquisition of financial assets		(1,830)	(1,737)
Proceeds from sales of tangible and intangible assets		645	4,874
Effect of changes in consolidation scope		(4,878)	(16,327)
Net cash flow from investment activities		**(23,248)**	**(24,909)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders and non-controlling interests		(3,660)	(2,940)
Proceeds from issuance of share capital (Group or non-controlling interests)		7,500	7
Other changes in shareholders' equity		665	(17)
Proceeds from borrowings		28,378	20,681
Repayment of borrowings		(11,273)	(8,395)
Repayment of lease liabilities		(3,101)	
Net cash flow from financing activities		**18,509**	**9,336**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		322	(311)
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**43,541**	**(9,565)**
Cash and cash equivalents and bank overdrafts at the beginning of the period		(7,857)	1,708
Cash and cash equivalents and bank overdrafts at the end of the period	8.11	35,684	(7,857)

4. Consolidated statement of changes in equity

In €K Position on closing	Share capital	Premiums	Consolidated reserves	Period result	Other: Currency translation differences	Other: Shares of consolidating company	Total shareholders' equity - Group share	Non-controlling interests	TOTAL shareholders' equity
Period ending 30/09/2018	25,000	3,455	68,180	8,233	(1,018)	(3,717)	100,133	281	100,415
First application of IFRS 15 (net of taxes)			(1,722)				(1,722)		(1,722)
As at 01/10/2018	25,000	3,455	66,458	8,233	(1,018)	(3,717)	98,411	281	98,692
Appropriation of results from previous year			8,233	(8,233)			-		-
Dividends			(2,661)				(2,661)	(279)	(2,940)
Changes in treasury shares			(205)			188	(17)		(17)
Share-based payment effects			15				15		15
Net income of the period				10,617			10,617	511	11,127
Change in other comprehensive income (OCI)			(3,159)		(528)		(3,687)		(3,687)
Total comprehensive income (loss) for the period	-	-	(3,159)	10,617	(528)	-	6,930	511	7,440
Non-controlling interests arising from business combinations			(6,289)				(6,289)	6,296	8
Period ending 30/09/2019	25,000	3,455	62,393	10,617	(1,546)	(3,529)	96,390	6,809	103,199
As at 01/10/2019	25,000	3,455	62,393	10,617	(1,546)	(3,529)	96,390	6,809	103,199
Appropriation of results from previous year			10,617	(10,617)			-		-
Dividends			(3,371)				(3,371)	(290)	(3,661)
Capital increases							-	7,500	7,500
Changes in treasury shares						665	665		665
"Commitments to purchase non-controlling interests"			(10,315)				(10,315)		(10,315)
Share-based payment effects / Contributions to Employee Savings Plan			220				220		220
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	-	-	155	11,009	(1,502)	-	9,662	716	10,378
Non-controlling interests arising from business combinations			3,513				3,513	(3,513)	-
Period ending 31/12/2020	25,000	3,455	63,212	11,009	(3,048)	(2,864)	96,764	11,222	107,986

COMBINED ANNUAL GENERAL MEETING

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 2020: Consolidation method	Period 2020: % of interest
CONSOLIDATING COMPANY				
LACROIX GROUP	SAINT-HERBLAIN	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.00%
LACROIX 2	SAINT-HERBLAIN		FC	100.00%
Electronics Activity				
LACROIX ELECTRONICS FRANCE	SAINT-PIERRE-MONTLIMART	1	FC	100.00%
LACROIX ELECTRONICS BEAUPREAU	BEAUPREAU		FC	75.25%
LACROIX ELECTRONICS Zoo	POLAND		FC	100.00%
LACROIX ELECTRONICS TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS TUNIS	TUNISIA		FC	100.00%
LACROIX ELECTRONICS SERVICE TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS Gmbh	GERMANY		FC	100.00%
LACROIX ELECTRONICS SOLUTIONS	CESSON-SÉVIGNÉ	1	FC	100.00%
ESOFTTHINGS	CESSON-SÉVIGNÉ		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 ESPANA	SPAIN		FC	100.00%
LACROIX ENVIRONMENT SINGAPOUR	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 CHERES	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 (1)	CARROS		FC	0.00%

FC = fully consolidated and EM = equity method.
(1) Ad hoc entity.

The company AUSY-LACROIX Electronics, consolidated using the equity method on 30/09/2019, left the scope during this financial year following its dissolution.

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

6.1 General information on the Company

Listed on Euronext Paris, Compartment C, LACROIX is a public limited company under French law. The activities and organisation of the Group are presented in the Management Report.

6.2. Accounting standards

6.2.1. General principles

The annual financial statements are presented for the period ended 31 December 2020 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 30 September 2019.

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 2019-2020 financial year.

Texts adopted by the European Union (mandatory application for periods opening on or after 1 January 2019).

First application of IFRS 16 for "Lease contracts":

The Group has applied IFRS 16, which concerns lease contracts, since 1 October 2019.

When a lease contract is entered into, this standard requires a liability to be recorded 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.

The Group has applied the "modified retrospective" transition method, which provides for the recognition of a liability at the transition date equal only to the discounted residual rents, in return for a right of use adjusted by the amount of rents paid in advance or recognised under accrued expenses.

The standard provides for various simplification measures during the transition. In particular, the Group has adopted those measures that allow it to exclude contracts with a residual duration of less than 12 months and contracts relating to low-value assets, to include contracts qualified as finance leases under IAS 17 and not to capitalise costs directly related to the conclusion of the contracts.

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.

The IFRS Interpretation Committee ("IFRS IC") has issued an opinion on the methods for assessing the period to be used to determine lease liabilities when the rental commitment is less than 12 months but assets have been capitalised in relation to this contract. In these circumstances, the Group recognises 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.

The impact on the financial statements is detailed in Notes 6.2.1.1 and 8.4 below.

Other texts adopted by the European Union (mandatory application for periods opening on or after 1 January 2019):

- IFRIC 23 'Uncertainty relating to tax situation'
- IAS 12 (Amendment) 'Income taxes'
- IAS 23 'Borrowing costs'
- IFRS 3/11 (Amendment) 'Business combinations / Partnerships'
- IFRS 9 (Amendment) 'Financial instruments'
- IAS 28 (Amendment) 'Investments in associates'
- IAS 19 (Amendment) 'Employee benefits'

These texts have no impact on the Group's financial statements.

6.2.1.1 Restated financial statements

The tables below show the different impacts of changes resulting from the application of IFRS 16 as described in 6.2.1.

Opening balance sheet:

In €K	Published 30/09/2019	IFRS 16 restatement	Restated 01/10/2019
Net tangible assets	53,319	(211)	53,108
Rights of use (net)		10,132	10,132
Total assets	**327,219**	**9,921**	**337,140**
Long-term borrowings	34,818	(109)	34,709
Long-term lease liabilities		7,531	7,531
Short-term borrowings	35,452	(106)	35,346
Short-term lease liabilities		2,605	2,605
Total liabilities	**327,219**	**9,921**	**337,140**

In €K	Published 31/12/2020	IFRS 16 restatement	Restated 31/12/2020 (excl. IFRS 16)
Revenue	566,329		566,329
Change in inventories and goods in progress	-1,377		-1,377
Goods and raw materials purchased	-323,597		-323,597
Personnel expenses	-149,811		-149,811
Subcontracting and external expenses	-52,371	-3,310	-55,681
Taxes	-5,186		-5,186
Depreciation, amortisation and provisions	-15,255	3,201	-12,054
Other income and expenses	1,412		1,412
Current operating profit	**20,145**	**-110**	**20,035**
Other operating income and expenses	-1,060		-1,060
Impairment of goodwill	0		0
Operating profit	**19,084**	**-110**	**18,975**
Financial income and expenses	-1,686	209	-1,477
Income tax expense	-5,674		-5,674
Equity method	0		0
Net income	**11,724**	**99**	**11,824**
Net income - non-controlling interests	716		716
Net income - Group share	**11,009**	**99**	**11,108**
Basic earnings per share (in euros)	3.04	0.03	3.07
Diluted earnings per share (in euros)	3.04	0.03	3.06

Cash flow statement:

In €K	Published 31/12/2020	IFRS 16 restatement	Restated 31/12/2020 (excl. IFRS 16)
Net cash flow from operating activities	47,958	- 3,101	44,857
Net cash flow from investment activities	(23,248)		-23,248
Net cash flow from financing activities	18,509	3,101	21,610

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:

- On 31 December 2020, the company AUSY-LACROIX Electronics, previously consolidated per equity method, left the scope during this financial year following its dissolution.

