LACROIX

Annual Report

2022

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2022

OUR VISION

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

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

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

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

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

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

707,8M€
REVENUE IN 2022
(+ 41% VS 2021)

21,7M€
CURRENT OPERATING INCOME
(+ 19,8% VS 2021)

193,9M€
SHAREHOLDERS' EQUITY
(+ 13,5M€ VS 2021)

ELECTRONICS ACTIVITY

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

We provide a quality, bespoke service thanks to our teams and factories in Europe and America, as well as the support of our partners and our mastery of the latest technologies.

LACROIX's Electronics Activity is now a key player in its sector.

CITY ACTIVITY

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

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

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

ENVIRONMENT ACTIVITY

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

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

€522M
LACROIX - ELECTRONICS

€110M
LACROIX - CITY

€76M
LACROIX - ENVIRONMENT

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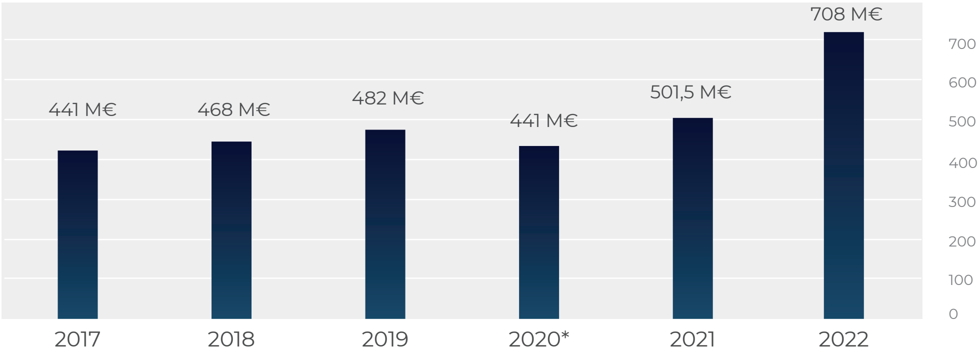
SHARE PRICE TREND

PART 01

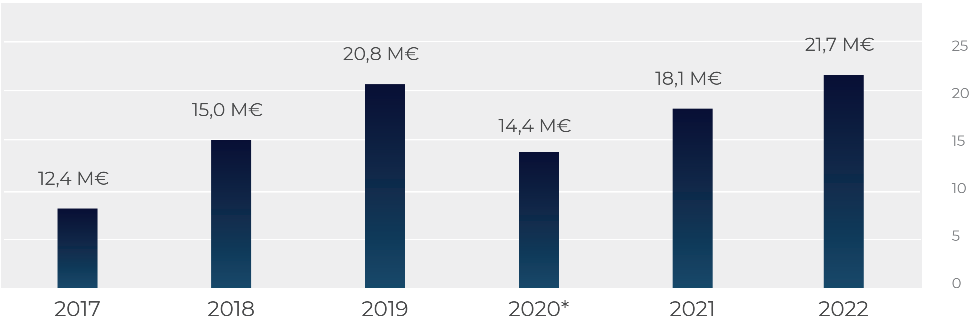
GENERAL MEETING

KEY FIGURES

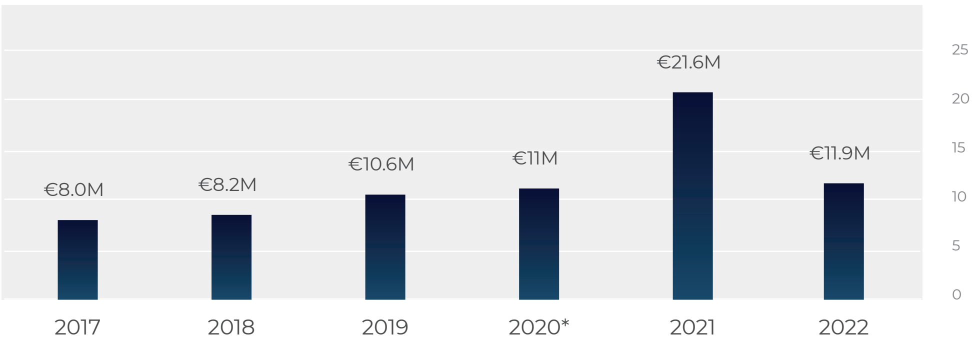
Revenue



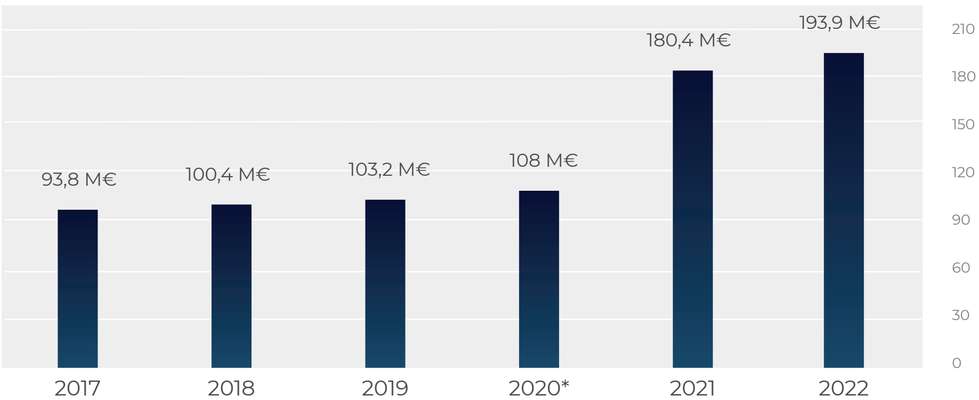
Current operating profit



Net income - Group share



Shareholders' equity



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

STATEMENT OF THE CORPORATE OFFICER RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

