LACROIX

CONNECTED TECHNOLOGIES FOR A SMARTER WORLD

HALF-YEAR FINANCIAL REPORT

REFERENCE PERIOD

FROM 10/2019 TO 03/2020 (6 MONTHS)

PERIOD 2019/2020

CONTENTS

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.	31/03/20	30/09/19
Non-current assets			
Goodwill	8.1	37,679	37,679
Intangible assets	8.2	4,573	4,599
Tangible assets	8.3	53,980	53,319
Rights of use	8.4	8,970	
Non-current financial assets		6,703	6,987
Investments in associates	8.5	1	7
Deferred tax assets		5,586	5,620
Total non-current assets		**117,493**	**108,211**
Current assets			
Inventory and goods in progress		84,426	82,612
Trade accounts receivable		92,356	102,420
Other receivables		19,163	20,426
Derivative financial assets		15	9
Cash and cash equivalents	8.6	30,003	13,542
Total current assets		**225,962**	**219,009**
TOTAL ASSETS		**343,456**	**327,219**

In €K Liabilities	Note no.	31/03/20	30/09/19
Shareholders' equity			
Share capital	8.7	25,000	25,000
Share premium		3,455	3,455
Consolidated reserves		61,089	57,319
Consolidated income of the year		2,917	10,616
Shareholders' equity (Group share):	4	92,461	96,390
Non-controlling interests:	4	8,047	6,809
Total Shareholders' equity		**100,508**	**103,200**
Non-current liabilities			
Provisions for other liabilities and charges	8.8	33,246	33,602
Borrowings	8.9	33,912	34,818
Lease liabilities	8.4	6,681	
Amounts due for business acquisitions	7.2	9,718	6,281
Deferred tax liabilities		239	199
Total non-current liabilities		**83,796**	**74,901**
Current liabilities			
Borrowings	8.9	34,268	35,452
Lease liabilities	8.4	2,348	
Trade accounts payable		75,184	71,314
Derivative financial instruments liabilities		840	21
Other payables		46,512	42,330
Total current liabilities		**159,152**	**149,118**
TOTAL LIABILITIES		**343,456**	**327,219**

2. Comprehensive Income Statement

2.1 Consolidated Income Statement

In €K	Note no.	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
Revenue	9.1	**238,719**	**239,001**	**481,591**
Change in inventories and goods in progress		4,099	1,898	(3,587)
Goods and raw materials purchased		(143,025)	(144,018)	(279,272)
Personnel expenses		(64,921)	(61,595)	(122,791)
Subcontracting and external expenses		(21,153)	(21,386)	(43,541)
Taxes		(2,503)	(2,501)	(4,178)
Depreciation, amortisation and provisions		(5,312)	(3,923)	(9,481)
Other operating income and expenses		362	594	2,019
Current operating profit	**9.1**	**6,266**	**8,068**	**20,759**
Other income and expenses	8.10	(94)	(783)	(4,414)
Impairment of goodwill		0	0	0
Operating profit		**6,172**	**7,285**	**16,345**
Financial expenses and income	8.11	(520)	(212)	(1,039)
Income tax expense	8.12	(2,444)	(1,762)	(4,175)
Equity method		(5)	(2)	(3)
Net income		**3,203**	**5,308**	**11,127**
Net income - non-controlling interests	4	287	157	511
Net income - Group share		**2,917**	**5,152**	**10,617**
Basic earnings per share (in euros)		0.81	1.44	2.97
Diluted earnings per share (in euros)		0.80	1.43	2.94

2.2 Consolidated statement of comprehensive income

In €K	Note no.	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
Net income		3,203	5,308	11,127
Currency translation differences		(1,579)	(83)	(528)
Change in derivative financial instruments		(479)	(180)	(408)
Actuarial gains or losses on retirement benefit obligations			(1,260)	(2,752)
Total change in other comprehensive income (OCI) (1)		**(2,058)**	**(1,524)**	**(3,687)**
Total comprehensive income (loss) for the period	**4**	**1,145**	**3,785**	**7,440**
Group		859	3,628	6,930
Non-controlling interests		287	157	511

(1) Amount net of tax

3. Cash flow statement

In €K	Note no.	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income		3,203	5,308	11,127
- Income tax expense		2,444	1,762	4,175
Net income before income tax expense		**5,647**	**7,070**	**15,302**
Adjustments for:				
- Depreciation, amortisation and provisions		5,171	3,540	13,786
- Gains or losses on sale of assets		139	(28)	(2,947)
- Share of profit from associates		5	2	3
- Change in fair values		619	(94)	254
Income tax paid		(1,462)	(1,783)	(4,370)
Cash flows from operations of consolidated companies		10,119	8,707	22,028
Dividends received from equity-method companies				
Changes in working capital relating to operations		(13,079)	(8,629)	(15,709)
Net cash flows from operating activities		**23,198**	**78**	**6,319**
CASH FLOWS FROM INVESTMENT ACTIVITIES				
Operating investments (tangible assets, intangible assets and rights of use)		(6,538)	(5,178)	(11,719)
Acquisition of financial assets		(124)	(360)	(1,737)
Proceeds from sales of tangible and intangible assets		579	105	4,874
Effect of changes in consolidation scope			(10,938)	(16,327)
Net cash flows from investment activities		**(6,083)**	**(16,371)**	**(24,909)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders and non-controlling interests		(115)	(89)	(2,940)
Proceeds from issuance of share capital (Group or non-controlling interests)		2,000	7	7
Other changes in shareholders' equity		633	(8)	(17)
Proceeds from borrowings		7,055	11,377	20,681
Repayment of borrowings		(8,858)	(4,647)	(8,395)
New lease liabilities		219		
Repayment of lease liabilities		(1,224)		
Net cash flows from financing activities		**(290)**	**6,640**	**9,336**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		(494)	28	(311)
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**16,331**	**(9,624)**	**(9,565)**
Cash and cash equivalents and bank overdrafts at the beginning of the period		(7,857)	1,708	1,708
Cash and cash equivalents and bank overdrafts (reclass / change in fair value...)		0	32	0
Cash and cash equivalents and bank overdrafts at the end of the period	8.6	8,476	(7,883)	(7,857)