- 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)	0.22840	0.22663	0.21931	0.23252
Dollar (USD)	0.91836	0.88099	0.81493	0.88646
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)	0.66401	0.64049	0.61660	0.64835

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	3 to 10 years
Software	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	5 years
Buildings for operations	20 to 40 years
Building installations and fixtures	10 to 12 years
Equipment and tools	8 to 15 years
Plant installations and improvements	8 to 15 years
Transportation equipment	3 to 8 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 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 accounts receivable, and 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, implemented reverse factoring contracts. The substantial analysis of these reverse factoring contracts set out in IFRS 9 confirmed that the 3 main derecognition 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.

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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 according to the projected unit credit method. Note 8.12.1 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 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 (as opposed to 28% in the previous financial year).

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 2020
Germany	30.0%
Spain	25.0%
France	25.0%
Italy	27.9%
Poland	19.0%
Tunisia	10.0%

6.5.15 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.

6.5.16 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.

6.5.17 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.

6.5.18 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

7.1 Accounting changes

On 1 October 2019, the Group first applied standard IFRS 16 – Lease contracts – see Note 6.2.1.

7.2 Changes in consolidation scope and minority entry

<u>eSoftThings:</u>
In July 2020, LACROIX acquired 100% of shares in the company eSoftThings.

With the acquisition of eSoftThings, based in Cesson-Sévigné (Rennes metropolitan area, France), LACROIX has consolidated its R&D Division already present in the area and strengthened its positioning around the Industrial IoT (Internet of Things) and artificial intelligence, particularly in the field of connected vehicles.

This Young Innovative Company with 50 employees, founded in 2014, which has recorded 50% annual growth for the last 3 years and boasts an impressive client portfolio, is now an international benchmark in the design and industrialisation of IoT solutions (hardware, software, and cloud) and in the fields of artificial intelligence (computer vision, object classification, predictive behaviour models).

eSoftThings records an annual revenue of €4.5 million, with a double-digit current operating margin.

The acquisition of this company created goodwill of €6,469K on 31 December 2020.

Posting of the acquisition price between goodwill and other entries on the consolidated balance sheet will possibly be completed within 12 months of the acquisition date.

<u>LACROIX Electronics Beaupréau:</u>
LACROIX Electronics Beaupréau was created and incorporated into the Group's scope of consolidation during the 2019/2020 financial year.

The purpose of this entity is to develop the Symbiose project within the Group, involving an Industry 4.0 factory dedicated to electronics.

In this context, LACROIX Electronics Beaupréau benefited from a partial transfer of assets from its parent company LACROIX Electronics, and also carried out several capital increases during the financial year, which enabled a holding to be taken by SPI, managed by Banque Publique d'Investissement (BPI), in the capital of the entity on 31 December 2020. This investment, minority in nature, is also subject to "put and call" sales options with medium-/long-term maturity. The updated valuation of these options is estimated at €7,684K as at 31 December 2020.

7.3 Change of closing date

At the Extraordinary General Meeting on 28 August 2020, LACROIX voted to change the closing date of its financial year from 30 September to 31 December. The current financial year therefore has an exceptional duration of 15 months, from 1 October 2019 to 31 December 2020. The 2019 and 2020 financial years are therefore not directly comparable.

Historically, the Group's business focused primarily on public-sector customers, whose seasonal activity, given its potentially significant impact, made the year-end closing date of 31 December not very pertinent.

The portfolio has since changed extensively and the alignment of closing dates with the key clients will support a better quality of exchanges and the budget preparation.

For investors, this change will also allow for a better analysis of the Group's performance compared to its peers and make the communication calendar and periodic announcements easier to understand.

The pro forma information on the main financial aggregates communicated by the Group is set out in Note 9.2.1.

7.4 Accounting of Research Tax Credit (CIR)

The Group has traditionally chosen to record in its income statement the amount of the last Research Tax Credit (CIR) declared to the tax authorities, i.e. that of the previous calendar year, due to its previously off-set closing date.

In line with the change of closing date made this year (see 7.3) the Group has chosen henceforth to account for contemporary research tax credit (CIR) in its income statement (for this financial year, the figure for the 2020 calendar year is therefore given).

This change means, exceptionally, for this financial year, accounting of both the 2019 CIR for €1,475K and that of 2020 for €1,870K.

7.5 Covid-19

During the financial year, the Company and its activities were impacted by the Covid crisis.

Loss of business was felt especially from mid-March to late June, specifically with a drop of 36% in the third quarter compared to the previous year.

During the fourth and fifth quarters, the Group's activities returned to broadly stable levels compared to previous financial years.

The main support measures from which the Group benefited during this period primarily correspond to cover for reduced working hours and part-time unemployment within its European perimeter, for an overall amount of €2.6M, as well as the attainment of State-guaranteed loans (PGE) for a total amount of €18.5M (see 8.14.1).

As at 31 December 2020, the Group had not requested deferred payments of its social and tax debts.

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	10,877		6,469	17,346	(5,991)			(5,991)	4,885	11,355
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	**53,170**		**6,469**	**59,640**	**(15,491)**			**(15,491)**	**37,679**	**44,148**

8.1.1 Impairment of goodwill

Impairment tests were carried out based on the business plan drawn up after the emergence of the initial impacts of the Covid-19 epidemic.

The following parameters were applied to perform impairment testing over the financial year:
- Discount rate of 8.40%.
- Cash-flows calculated over 5-year and 6-year plans.
- Perpetual growth rate of +1.7%.

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	14		(4)				10
Research & Development costs	687	1				54	742
Concessions, patents, licenses, software	12,724	1,548	(35)	119	(3)	455	14,807
Other intangible assets	1,707	106	(21)		(3)	(95)	1,694
Intangible assets in progress	156	384				(109)	431
Advances and down payments							
Total	**15,288**	**2,039**	**(60)**	**119**	**(7)**	**305**	**17,684**
Cumulated amortisation							
Preliminary expenses	(12)	(1)	4				(9)
Research & Development costs	(118)	(124)					(242)
Concessions, patents, licenses, software	(9,355)	(1,147)	34	(51)	3	(266)	(10,782)
Other intangible assets	(1,203)	(154)	21		3		(1,332)
Total	**(10,687)**	**(1,425)**	**59**	**(51)**	**5**	**(266)**	**(12,365)**
Total intangible assets	**4,599**	**613**	**(1)**	**67**	**(1)**	**41**	**5,317**

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Land	2,809	755			(7)		3,557
Buildings	34,655	375			(328)		34,702
Technical install., machinery and equipment	74,704	8,478	(1,345)	193	(1,050)	23	81,003
Other tangible assets	22,321	2,514	(331)	493	(96)	1,449	26,350
Tangible assets in progress	1,174	2,613			(22)	(791)	2,974
Advances and down payments	27	412	0		0	0	439
Total	**135,691**	**15,147**	**(1,676)**	**686**	**(1,502)**	**680**	**149,026**
Cumulated depreciation							
Land	(172)	(5)				0	(177)
Buildings	(20,065)	(1,503)			170	0	(21,398)
Technical install., machinery and equipment	(46,464)	(5,748)	1,062	(79)	412	248	(50,569)
Other tangible assets	(15,670)	(2,324)	298	(186)	55	(967)	(18,794)
Total	**(82,372)**	**(9,579)**	**1,361**	**(265)**	**637**	**(720)**	**(90,939)**
Total tangible assets	**53,319**	**5,567**	**(315)**	**421**	**(866)**	**(39)**	**58,087**