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

FINANCIAL STATEMENTS ENDED 31 DECEMBER 2022

Vincent Bedouin,
Chairman & CEO of LACROIX Group (the "Company")

CERTIFIES

To my knowledge, the financial statements for the past year are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets and liabilities, financial position, and income of the Company and of all companies included within the scope of consolidation, and the Management Report gives a true and fair view of the business developments, incomes, and financial position of the Company and of all companies included within the scope of consolidation, as well as a description of the main risks and uncertainties they face.

Vincent Bedouin

LACROIX Group

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

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

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

YEAR ENDED 31 DECEMBER 2022

LACROIX GROUP

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

Registered office:
17 rue Océane - 44800 Saint-Herblain - France
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(the "Company")

1. LACROIX GROUP

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

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

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

Consolidated income

Despite a number of headwinds (persistent tensions on the supply of components, rising raw material and energy prices, wage inflation, etc.), LACROIX has continued to move forward, on course for its 2025 target

- Revenue as at 31 December of **€707.8M**, compared to €501.5M as at 31 December 2021, i.e. an increase of 41.1%. This development naturally benefits from the integration of Firstronic, which has become LACROIX ELECTRONICS MI, LLC, but LACROIX also shows growth of +8.6% on a like-for-like basis.
- Current EBITDA is €44.3M, up from €30.9M in 2021. This level of 6.3% of revenue is in line with the announced target of a Current EBITDA greater than or equal to 6.2%, despite the fact that sales resulting from the knock-on effect of additional component costs on customers did not contribute to the margin.
- Current operating income (COI) amounts to €21.7M, up by €3.6M compared to COI in the previous financial year. This level of COI includes €4.0M of amortisation of intangible assets and IFRS 2 related expenses in connection with the integration of Firstronic.
- Net profit (Group share) of €11.9M was down €9.9M, mainly due to non-recurring effects in the first half of the year (revaluation of the 12.5% minority stake in Firstronic, LLC for €8.9M, and €5.2M of non-recurring tax income). Net earnings per share were €2.54.
- A negative Free Cash Flow impacted by the fall in the WCR (-€35M) due to the increase in activity but above all to high inventory levels due to the components supply crisis.

Major events by activity

Electronics Activity

Connected technologies for smarter industries

On the road to the industry of the future, this activity develops, industrialises, produces and integrates electronic assemblies and sub-assemblies for the automotive, aeronautics, home automation, industrial and health sectors. It assists its customers in creating innovations and developing the world of "Smart Industries".

Representing more than 74% of revenue and more than 83% of the Group's workforce, this activity has enjoyed recurring and sustained growth over the last 10 years, enabling it to triple its revenue during this period. The market, growing globally but also in Europe, also benefits from the 'nearshoring' trend. This trend towards relocation closer to the end markets is also supported by growing environmental concerns.

In this context, the major events of financial year 2022 were as follows:

- Strong growth in revenue, up 63.5% to €522.2M, driven by the integration of Firstronic, now LACROIX ELECTRONICS MI, LLC, but also showing steady organic growth (+11.7% on a like-for-like basis), driven by our activities in the Home & Building, Industrial and Automotive markets, and supported by the passing on of the additional cost of supplies to customers.
- Continuing shortfalls in the supply of components has meant that not all customer demand can be met, which has affected the operational performance of factories and increased inventory levels.
- Current EBITDA of €26.9M, or 5.2%, compared to €13.0m (4.0%) in 2021.
- A COI figure of €10.0M which improved to a lesser extent, with the impact of the amortisation (US$2.9M per annum) of the intangible asset recognised on the Firstronic acquisition, and instruments recognised under IFRS2 for €1.3M.
- A decline in net income, impacted in particular by the costs of moving the Saint Pierre Montlimart plant to the new Symbiose plant, the increase in financial expenses and an unfavourable comparable base effect with the recording in N-1 of a significant tax credit in Poland for €5.0M.
- Negative free cash flow, impacted by the significant increase in WCR (-€26.1M), despite the increase in inventories being partially financed by customers.
- Deployment of the synergy plan between ELEC North America and ELEC EMEA with USD 30M of awards (from European customers who have chosen ELEC North America for new programs and vice versa) and around USD 1.0M of purchasing synergies throughout the group.

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

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

In €M	N (12 months)	N -1 (12 months)
Revenue	522.2	321.5
Current EBITDA	26.9	13.0
Current operating profit	10.0	5.4
Net income	(0.2)	5.0
Cash flow	14.7	11.6
Net investments (*)	15.9	13.7

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

Environment Activity

Connected technologies for smarter water & energies

The scarcity of water and energy resources is one of the biggest global concerns. Optimising their use is a priority and controlling the impact of human activities on the environment is a fundamental need for any company with a committed CSR policy. By designing and producing equipment to control, automate and remotely manage water and energy infrastructures, LACROIX Environment has chosen "Smart Water & Energy", at a time of digital revolution and connected objects, to optimise the use of water and energy resources.

