



HALF-YEAR FINANCIAL REPORT

REFERENCE PERIOD
FROM 01/01/2021 TO 30/06/2021 (6 MONTHS)

FISCAL YEAR 2021

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

ACCOUNTING & FINANCIAL ITEMS

(CONSOLIDATED ACCOUNTS)

1. CONSOLIDATED BALANCE SHEET

In €K	Assets	Note no.	30 June 2021 6 months	31 December 2020 15 months
Non-current assets				
	Goodwill	8.1	44,221	44,149
	Intangible assets	8.2	5,514	5,317
	Tangible assets	8.3	69,270	58,086
	Rights of use	8.4	10,429	8,927
	Non-current financial assets	8.5	7,631	7,979
	Investments in associates		0	0
	Deferred tax assets		5,653	5,615
Total non-current assets			142,718	130,073
Current assets				
	Inventory and goods in progress		94,443	75,476
	Trade accounts receivable		95,185	96,342
	Other receivables		22,885	18,440
	Derivative financial instruments		3	3
	Cash and cash equivalents	8.6	36,774	54,389
Total current assets			249,289	244,652
TOTAL ASSETS			392,007	374,725
In €K	Liabilities	Note no.	30 June 2021 6 months	31 December 2020 15 months
Shareholders' equity				
	Share capital	8.7	25,000	25,000
	Share premiums		3,455	3,455
	Consolidated reserves		67,257	57,301
	Consolidated income of the year		5,751	11,009
	Shareholders' equity (Group share)	4	101,463	96,765
	Non-controlling interests	4	11,384	11,222
Total shareholders' equity			112,847	107,988
Non-current liabilities				
	Provisions	8.8	27,051	32,135
	Borrowings	8.9	30,102	33,270
	Lease liabilities	8.4	8,336	6,670
	Amounts due for business acquisitions		16,960	16,960
	Deferred tax liabilities		259	72
Total non-current liabilities			82,708	89,107
Current liabilities				
	Borrowings	8.9	56,573	53,319
	Lease liabilities	8.4	2,232	2,355
	Trade accounts payable		89,758	77,557
	Derivative financial instruments		27	669
	Other payables		47,862	43,731
Total current liabilities			196,452	177,631
TOTAL LIABILITIES			392,007	374,725

2. COMPREHENSIVE INCOME STATEMENT

2.1 Consolidated income statement

In €K	Note no.	30 June 2021 6 months	31 March 2020 6 months	31 December 2020 15 months
Revenue	9.1	254,809	238,719	566,329
Changes in inventories and goods in progress		3,412	4,099	(1,377)
Goods and raw materials purchased		(150,933)	(143,025)	(323,597)
Personnel expenses		(68,105)	(64,921)	(149,811)
Subcontracting and external expenses		(22,699)	(21,153)	(52,371)
Taxes		(1,939)	(2,503)	(5,186)
Depreciation, amortisation and provisions		(6,723)	(5,312)	(15,255)
Other income and expenses		784	362	1,412
Current operating profit	9.1	8,607	6,266	20,145
Other operating income and expenses	8.10	(404)	(94)	(1,060)
Impairment of goodwill			0	0
Operating profit		8,202	6,172	19,084
Financial income and expenses	8.11	(77)	(520)	(1,686)
Income tax expense	8.12	(1,902)	(2,444)	(5,674)
Equity method		0	(5)	0
Net income		6,223	3,203	11,724
Net income - non-controlling interests	4	472	287	716
Net income - Group share		5,751	2,917	11,009
Basic earnings per share (in euros)		1.59	0.81	3.04
Diluted earnings per share (in euros)		1.58	0.80	3.04

2.2 Consolidated statement of comprehensive income

In €K	Note no.	30 June 2021 6 months	31 March 2020 6 months	31 December 2020 15 months
Net income		6,223	3,203	11,724
Currency translation differences		385	(1,579)	(1,502)
Change in derivative financial instruments		361	(479)	(325)
Actuarial gains and losses on retirement benefit obligations		650		480
Total change in other comprehensive income (OCI) ⁽¹⁾		1,396	(2,058)	(1,347)
Total comprehensive income (loss) for the period	4	7,619	1,145	10,377
Group		7,155	859	9,662
Non-controlling interests		464	287	716