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	As at 1 October 2019	New contracts	Ends and terminations of contracts	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	7,902		(54)	835	(76)	186	8,793
Other assets	2,274	1,299	(335)			(219)	3,019
Total	**10,176**	**1,299**	**(390)**	**835**	**(76)**	**(33)**	**11,812**
Rights of use - Amortisations and provisions	**As at 1 October 2019**	**Amortisations for the period**	**Ends and terminations of contracts**	**Change in scope of consolidation**	**Currency translation differences**	**Other variations**	**Closing**
Buildings		(1,934)	54		12		(1,868)
Other assets	(44)	(1,266)	252			41	(1,017)
Total	**(44)**	**(3,201)**	**306**	**0**	**12**	**41**	**(2,885)**
Total net rights of use	**10,132**	**(1,902)**	**(83)**	**835**	**(63)**	**8**	**8,927**

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

8.4.2 Lease liabilities

Lease liabilities	As at 1 October 2019	New contracts	Repayment of the nominal value	Ends and terminations of contracts	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Buildings	7,902		(1,839)	-	835	(52)	174	7,020
Other assets	2,234	1,299	(1,262)	(87)			(179)	2,005
Total	**10,136**	**1,299**	**(3,102)**	**(87)**	**835**	**(57)**	**(5)**	**9,025**

8.4.3 Off-balance sheet commitments arising from lease contracts

The off-balance sheet commitments arising from lease contracts are detailed in Note 9.3.

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)	2,957		(360)	25	(273)		2,349
Receivables from investments	-	-	-	-	-	17	17
Other long-term investments	116	-	-	2	-		118
Loans	975	80	-	-	(85)	-	970
Collateral and surety	601	156	(122)	5	(0)	14	654
Other financial assets (2)	2,557	1,593	-	2	-	(49)	4,103
Total	**7,206**	**1,830**	**(481)**	**34**	**(358)**	**(18)**	**8,212**
Provisions for impairment							-
Investment securities (1)	(158)	-	13	-	-		(145)
Receivables from investments		-	-	-	-		-
Other long-term investments	(61)	(27)	-	-	-		(87)
Loans		-	-	-	-		-
Collateral and surety		-	-	-	-		-
Total	**(219)**	**(27)**	**13**	**-**	**-**	**-**	**(233)**
Total non-current financial assets	**6,987**	**1,803**	**(469)**	**34**	**(358)**	**(18)**	**7,979**

(1) Detail of investment securities presented in Note 8.7.
(2) The amount accounted for under "Other financial assets" corresponds to the payment of fines handed down by Court rulings, which are being appealed by the Group (see Note 8.13).

8.6 Investments in associates

The value shown on the opening balance sheet is entirely accounted for by holdings in AUSY-LACROIX Electronics, in which the Group has a 50% holding.

	Period 2020
Opening	7
Change of scope	(7)
Total investments in associates	**-**

The company was liquidated during the financial year.

8.7 Investment securities

The detail of the item "Investment securities" referred to in Note 8.5 is as follows:

Investments	Net book value	
	Gross values	Impairment
Opening	2,957	(158)
Variation [1]	(608)	13
Closing [2]	**2,349**	**(145)**

(1) During the financial year, the Group disposed of all of its shares in the American company SESA.
(2) At the end of the financial year, the balance mainly includes the 12.5% holding in the company Firstronic LLC ($2,500K).

8.8 Inventories and goods in progress

Inventories and goods in progress are presented as follows:

	Period 2020	Period 2019
Gross values		
Raw materials	53,051	58,991
In-process inventories	11,560	11,346
Intermediary goods inventory	13,294	11,441
Goods inventory	3,045	5,277
Total	**80,950**	**87,054**
Provisions for inventories		
Raw materials	(3,138)	(2,545)
In-process inventories	(119)	(188)
Intermediary goods inventory	(1,998)	(1,520)
Goods inventory	(219)	(189)
Total	**(5,474)**	**(4,442)**
Total inventories and goods in progress	**75,476**	**82,612**

8.9 Trade accounts receivable

The breakdown of trade accounts receivable is as follows:

	Period 2020	Period 2019
Trade accounts receivable - Gross	98,823	105,209
Impairment	(2,481)	(2,789)
Total net trade accounts receivable	**96,342**	**102,420**

Receivables covered by a reverse factoring contract (see 6.5.7), not matured by 31 December 2020 and paid before that date, amount to €23.5 million, compared with €32.8 million as at 30 September 2019.

8.10 Other receivables

	Period 2020	Period 2019
Gross values		
Advance payments	849	526
Social receivables	335	323
Tax receivables (1)	12,325	10,680
Other receivables (2)	2,768	6,511
Prepaid expenses	2,216	2,437
Total	**18,490**	**20,478**
Provisions for impairment		
Impairment	(50)	(53)
Total other receivables	**18,440**	**20,426**

(1) Tax receivables include €5.6 million in tax credits (Research Tax Credit "CIR" in particular) of which €0.6 million will be refunded on 15 May 2021. In 2020, the Group made an off-balance sheet pre-financing of CICE 2018 credits for a total amount of €1.4 million.
(2) In 2019, other receivables included insurance proceeds to be received in relation to the fire at the Tunisian factory in Zriba, for an amount of €3.6M.

8.11 Cash and cash equivalents

	Financial Year 2020	Financial Year 2019
Short-term deposits (1)	34,658	7,711
Cash in hand	19,731	5,831
Impairment	-	-
Total cash and cash equivalents	**54,389**	**13,542**
Bank overdrafts	(18,705)	(21,398)
Total cash and cash equivalents excl. bank overdrafts	**35,684**	**(7,857)**

(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.

8.12 Shareholders' equity

8.12.1 Share capital of the consolidating entity

As at 31 December 2020, the share capital is made up of 3,766,560 shares with a nominal value of €6.64 each.

8.12.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Financial Year 2020
Opening	188,534
Acquisitions	23,905
Disposals (1) (2)	(64,192)
Total treasury shares (1)	**148,247**

(1) The value of treasury shares as at 31 December 2020 recognised in LACROIX's financial statements stood at €2,849K. On the basis of the average share price in December 2020, it stands at €4,521K.
(2) Of which 40,000 shares related to the conclusion of an Employee Savings Plan (see 8.12.5).

8.12.3 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.

Changes in the number of options outstanding are as follows:

	Period 2020	Period 2019
Opening	7,000	13,000
Options granted		
Options exercised		
Options lost		
Options expired		(6,000)
Total stock options	7,000	7,000

The main characteristics regarding stock options at the end of December 2020 are detailed below:

Date of plans		Conditions	
Grant date	Start of option	Exercise price	Number of shares
Oct. 2011	Oct. 2015	14.33	7,000
			7,000

Stock options are valued at the fair value recognised in the income statement, on the personnel expenses line over the vesting period for employees. Since the vesting periods have expired, the expense under IFRS 2 as at 31 December 2020 is nil.

8.12.4 Free shares

The main features of the bonus share allocation plan are as follows:

Opening date of the plan: 24 February 2017.

The plan is awarded under performance-related conditions, which must be fulfilled in order to receive the final benefit from these plans.

In 2019, an initial distribution of 6,569 shares took place, corresponding to the initial period of acquisition ending on 31 December 2018.

The performance-related conditions set out in the plan for the second acquisition period not having been met, no shares will therefore be distributed in this respect.

Net income for the period in respect of the bonus share allocation plan amounts to €330K, corresponding to the cancellation of the IFRS 2 expense and related employer's contributions.

Changes in the number of bonus shares are as follows:

	Period 2020
Opening	25,931
Options granted	
Options exercised	
Options lost	
Options expired	(25,931)
Total bonus shares	**0**

8.12.5 Employee Savings Plan

Through the "LACROIX Engagement" fund created for the occasion and incorporated into the Employee Savings Plan (ESP), 40,000 shares issued from treasury stock (1.1% of share capital) were offered to the Group's employees in February 2020.

The cost of the employer's contribution to its employees as part of this operation was €471K as defined by IFRS 2.