Experiencing constant growth (its sales have doubled in under 10 years), and with the acquisition of SAE IT-systems, which has an equivalent offer in electricity networks, this activity accounts for 11% of Group revenue and contributes significantly to profits.

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

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

- Dynamic growth (+9.1%) in revenue to €76.4M, with all segments (Water France, Water International, HVAC and Smart Grids) contributing to this performance.
- Accelerating international development in target areas, notably Saudi Arabia, where the company achieved nearly €2.0M of revenue in 2022, benefiting from investments aimed at improving the efficiency of water management services.
- Current operating income remains high at €14.9M, despite continuing investment in R&D (expensed) and in human resources to support and strengthen growth, and against a backdrop of rising supply costs for certain electronic components.

The activity's outlook is favourable, with momentum remaining positive. Income levels remained excellent, notwithstanding the continued HR investments made with a view to supporting this growth.

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

In €M	N (12 months)	N - 1 (12 months)
Revenue	76.4	70.1
Current EBITDA	16.5	16.4
Current operating profit	14.9	14.9
Net income	9.9	10.4
Cash flow	10.8	11.2
Net investments*	1.1	1.0

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

City Activity

Connected technologies for smarter mobility

By designing and producing equipment for the management of intelligent road infrastructures based on four areas of expertise: road signs, traffic management and regulation, street lighting and V2X, LACROIX City directs, enhances and secures the flows of traffic and people, demonstrating its commitment to "Smart Mobility".

LACROIX City addresses this market, which it knows well, and promotes its transformation through the adoption and mastery of technologies. For decades, LACROIX City has been meeting the needs of a changing world that is becoming more and more urban and connected, while supporting communities and businesses with equipment used for smart roads. Its expertise and experience provide a solid foundation for imagining and designing tomorrow's connected technologies.

The major events of the 2022 financial year were as follows:

- Turnover stable (€109.1M against €109.9M in 2021), with contrasting trends according to segment.
- Very strong growth in the street lighting segment (+27%), driven by the structurally favourable winds of smart Street Lighting and benefiting from accelerating investments with the rise in energy costs, and also supported by the first effects of international contracts, signed notably in Flanders and Oslo.
- The Road Signs and Traffic segments down respectively by 9% and 8%, penalised by the wait-and-see attitude of local authorities and spending being redirected to other segments.
- Strong inflationary pressures, in particular the rising cost of raw materials (aluminium, steel, etc.) not fully passed on to customers under long-term contracts, for which price revisions only apply on the anniversary date.
- Current EBITDA deteriorated accordingly but which remained positive at €0.9M.
- A deterioration in current operating income, down at -€2.5M compared with breakeven in 2021.
- Net income of -€4.3M against -€0.9M, due to the deterioration of current operating income.

In an inflationary context that is still marked, the City business should nevertheless resume its forward march in the next financial year, both in terms of growth in activity, still driven by street lighting, and in terms of margin growth with a better pass-through of additional material costs in selling prices.

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

In €M	N (12 months)	N -1 (12 months)
Revenue	109.1	109.9
Current EBITDA	0.9	3.3
Current operating profit	(2.5)	+ 0.0
Net income	(4.3)	(0.9)
Cash flow	(1.9)	1.4
Net investments*	1.5	1.5

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

Research & Development Activity

R&D activities concern all activities and are counted as operating expenses. These activities generated Research Tax Credit (CIR) amounting to €3.6M in the 2022 accounts.

For the record, in 2021 LACROIX was selected to take part in 3 collaborative and innovative projects, two of which are winners of the “relocation in critical sectors” tender, under the France Relance (Relaunching France) plan. For the period 2021-2024, the projects in question address themes such as urban mobility and its impact on air quality, or better management of critical resources such as water.

Financial position

CFFO (cash flows from operations) totalled **€33.0M** compared to **€25.0M** in the previous year.

Over the period, the change in working capital requirements was largely impacted by shortfalls in the supply of components generating high inventory levels, both because of shortages preventing us from fully meeting customer demand and because of the gradual build-up of strategic inventories on critical components for our own products. Thus, and despite the implementation of advances/financing by our customers, working capital over the period was down by **-€35.3M**.

Investments (excluding financials) are back to a more normal level at €19.5M (2.75% of revenue) after the exceptional year of 2021 (€30.5M of investments), which included €17.5M for the construction of the Symbiose plant. In addition, LACROIX sold €1.1 million of assets, mainly the sale of the former Electronics plant in Saint Pierre Montlimart as part of the move to the new Symbiose plant.

As a result, Free Cash Flow was negative at **-€16.9M** compared to **-€24.3M**.

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

- Purchase (exercise of an option) of a 30% interest in SAE IT Systems for €10.4M
- Arrangement of new loans for €29.4M

At 31 December 2022, the Group’s net debt (excluding rent and acquisition debt) totalled €138.8M compared with €102.9M. The ratio of net debts (excluding debts for rentals and acquisitions) to equity (gearing) amounts to 0.72 compared to 0.57 as at 31 December 2021.

Prospects

In an environment still marked by persistent inflationary pressures and supply difficulties, LACROIX is confident of continuing its solid growth trajectory over the coming financial year, supported by a high quality order book, new projects in progress, and the massive deployment of connected and secure technologies.