3. CASH FLOW STATEMENT

In €K	Note no.	30 June 2021 6 months	31 March 2020 6 months	31 December 2020 15 months
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income		6,223	3,203	11,724
- Income tax expense		1,902	2,444	5,674
Net income before income tax expense		8,125	5,647	17,398
Adjustments for:				
- Depreciation, amortisation and provisions		5,949	5,171	13,005
- Gains or losses on sale of assets		21	139	152
- Share of profit from associates		0	5	0
- Change in fair values		- 1,062	619	442
Income tax paid		(1,726)	(1,462)	(4,740)
Cash flows from operations of consolidated companies		11,306	10,119	26,258
Dividends received from equity-method companies				
Changes in working capital relating to operations		(8,742)	13,079	21,700
Net cash flow from operating activities		2,564	23,198	47,958
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Acquisition of tangible and intangible assets		(15,965)	(6,319)	(17,185)
Acquisition of financial assets		(5)	(124)	(1,830)
Proceeds from sales of fixed assets		140	579	645
Effect of changes in consolidation scope				(4,878)
Net cash flow from investment activities		(15,830)	(5,864)	(23,248)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders and non-controlling interests		(322)	(115)	(3,660)
Proceeds from issuance of share capital (Group or noncontrolling interests)		0	2,000	7,500
Other changes in shareholders' equity		61	633	665
Proceeds from borrowings		4,294	7,055	28,378
Repayment of borrowings		(8,665)	(8,858)	(11,273)
Repayment of lease liabilities		(1,349)	(1,224)	(3,101)
Net cash flow from financing activities		(5,981)	(509)	18,509
Net effect of currency translation on cash and cash equivalents and bank overdrafts		(10)	(494)	322
Net increase (decrease) in cash and cash equivalents and bank overdrafts		(19,257)	16,331	43,541
Cash and cash equivalents and bank overdrafts at the beginning of the period		35,684	(7,857)	(7,857)
Cash and cash equivalents and bank overdrafts (reclass / change in fair value...)		0	0	0
Cash and cash equivalents and bank overdrafts at the end of the period	8.6	16,426	8,476	35,684

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In €K Position on closing	Share capital	Share premiums	Consolidated reserves	Period result	Other		TOTAL share-holders' equity - Group share	Non-controlling interests	TOTAL share-holders' equity
					Currency translation differences	Shares of consolidating company			
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)			0		0
Dividends			(3,371)				(3,371)	(290)	(3,661)
Capital increases							0	7,500	7,500
Changes in treasury shares						665	665		665
Commitments to purchase non-controlling interests			(10,315)				(10,315)		(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	0	0	155	11,009	(1,502)	0	9,662	716	10,378
Non-controlling interests arising from business combinations			3,513				3,513	(3,513)	0
Period ending 31/12/2020	25,000	3,455	63,212	11,009	(3,048)	(2,864)	96,764	11,222	107,986
As at 01/01/2021	25,000	3,455	63,212	11,009	(3,048)	(2,864)	96,764	11,222	107,986
Appropriation of results from previous year			11,009	(11,009)			0		0
Dividends			(2,639)				(2,639)	(302)	(2,941)
Capital increases							0		0
Changes in treasury shares						61	61		61
"Commitments to purchase non-controlling interests"							0		0
Share-based payment effects			122				122		122
Net income of the period				5,751			5,751	472	6,223
Change in other comprehensive income (OCI)			1,011		393		1,404	(8)	1,396
Total comprehensive income (loss) for the period	0	0	1,011	5,751	393	0	7,155	464	7,619
Non-controlling interests arising from business combinations							0	0	0
Period ending 30/06/21	25,000	3,455	72,715	5,751	(2,655)	(2,803)	101,463	11,384	112,847

5. INFORMATION ABOUT LACROIX

5.1 General information about the company

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

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

The Company also interacts with an extended network of stakeholders (shareholders, customers, suppliers, partners, 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 & CEO of the Company