8.13 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 consolidation scope	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	16,710	1,288	(613)	(184)	85	(14)	(612)	16,660
Provisions for warranty	718			(289)			0	428
Prov. for litigations (2)	15,303	1,863	(1,280)	(1,995)		(20)	304	14,175
Prov. for other liabilities and charges (3)	872							872
Total	**33,603**	**3,151**	**(1,893)**	**(2,469)**	**85**	**(34)**	**(308)**	**32,135**

(1) Retirement benefits were valued by independent actuaries according to the projected unit credit method.
The other variations reflect the effect of amended actuarial assumptions, principally changes in discount rates.

The assumptions taken into account for the calculations, for the French scope, are as follows:

- Discount rate of 0.5% (against 0.3% in 2019).
- Average increase in salaries of 3% including inflation.
- The mortality tables used are those of INSEE F 2008-2010.
- 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 GROUP	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	-	-

For the German scope, the following assumptions were made:

- Discount rate of 0.7% (against 0.6% in 2019).
- 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 2020, proceedings were ongoing with 9 companies or authorities.
As at 31 December 2020, the total provision amounts to €11,118K.
For reference, this amount includes amounts already disbursed but accounted for under "Other financial assets" pending appeals lodged by the Group (see 8.5). In particular, in the CD 76 case, for which the amount of the fine under appeal has already been paid, the French Council of State annulled the judgement of the Court of Appeal in July 2020.

(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 2020, of the theoretical purchase price of said shares.

8.14 Borrowings

8.14.1 Maturity of borrowings

The breakdown of financial debts by maturity is as follows:

	Period 2020	Period 2019	2020 Maturity (1)	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings (2)	56,346	39,955	25,506	30,840
Finance leases	-	216	-	-
Other financial debts (3)	11,538	8,701	9,107	2,430
Bank overdrafts	18,705	21,398	18,705	-
Total borrowings	**86,589**	**70,270**	**53,319**	**33,270**

(1) "Non-current" portion of financial debts: of which €1,435K at more than 5 years.
(2) Of which €18.5M in State-guaranteed loans (PGE) taken out during the financial year (see 7.5).
(3) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €7,537K, compared with €4,888K in 2019.

8.14.2 Variation in borrowings

	Period 2020	Period 2019
Opening	48,872	36,195
Subscriptions	28,378	20,681
Repayments	(11,273)	(8,395)
Changes in consolidation scope	2,078	1,000
Currency translation differences	(165)	(106)
Other variations	(7)	(503)
Total borrowings (excl. bank overdrafts)	**67,884**	**48,872**
Bank overdrafts	18,705	21,398
Total borrowings	**86,589**	**70,270**

8.14.3 Borrowings by type of rate

The breakdown of debt between fixed rate and variable rate is as follows:

	Period 2020	Period 2019
Fixed-rate loans	32,176	9,448
Variable-rate loans (1)	24,170	30,723
Total bank borrowings and finance leases	**56,346**	**40,171**

(1) Of which a significant proportion is capped via financial instruments (see Note 9.1.2).

8.14.4 Borrowings by currency

	Financial Year 2020	Financial Year 2019
Denominated in euros	56,346	40,171
Denominated in foreign currencies		
Total bank borrowings and finance leases	**56,346**	**40,171**

8.15 Amounts due for business acquisitions

	Financial Year 2020
Opening	6,281
Changes in consolidation scope (1)	364
Revaluation with impact on shareholders' equity (2)	10,315
Payment	
Currency translation differences	
Other variations	
Amounts due for business acquisitions	**16,960**

(1) Deferred payment following the acquisition of eSoftThings.
(2) Of which €7,684K following minority entry into the share capital of LACROIX Electronics Beaupréau (see 7.2) and €2,631K related to revaluation of existing put and call options held by minority shareholders in SAE IT KG.

8.16 Trade accounts payables and other payables

The breakdown of trade accounts payables and other payables is as follows:

	Financial Year 2020	Financial Year 2019
Trade accounts payables	77,557	71,314
Capex accounts payables		50
Advance payments and deposits received	1,509	4,322
Social and tax payables	33,120	30,551
Other payables	6,217	5,141
Deferred revenue	2,884	2,266
Total trade accounts payables and other payables	**121,288**	**113,645**

8.17 Personnel

8.17.1 Personnel expenses

	Financial Year 2020 - 15 months	Financial Year 2019 - 12 months
Gross compensation	(104,032)	(83,804)
Employer's social and tax contributions	(35,548)	(27,170)
Profit-sharing	(3,197)	(2,584)
Outsourced personnel expenses	(6,423)	(9,066)
Defined benefits plan expense	(392)	(152)
Share-based payments	(220)	(15)
Total personnel expenses	**(149,811)**	**(122,791)**

8.17.2 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 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019
Managerial	352	298	109	103	196	204	45	30	702	635
Technical	495	552	124	103	67	71	2	2	688	728
Clerical	276	210	49	55	155	199	0	3	480	467
Manual	2,163	2,137	0	0	192	202	0	0	2,355	2,339
Total salaried workforce	**3,286**	**3,197**	**282**	**261**	**610**	**676**	**47**	**35**	**4,225**	**4,169**
Pending assignment (1)	37	64	0	5	14	62	0	0	51	131
Total operational workforce	**3,323**	**3,261**	**282**	**266**	**624**	**738**	**47**	**35**	**4,276**	**4,300**

(1) Full-time equivalents of temporary workers.
(*) Workforce of fully consolidated entities.

8.18 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 2020 - 15 months	Period 2019 - 12 months
Depreciation, amortisation and provisions on tangible and intangible assets	(11,005)	(8,099)
Depreciation, amortisation and provisions on rights of use	(3,201)	
Depreciation, amortisation and provisions on inventories	(1,565)	(1,695)
Depreciation, amortisation and provisions on current assets	47	(2)
Provisions on other liabilities and charges	469	315
Total depreciation, amortisation and provisions	**(15,255)**	**(9,481)**

8.19 Other income and expenses

	Period 2020 - 15 months	Period 2019 - 12 months
Restructuring costs	(397)	(15)
Sale of assets	266	2,910
Customer litigations	(662)	(6,686)
Other non-current expenses	(267)	(623)
Total other income and expenses	**(1,060)**	**(4,414)**

The majority of other non-current expenses for the 2019 financial year corresponded to provisions to cover disputes with local authorities (see Note 8.13 for more details) and to gains or losses on sale of assets and income from insurance reimbursement (Zriba incident).
In 2020, other non-current expenses mostly correspond to expenses related to changes in the scope of consolidation over the period.

8.20 Financial income and expenses

The breakdown of financial income is as follows:

	Period 2020 - 15 months	Period 2019 - 12 months
Interest expenses on borrowings	(986)	(791)
Interest income	100	91
Net financial expenses on borrowings	**(886)**	**(700)**
Net foreign exchange gains (losses)	(96)	418
Other financial income and expenses (1)	(704)	(758)
Total financial income and expenses	**(1,686)**	**(1,040)**
Summary		
Total revenue	8,510	4,086
Total expenses	(10,196)	(5,126)
Total financial income	**(1,686)**	**(1,040)**

(1) Of which €100K of financial expenses relating to provisions for retirement benefits and €209K relating to lease contracts (IFRS 16).

8.21 Income tax liability

8.21.1 Income tax expense

The breakdown of taxation is as follows:

	Period 2020 - 15 months	Period 2019 - 12 months
Current taxes	(5,699)	(4,794)
Deferred taxes	25	619
Total income tax expense	**(5,674)**	**(4,175)**

8.21.2 Tax proof

Rationalisation of the income tax expense	Period 2020
Net income	11,724
Neutralisation of equity method	
Income tax expense (1)	-5,674
Net income before income tax expense	17,399
Theoretical income tax expense (2)	4,350
Difference (1) - (2)	**-1,325**

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 (1)	-473
Effects of permanent non-deductible expenses	-615
Utilisation of tax losses previously unrecognised	22
Tax losses of the period not recognised	-1,669
De-recognition of tax losses previously recognised	
Specific Income or expenses taxed at a reduced or higher tax rate	283
Differences of tax rates in the Group's foreign subsidiaries	1,047
Tax credits (2)	869
Other income taxes (CVAE)	-879
Adjustments from previous periods	91
	-1,325

(1) See Note 6.5.14.
(2) Mainly relating to Research Tax Credit.