4. Consolidated Statement of Changes in Equity

In €K Position on closing	Share capital	Premium	Conso-lidated reserves	Period result	Other		Total shareholders' equity - Group share
					Currency translation differences	Shares of consolidating company	
Period ending 30/09/2018	**25,000**	**3,455**	**68,180**	**8,233**	**(1,018)**	**(3,717)**	**100,133**
First application of IFRS 15 (net of taxes)			(1,722)				(1,722)
As at 01/10/2018	**25,000**	**3,455**	**66,458**	**8,233**	**(1,018)**	**(3,717)**	**98,411**
Appropriation of results from previous year			8,233	(8,233)			0
Dividends			(2,661)				(2,661)
Change in treasury shares			(205)			188	(17)
Share-based payment effects			15				15
Net income of the period				10,617			10,617
Change in other comprehensive income (OCI)			(3,159)		(528)		(3,687)
Total comprehensive income (loss) for the period	**0**	**0**	**(3,159)**	**10,617**	**(528)**	**0**	**6,930**
Non-controlling interests arising on business combination			(6,289)				(6,289)
Period ending 30/09/2019	**25,000**	**3,455**	**62,393**	**10,617**	**(1,546)**	**(3,529)**	**96,390**
As at 01/10/2019	**25,000**	**3,455**	**62,393**	**10,617**	**(1,546)**	**(3,529)**	**96,390**
Appropriation of results from previous year			10,617	(10,617)			0
Dividends			(3,371)				(3,371)
Change in treasury shares			(37)			670	633
Commitments to purchase non-controlling interests			(3,438)				(3,438)
Share-based payment effects / Contributions to Employee Savings Plan			339				339
Net income of the period				2917			2,917
Change in other comprehensive income (OCI)			(479)		(1,579)		(2,058)
Total comprehensive income (loss) for the period	**0**	**0**	**(4 79)**	**2,917**	**(1,579)**	**0**	**859**
Non-controlling interests arising on business combination			1,049				1,049
Period ending 31/03/2020	**25,000**	**3,455**	**67,072**	**2,917**	**(3,125)**	**(2,859)**	**92,460**

5. Information about the Group

5.1 General information on the company

Listed on Euronext Paris, Compartment C, LACROIX Group is a public limited company under French law.

5.2 Activities

LACROIX Group's mission is to commit its technical and industrial excellence to serving a connected and responsible world.

By capitalising on our market knowledge and our expertise as an equipment manufacturer, we offer more efficient, more relevant and more effective technological equipment, so that we may innovate and build, together with our customers, the bridge between the world of today and tomorrow. Towards a smarter world, where electronic innovation and the flow of data, people, water and energy will be managed even better.

We analyse our customers' needs; we design, manufacture and implement. Representing both full-fledged and partial smart ecosystems, our many product lines and services make technology simple, accessible and durable, serving current and future uses.
This level of performance and know-how, which have shaped our identity over the past 80 years, are reflected in the following activities:

- LACROIX City, which offers proprietary equipment for managing intelligent road infrastructures drawing from its expertise in V2X, public lighting, traffic management and signalling.
- LACROIX Environment, which offers proprietary equipment for managing water and energy infrastructures.
- LACROIX Electronics, which offers design and production services for embedded systems and industrial connected objects on behalf of its professional customers.