5.2 List of consolidated companies

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

Company and legal form	Head Office	Tax scope	Period 2021	
			Consolidation method	% of interest
CONSOLIDATING COMPANY LACROIX	ST HERBLAIN, FRANCE	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.00%
LACROIX 2	ST HERBLAIN, FRANCE		GI	100.00%
LACROIX Electronics Activity				
LACROIX ELECTRONICS FRANCE	SAINT-PIERRE-MONTLIMART	1	GI	100.00%
LACROIX ELECTRONICS BEAUPREAU	BEAUPREAU		FC	75.25%
LACROIX ELECTRONICS zoo	POLAND		GI	100.00%
LACROIX ELECTRONICS TUNISIE	TUNISIA		GI	100.00%
LACROIX ELECTRONICS TUNIS	TUNISIA		GI	100.00%
LACROIX ELECTRONICS SERVICE TUNISIE	TUNISIA		GI	100.00%
LACROIX ELECTRONICS GmbH	GERMANY		GI	100.00%
LACROIX ELECTRONICS CESSON*	CESSON-SÉVIGNÉ	1	GI	100.00%
LACROIX Environment Activity				
LACROIX ENVIRONMENT	ST HERBLAIN, FRANCE	1	GI	100.00%
LACROIX SOFREL	VERN SUR SEICHE	1	GI	100.00%
LACROIX SOFREL srl	ITALY		GI	100.00%
LACROIX SOFREL ESPANA	SPAIN		GI	100.00%
LACROIX ENVIRONMENT SINGAPORE	SINGAPORE		GI	100.00%
LACROIX ENVIRONMENT GmbH	GERMANY		GI	70.00%
SAE IT Systems GmbH & Co KG	GERMANY		GI	70.00%
LACROIX City Activity				
LACROIX CITY	ST HERBLAIN, FRANCE	1	GI	100.00%
LACROIX CITY SAINT HERBLAIN	ST HERBLAIN, FRANCE	1	GI	99.86%
LACROIX CITY CARROS	ST HERBLAIN, FRANCE	1	GI	100.00%
LACROIX CITY MADRID	SPAIN		GI	100.00%
LACROIX CITY NORTE	SPAIN		GI	99.86%
LACROIX CITY CENTRO	SPAIN		GI	99.86%
LACROIX PACIFIC	NOUMÉA		GI	99.86%
LACROIX OCEAN INDIEN	LE PORT	1	GI	99.86%
LACROIX MAYOTTE	MAMOUDZOU		FC	99.86%
LACROIX TRAFIC CAMEROUN	CAMEROON		GI	99.86%
LACROIX CITY LES CHERES*	LES CHÈRES	1	GI	100.00%
SMARTNODES S.A.	BELGIUM		FC	100.00%
LACROIX 3	SAINT HERBLAIN, FRANCE	1	GI	99.86%
LACROIX 7	SAINT HERBLAIN, FRANCE	1	GI	99.86%
LACROIX CITY PLOUFRAGAN*	SAINT HERBLAIN, FRANCE	1	GI	100.00%
LTI SUD EST	CARROS		GI	0.00%

(2)

*Formerly Lacroix Electronics Solutions, this entity acquired the company eSoftThings on 1 January

FC = Fully consolidated

(1) French tax consolidation scope / (2) Ad hoc entity

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

The half-yearly accounts are presented for the period ended 30 June 2021 by applying all the standards published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The Group's condensed interim financial statements for the period from 1 January 2021 to 30 June 2021 (6 months) have been prepared in accordance with IAS 34 and IFRIC 10, i.e. specific IFRS standards governing interim financial reporting adopted by the European Union.

As these are condensed financial statements, they do not include all the information required by IFRS for annual financial statements and should therefore be read in conjunction with LACROIX's consolidated financial statements prepared with respect to the IFRS standards as adopted by the European Union for the year ended 31 December 2020.

In addition, the Group applied the following standards for the first time starting 1 January 2021:

- IAS 1 and IAS 8 amendment - Definition of materiality
- IFRS 3 amendment - Definition of an activity
- IAS 39 - IFRS 7 - IFRS 9 - Reform of reference rates (Phase 1)
- Amendments of IFRS standards for updating of references in Conceptual Framework
- IFRS 16 amendment

The group did not identify any impact on its financial statements at 30/06/21

7. COMPARABILITY OF FINANCIAL STATEMENTS

7.1 Accounting changes

The Group does not apply IFRS standards that have not yet been approved by the European Union as at the closing date of the period. The Group has not opted for early application of standards and interpretations whose application is not mandatory for the 2021 fiscal year.

7.2 Changes in consolidation scope

The Group has not made any changes in the consolidation scope since 31 December 2020.

An internal merger between Lacroix Electronics Solution (since renamed Lacroix Electronics Cesson) and eSoftThings (acquired in 2020) took place on 1 January 2021. All accounting impacts of this merger are eliminated on consolidation.

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 previous financial year therefore had an exceptional duration of 15 months, from 1 October 2019 to 31 December 2020. This closing on 30 June 2021 is therefore the first of its kind and will be compared on the balance sheet on 31 December 2020 and on the income statement, respectively, to the periods of six months ending 31 March 2020 and of 15 months ending 31 December 2020.

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

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

8.1 Goodwill

	Gross value				Accumulated impairment				Net book amount	
	Opening	Variations	Changes in consolidation scope	Closing	Opening	Impairment charge of the period	Changes in consolidation scope	Closing	Opening	Closing
Electronics Activity	17,346	73		17,419	(5,991)			(5,991)	11,355	11,428
Environment Activity	17,045			17,045	0			0	17,045	17,045
City Activity	25,248			25,248	(9,500)			(9,500)	15,748	15,748
Total	59,640	73		59,713	(15,491)			(15,491)	44,148	44,221

No impairment indicator was identified for these goodwills during the first half-year 2021, and consequently there is no need to update the depreciation tests at half-year for any of the activities.