8.21.3 Deferred taxes

The breakdown of deferred tax assets and liabilities is as follows:

	Opening	OCI	Change of rate on OCI (1)	Impact on result	Change of rate per type of result (1)	Changes in consolidation scope	Other variations	Closing
Deferred tax assets								
C3 S and Building effort	56			(4)	(6)			46
Employee profit-sharing	329			121	(35)			415
Retirement benefits	2,662	(31)	(101)	114	(184)	21		2,481
Margins on inventories	357			(76)	(35)			246
Loss carryforwards (2)	4,897			561	(501)			4,957
Other	826			(171)	(103)			552
Compensation DTA/DTL (*)	*(3,506)*						426	(3,080)
Total deferred tax assets	**5,620**	**(31)**	**(101)**	**545**	**(865)**	**21**	**426**	**5,615**
Deferred tax liabilities								
Regulated provisions	(2,498)			(289)	268			(2,519)
Finance lease	(216)			28	34			(154)
Tangible and intangible assets amortisation and depreciation temporary differences	(101)			18	8			(76)
Buildings revaluations	(628)			43	82			(502)
Other	(264)	207		154				97
Compensation DTA/DTL (*)	*3,506*						(426)	3,080
Total deferred tax liabilities	**(199)**	**207**		**(47)**	**392**		**(426)**	**(72)**
Total net deferred taxes	**5,421**	**176**	**(101)**	**497**	**(472)**	**21**		**5,543**

(1) See Note 6.5.14.
(2) Based on the assumptions made by the Group and updated business plans. The base activated on the French tax scope of consolidation is €16.7M out of a total base of tax losses carried forward of €28.6M.
(*) 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 8.14.3 on "Borrowings and financial debts" shows that out of €56,346K of debt, €32,176K are at a fixed rate and €24,170K are at a variable rate.

The Group implements financial instruments to mitigate this risk. At the end of December 2020, the portion of financing at variable rates hedged by swaps was 87% of the nominal value.

9.1.3 Liquidity risk

Gross debt position for the Group amounts to €86,589K.
There is no covenant tied to any financing.
Available cash amounts to €52,389K.
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 Environment City	French and foreign companies operating internationally Public bodies and major water and electricity management stakeholders 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 2020	Period 2019
Borrowings and other financial debts	67,884	48,872
Bank overdrafts	18,705	21,398
Other financial assets	(955)	(960)
Cash and cash equivalents (see Note 8.11)	(54,389)	(13,542)
Net debt position	**31,245**	**55,768**
Shareholders' equity	107,988	103,199
Financial gearing (1)	**28.9%**	**54.0%**

(1) Amounts due for business acquisitions are not included in the Group's gearing ratio.
Furthermore, the Group holds, as at 31 December 2020, unused confirmed credits of €1M.

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 2020 is detailed as follows:

Comparison over 15 months in 2020 versus 12 months in 2019:

15 months - 2020	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019
Revenues										
External sales	367,123	327,743	85,918	59,231	125,329	104,656	12	130	578,382	491,760
Inter-company sales between activities	(11,906)	(10,056)	(115)	(54)	(33)	(59)			(12,054)	(10,169)
Total revenues	**355,217**	**317,687**	**85,803**	**59,177**	**125,296**	**104,597**	**12**	**130**	**566,329**	**481,591**

Current operating profit	**2,530**	**9,445**	**21,724**	**13,941**	**(1,780)**	**(483)**	**(2,329)**	**(2,143)**	**20,145**	**20,760**
Depreciation, amortisation and provisions on tangible and intangible assets	8,200	5,216	1,771	652	4,051	2,109	180	122	14,202	8,099
IFRS 2 share-based payments	232		85		141		(235)	15	222	15
EBITDA	**10,962**	**14,661**	**23,580**	**14,593**	**2,412**	**1,626**	**(2,384)**	**(2,006)**	**34,569**	**28,874**

Note: EBITDA in 2020 is positively impacted by €3,201K due to the application of IFRS 16 for the first time (see Note 6.2.1.1).

Comparison over 12 months pro forma in 2020 versus 12 months in 2019:

Pro forma 12 months 2020	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Financial Year 2019	Financial Year 2020	Financial Year 2019	Period 2020	Period 2019
Revenues										
External sales	285,170	327,743	67,619	59,231	98,152	104,656	12	130	450,954	491,760
Inter-company sales between activities	(9,838)	(10,056)	(105)	(54)	(31)	(59)			(9,975)	(10,169)
Total revenues	**275,332**	**317,687**	**67,514**	**59,177**	**98,120**	**104,597**	**12**	**130**	**440,979**	**481,591**
Current operating profit	**1,170**	**9,445**	**16,789**	**13,941**	**(1,684)**	**(483)**	**(1,867)**	**(2,143)**	**14,408**	**20,760**
Depreciation, amortisation and provisions on tangible and intangible assets	6,670	5,216	1,417	652	3,245	2,109	139	122	11,471	8,099
IFRS 2 share-based payments	232		85		141		(250)	15	207	15
EBITDA	**8,072**	**14,661**	**18,291**	**14,593**	**1,702**	**1,626**	**(1,978)**	**(2,006)**	**26,087**	**28,874**

Note: EBITDA in 2020 is positively impacted by €2,560K due to the application of IFRS 16 for the first time.

Alternative performance indicators

EBITDA "Earnings Before Interest, Taxes, Depreciation, and Amortisation" retained by LACROIX 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, also those recognised as part of a business combination;
- by 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		Total activities	
	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019
Depreciation, amortisation and provisions	(8,435)	(5,509)	(1,728)	(1,095)	(4,990)	(2,833)	(101)	(44)	(15,255)	(9,481)

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		Holdings		Group total	
	Period 2020	Period 2019	Financial Year 2020	Financial Year 2019	Financial Year 2020	Period 2019	Period 2020	Period 2019	Period 2020	Period 2019
Assets										
Non-current assets	60,997	44,697	24,734	22,216	36,944	33,358	7,398	7,939	130,073	108,210
Current assets	132,617	117,837	24,977	20,739	56,470	66,808	30,588	13,625	244,652	219,009
Total assets by segment	**193,614**	**162,534**	**49,711**	**42,955**	**93,414**	**100,166**	**37,986**	**21,564**	**374,725**	**327,219**
Liabilities										
Non-current liabilities	30,153	18,574	15,191	11,153	19,277	19,022	24,486	26,153	89,107	74,902
Current liabilities	118,425	96,039	8,559	15,971	84,187	86,526	(33,540)	(49,418)	177,631	149,118
Total liabilities by segment	**148,578**	**114,613**	**23,750**	**27,124**	**103,464**	**105,548**	**(9,054)**	**(23,265)**	**266,738**	**224,020**
Acquisitions of non-current assets	**13,824**	**8,679**	**732**	**621**	**2,182**	**2,185**	**447**	**233**	**17,185**	**11,718**

9.3 Off-balance sheet commitments

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

Off-balance sheet commitments	Period 2020	Period 2019
Guarantees given		
Related to financing (1)	7,726	5,327
Lease contracts with an effective date after closing (2)	2,745	

(1) Off-balance sheet commitments are for sureties to financing institutions as a consideration for asset financing or authorised bank overdrafts.
(2) A commercial lease signed by the Group before 31 December 2020 but with an effective date after the closing. The communicated amount is non-discounted as at 31 December 2020.

None of the financing taken out by the Group has 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 8.14.1 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 2020	Period 2019
Short-term benefits	474	551
Post-employment benefits	84	61
Other long-term benefits		
Share-based payments		
Total	**558**	**612**

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 during the financial year are broken down as follows:

	Period 2020	Period 2019
Short-term benefits	69	50
Post-employment benefits		
Other long-term benefits		
Share-based payments		
Total	**69**	**50**

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				Atlantique Révision Conseil			
	2020	%	2019	%	2020	%	2019	%
Audit								
Statutory Auditor	**286**	**95%**	**234**	**82%**	**50**	**100%**	**43**	**99%**
Consolidating entity	44		34		50		40	
Subsidiaries	242		200				4	
Other services pursuant to such legislation	**14**	**5%**	**12**	**4%**			**1**	**1%**
Consolidating entity	14							
Subsidiaries			12				1	
Total audit services	**300**	**100%**	**245**	**86%**	**50**	**100%**	**44**	**100%**
Other services not directly linked to the audit mission			40	14%				
Tax, social, regulatory								
Advisory			**40**				**1**	
Other services			**40**	**14%**				
Total	**300**	**100%**	**285**	**100%**	**50**	**100%**	**44**	**100%**

9.6 Post-closing events

None.