Profitability is also expected to improve, benefiting from new volumes and the continued passing-on of cost increases to customers.
Thus, for 2023, Lacroix aims to meet the following targets on a like-for-like basis:

- Revenue of more than €750M
- Current EBITDA over €50M

LACROIX is thus aligned with the roadmap for its Leadership 2025 plan, in particular its revenue (€800M) and Current EBITDA margin (~ 9%) targets. These targets are based on solid pillars through the reinforcement of innovation, industrial efficiency and the global reach of LACROIX, notably through targeted acquisitions.

LACROIX Group

Company activity

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

Since June 2017, LACROIX Group has also been home to LACROIX Lab, the Group’s innovation catalyst responsible for testing technologies and usages related to and for Group activities.

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

For 2022, the activities of the Data Factory (in charge of the development, support and maintenance of the software platforms processing the data of our products) were transferred to Impulse (Lacroix Electronics Cesson).

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

As at 31 December 2022, revenue totalled €13,173k compared to €10,275k, up 28% on the previous year, reflecting the expansion of teams at corporate level working across the Group's activities, and the inclusion of Firstronic in the re-invoicing scope.

Operating income facially improved to -€934k compared to - €2,399k. This improvement is mainly due to the scope of invoicing (with the inclusion of Firstronic) but also to the vacancy of certain positions during the financial year, which contributed to a one-off reduction in operating expenses.

This shortfall in results was largely offset by the positive financial income of +€11,911K compared with +€7,049K, and the tax income of €3,598K compared with €3,970K related to tax consolidation.

As such, net income was €14,518K compared to €8,641K for the previous financial year.

Non tax-deductible expenses

Non-deductible expenses and charges at the end of the year amounted to a total of €43,410.

This amount corresponds to the non-deductible portion of the lease payments on the cars used by the Company in the amount of €34,474 and to corporate vehicle tax (TVS) charges in the amount of €8,936, which generated a tax charge of €10,853.

Information on payment terms

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

	Received invoices, not settled by the end of the financial year and due						Issued invoices, not settled by the end of the financial year and due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment periods												
Number of invoices concerned	**115**	39	6	7	102	**154**	**89**	1	1	0	2	**4**
Total amount, including tax, of invoices in question	**€497 919,02**	€125 923,00	€195 022,74	€99 689,08	(€6 623,70)	**€414 011,12**	**€2 905 319,09**	€631,30	€49 598,56	- €	€3 233,07	**€53 462,93**
Percentage of total purchases amount for the year, including tax	**6,27%**	1,59%	2,46%	1,26%	(0,08%)	**5,22%**						
Percentage of revenue for the year, including tax							**18,82%**	0,00%	0,32%	0,00%	0,02%	**0,35%**
(B) Invoices excluded from (A) relating to written-off or unrecorded debts and receivables												
Number of invoices	0	0	0	0	0	0	0	0	0	0	0	0
Total amount of excluded invoices, including tax		-	-	-	-	-		-	-	-	-	-
(C) Reference payment terms used (contract or legal terms)												
Payment terms used for calculation of payment delays		The average delayed payment term for suppliers is 13.10 days						30 days end of month, by the 15th of the following month				

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

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

Company share capital structure

As at 31 December 2022, Company share capital was €32,055,239.04, made up of 4,829,096 shares.

The structure of share capital is as follows:

	% of capital	% of voting rights*
Bedouin family Group	62.36%	76.85%
Treasury shares**	3.06%	-
Public	34.58%	23.15%

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

Disclosure thresholds

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

In the financial year ending 31 December 2022, the following case of a shareholder falling below the lower legal threshold was reported:

- FMR LLC fell below lower threshold of 5% for ownership of share capital, indirectly through Fidelity Management & Research Company LLC, resulting from a transfer of shares on the market.

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

In the financial year ending 31 December 2022, the following case of a shareholder falling below the lower legal threshold was reported:

- FMR LLC fell below the 6% lower threshold indirectly through Fidelity Management & Research Company LLC, in the context of their asset management activity.

In addition, since the end of the financial year, the Company has been informed of the following cases of a shareholder falling below the lower legal threshold:

- FMR LLC fell below the following lower thresholds (i) the 4% shareholder threshold and (ii) the 2% voting rights threshold, indirectly through Fidelity Management & Research Company LLC, in the context of their asset management activity.

Significant shareholding in registered form

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

Double voting rights

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

Control mechanism

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

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

Board of Directors' powers regarding share buy-back

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

The Board of Directors holds a power granted by the General Meeting of 06 May 2022 regarding capital increase and the free allocation of shares in the Company.

Treasury shares

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

As of 31 December 2022, the Company held 143,921 treasury shares and 3972 shares under the liquidity agreement, i.e. a total of 147,893 treasury shares representing 3.06% of capital.