8.2 Intangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Preliminary expenses	10						10
Research and development costs	742						742
Concessions, patents, licenses, software	14,807	84			1	482	15,374
Other intangible assets	1,694	113				22	1,829
Intangible assets in progress	431	299				(222)	508
Advances and down-payments							
Total	17,684	496	0	0	1	282	18,463
Cumulated amortisation							
Preliminary expenses	(9)						(9)
Research and development costs	(242)	(49)					(291)
Concessions, patents, licenses, software	(10,782)	(479)				39	(11,222)
Other intangible assets	(1,332)	(92)				(1)	(1,425)
Total	(12,365)	(620)	0	0	0	38	(12,947)
Total intangible assets	5,317	(124)	0	0	1	320	5,514

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Land	3,557	5				2	3,564
Buildings	34,702	122				112	34,936
Technical install., machinery and equipment	81,003	4,541	(156)		246	994	86,628
Other tangible assets	26,350	537	(175)		23	79	26,814
Tangible assets in progress	2,974	9,175			5	(84)	12,070
Advances and down-payments	439	1,090				(1,308)	221
Total	149,026	15,470	(331)	0	274	(205)	164,234
Cumulated amortisation							
Land	(177)	(2)					(179)
Buildings	(21,398)	(538)			(38)	(7)	(21,981)
Technical install., machinery and equipment	(50,569)	(2,404)	140		(97)	3	(52,927)
Other tangible assets	(18,794)	(1,199)	133		(13)	(2)	(19,875)
Total	(90,939)	(4,143)	273	0	(148)	(6)	(94,963)
Total tangible assets	58,087	11,327	(58)	0	126	(211)	69,271

The significant level of investment over the period mainly corresponds to the advancement of work on the new Symbiose factory 4.0.

8.4 Lease contracts

8.4.1 Rights of use

Rights of use - Gross values	Opening	New contracts	Ends and terminations of contracts	Changes in assumptions	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	8,793	2,408		203		16	0	11,420
Other assets	3,019	288	(201)	9				3,115
Total	11,812	2,696	(201)	212	0	16	0	14,535
Rights of use - Amortisations and provisions	Opening	Amortisations for the period	Ends and terminations of contracts	Changes in assumptions	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	(1,868)	(900)				(3)		(2,771)
Other assets	(1,017)	(491)	173					(1,335)
Total	(2,885)	(1,391)	173	0	0	(3)	0	(4,106)
Total net rights of use	8,927	1,305	(28)	212	0	13	0	10,429

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

8.4.2 Lease liabilities

Lease liabilities	Opening	New contracts	Repayment of the nominal value	Ends and terminations of contracts	Changes in assumptions	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	7,020	2,408	(871)		203		14		8,774
Other assets	2,005	288	(479)	(29)	9				1,794
Total	9,025	2,696	(1,350)	(29)	212	0	14	0	10,568

8.4.3 Off-balance sheet commitments arising from lease contracts

The off-balance sheet commitments arising from lease contracts are detailed, where necessary, in Note 9.2.

8.5 Non-current financial assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Investment securities (1)	2,349				66	1,037	3,452
Receivables from investments	17						17
Other long-term investments	118						118
Loans	970				(78)		892
Collateral and surety	654	5			9		668
Other financial assets (2)	4,103				(2)	(1,384)	2,716
Total	8,212	5			(5)	(347)	7,864
Provisions for impairment	0						0
Investment securities (1)	(145)						(145)
Receivables from investments	0						0
Other long-term investments	(87)						(87)
Loans	0						0
Collateral and surety	0						0
Total	(233)						(233)
Total non-current financial assets	7,979	5			(5)	(347)	7,631

(1) The "investment securities" line mainly corresponds to the 12.5% share held in the north American company "Firstronic LLC". In accordance with the IFRS 9 standard, this investment was revalued to its fair value as at closing date, which generated financial income of €1037 k in the period ending 30 June 2021 (see 8.11). The fair value of the investment in Firstronic corresponds to a level 3 valuation per IFRS 13. More precisely, it is determined according to valuation multiples applied to past financial performances and to the current year budget, available as at the closing date, and taking account of a minority shareholder discount.

(2) The amount accounted for under "Other financial assets" mainly corresponds to the payment of fines handed down by Court rulings, which are being appealed by the Group. Following the definitive ruling against the company in its dispute with CD44, the "Provision for litigation" net of "Other financial assets" has been reclassified as short-term debt in the accounts at 30 June 2021. This debt will be fully repaid as at 31 December 2021. (See note 8.8.1)

8.6 Cash and cash equivalents

	Period 2021	Period 2020
Short-term deposits (1)	23,130	34,658
Cash in hand	13,643	19,731
Impairment	0	0
Total cash and cash equivalents	36,774	54,389
Bank overdrafts	(20,348)	(18,705)
Total cash and cash equivalents excl. bank overdrafts	16,426	35,684

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

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

Within the framework of the Reverse factoring contracts signed by LACROIX, the receivables not yet due at 30 June 2021 and paid before that date amount to €27.4 M.