03

ACCOUNTING & FINANCIAL ITEMS

(ANNUAL FINANCIAL STATEMENTS)

1. BALANCE SHEET

BALANCE SHEET - ASSETS (in €K)	Note	Period 2020			Period 2019
		Gross	Amort. & Prov.	Net	Net
Intangible assets	3.3.1	542	180	362	214
Tangible assets	3.3.1	397	109	288	95
Financial assets (1)	3.3.1	77,244	6,560	70,683	70,216
FIXED ASSETS		**78,182**	**6,849**	**71,333**	**70,525**
Advance payments on orders		20		20	43
Trade accounts receivable & Related accounts	3.3.2	2,172		2,172	1,487
Other receivables	3.3.2	93,127		93,127	83,147
Short-term deposits (2)	3.3.3	25,402		25,402	9,633
Cash in hand		140		140	129
Prepaid expenses	3.3.8	126		126	85
CURRENT ASSETS		**120,986**	**0**	**120,986**	**94,525**
Currency translation differences - assets		174		174	
OVERALL TOTAL		**199,343**	**6,849**	**192,494**	**165,050**

(1) Of which investment securities for €75,424 of gross value, provision on securities for €6,500K.
(2) Of which treasury shares for €1,293K.

BALANCE SHEET - LIABILITIES (in €K)	Note	Period 2020	Period 2019
Share capital	3.3.4	25,000	25,000
Premiums for issuance, merger, and contribution	3.3.4	3,455	3,455
Legal reserve	3.3.4	2,517	2,517
Other reserves	3.3.4	75,900	70,900
Balance carried forward	3.3.4	2,174	1,852
Regulated provisions	3.3.4	79	53
Income	3.3.4	6,092	8,578
SHAREHOLDERS' EQUITY		**115,217**	**112,355**
Provisions for other liabilities and charges	3.3.5	419	485
PROVISIONS		**419**	**485**
Bank borrowings (2)	3.3.2	43,889	32,235
Borrowings and other financial debts	3.3.2	29,720	17,386
Trade accounts payable & Related accounts	3.3.2	1,187	816
Tax and social debts	3.3.2	2,062	1,545
Debts on fixed assets	3.3.2	0	
Other	3.3.2	0	8
TOTAL DEBTS (1)		**76,858**	**51,991**
Currency translation differences - liabilities		0	219
OVERALL TOTAL		**192,494**	**165,050**

	2020	2019
(1) Deferred debts and incomes of less than one year:	52,361	25,496
(2) Including bank overdrafts, bank credit balances:	248	60

2. INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (in €K)	Note	Period 2020	Period 2019
Net revenue		**9,944**	**6,099**
Reversals from provisions & Transfer of charges		138	113
Other income		0	0
OPERATING INCOME		**10,083**	**6,212**
Other external purchases		5,119	4,412
Taxes, duties, and similar		279	224
Personnel expenses	3.5.1	6,996	4,000
Depreciation, amortisation and provisions		277	157
Other expenses		71	50
OPERATING EXPENSES		**12,742**	**8,842**
OPERATING PROFIT (I) (1) (2)		**-2,659**	**-2,630**
Income from investments (3)		1,998	5,375
Income from other securities and receivables for capital assets (3)		0	7
Other Inter. & Simil. income.(3)		861	591
Reversals from provisions & Transfer of charges		338	7,205
Income / disposals of short-term deposits		0	3
FINANCIAL INCOME		**3,198**	**13,181**
Depreciation, amortisation and provisions		175	6,644
Interest & Simil. expenses (4)		434	269
Expenses / disposals of short-term deposits		0	1
FINANCIAL EXPENSES		**609**	**6,913**
FINANCIAL PROFIT (II)		**2,589**	**6,268**
OPERATING PROFIT BEFORE TAXES (I + II)		**-71**	**3,637**
On capital operations		701	1,220
Reversals from provisions		17	25
TOTAL EXTRAORDINARY INCOME		**717**	**1,245**
On management operations			
On capital operations		432	901
Depreciation, amortisation and provisions		42	22
TOTAL EXTRAORDINARY EXPENSES		**474**	**924**
= EXTRAORDINARY PROFIT	**3.4.1**	**243**	**321**
Employee contributions (IX)			
Taxes on profits (X)	3.4.2	-5,919	-4,620
Total income		**13,998**	**20,638**
Total expenses		**7,906**	**12,059**
PROFIT OR LOSS		**6,092**	**8,578**

(1) Of which income relating to previous financial years.
(2) Of which expenses relating to previous financial years.

	2020	2019
(3) Of which income from affiliated companies:	2,811	5,914
(4) Of which interest from affiliated companies:	142	61

3. APPENDIX

3.1 Major events of the financial year

By decision of 28 August 2020, LACROIX decided to change the closing date of the financial year, setting it as 31 December. By way of exception, the 2020 financial year has a duration of 15 months, from 1 October 2019 to 31 December 2020, without affecting the tax unity scheme. The 2019 and 2020 financial years are therefore not directly comparable.

In February 2020, LACROIX contributed to a capital increase in its subsidiary LACROIX SINGAPORE for 600K SGD (€399K). It remains the sole shareholder in the company LACROIX SINGAPORE.

During this period, the Group carried out its first employee shareholding plan. At this occasion a total of 40,000 treasury shares were either sold or granted as a subscription bonus to employees.

LACROIX benefited from business support measures offered by the State as a result of the lockdown period related to Covid-19 in spring 2020:

- State-guaranteed loan (PGE): €13,500K (Note 3.3.2);
- Reduced working hours and part-time unemployment scheme.

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

None.

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 5 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 15 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 (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 31 December 2020, the tax scope includes the following entities:

List of subsidiaries	Registered office
LACROIX Electronics	SAINT-PIERRE-MONTLIMART
LACROIX Electronics Solutions	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	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	114			114
Other intangible assets (1)	215	212		428
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	162	235		397
FINANCIAL ASSETS				
Investment securities	75,024	400		75,424
Other long-term investments	70	0		70
Loans and other financial assets (2)	1,686	722	658	1,749
TOTAL	**77,272**	**1,569**	**658**	**78,182**

AMORTISATIONS & PROVISIONS	Opening	Additions	Disposals	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	25	28		53
Other intangible assets	90	37		127
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	67	42		109
FINANCIAL ASSETS				
Investment securities (3)	6,500			6,500
Other long-term investments	60			60
Loans and other financial assets	4		4	0
TOTAL	**6,747**	**106**	**4**	**6,849**

Transactions involving loans and other financial assets relate to treasury shares not allocated to the various plans and the liquidity contract.

(1) Of which intangible assets in progress for €182K.
(2) Other financial assets for €1,749K.
(3) 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					
Other financial assets		1,749	46	31	1,673
Doubtful or disputed trade accounts					
Other trade accounts receivable		2,172	2,172		
Receivables representing loaned securities					
Personnel and related accounts		2	2		
Social security and other social bodies					
State and other public authorities	Taxes on profits	5,778	5,778		
	Value added tax	156	156		
	Other taxes, duties, and similar				
	Sundry				
Group and associates		87,164	87,164		
Miscellaneous debtors		28	28		
Prepaid expenses		126	126		
TOTALS		**97,174**	**95,471**	**31**	**1,673**
Status of debts					
Convertible bonds					
Other convertible bonds					
Bank borrowings	At 1 year max. from origin	248	248		
	At over 1 year from origin	43,641	19,152	23,488	1,001
Borrowings and other financial debts					
Suppliers and related accounts		1,187	1,187		
Personnel and related accounts		817	817		
Social security and other social bodies		651	651		
State and other public authorities	Taxes on profits				
	Value added tax	407	407		
	Guaranteed bonds				
	Other taxes, duties, and similar	187	187		
Debts on capital assets and related accounts					
Group and associates		29,720	29,720		
Other debts					
Debts representing loaned securities					
Deferred income					
TOTALS		**76,858**	**52,369**	**23,488**	**1,001**
Borrowings taken out during the financial year		19,500			
Borrowings repaid during the financial year		8,061			

LACROIX received a total of €13,500K in State-guaranteed loans, which will be repaid on their due date.