Subsidiaries

	Share capital (3)	Other share-holders' equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Amount of guaran-tees and invest-ments given	Revenue before taxes for the last financial year	Income for the last financial year	Dividends received during the financial year
				Gross	Net					
1. Subsidiaries held at more than 50%										
LACROIX ENVIRONMENT	13 575	10 652	100,00%	13 575	13 575			1 183	9 417	9 774
LACROIX ELECTRONICS	15 000	-9 181	100,00%	46 427	46 427	37 231		23 522	-338	
LACROIX CITY	9 373	-4 105	100,00%	14 999	8 499	62 016		19 581	-7 310	
LACROIX VI	5	-1	100,00%	5	5					
LACROIX NORTH AMERICA INC (1)		-3 733	100,00%	0	0	69 315			-1 851	
LACROIX II	5		100,00%	5	5					
LACROIX SINGAPORE (2)	610	-146	100,00%	406	406				-108	
LACROIX ENVIRONMENT GmbH	25	2 799	100,00%	10 387	10 387	11 082			3 274	
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shares										
TOTAL				**85 803**	**79 303**	**179 644**				**9 774**

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

Equity investments

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

Companies controlled

During the year ending 31 December 2022, the Company controlled the following companies:
- LACROIX ELECTRONICS (France - 100%)
- LACROIX ELECTRONICS BEAUPREAU (France - LACROIX ELECTRONICS subsidiary - 75%)
- LACROIX ELECTRONICS TUNIS (Tunisia - LACROIX ELECTRONICS BEAUPREAU subsidiary - 99.9%)
- LACROIX ELECTRONICS TUNISIE (Tunisia - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ELECTRONICS GmbH (Germany - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ELECTRONICS SP. ZO.O. (Poland - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ELECTRONICS CESSON (France - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ENVIRONMENT (France - 100%)
- LACROIX SOFREL (France - LACROIX ENVIRONMENT subsidiary - 98.4%)
- LACROIX SOFREL ESPAÑA S.L.U. (Spain - LACROIX SOFREL subsidiary - 98.4%)
- LACROIX SOFREL S.R.L. (Italy - LACROIX SOFREL subsidiary - 98.4%)
- LACROIX CITY (France - 100%)
- LACROIX CITY SAINT HERBLAIN (France - LACROIX CITY subsidiary - 99.9%)
- LACROIX OCÉAN INDIEN (France - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX MAYOTTE (France - LACROIX OCÉAN INDIEN subsidiary - 99.9%)
- LACROIX PACIFIC (France - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX CITY NORTE SA (Spain - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)
- LACROIX CITY CENTRO, S.A.U. (Spain - LACROIX CITY Norte subsidiary - 99.9%)
- LACROIX TRAFIC CAMEROUN (Cameroon - LACROIX CITY SAINT HERBLAIN subsidiary - 99.9%)

- LACROIX CITY CARROS (France - LACROIX CITY subsidiary - 100%)
- LACROIX CITY MADRID SAU (Spain - LACROIX CITY CARROS subsidiary - 100%)
- LACROIX CITY Les Chères (France - LACROIX CITY subsidiary - 100%)
- LACROIX CITY BELGIUM (formerly SMARTNODES) (Belgium - LACROIX CITY LES CHÈRES subsidiary - 100%)
- LACROIX CITY PLOUFRAGAN (France - LACROIX CITY subsidiary - 100%)
- LACROIX SINGAPORE PTE. LTD. (Singapore - 100%)
- LACROIX NORTH AMERICA (United States - 100%)
- LACROIX ELECTRONICS MI (formerly FIRSTRONIC, LLC) (United States - LACROIX NORTH AMERICA subsidiary - 62.2%)
- LACROIX GmbH (Germany - 100% following the acquisition of the remaining 30% by deed dated 9 June 2022)
- SAE-IT SYSTEMS GmbH & Co KG (Germany - LACROIX GmbH subsidiary - 100%)
- SAE-IT VERWALTUNGS GmbH (Germany - LACROIX GmbH subsidiary - 100%)
- LACROIX VI (France – 100%)
- LACROIX VII (France - LACROIX CITY SAINT HERBLAIN subsidiary - 100%)
- LACROIX III (France - LACROIX CITY SAINT HERBLAIN subsidiary - 100%)
- LACROIX II (France – 100%)

Loans

In accordance with the provisions of article L. 511-6, 3 bis of the French Monetary and Financial Code, we hereby inform you that during the financial year, the Company did not grant a new loan of USD 2,500,000 to LACROIX North America, the details of which are given below in the section on related party agreements.

Employee shareholding

In accordance with the provisions of Article L. 225-102, paragraph 1, of the French Commercial Code, we hereby inform you that the proportion of capital represented by shares held by staff within the framework of a company mutual investment fund amounted to 0.87% as at 31 December 2022.

3. MAIN RISK FACTORS FACED BY THE COMPANY

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

Strategic and operational risks

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

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

Risks relating to raw materials and shortage of electronic components

Raw materials represent an important proportion of the purchases made by the Group, and a significant share of its revenue. As such, purchases represent more than 70% of total revenue and the share of raw materials in its purchases is more than 85%. This is particularly true in the Electronics Activity, where purchases account for close to 70% of revenue. The Group is exposed both to their price fluctuations and their availability on the market. Any sustained increase in purchase prices and/or variability in the availability of inputs could jeopardise the economic balance of the contracts and harm the Group's business by increasing its costs and reducing its profitability

The Group's contracts generally include price indexing mechanisms linked to changes in the cost of inputs. This is the case, notably, for the City Activity, which has price review clauses in its multi-annual contracts with local authorities. This is also mainly the case for the Electronics Activity, where some component prices are even under customer control, enabling both upward and downward price changes to be passed on. These mechanisms do not always cover all costs, as sometimes there is a time lag between the rise in input prices and the rise being passed on to the selling price, but they do help greatly mitigate the impact.