8.7 Shareholders' equity

8.7.1 Share capital of the consolidating entity

As at 30 June 2021, the share capital is made up of 3,766,560 shares with a par value of €6.64 each.

8.7.2 Changes in treasury shares

The number of treasury shares has changed as follows:

Opening	148,247
Acquisitions	5,648
Disposals (1) (2)	(7,006)
Total treasury shares (1)	146,889

(1) The value of treasury shares as at 30 June 2021 recognised in Lacroix SA's financial statements stood at €2817 k. On the basis of the average share price in June 2021, it stands at €7435 K.

8.7.3 Stock options

Stock options were granted to executives and some employees. The strike price of the options is equal to the average of the closing prices on the stock exchange during the 20 trading days preceding the date of granting. The options are subject to the completion of 4 years of service.

The plan has an expiry date of 10 years after its allocation. Details of the strike price of options on shares in circulation at the end of June 2021 are given 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 30 June 2021 is nil.

8.7.4 Free shares

On 21 January (the Grant date), LACROIX introduced a free share plan benefiting some of its employees. 15,002 shares were allocated.

The definitive allocation of shares will take place in thirds, over a period of three years. It is subject to the attainment of performance objectives and to the presence of the beneficiary on 31 December of each period of acquisition.

The share retention period is set at two years, beginning on the Grant date.

The expense for the period in respect of the free share plan is €122 k as at 30 June 2021 within the meaning of IFRS 2.

8.8 Provisions

8.8.1 Change in provisions

This change can be analysed as follows:

	Opening	Additional provisions	Reversals used	Reversals not used	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	16,660	595	(341)			4	(750)	16,168
Provisions for warranty	428	38	(42)					424
Prov. for litigations (2)	14,175	710	(5,043)	(276)		5	15	9,586
Prov. for other liabilities and charges (3)	872							872
Total	32,135	1,343	(5,426)	(276)	0	9	(735)	27,050

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

The assumptions made for the calculations, in respect of France, are as follows:

- Discount rate of 0.8% (against 0.5% in 2020)
- 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	Other entities
Age brackets		
- < 29 years old	10.00%	5.00%
30 to 39 years old	5.00%	3.00%
40 to 44 years old	3.00%	3.00%
45 to 49 years old	3.00%	1.00%
50 to 54 years old	2.00%	1.00%
> 55 years old	-	-

With respect to Germany, the following assumptions were made:

- Discount rate of 1% (against 0.7% in 2020)
- Inflation rate of 1.75%
- Salary increase of 3%
- Average turnover rate of 5%
- Retirement at the age of 64 for non-managerial staff and 65 for other managerial staff.

(2) Provisions for litigation, in addition to diverse provisions for lawsuits, HR, customer disputes or warranty returns, are mostly to cover disputes with authorities.

As regards disputes with authorities, following LACROIX City Saint-Herblain's conviction by the Competition Authority over 10 years ago for cartel activity in 2010, a number of companies or authorities have sued the Company. As at 30 June 2021, proceedings were ongoing with eight companies or authorities.

At 30 June 2021, the global provision amounts to €6,965 K, or a decrease of €4.1 M compared to 31 December 2020. This decrease follows the definitive ruling against the company in its dispute with CD44. From an accounting point of view, the "Provision for litigations" net of "Other financial assets" has been reclassified as short-term debt in the accounts to 30 June 2021. For the whole of the 2021 fiscal year, the repayment flow of this debt will appear under "financing flows" in the cash flow statement. This debt will be fully repaid as at 31 December 2021. For reference, the €6,965 K in provisions for litigations at 30 June 2021 still includes amounts already disbursed but accounted for as "Other financial assets" while awaiting appeals lodged by the Group. In particular, this applies to the CD 76 case, for which a cassation complaint was submitted in July 2021 (see 8.5).

(3) In connection with the exercise of stock options by employees of Sofrel, the Group had undertaken to buy back these shares at the request of beneficiaries. The amount of €872 K is the valuation, at the end of June 2021, of the theoretical purchase price of said shares.

8.9 Borrowings

8.9.1 Maturity of borrowings

The breakdown of financial debts by maturity is as follows:

	Period 2021	Period 2020	MATURITY 2021 (1)	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings	55,010	56,346	26,324	28,686
Other financial debts (2)	11,317	11,538	9,899	1,418
Bank overdrafts	20,348	18,705	20,348	
Total borrowings	86,675	86,589	56,571	30,104

(1) "Non-current" portion of financial debts: of which €1,096 K at more than 5 years.

(2) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €7,492 K, compared with €7,537 K as at 31 December 2020.

8.9.2 Financial gearing

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

	Period 2021	Period 2020
Borrowings and other financial debts	66,327	67,884
Bank overdrafts	20,348	18,705
Other financial assets	1,727	(955)
Cash and cash equivalents (Note 8.5)	(36,774)	(54,389)
Net debt position (1)	51,628	31,245
Shareholders' equity	112,847	107,988
Financial gearing	45.8%	28.9%

(1) Debts resulting from business combinations and rent are not included in the Group's gearing ratio.