3.3.3 Short-term deposits

	Period 2020	Period 2019
Treasury shares (1)	1,293	1,991
Investment (2)	24,109	7,643
TOTAL	25,402	9,633
PROVISIONS	0	0
NET VALUES	25,402	9,633

(1) At the closing of the financial year, the Company holds 57,872 securities, amounting to €1,293K. The treasury shares held cover all commitments related to stock options.
(2) The other investments, composed of unit trusts (SICAVs), deposit certificates, and other investment products, amount to €24,109K as at 31 December 2020.

3.3.4 Capital

The share capital is composed of 3,766,560 shares, amounting to €25,000,000, and a double voting right is attributed to all nominal shares held for over 3 years by the same shareholder, representing 2,648,593 shares.

3.3.4.1 Change in equity

	Amount at start of financial year	Allocation Previous year result	Change	Cost End of financial year
Share capital	25,000			25,000
Premiums	3,455			3,455
Legal reserve	2,517			2,517
Other reserves	70,900	5,000		75,900
Balance carried forward	1,852	322		2,174
Income	8,578	-8,578	6,092	6,092
Regulated provisions	53		26	79
TOTAL	112,355	-3,256	6,117	115,217

Distribution of dividends for €3,256K.

3.3.4.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2019
Opening	**188,534**
Acquisitions	23,905
Disposals	(24,192)
Variation (1)	(40,000)
Total treasury shares (2)	**148,247**

(1) The variation in treasury shares corresponds to the shares sold or granted as a subscription bonus as part of the employee shareholding plan introduced in March 2020.
(2) The value of treasury shares on 31 December 2020, determined upon the basis of the average stock market prices for the month of December 2020, and recorded in the Company accounts for LACROIX, amounts to €2,849K.

3.3.4.3 Breakdown of provisions for other liabilities and charges

	Opening	Additions	Disposals (1)	Closing
Provisions for other liabilities and charges				
- Stock option exercising contingencies	12		0	12
- Exchange losses	0	174	0	174
- Retirement benefits	61	172		233
- Other liabilities	0			0
- Other charges (1)	413		413	0
TOTAL	485	346	413	418

(1) Including reversal of €413K in respect of allocations of stock options or bonus shares expiring during the financial year.

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, based on a discount rate of 0.50%.

3.3.5 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.

The number of options and their weighted average exercise price are broken down below:

	Period 2020	Period 2019
Opening	**7,000**	**13,000**
Options granted		
Options exercised		
Options lost and expired		(6,000)
Total stock options	**7,000**	**7,000**

The expiry dates and the exercise prices of outstanding stock options at the closing of the financial year are as follows:

Date of plans		Conditions	
Grant date	Start of option	Exercise price	Number of shares
Oct. 2011	Oct. 2015	14.33	7,000
			7,000

3.3.6 Free shares

The main features of the bonus share allocation plan are as follows:

- Opening date of the plan: 24 February 2017.
- The plan is awarded under performance-related conditions, which must be fulfilled in order to receive the final benefit from these plans.
- The definitive allocation of the shares is carried out over 2 periods:

- up to 31 December 2018, i.e. approximately 2 years from the first Acquisition period. 6,569 shares have been allocated over the current financial year. This distribution constitutes a down-payment on the plan.
- up to 31 December 2020, i.e. approximately 4 years from the second Acquisition period. 100% of the shares may be acquired after approximately 4 years, i.e. on 31 December 2020. The shares acquired at the end of the first period, being paid as an advance payment, will be deducted from the total amount allocated.

The performance-related conditions provided for in the plan not having been reached, this second phase was not completed. The plan expired on 31 December 2020.

Net income for the period in respect of the free shares plan amounts to €413K, corresponding to the reversal of the provision.

The number of shares is broken down as follows:

	Period 2020	Period 2019
Opening	**25,931**	**42,500**
Options granted		
Allocated to beneficiaries		(6,569)
Options lost and expired	(25,931)	(10,000)
Closing	**0**	**25,931**

3.3.7 Adjustment accounts

Accrued income

	Period 2020	Period 2019
Trade accounts receivable and related accounts	0	86
Status	0	0
Accrued interest	27	76
Miscellaneous accrued income		
Total	27	162

Prepaid expenses

	Period 2020	Period 2019
Operating expenses	122	76
Financial expenses	4	10
Total	126	85

Accrued expenses

	Period 2020	Period 2019
Bank borrowings	55	23
Trade accounts payable and related accounts	410	199
Tax and social debts	1,350	1,069
Cash in hand, accrued expenses	0	0
Other debts	0	3
Total	1,815	1,294

3.4 Notes on Results

Unless otherwise stated, the amounts are in €K.

3.4.1 Breakdown of exceptional income and expenses

	Period 2020	Period 2019
Penalties		
Disposals of intangible assets		
Disposals of tangible assets	0	687
Disposals of financial assets		
Disposals of short-term deposits		
Share buy-back maluses	432	215
Allowance for special amortisations	42	22
Provision for investment securities		
Total expenses	**474**	**924**
Disposals of intangible assets		
Disposals of tangible assets	0	1,210
Disposals of financial assets		
Disposals of short-term deposits		
Share buy-back bonuses	701	10
Reversal of provision for other liabilities and charges		
Reversal of special amortisations	17	25
Total income	**717**	**1,245**
EXTRAORDINARY PROFIT	**243**	**321**

The bonuses and maluses for share buy-backs take account of employee shareholding operations in relation with the employees shareholding plan, which have a net capital gain of €234K.

3.4.2 Tax breakdown

	Profit before taxes	Tax	After taxes
OPERATING PROFIT	-71		-71
EXTRAORDINARY PROFIT	243		243
INVESTMENT			0
TAX CONSOLIDATION: TAX INCOME		5,919	5,919
NET PROFIT	**172**	**5,919**	**6,092**

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 €5,919K.

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	61		172		233	
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	28,314		647		28,961	
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 2020	Period 2019
Manual		
Clerical	2	2
Technical (and Supervisors)	1	1
Managerial	42	24
TOTAL	**46**	**27**

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 2020
Endorsements and guarantees given to subsidiaries	
Debts guaranteed by security interests	
Discounted bills not yet due	
Commitments concerning pensions, retirement, and benefits	243
Commitment to share buy-backs	872

3.5.4 Compensation of 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 €793K.

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 2020. Directors' fees are allocated upon proposal from the Compensation Committee and depend on participation in the various bodies (Board of Directors, Strategic Committee, Audit 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	4,877	100.00%	13,575	13,575	20		85	6,884	1,998
LACROIX ELECTRONICS	15,000	-4,566	100.00%	46,427	46,427	22,456		52,200	-10,540	
LACROIX CITY	9,373	2,164	100.00%	14,999	8,499	49,881		10,652	147	
LACROIX VI	5	-1	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		-354	100.00%	0	0	3,400			67	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE	610	-67	100.00%	406	406				29	
LACROIX ENVIRONMENT GMBH	25	-198	100.00%	18	18	11,211			-151	
2. Shares held between 10 and 50%										
None										
3. Shares less than 10%										
Other shareholdings				0	0					
TOTAL				**75,434**	**68,934**	**86,969**				**1,998**

(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.