To better mitigate such impacts, the Group may also be led to hedge certain raw materials (aluminium, tin, etc.) with suppliers or on the markets.

IT system risk

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

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

The Group's growth relies partly on its ability to integrate new technologies into its products in order to offer optimal performance to its customers in line with their practices. More broadly, it is essential for the Company to anticipate the needs and practices of its customers in order to develop the products and technologies appropriate to their requirements. In this context, the Group devotes a significant proportion of its expenditure and staff to its research and development activity in order to develop new products, services and technologies existing products, and where necessary improve existing ones. The quality and success of the Group's research and development are key to its commercial success.

In order to limit this risk in a context of accelerating R&D expenditure, LACROIX has i) strengthened its innovation capacity by creating the LACROIX Lab, teams in charge of experimenting with uses and technologies, in contact with the Group's customers in order to monitor and anticipate changing needs; ii) created the key account management function in order to strengthen proximity with strategic customers; iii) strengthened the marketing teams throughout the 2016-2020 plan, thus enabling better market monitoring and, above all, better definition/ specification of customer needs; iv) strengthened the R&D teams for better control of technologies and the implementation schedule in our new offerings (the right product at the right time), and; v) set up a process between the marketing and R&D teams to ensure consistency between market needs and development choices/priorities.

Industrial and environmental risks

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

Legal, tax, and social risks

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

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

Financial risks

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

Currency risk

Other than the Electronics Activity, the Group is less exposed to currency risks.

In the Electronics business, the Group is exposed to foreign exchange risk, mainly in connection with purchases of components, which are often denominated in USD or JPY, as well as other personnel costs and/or purchases of services invoiced in TND, MXN and PLN.

As regards purchases in USD and JPY, the Company has contracts with its main customers enabling it to adjust the selling price of products according to changes in the EUR/USD exchange rate. As a result, the exchange rate risk is controlled for this portion. For the balance, the Company uses partial hedging of its needs to cover a target rate set each fiscal year. Purchases in USD and JPY represent approximately €90 million annually, 80% of which is passed on to the customer through contracts. The remainder is hedged to secure a "budget" rate.

Expenses in TND, MXN and PLN (around €70 million) mainly concern salaries and social charges for employees at the Tunisian, Mexican and Polish sites, and some local purchases. Group policy consists of hedging forward on the basis of forecast needs, allowing to cover a "budget" course (one year horizon). Changes in labor costs are also taken into account in new commercial offers.

In general, the use of financial instruments is strictly limited to the needs of the business, to the exclusion of any speculative approach.

Interest rate risk

A significant proportion of the Group's debt is at variable rates.

The Group implements various financial instruments of varying maturities to mitigate this risk. At the end of December 2022, the portion of financing at variable rates hedged by swaps was 29% of the nominal value.

Liquidity risk

Gross debt position for the Group amounts to €163,048K.

Available cash amounts to €22,613K.
The Group therefore considers its exposure to this risk to be low.

Counterparty risk

Counterparty risk is the risk of financial loss to the Group in the event that a customer defaults on its contractual obligations.

Customer profiles by sector of activity are described below:

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

Thus, customer typology itself is a limiting factor in this risk.

In addition, each of the Group’s activities has implemented a system for monitoring and managing customer risk, sometimes using credit insurance contracts for this purpose to protect from potential customer risk.

POST-CLOSING EVENTS

In its annual sales press release dated 9 February, LACROIX announced its intention to sell its Road Signs segment (8% of LACROIX' tunover) in order to focus its investments on its strategic markets around industrial IoT and electronic equipment. This historic segment holds a leading position in road signs, particularly in France where it has a 25% market share, enjoying a very strong reputation among local authorities and road operators.

However, in view of the evolution of the markets addressed, the technological and commercial synergies between the Road Signs segment and the two other market segments addressed by LACROIX's City activity, Street Lighting and Traffic Management, are too limited.

Particular attention will be paid to the industrial and social plans of the potential buyers of this business segment, so that it can benefit from the resources it needs for its continued development.

The scope of the proposed sale represents revenue of €55 million and involves 315 employees through the Saint-Herblain industrial site (260 people), three distribution subsidiaries (Reunion, Mayotte and New Caledonia), and a facility in Spain.

STOCK MARKET INFORMATION

Changes in share price over the 2022 financial year

The LACROIX Group share is listed on Euronext Paris, compartment C until 31 January 2022, then compartment B from that date.

Over the course of financial year 2022, 400,524 shares were traded for a capital amount of €12,706,285 at an average price of €31.72.

The share price as at closing on 30 December 2022 was €26.90.

Company purchases of treasury shares

Share buy-back program

Our proposition is to renew the powers given by the General Meeting on 06 May 2022 to the Board of Directors to purchase Company shares on the stock market, under the conditions and within the limits specified in Articles L. 22-10-62 et seq. of the French Commercial Code, and pursuant to the provisions of European Regulation no. 2273/2003 of 22 December 2003.

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

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

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

- the maximum number of redeemable shares may not exceed 335,016, i.e. 6.94% of share capital;
- the maximum purchase price per share is set at €60;
- the total amount earmarked for this program is set at €20,102,520.