8.10 Other income and expenses

	Period 2021 6 months	Period 2020 6 months	Period 2020 15 months
Restructuring costs	(404)	(352)	(397)
Sale of assets		387	266
Customer litigations		(28)	(662)
Other non-current expenses		(101)	(267)
Total other income and expenses	(404)	(94)	(1,060)

Reorganisation expenses for the fiscal year 2021 mainly correspond to efforts to optimise the structure of certain sites and to exceptional and non-recurring costs incurred by moving into the new factory 4.0 at Beaupréau.

In 2020, other non-current expenses mainly corresponded to expenses related to changes in the scope of consolidation over the period.

8.11 Financial income and expenses

The breakdown of financial income is as follows:

	Period 2021 6 months	Period 2020 6 months	Period 2020 15 months
Interest expenses on borrowings	(312)	(405)	(986)
Interest income	5	47	100
Net financial expenses on borrowings	(307)	(359)	(886)
Net foreign exchange gains (losses)	(508)	63	(96)
Other financial income and expenses (1)	737	(224)	(704)
Total financial income and expenses	(77)	(520)	(1,686)
Summary			
Total revenue	3,782	4,207	8,510
Total expenses	(3,859)	(4,726)	(10,196)
Total financial income	(77)	(519)	(1,686)

(1) Of which €1037 K in revaluation of Firstronic shares (see 8.5), €49 K in financial expenses related to the defined benefit plans (€39 K as at 31 March 2020) and €105 K in financial expenses on lease liabilities.

8.12 Income tax expense

The breakdown of taxation is as follows:

	Period 2021 6 months	Period 2020 6 months	Period 2020 15 months
Current taxes	(2,002)	(2,301)	(5,699)
Deferred taxes	100	(143)	25
Total income tax expense	(1,902)	(2,444)	(5,674)

The base activated on the French tax scope of consolidation is €17.8 M out of a total base of tax losses carried forward of €30.1 M.

At 30 June 2021, the Group is awaiting assessment of a tax credit request for its Polish subsidiary (of around €4.5 M at the closing rate on 30 June 2021). The tax credit in question relates to productive investments and a certain level of employees to be maintained in the long-term. An analysis of the main characteristics of the exemption in question meets the accounting criteria according to the IAS 12 standard.

The Group will include in the accounts, upon attainment of final agreement from the competent administration, the entire tax credit income in the 'Income tax expense' line of the income statement.

9. OTHER INFORMATION

9.1 Segment reporting

9.1.1 Consolidated income statement by segment

Segment reporting for the half-year ended 30 June 2021 is detailed as follows:

First half-year 2021 compared to first half-year 2020 (closing 31 March 2020)

	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Revenues										
External sales	173,558	160,263	34,515	33,974	52,670	48,937	13		260,756	243,174
Inter-company sales between activities	(5,781)	(4,440)	(141)	(13)	(25)	(2)			(5,947)	(4,455)
Total revenues	167,777	155,823	34,374	33,961	52,645	48,935	13		254,809	238,719
Current operating profit	3,202	1,906	7,300	8,577	(1,071)	(2,381)	(824)	(1,836)	8,607	6,266
Depreciation, amortisation and provisions on tangible and intangible assets	3,663	3,159	710	719	1,628	1,606	152	80	6,153	5,564
IFRS 2 share-based payments							122	471	122	471
Current EBITDA	6,865	5,065	8,010	9,296	557	(775)	(550)	(1,285)	14,882	12,301

First half-year 2021 compared to fiscal year 2020 (12 months pro forma from 1 January 2020 to 31 December 2020)

	Electronics Activity		Environment Activity		City Activity		Holdings		Group total	
	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020	Period 2021	Period 2020
Revenues										
External sales	173,558	285,170	34,515	67,619	52,670	98,152	13	12	260,756	450,954
Inter-company sales between activities	(5,781)	(9,838)	(141)	(105)	(25)	(31)			(5,947)	(9,975)
Total revenues	167,777	275,332	34,374	67,514	52,645	98,120	13	12	254,809	440,979

Current operating profit	3,202	1,170	7,300	16,789	(1,071)	(1,684)	(824)	(1,867)	8,607	14,408
Depreciation, amortisation and provisions on tangible and intangible assets	3,663	6,670	710	1,417	1,628	3,245	152	139	6,153	11,471
IFRS 2 share-based payments		232		85		141	122	(250)	122	207
Current EBITDA	6,865	8,072	8,010	18,291	557	1,702	(550)	(1,978)	14,882	26,087

Alternative performance indicators

Current EBITDA retained by LACROIX Group is an operating indicator for operating profit, increased by:

- Allowances for amortisations of tangible and intangible assets (including, where necessary, those recognised for business combinations) and rights of use.
- The IFRS 2 "share-based payment" expense.