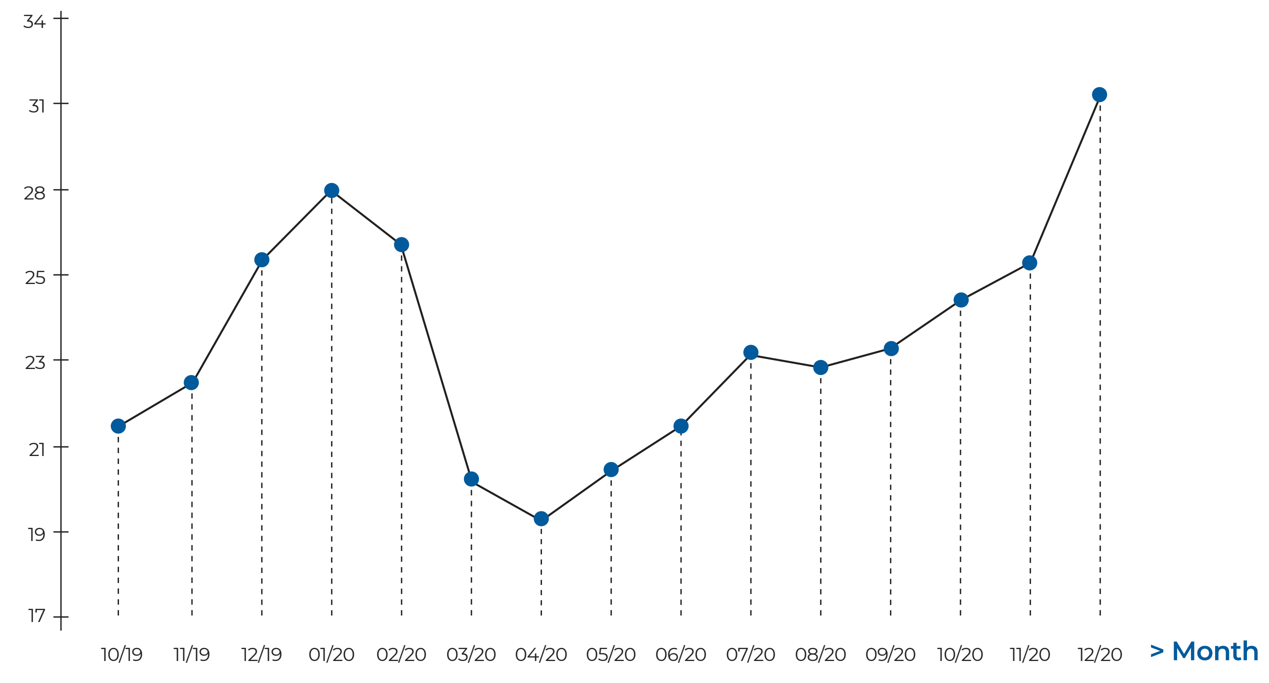
3.5.6 Post-closing events

No events took place during this period.

04
SHARE PRICE TREND

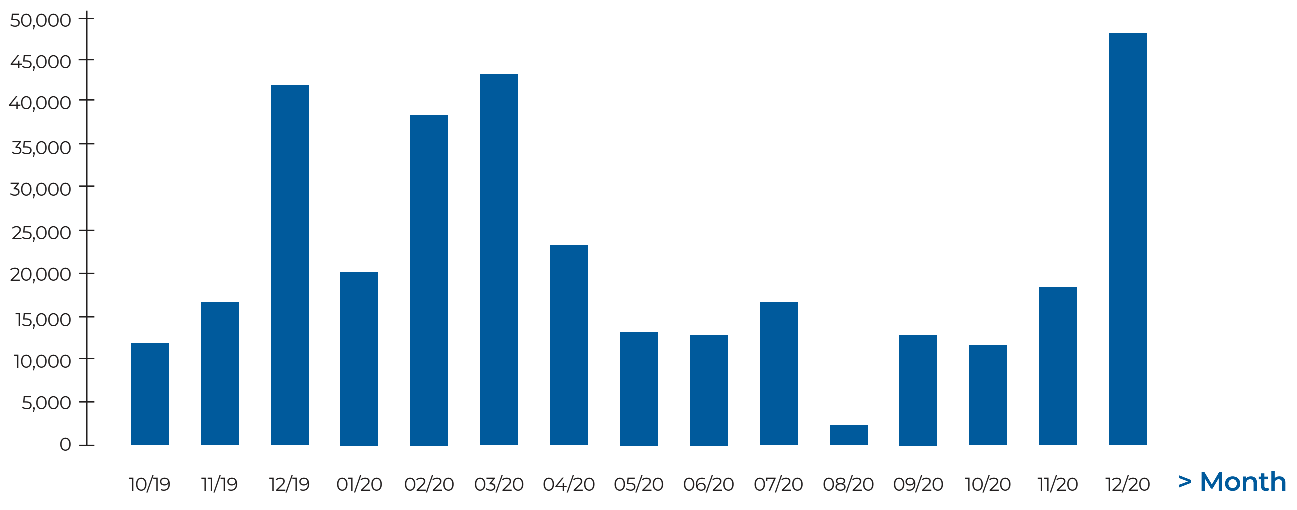
1 - CHANGES IN SHARE PRICE

Weighted average price (in euros)

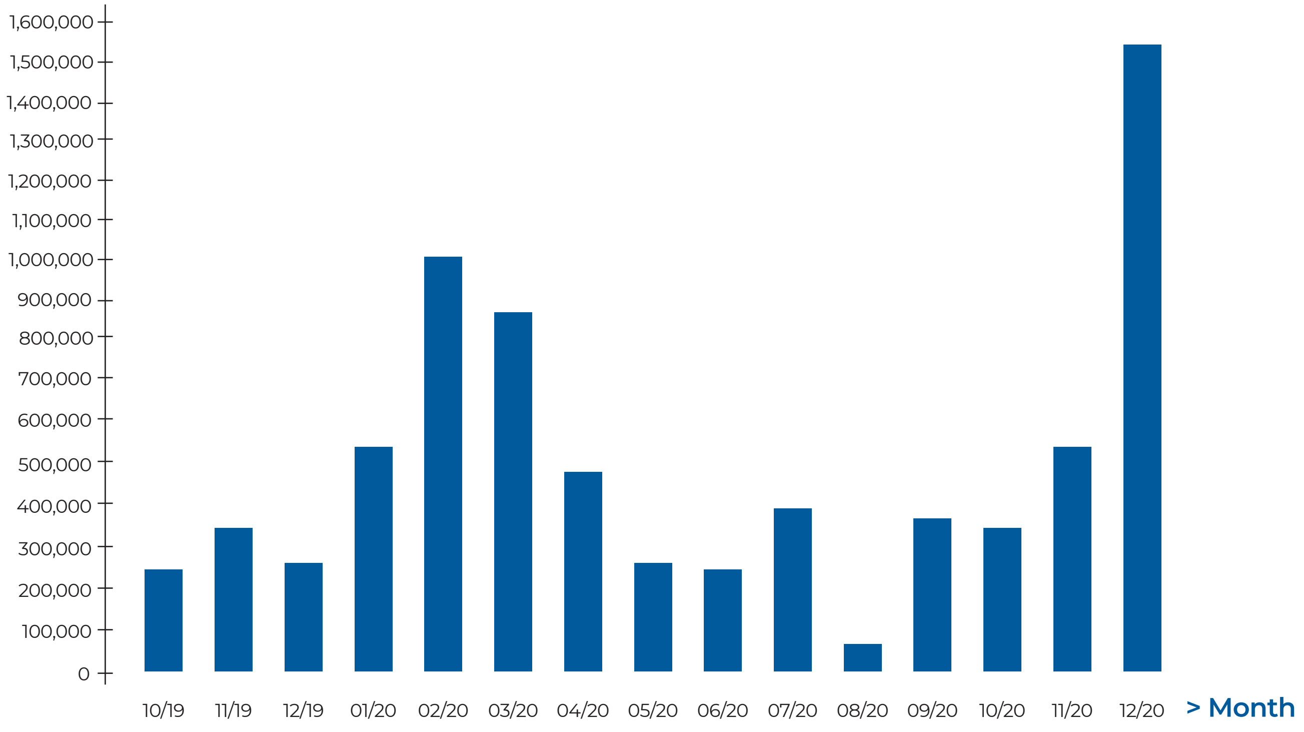


2 - NUMBER OF SHARES TRADED

Number



3 - CAPITAL AMOUNT IN EUROS



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