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

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

Assessment of previous share buy-back programs

Under the programs authorised by the General Meetings of 11 May 2021 and 6 May 2022, applying to the financial year ending 31 December 2022, the Company carried out the following purchase or sale of its own shares: sale of 1,311 shares to cover bonus share allocation plans or stock option plans and, more generally, all shareholding plans for the Group's employees and officers.

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

- 14,185 shares were acquired at an average price of €34.58;
- 14,218 shares were sold at an average price of €35.05.

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

- coverage of stock option plans for employees and corporate officers of LACROIX Group: 63,561 shares,
- subsequent allocation for trade or payment as part of an external growth operation: 80,334 shares,
- stabilisation of the price by a service provider: 3,998 shares,

i.e. a total of 147,893 treasury shares representing 3.06% of the capital, having a book value of €2,868,264 and a market value of €3,978,321.7 based on the price on 31 December 2022.

REGULATED AGREEMENTS

New agreements

In accordance with the provisions of Article L. 225-38 et seq. of the French Commercial Code, any agreement entered into directly or through an intermediary between the Company and its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its directors, one of its shareholders holding more than 10% of the voting rights or, in the case of a shareholder company, the company controlling it as defined by Article L. 233-3 of the said code, is subject to prior authorization by the Board of Directors and is the subject of a special report by the auditor with a view to ratification by the General Meeting: In 2022, the following new agreements was concluded:

Loan agreement with LACROIX North America

Persons concerned: Nicolas Bedouin (Deputy CEO of LACROIX Group and President of LACROIX North America at the date of signature of the agreement).

Nature and purpose: Conclusion of a loan agreement between the Company and LACROIX North America, dated 3 November 2022.

Amount: The amount of the loan is USD 2,500,000, with an interest rate of 8%.

Amendment to the loan agreement concluded with LACROIX North America on 22 December 2021

Persons concerned: Nicolas Bedouin (Deputy CEO of LACROIX Group and President of LACROIX North America at the date of signature of the agreement).

Nature and purpose: Amendment of 25 January 2022 to the loan agreement concluded on 22 December 2021 intended to help fund the acquisition of 49.7% of shares in Firstronic, LLC.

Amount: The amount of the loan granted by LACROIX Group to LACROIX North America under the aforesaid amendment is USD 33,957,000.00. Repayment schedules are still in progress.

Previous agreements that continued during the year

In accordance with legal requirements, the Board of Directors examined the previous agreements that were still in force:

Provision of services agreement with VINILA INVESTISSEMENTS

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

Nature and purpose: Conclusion of a provision of services agreement on 4 January 2021, ratified by the general meeting of 6 May 2022, whereby VINILA INVESTISSEMENTS undertakes to make available to the Company premises situated at 5 rue de la Pérouse, 75016 Paris, France.

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

Loan agreement concluded with LACROIX North America

Persons concerned: Nicolas Bedouin (Deputy CEO of LACROIX Group and President of LACROIX North America at the date of signature of the agreement).

Nature and purpose: Conclusion of a loan agreement on 22 December 2021, ratified by the general meeting of 6 May 2022, to help finance the acquisition of 49.7% of the shares of Firstronic, LLC.

Amount: The amount of the loan granted by LACROIX Group to LACROIX North America is €30,000,000. This agreement was the subject of the amendment, as of January 25, 2022, mentioned above under the heading "New agreements".

Management and coordination agreement concluded with the company VINILA INVESTISSEMENTS

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

Nature and purpose: Continuation of the coordination agreement, authorised by the Supervisory Board on 29 December 2009

Conditions: The expense recognised in respect of the financial year ending 31 December 2022 amounted to the sum of €140,000.

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

REPORT ON CORPORATE GOVERNANCE

SPECIAL AGREEMENTS

In accordance with the provisions of Article L. 225-37-4, 2° of the Commercial Code, this report mentions "*agreements entered into, directly or through an intermediary, between, on the one hand, any of the corporate officers or shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former as defined by Article L. 233-3, with the exception of agreements relating to current transactions and entered into under normal conditions*".

For fiscal year 2022, in addition to the regulated agreements mentioned above, the following agreement should be mentioned:

Loan agreement between LACROIX NORTH AMERICA (represented by Nicolas Bedouin, President on the date of signing, also Chief Executive Officer of the Company) and LACROIX ELECTRONICS MI LLC (controlled company) dated 3 November 2022.

MIDDLENEXT CODE

In view of its size, and in order to base its governance on simple and consistent principles, the Company now refers to the Middlenext Code of Corporate Governance (hereinafter the "Middlenext Code", which can be accessed via the following URL: https://www.middlenext.com). With regard to the adoption of the principles set out in the Middlenext Code, the Board of Directors has taken due note of the "points of vigilance" mentioned therein, has considered the issues arising from them and has confirmed that the Company is committed to respecting each of these points. This management report also details below the Company's compliance with the recommendations of the Middlenext Code, and where applicable explains the reasons why some of them could not be implemented at the date of this management report.