5.3 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	% of interest
CONSOLIDATING COMPANY				
LACROIX GROUP	ST HERBLAIN, FRANCE	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.00%
LACROIX 2	ST HERBLAIN, FRANCE		FC	100.00%
LACROIX Electronics Activity				
AUSY LACROIX ELECTRONICS	VERN SUR SEICHE, FRANCE		EM	50.00%
LACROIX ELECTRONICS FRANCE	SAINT PIERRE MONTLIMART, FRANCE	1	FC	100.00%
			FC	
LACROIX ELECTRONICS BEAUPREAU	BEAUPRÉAU, FRANCE		FC	87.60%
LACROIX ELECTRONICS Zoo	POLAND		FC	100.00%
LACROIX ELECTRONICS TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS TUNIS	TUNISIA		FC	100.00%
LACROIX ELECTRONICS SERVICES TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS Gmbh	GERMANY		FC	100.00%
LACROIX ELECTRONICS SOLUTIONS	CESSON-SÉVIGNÉ, FRANCE	1		100.00%
LACROIX Environment Activity				
LACROIX ENVIRONMENT	ST HERBLAIN, FRANCE	1	FC	100.00%
LACROIX SOFREL	VERN SUR SEICHE, FRANCE	1	FC	100.00%
LACROIX SOFREL srl	ITALY		FC	100.00%
SOFREL ESPANA	SPAIN		FC	100.00%
LACROIX ENVIRONMENT SINGAPORE	SINGAPORE		FC	100.00%
LACROIX ENVIRONMENT GMBH	GERMANY		FC	70.00%
SAE IT Systems GmbH & Co KG	GERMANY		FC	70.00%
LACROIX City Activity				
LACROIX CITY	ST HERBLAIN, FRANCE	1	FC	100.00%
LACROIX CITY SAINT HERBLAIN	ST HERBLAIN, FRANCE	1	FC	99.86%
LACROIX CITY CARROS	ST HERBLAIN, FRANCE	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, NEW CALEDONIA		FC	99.86%
LACROIX OCEAN INDIEN	LE PORT, REUNION ISLAND	1	FC	99.86%
LACROIX MAYOTTE	MAMOUDZOU, MAYOTTE	1	FC	99.86%
LACROIX TRAFIC CAMEROUN	CAMEROON		FC	99.86%
LACROIX CITY LES CHERES	LES CHÈRES, FRANCE	1	FC	100.00%
SMARTNODES S.A.	BELGIUM		FC	100.00%
LACROIX 3	SAINT HERBLAIN, FRANCE	1	FC	99.86%
LACROIX 7	SAINT HERBLAIN, FRANCE	1	FC	99.86%
LACROIX CITY PLOUFRAGAN	CRÉTEIL, FRANCE	1	FC	100.00%
LTI SUD EST	CARROS, FRANCE		FC	0.00% (1) (2)

FC = fully consolidated and EM = equity method.

(1) Company year end 31 December / (2) Ad hoc organisation

6. Accounting standards, consolidation methods, valuation methods and rules

The half-yearly accounts are presented for the period ended 31 March 2020 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 October 2019 to 31 March 2020 (six 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 the Group's consolidated financial statements prepared with respect to the IFRS standards as adopted by the European Union for the year ended 30 September 2019.

In addition, the Group applied the following standards for the first time starting 1 October 2019:

IFRIC 23 – Uncertainty relating to tax treatment, and for which the Group has not identified any impact on its financial statements as at 31/03/2020.

IFRS 16 – Lease contracts, the main terms and financial impacts of which are described in note 7.

7. Comparability of accounts

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 2019-2020 period.

IFRS 16 “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 term 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 recorded 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 term 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 term of the contract generally used to calculate the liability is the term 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 rental 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 7.1.1 and 8.4 below.

7.1.1 Restated financial statements

The tables below show the different impacts of changes resulting from application of IFRS 16 as described in 7.1.

Opening balance sheet:

In €K	Published 30/09/2019	IFRS 16 restatement	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**
Borrowings (non-current)	34,818	(109)	34,709
Lease liabilities (non-current)		7,531	7,531
Borrowings (current)	35,452	(106)	35,346
Lease liabilities (current)		2,605	2,605
Total liabilities	**327,219**	**9,921**	**337,140**

Income statement:

In €K	Published 31/03/2020	IFRS 16 restatement	31/03/2020 (excl. IFRS 16)
Revenue	238,719		238,719
Change in inventories and goods in progress	4,099		4,099
Goods and raw materials purchased	-143,025		-143,025
Personnel expenses	-64,921		-64,921
Subcontracting and external expenses	-21,153	-1,292	-22,445
Taxes	-2,503		-2,503
Depreciation, amortisation and provisions	-5,312	1,286	-4,026
Other operating revenue	362		362
Current operating profit	**6,266**	**-6**	**6,260**
Other income and expenses	-94		-94
Impairment of goodwill	0		0
Operating profit	**6,172**	**-6**	**6,166**
Financial expenses and income	-520	92	-428
Income tax expense	-2,444		-2,444
Equity method	-5		-5
Net income	**3,203**	**86**	**3,289**
Net income - non-controlling interests	287		287
Net income - Group share	**2,917**	**86**	**3,003**
Basic earnings per share (in euros)	0.81	0.02	0.83
Diluted earnings per share (in euros)	0.80	0.02	0.82

Cash flow statement:

In €K	Published 31/03/2020	IFRS 16 restatement	31/03/2020 (excl. IFRS 16)
Net cash flows from operating activities	23,198	-1,224	21,974
Net cash flows from investment activities	(6,083)	219	-5,864
Net cash flows from financing activities	(290)	1,005	715

7.2 Changes in the scope of consolidation

LACROIX Electronics Beaupréau was created and incorporated into the Group's scope of consolidation in period 2019/2020.

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

To this end, LACROIX Electronics Beaupréau benefited from a partial asset contribution from the industrial activities of LACROIX Electronics in France.

The company also carried out a capital increase which, on 31/03/2020, enabled the "SPI" fund managed by the Banque Publique d'Investissement (BPI) to acquire 12.4% of the entity's share capital (for an investment of €2M to date).

This minority interest will increase as the construction of the new Beaupréau plant progresses, among others.

The transaction with BPI also includes put and call options on these minority interests with a medium-/ long-term maturity.

As of March 31, 2020, these cross-selling options generated an "amount due from business combinations" estimated at €3,437K with a counterpart in the Group's equity.