9.2 Off-balance sheet commitments

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

Commitment category	Period 2021	Period 2020
Commitments given		
Related to financing (1)	7,948	7,726
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.

None of the financing taken out by the Group has a covenant attached.

9.3 Post-closing events

Capital increase:

During the month of July 2021, the group carried out a capital increase with maintenance of preferential subscription rights for an amount of €44.3 M gross.

On this occasion, 1,062,536 new shares were subscribed, bringing the public float to approximately 27% of capital (as opposed to less than 16% before the operation).

The long-standing family shareholders contributed €15 M to this operation.

The funds raised will enable the Group to accelerate deployment of the “Leadership 2025” plan, particularly its acquisitions aspect.

Sale of a property asset:

In the course of July 2021, for the purposes of optimising its property footprint, the Group sold a building in Saint Herblain. This transaction generated capital gains of around €1 M.

Repayment of loans guaranteed by the State:

During the month of July 2021, the Group carried out, on the due date, full repayment of the sums borrowed in 2020 and still on the balance sheet at 30 June 2021, i.e. €17.5 M.

OTHER INFORMATION

(REPORTS AND CERTIFICATIONS)

STATEMENT OF THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

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

Vincent Bedouin,
Chairman & CEO of the Company

CERTIFIES

"To my knowledge, the financial statements for the past year are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets and liabilities, financial position, and income of the Company and of all companies included within the scope of consolidation. The annual report gives a true and fair view of the major events that have occurred during the 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 which they face."

Vincent Bedouin



LACROIX

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

with a share capital of €32,055,239.04

Head Office: 17 rue Océane, 44800 Saint-Herblain

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PERIOD FROM 1 JANUARY TO 30 JUNE 2021 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

LACROIX GROUP

For the period from 1 January to 30 June 2021

Statutory auditors' Review Report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we performed:

- the review of the accompanying condensed half-yearly consolidated financial statements of the Lacroix Group, for the period from 1 January to 30 June 2021;
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the COVID-19 pandemic, the condensed half-yearly consolidated financial statements for this period have been prepared and reviewed under specific conditions. 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. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of our procedures.

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

1. Conclusion on the financial statements

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

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

2. Specific verification

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

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

Nantes, 28 September 2021

The Statutory Auditors

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Arnaud Le Néen

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PRESS RELEASE

28/09/2021

Business over pre-crisis levels, driven by all Group activities

Profitability growth in line with expectations

Business portfolio on track, but an end of year impacted by supply tensions

As a reminder, the 2019-2020 financial year had an exceptional duration of 15 months, i.e. from 1st October 2019 to 31 December 2020. Hence, the audited figures for the 1st half-year of 2019-2020 relate to the period from 1st October 2019 to 31 March 2020, and the half-year data presented here are therefore not directly comparable.

<i>in millions of euros</i>	2021 6 months	2019/2020 6 months
	Jan 1, 21 - Jun 30, 21	Oct 1, 19 - Mar 31, 20
Revenue	254.8	238.7
Current EBITDA	14.9	12.3
as a % of revenue	5.8%	5.2%
Current operating profit	8.6	6.3
as a % of revenue	3.4%	2.6%
Operating profit	8.2	6.2
Financial income	(0.1)	(0.5)
Income taxes	(1.9)	(2.4)
Consolidated net income	6.2	3.2
Net income - Group share	5.8	2.9

Business in the first half above pre-crisis levels

In the 1st half of 2021, LACROIX's revenue amounted to €254.8 million, compared with €193.5 million recorded over the comparable period from 1st January to 30 June 2020, i.e. an increase of 31.7%. For information purposes, revenue for the 1st half of 2019-2020 (October 2019 to March 2020), impacted at the end of the period by the first effects of the health crisis, was €238.7 million. In addition to a highly favourable base effect linked to a relative normalisation of the health situation, LACROIX's recorded business in the first 6 months of the year marked by a rise to pre-crisis progression levels, with growth of 2.8% compared to the period from 1st January to 30 June 2019, a performance driven by sustained strong growth across all 3 LACROIX activities.

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Half-year results driven by all 3 Activities of the Group

Over the period, Group current EBITDA amounted to €14.9 million, i.e. a current EBITDA margin of 5.8%, a better performance compared to the first 6 months of the previous year (€12.3 million), i.e. a margin of 5.2% at the end of March 2020, bearing in mind that this reference period is not directly comparable. In line with expectations, the level of profitability recorded in the first half of 2021 can be explained, in particular, by the continued recovery of the City Activity and the improvement in the Electronics Activity, combined with strong profitability being maintained in the Environment Activity despite the ongoing significant supply tensions for electronic components and other raw materials.