7.3 Covid-19

The company and its activities have been impacted by the Covid-19 crisis since mid-March.

LACROIX Group immediately took all measures to limit the expansion of Covid-19, ensure the safety of its teams, and guarantee business continuity for its customers to the extent possible.

Among these measures, we recall the partial or complete closure of all the Group's industrial sites in France and abroad, in Tunisia.

In addition, LACROIX Group has taken all measures to secure funding and limit the impact on cash flow (deferral of social security contributions, bank maturities, etc.).

Although the sites have gradually reopened since April and are now operational, it is still difficult to accurately measure the impact of the crisis on the level of activity and results for the current year.

LACROIX Group therefore suspended its annual targets in March.

8. Explanation of the balance sheet and income statement accounts and changes to them

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

8.1 Goodwill

	Gross value				Accumulated impairment				Net book amount	
	Opening	Varia-tions	Change in consolidation scope	Closing	Opening	Impairment charge of the period	Change in consolidation scope	Closing	Opening	Closing
LACROIX Electronics Activity	10,877			10,877	(5,991)			(5,991)	4,885	4,885
LACROIX Environment Activity	17,045			17,045	0			0	17,045	17,045
LACROIX City Activity	25,248			25,248	(9,500)			(9,500)	15,748	15,748
Total Goodwill	**53,170**			**53,170**	**(15,491)**			**(15,491)**	**37,679**	**37,679**

The period of instability instigated by Covid-19 was interpreted as an impairment and therefore led the Group to conduct impairment tests at 31/03/2020 incorporating assumptions and projections that may nevertheless remain highly subject to change (the full impact of the health crisis on the Lacroix Group's activities was still difficult to measure at 31 March).

The following parameters (identical to the annual closing at 30/09/2019) were applied for the purposes of the impairment tests over the period:

- Discount rate of 8.40%.
- Cash flows calculated over 5-year or 7-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 in the financial statements.

8.2 Intangible assets

	Opening	Additions	Disposals	Change in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Preliminary expenses	14		(4)				10
Research and development costs	687					55	742
Concessions, patents, licenses, software	12,724	369			(6)	501	13,588
Other intangible assets	1,707	56			(1)	(182)	1,580
Intangible assets in progress	156	22				(55)	123
Advances and down-payments							
Total	**15,288**	**447**	**(4)**	**0**	**(7)**	**319**	**16,043**
Cumulated amortisation							
Preliminary expenses	(12)		3				(9)
Research and development costs	(118)	(50)					(168)
Concessions, patents, licenses, software	(9,355)	(379)				(266)	(10,000)
Other intangible assets	(1,203)	(96)			7		(1,292)
Total	**(10,688)**	**(525)**	**3**	**0**	**7**	**(266)**	**(11,469)**
Total intangible assets	**4,599**	**(78)**	**(1)**	**0**	**0**	**53**	**4,573**

8.3 Tangible assets

	Opening	Additions	Disposals	Change in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Land	2,809					(7)	2,802
Buildings	34,655	338	(0)		(359)		34,633
Technical install., machinery and equipment	74,704	2,257	(991)		(1,056)	370	75,284
Other tangible assets	22,322	749	(49)		(93)	936	23,865
Tangible assets under construction	1,175	957			(14)	(596)	1,522
Advances and down-payments	28	1,544	0		18	(299)	1,290
Total	**135,691**	**5,845**	**(1,040)**	**0**	**(1,504)**	**404**	**139,396**
Cumulated depreciation							
Land	(172)	(2)					(174)
Buildings	(20,065)	(555)			179	6	(20,435)
Technical install., machinery and equipment	(46,464)	(2,185)	673		423	250	(47,303)
Other tangible assets	(15,670)	(988)	29		52	(925)	(17,502)
Total	**(82,372)**	**(3,730)**	**702**	**0**	**654**	**(669)**	**(85,415)**
Total tangible assets	**53,319**	**2,115**	**(338)**	**0**	**(850)**	**(265)**	**53,981**

8.4 Leases

8.4.1 Rights of use

Rights of use - Gross values	As at 1 October 2019	New contracts	Ends and terminations of contracts	Change in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	7,902				(78)		7,824
Other assets	2,274	246	(49)		(13)		2,458
Total	**10,176**	**246**	**(49)**		**(91)**		**10,282**
Rights of use - Depreciation, amortisation and provisions	As at 1 October 2019	Depreciation for the period	Ends and terminations of contracts	Change consolidation scope	Currency translation differences	Other variations	Closing
Buildings		(781)			10		(771)
Other assets	(44)	(529)	29		3		(541)
Total	**(44)**	**(1,310)**	**29**		**13**		**(1,312)**
Total rights of use	**10,132**	**(1,064)**	**(20)**	**0**	**(78)**	**0**	**8,970**

The lease contracts under the "Other assets" 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	Change in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	7,902		(707)			(72)		7,123
Other assets	2,234	246	(518)	(49)		(6)		1,906
Total	**10,136**	**246**	**(1,225)**	**(49)**		**(78)**		**9,029**

8.4.3 Off-balance sheet commitments arising from lease contracts

Off-balance sheet commitments arising from lease contracts are detailed in note 9.2.

8.5 Investments in associates

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

	Period 2020
Opening	7
Share of profit of associates	(5)
Total investments in associates	**1**

8.6 Cash and cash equivalents

	Period 2020	Period 2019
Short-term deposits (1)	9,324	7,711
Cash in hand	20,679	5,831
Impairment	0	0
Total cash and cash equivalents	**30,003**	**13,542**
Bank overdrafts	(21,527)	(21,398)
Cash and cash equivalents less bank overdrafts	**8,476**	**(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 three months.

Within the framework of the Reverse factoring contract signed by LACROIX Group, the receivables not yet due at 31 March 2020 and paid before that date amount to €23M.

8.7 Shareholders' equity

8.7.1 Shareholders' equity of the consolidating entity

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

8.7.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	31/03/2020
Opening	188,534
Acquisitions	10,121
Disposals (1)	(49,327)
Total treasury shares (2)	**149,328**

(1) Including 40,000 shares under the Employee Savings Plan (see 8.7.5).
(2) The value of treasury shares as at 31 March 2020 recognised in Lacroix Group's financial statements stood at €2,859K.
On the basis of the average share price in March 2020, it stands at €3,091K.

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 four 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 expiry dates and the strike prices of outstanding stock options at the end of March 2020 are as follows:

Date of plan		**Conditions**	
Grant date	**Start of option**	**Exercise price**	**Number of shares**
Oct. 2011	Oct. 2015	14.33	7,000
			7000

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 March 2020 is nil.

8.7.4 Free shares

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

- Opening date of the plan: 24 February 2017.
- The plan is allocated under performance conditions, which must be fulfilled in order to receive the final benefit from these plans.
- The definitive allocation of shares is made over two periods:
- Until 31 December 2018, i.e., a first Vesting period of approximately two years. A distribution of 6,569 shares took place during the past fiscal year. This distribution constitutes an interim payment to the plan.
- Until 31 December 2020, i.e. approximately four years for the second Vesting period. 100% of the shares may be acquired after approximately four 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 term from the date of Allocation in order to respect the legal period of total unavailability of shares of minimum two years stated in article 225 197-1 of the French Commercial Code.

The expense for the period in respect of the free share allocation plan is nil within the meaning of IFRS 2. The number of free shares was 25,931 as at 31/03/2020 (unchanged from 30/09/2019).

8.7.5 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.

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

8.8 Provisions for other liabilities and charges

8.8.1 Change in provisions for other liabilities and charges

This change can be analysed as follows:

	Opening	Additional provisions	Utilised during the period	Unused amounts reversed	Change of scope	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	16,710	510	(136)			(15)		17,069
Prov. for warranty	718	24	(12)				0	730
Prov. for litigations (2)	15,303	398	(141)	(1,036)		(9)	61	14,576
Prov. for other liabilities and charges (3)	872							872
Total	**33,603**	**932**	**(289)**	**(1,036)**	**0**	**(24)**	**61**	**33,247**

(1) The value of retirement benefits was determined by independent actuaries using the projected unit credit method. The assumptions used for the calculations, within the French scope of consolidation, are identical to those as at 30/09/2019:

- Discount rate of 0.3%,
- 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:

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

With respect to Germany, the following assumptions were made:

- Discount rate of 0.6%,
- Inflation of 2%,
- Increase in salaries of 3%,
- Average turnover rate of 5%,
- Retirement at the age of 64 for non-managerial staff and 65 for 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 Signalisation's conviction by the Competition Authority some 10 years ago for cartel activity in 2010, a number of companies or authorities have sued the company. As at 31 March 2020, proceedings were ongoing with 11 companies or authorities.

As at 30 September 2019, taking into account the convictions and the developments in the various expert appraisals, the company revalued the global provision to €11,139K. Over the period, an appeal decision increased an initial conviction by €375K. LACROIX Group considered that this amount was covered by the global provision and did not change the provision over the period.
For reference, this amount includes €2,554K already disbursed but entered under "non-current financial assets" whilst awaiting the position of the Council of State.

(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 €872K is the valuation, at the end of March 2020, 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 2020	Period 2019	Maturity 2020 (1)	
			Current (up to one year)	Non-current (more than one year)
Bank borrowings	37,557	39,955	5,606	31,951
Finance leases		216		
Other financial debts (2)	9,096	8,701	7,135	1,961
Bank overdrafts	21,527	21,398	21,527	
Total borrowings	**68,180**	**70,270**	**34,268**	**33,912**

(1) "Non-current" portion of financial debts: of which €7,895K at more than five years.
(2) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €5,933K, compared with €4,888K in 2019.

8.9.2 Financial gearing

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

	Period 2020	Period 2019
Bank borrowings	46,653	48,872
Bank overdrafts	21,527	21,398
Other financial debts	2,299	(960)
Cash and cash equivalents (note 8.6)	(30,003)	(13,542)
Net debt position (1)	**40,475**	**55,768**
Total shareholders' equity	100,507	103,199
Financial gearing	**40.3%**	**54.0%**

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

In addition, as at 31 March 2020, the Group had unused confirmed credits of €4.5M.
In the context of the Covid-19 crisis, the Group benefited as at 31 March 2020 from government measures authorising the deferral of payment of social security charges and pensions on salaries for a value of approximately €1M.