Electronics activity

By far the activity most affected by the health crisis in 2020, the Electronics activity benefitted more broadly from a favourable base effect with growth of 38.6% compared to the previous period, at €167.8 million. Despite a half-year marked by component shortages and persistent weakness in the aeronautics sector, Electronics recorded business 0.8% higher than the comparable pre-crisis period (period from the beginning of January to the end of June 2019), a clear sign of renewed and consolidated momentum over the months.

With price increases linked to the supply shortages, essentially passed on to the customer, this dynamic growth is reflected in the profitability of Electronics, which posted a 4.1% current EBITDA margin (€6.9 million), compared with 3.3% for the first 6 months of the 2019-2020 financial year (€5.1 million).

City activity

The City activity had a good performance over the half-year with revenue of €52.6 million, up significantly by 24.6% compared with the comparable period in 2020, but also by 4.4% compared with the period from January to June 2020, thereby eliminating the impact of the health crisis, thanks to double-digit growth in street lighting and V2X and the return of signalling and traffic to their pre-crisis levels.

City's operational performance continued to improve over the period. With positive current EBITDA of €0.6 million for the 1st half-year, the current EBITDA margin is 1.1% of revenue, a strong increase compared to the -1.6% recorded for the period from October 2019 to March 2020.

Environment activity

Lastly, with turnover of €34.4 million for the half-year, up 13.8% compared with the first 6 months of 2020 and 11.2% compared with 2019, the Environment activity fully confirms its role as a growth accelerator for the Group, driven by the Water and Smart Grids segments.

In the 1st half of 2021, with current EBITDA of €8.0 million, Environment's profitability was down compared with the period from 1st October 2019 to 31 March 2020 (27.4%, as a reminder not directly comparable), but remains very high at 23.3% of revenue. This change is mainly due to the impact of the 2020 recruitment drive to accelerate business development.

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A solid financial situation

As of 30 June 2021, equity stood at €112.8 million compared with €108.0 million as of 31 December.

Net debt increased to €51.6 million compared with €31.2 million, with gearing at 46% compared with 29%. This change can be explained by unfavourable mid-year seasonality, the components crisis beginning to have an impact on stocks, and by the continuation of significant investments (€16.0 million in the first half of the year) relating to construction of the Symbiose plant, which is still scheduled for delivery at the end of the year.

With a solid financial situation, LACROIX proceeded to pay off at the beginning of July the guaranteed government loans contracted during the crisis (post-closure event).

Successful capital increase to finance the roll-out of Leadership 2025

Lastly, as announced on 26 July 2021 and therefore post-closing, LACROIX completed a capital increase with preferential subscription rights for a total gross amount of €44.3 million, to which the historical family shareholders contributed €15.0 million. In addition to a significant expansion of the free float of nearly 27% (compared with 16% before the offer), the success of this transaction with both existing and new shareholders confirms the relevance of the Group's new strategic priorities, first and foremost with the strengthening of LACROIX's firepower in terms of acquisitions.

At the end of this operation, LACROIX has the means to deploy an acquisition budget of around €100 million.

Business portfolio on track but 2021 target slightly impacted by supply tensions

In an already tense market when it comes to electronic components, LACROIX noted increased volatility in supply conditions at the end of the current year, reflected in particular by last-minute postponements of component deliveries impacting the proper organisation of its production and its ability to deliver. In this context of uncertainty, the LACROIX teams remain mobilised to serve customers to the best of their ability. The situation nevertheless impacts the conditions for recording revenue and the margin objective initially announced may not be achieved. LACROIX nevertheless remains confident in its ability to achieve profitability close to its pre-crisis levels, i.e. a current EBITDA margin of between 5.8% and 6.1%.

In addition to the continued strong momentum fuelled by a growing business and project portfolio since the beginning of the year, LACROIX will also benefit from the price increases passed on to customers, leading it to confirm its sales target of €500 million for the 2021 financial year.

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Upcoming dates

Turnover for the 3rd quarter of 2021: 8 November 2021 after the market close

View our financial data on our Investors' Zone

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

About LACROIX

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

As a publicly-listed family-owned mid-cap, with a turnover of €441 million in 2020, LACROIX combines the essential agility required to innovate in an ever-changing technological sector with the ability to industrialise robust and secure equipment, cutting-edge know-how in industrial IoT solutions and electronic equipment for critical applications and the long-term vision to invest and build for the future.

LACROIX designs and manufactures its customers' electronic equipment, in particular in the automotive, home automation, aeronautical, industrial and health sectors. LACROIX also provides safe, connected equipment for the management of critical infrastructures such as smart roads (street lighting, traffic signs, traffic management, V2X) and the management and operation of water and energy systems.

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. It helps them to create the industry of the future and to make the most of the opportunities for innovation that surround them, supplying them with the equipment for a smarter world.

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