8.10 Other income and expenses

	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
Restructuring costs	(352)	(68)	(15)
Sale of assets	387		2,910
Customer litigations	(28)	(142)	(6,686)
Other non-recurrent expenses	(101)	(573)	(623)
Total other income and expenses	**(94)**	**(783)**	**(4,414)**

The majority of other non-current expenses for the 2019 period corresponded to provisions to cover disputes with local authorities (see § 8.8.1 for more details) and to capital gains on asset disposals and income from insurance reimbursement (Zriba incident).

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

8.11 Financial expenses and income

The breakdown of financial income is as follows:

	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
Interest expenses on borrowings	(405)	(520)	(791)
Interest income	47	55	91
Net financial expenses on borrowings	**(359)**	**(465)**	**(700)**
Net foreign exchange gains (losses)	63	506	418
Other financial expenses and income (1)	(224)	(253)	(758)
Total financial expenses and income	**(520)**	**(212)**	**(1,040)**
Summary			
Total revenue	4,207	2,121	4,086
Total expenses	(4,726)	(2,333)	(5,126)
Total financial income	**(519)**	**(212)**	**(1,040)**

(1) Including €39K in financial expenses related to the provisioning of end-of-career benefits (€113K as at 31 March 2019) and €92K in financial expenses on lease liabilities.

8.12 Taxes

The breakdown of taxation is as follows:

	Period 2020 6 months	Period 2019 6 months	Period 2019 12 months
Current tax	(2,301)	(2,156)	(4,794)
Deferred tax	(143)	394	619
Total income tax expense	**(2,444)**	**(1,762)**	**(4,175)**

The base activated on the French tax consolidation scope is €16.7M out of a total base of tax losses carried forward of €28.9M.

9. Other information

9.1 Segment reporting

9.1.1 Consolidated income statement by segment

Segment reporting for the half ended 31 March 2020 is detailed as follows:

• 1st half 2020 compared to 1st half 2019

	LACROIX Electronics		LACROIX Environment		LACROIX City		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	160,263	167,865	33,974	26,135	48,937	50,112		583	243,174	244,695
Inter-company sales between activities	(4,440)	(5,119)	(13)	(25)	(2)	(30)		(520)	(4,455)	(5,694)
Total revenues	**155,823**	**162,746**	**33,961**	**26,110**	**48,935**	**50,082**		**63**	**238,719**	**239,001**
Current operating profit	**1,906**	**4,321**	**8,577**	**6,664**	**(2,381)**	**(2,031)**	**(1,836)**	**(886)**	**6,266**	**8,068**
Depreciation, amortisation and provisions on tangible and intangible assets	3,159	2,560	719	301	1,606	1,071	80	56	5,564	3,988
IFRS 2 share-based payments							471	14	471	14
EBITDA	**5,065**	**6,881**	**9,296**	**6,965**	**(775)**	**(960)**	**(1,285)**	**(816)**	**12,301**	**12,070**

• 1st half of 2020 compared to the period ended 2019

	LACROIX Electronics		LACROIX Environment		LACROIX City		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	160,263	327,743	33,974	59,231	48,937	104,656		130	243,174	491,760
Inter-company sales between activities	(4,440)	(10,056)	(13)	(54)	(2)	(59)			(4,455)	(10,169)
Total revenues	**155,823**	**317,687**	**33,961**	**59,177**	**48,935**	**104,597**		**130**	**238,719**	**481,591**
Current operating profit	**1,906**	**9,445**	**8,577**	**13,941**	**(2,381)**	**(483)**	**(1,836)**	**(2,143)**	**6,266**	**20,760**
Depreciation, amortisation and provisions on tangible and intangible assets	3,159	5,216	719	652	1,606	2,109	80	122	5,564	8,099
IFRS 2 share-based payments							471	15	471	15
EBITDA	**5,065**	**14,661**	**9,296**	**14,593**	**(775)**	**1,626**	**(1,285)**	**(2,006)**	**12,301**	**28,874**

Alternative performance indicators

To improve the monitoring and comparability of its operating and financial performance, the Group has introduced the concept of "Earnings Before Interests, Taxes, Depreciation and Amortisation" (EBITDA).

This is a financial indicator not strictly for accounting purposes, defined by the Group as follows:

EBIDTA retained by LACROIX Group is an operating indicator for current 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.

EBITDA in 2020 is positively impacted €1,292K due to the application of IFRS 16 for the first time (see note 7).

9.2 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)	7,432	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 31/03/2020 but with an effective date after the closing. The communicated amount is non-discounted as at 31 March 2020.

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

9.3 Post closing events

None.

OTHER INFORMATION

Reports & Certifications

1. ACTIVITY REPORT FOR THE FIRST HALF OF THE YEAR

PRESS RELEASE
SAINT-HERBLAIN, 30 JUNE 2020

First half 2019-2020

Business activity stable and EBITDA resilient despite the impact of the health crisis

LACROIX Group (LACR - FR0000066607), an international technology equipment manufacturer, has published its results for the first half of 2019-2020 (period from 1 October 2019 to 31 March 2020). These results were subject to a limited review by the statutory auditors.

	1st half 2018-2019	1st half 2019-2020
Revenue	239.0	238.7
EBITDA (1) As a % of revenue	12.1 5.1%	12.3 5.2%
Current operating profit As a % of revenue	8.1 3.4%	6.3 2.6%
Operating profit	7.3	6.2
Financial income	(0.2)	(0.5)
Taxes	(1.8)	(2.4)
Net income - Group share	5.2	2.9

(1) EBITDA corresponds to current operating income plus allowances for amortisation of tangible and intangible assets (including, where applicable, allowances and amortisation recognised in a business combination), and the IFRS 2 "share-based payment" (non-cash) charge.

A solid growth trajectory interrupted from March onwards

For the first half of 2019-2020 (from 1 October 2019 to 31 March 2020), LACROIX Group recorded a revenue of €238.7M, stable compared to the same period of the 2018-2019 fiscal year. At constant scope, the business shows a downturn of 3.6%.

After an increase of 7.6% for the first quarter and a growth trajectory superior to 6% for January-February, fully in line with expectations, the health crisis has led to a significant and rapid downturn in business from March onwards.

This impact is reflected in the evolution of revenue for the second quarter, which is in decline by 7.5% in comparison to the same period in 2018-2019. The Group therefore estimates business losses in relation to this exceptional crisis at about €17M by the end of March.

Over the half-year, LACROIX Electronics recorded a revenue of €155.8M, a drop of 4.3%. After a growing start to the year confirming the recovery of activity in Poland and the return to normal operating conditions in Tunisia, the second quarter saw a 12.9% drop in sales, including total or partial site closures imposed as part of lockdown measures and lower volumes ordered, particularly for the avionics and automotive sectors.

For LACROIX City, the activity is holding up better with half-year revenue slipping by 2.3% (-3.5% at constant scope) to €48.9M, including a second quarter in decline by 3.2%.

Finally, for LACROIX Environment, the half-year revenue amounts to €33.9M, an increase of 30.1% as a result of the integration of SAE-IT Systems purchased in February 2019. At constant scope, growth for this activity emerges at 1.6% for the entire half-year.

In response to this unprecedented situation, rapid measures, detailed in the communications on 25 March and 12 May 2020, were taken to ensure the safety of teams and to guarantee, wherever possible, the continuity of activity for customers. Among these measures, we recall the partial or complete closure of all the Group's industrial sites in France and abroad, in Tunisia.

Decisions were also made in order to secure funding and limit the impact on cash flow: cost reduction efforts, partial unemployment, deferral of social security contributions and bank repayments.

All these measures were taken with a view to not sacrificing the Group's ability to rebound. The R&D work plan has been upheld. As for the Symbiose project to construct a state-of-the-art electronics factory in France, the opening schedule for the end of 2021 remains confirmed.

Results penalised by the sharp slowdown in activity

As expected, the sharp slowdown in activity weighed on the results for the period.

EBITDA held up well at €12.3M compared with €12.1M in the first half of 2018-2019, representing 5.2% of revenue, benefiting in particular from the first application of IFRS 16 on 31/03/2020.

On the other hand, current operating income was down to €6.3M, compared with €8.1M in the first half of 2018-2019. To explain this change in results, the expense structure in place before the crisis to accompany dynamic growth was suddenly interrupted due to the crisis and its impact on all activities. Thus, despite the initial effects of measures taken to address these exceptional circumstances (e.g. holidays, partial unemployment), personnel expenses represented 27.2% of revenue for the first half, compared with 25.8% for the same period from 2018-2019. In addition to voluntary reinforcement of the organisation, the change in personnel expenses for the first half also reflects the integration of the SAE-IT Systems teams over six months, compared to two months in the first half of 2018-2019 (€2.3M), and the impact of the employee shareholding plan implemented in February 2020 (€0.5M).

For the LACROIX Electronics activity, the current operating income is €1.9M, compared to €4.3M for the first half of 2018-2019. LACROIX City posted a current operating loss of €2.4M compared to a loss of €2.0M for the same period of 2018-2019. Finally, despite the exceptional circumstances, LACROIX Environment has confirmed its outstanding performance with a current operating income of nearly €8.6M (25% of revenue) compared to €6.7M for the first half of 2018-2019, up 28.7%. This performance benefited from the contribution of SAE-IT Systems over six months (compared to two months in 2019) and continues to post double-digit operating profitability.

In total, operating income came to €6.3M compared with €8.1M for the first half of 2018-2019.
After taking into account financial income and tax, the Group's share of net income was €2.9M compared with €5.2M for the first half of 2019.

New objectives for the fiscal year

Faced with the exceptional impact of the crisis and reduced visibility, in March the Group suspended its objectives for the current period, the final year of its 2016-2020 strategic plan.

Since the gradual reopening of all industrial sites, the Group has seen encouraging signs of a recovery in its activities. Thus, while revenue was down by more than 60% in April, the drop in activity was 40% in May. In view of these factors, and despite significant uncertainties, a gradual improvement in activity over the coming months can now be conceived. However, a return to normal is not expected before the end of 2020.

Under these conditions, the Group anticipates a decline of around 10% in revenue for the full year with a current operating margin exceeding 2%.

Renewed confidence in the future

Beyond the current period, LACROIX Group reaffirms its confidence in its ability to resume its performance trajectory as soon as possible.

This confidence is backed by solid fundamentals and the gains from the in-depth transformation carried out over recent years:

- Three activities at the heart of new technological needs of industry and critical infrastructure managers of the road system, energy and the environment.
- A solid and diversified customer base.
- A strong competitive position and a large pipeline of on-board orders with recent wins of new customers and new projects that will support future growth.
- A solid financial situation (€30M in cash at the end of March, unused medium-term credit lines of €4.5M) enabling the Group to get through the crisis and seize new acquisition opportunities in the future, for which the Group has remained on an active watch. This situation was further strengthened with the obtaining of a State-guaranteed loan (PGE) in the amount of €18.5M concluded on 24 June.

Strengthened by these assets, all of LACROIX Group's teams remain available to work on a new strategic plan.

Proposed change of closing date to 31 December

At the Extraordinary General Meeting on 28 August, LACROIX Group will propose changing the closing date of its period from 30 September to 31 December. If this proposal were approved, the current period would therefore have an exceptional duration of 15 months from 1 October 2019 to 31 December 2020.

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 would support a better quality of exchanges and budget preparation. For investors, this change would also allow a better analysis of the Group's performance compared to its peers and would make the communication calendar and periodic announcements easier to understand. Finally, this change would provide the Group with an additional three months post-Covid-19 to refine its recovery prospects and strengthen the preparation of the new 2020-2025 strategic plan, which would then be presented in April 2021.

About LACROIX Group

LACROIX Group is an international technological equipment manufacturer, aiming to serve a connected and responsible world with its technical and industrial excellence. As a listed family-run SME, LACROIX Group combines the essential agility required to innovate in an ever-changing technological sector with the industrial capacity to produce robust, secure equipment and the long-term vision to invest and build for the future.

LACROIX Group designs and manufactures its customers' electronic equipment, in particular in the automotive, home automation, aeronautical, industrial and health sectors. LACROIX Group 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 build 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.

Contact:

LACROIX Group
COO & Executive Vice-President Finance
Nicolas Bedouin
info@lacroix-group.com
Tel.: +33 (0)2 40 92 58 56

ACTIFIN
Press Relations
Jennifer Jullia
jjullia@actifin.fr
Tel.: +33 (0)1 56 88 11 19

ACTIFIN
Financial Communication
Stéphane Ruiz
sruiz@actifin.fr
Tel.: +33 (0)1 56 88 11 15

2. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT DRAWN UP PURSUANT TO ARTICLE 222-4 OF THE GENERAL REGULATIONS OF THE FINANCIAL MARKETS AUTHORITY

LACROIX GROUP
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)

Mr Vincent Bedouin,
CEO of the Company

CERTIFIES

"To my knowledge, the financial statements 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 half-yearly report gives a true and fair view of the major events that have occurred during the first six months of the fiscal 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 for the remaining six months of the fiscal year".

Vincent Bedouin

3. STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL STATEMENTS

ATLANTIQUE REVISION CONSEIL – A.R.C.
52, rue Jacques-Yves Cousteau
Bldg B - P.O. box 90743
85018 La Roche-sur-Yon Cedex - FRANCE
Société Anonyme (Public Limited Company)
with a capital of €40,000
343 156 766 RCS La Roche-sur-Yon
(trade and companies registry number)

Statutory Auditor
Member of the Regional
Statutory Auditors' Commission of Poitiers

ERNST & YOUNG et Autres
3, rue Emile Masson
CS 21919
44019 Nantes Cedex 1 - FRANCE
Société par Actions Simplifiée
(Simplified Joint-Stock Company) with variable capital
438 476 913 RCS Nanterre
(trade and companies registry number)

Statutory Auditor
Member of the Regional
Statutory Auditors' Commission of Versailles

LACROIX Group

Period from 1 October 2019 to 31 March 2020

Statutory auditors' report on the half-year financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on the performance of our assignment:

- Review of the accompanying condensed half-year consolidated financial statements of Lacroix Group for the period from 1 October 2019 to 31 March 2020;
- Verification of the information given in the half-year activity report.

These condensed consolidated half-year financial statements were prepared under the responsibility of your Board of Directors on 18 June 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and the difficulties in assessing its impact and future prospects. Our responsibility is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial statements consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. This work is less extensive than that required for an audit performed in accordance with professional standards applicable in France. Accordingly, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained from a review is a moderate assurance, lower than that obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared in accordance with IFRS standard IAS 34 as adopted in the European Union relating to interim financial reporting.

Without qualifying the conclusion expressed above, we draw your attention to note 7.1 "Accounting changes" annexed to the condensed half-year consolidated financial statements, which sets out the methods used and the impact of the application of IFRS 16 "Lease contracts" as of 1 October 2019.

2. Specific verification

We have also verified the information given in the half-yearly activity report prepared on 18 June 2020 commenting on the condensed half-yearly consolidated financial statements subject to our review.
We have no comments to make as to their accuracy and consistency with the half-yearly consolidated financial statements.

La Roche-sur-Yon and Nantes, 30 June 2020

The Statutory Auditors

ATLANTIQUE REVISION CONSEIL – A.R.C.
Jérôme Boutolleau

ERNST & YOUNG et Autres
Stanislas de Gastines

8 Impasse du Bourrelier - P.O. box 30004
44801 Saint-Herblain Cedex - FRANCE
Tel.: +33 (0)2 40 92 37 30 • Fax: +33 (0)2 40 92 10 15
info@lacroix-group.com
Siren no. 855 802 815 • RCS Nantes
(trade and companies registry)

www.lacroix-group.com