Accordingly, in accordance with Article L22-10-10-4 of the French Commercial Code, the Company mentions below the recommendations that have been rejected and the reasons why they were rejected:

- R1 - members of the Board of Directors attend the General Assembly: Since minority shareholders hardly ever attend general meetings, the mandatory presence of directors is not justified.
- R2 - entrusting services other than certifying financial statements to a firm other than the auditor's: as the value of such services remains low in relation to their volume of business, with reasonable service amounts, the independence of the auditors is not called into question.
- R5 - three-year training plan for directors: The board of directors is constituted on the basis of their past training and experience, which they continue to acquire during their term of office. The implementation of a training plan must provide real added value, and will therefore be the subject of further reflection.
- R7 - the chairmanship of the specialised committees is entrusted to independent members, except in very special cases for which reasons are given: Vincent Bedouin, as Chairman and CEO of the group, is best placed to chair the strategic committee.
- R9 and R17 - putting in place a succession plan for the leader and key people: This point requires further reflection before it is formalised.
- R11 - staggered renewals of terms of office for Board members: Staggered renewals of terms of office are no longer in place since the switch to the one-tier mode. A reflection on this point will be undertaken on the arrival of a new director.

COMPOSITION AND OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Composition and operation of the Board of Directors

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

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

The number of directors over the age of 70 cannot exceed one third of the Board of Directors in office.

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

On 31 December 2022, the Board of Directors of LACROIX Group comprised 7 members:

Name	Independence	Appointment	Term of office	Committees	Experience/ expertise
Vincent BEDOUIN, Chairman	No	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Chairman of the strategic committee, Member of the CSR committee	
Pierre TIERS, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Chairman of the audit and compliance committee, Member of the remuneration committee, Member of the strategic committee, Member of the development committee	Manager of PRO. POSITIONS, Chairman of NOVAPLUS, former Managing Director of IPO (private equity)
Hugues MEILI, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the strategic committee, Chairman of the development committee	Founder, Chairman, and CEO of Niji, consulting and technologies for the digital transformation of companies.
Marie-Reine BEDOUIN, Member	No	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts		Family administrator
Hubert ALEFSEN DE BOISREDON D'ASSIER, Member	No	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the strategic committee, Member of the development committee	Chairman and CEO of the Armor Group, a global specialist in ink chemistry and printing technologies.
Muriel BARNEOUD, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the strategic committee Chairwoman of the CSR committee Member of the development committee	Director of Social Commitment for La Poste group.
Ariane MALBAT, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the remuneration committee, Member of the strategic committee, Member of the development committee	Director of Human Resources

Independence of the members of the Board of Directors

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

Representativeness of women on the Board of Directors

In accordance with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code on the balanced representation of women and men on Boards of Directors and on professional equality, we hereby inform you that the male/female distribution within the Company's Board of Directors is 57% to 43% as of 31 December 2022.

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

Mission of the Chairman of the Board of Directors

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

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

Information sent to Administrators

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

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

Internal regulations of the Board of Directors

The Board of Directors adopted on 26 July, 2018 and updated on 16 December, 2019; 19 September, 2022, and March 20, 2023, rules of procedure allowing it to meet by videoconference or telecommunications.

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

Work of the Board of Directors

The Board of Directors meets as often as the interests of the Company require. The work is organised through committees.

During the year ending 31 December 2022, the following 12 meetings were held:

- Two meetings of the Board of Directors, with an attendance rate of 92.86%, in order to:
  - Consider the annual and half-year financial statements,
  - Set up a CSR committee.
- Four meetings of the audit and compliance committee
- Two meetings of the development committee
- Two meetings of the remuneration committee
- A meeting of the CSR committee
- A meeting of the strategic committee

Specialised committees of the Board of Directors

The Board of Directors has established 5 permanent Committees:

- an audit and compliance committee
- a remuneration committee
- a strategic committee
- a development committee
- a CSR committee

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

AUDIT AND COMPLIANCE COMMITTEE

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

As such, it is responsible for:

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

The audit and compliance committee must inform the Board of Directors immediately of any difficulties encountered. These reports are either inserted in the minutes of the meetings of the Board of Directors concerned, or attached as an appendix to these minutes.

The audit and compliance committee is composed solely of Pierre Tiers.

REMUNERATION COMMITTEE

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

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

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

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

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

The remuneration committee is made up of 2 members, namely Pierre Tiers and Ariane Malbat.

STRATEGIC COMMITTEE

The strategic committee analyses, studies, and advises on:
- the main strategic plans of the Company and the Group;
- the Group's development policy; and
- major projects or programs for the development of industrial products that are planned to be carried out by the Company or a Group company.

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

The strategic committee is made up of 6 members, namely Vincent Bedouin, Pierre Tiers, Hugues Meili, Hubert de Boisredon, Ariane Malbat, and Muriel Barneoud.

DEVELOPMENT COMMITTEE

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

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

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

CSR COMMITTEE

The main tasks of the CSR committee include:

- reviewing the Company's mandatory CSR publications (non-financial performance statement);
- formulating and monitoring a CSR strategy or "roadmap", sometimes including specific themes such as sustainable development, climate, diversity, risks, etc.;
- determining the non-financial variable remuneration criteria for corporate officers ("KPIs"); and
- anticipating and forecasting major environmental, social and societal challenges.

The CSR committee comprises two permanent members, Muriel Barneoud and Vincent Bedouin, and relies on external expertise with the participation of Elisabeth Groschomme.

LIST OF TERMS OF OFFICE AND JOB ROLES DURING THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

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

Board of Directors

Name	Term of office	Company
Vincent Bedouin	Chairman & CEO	LACROIX Group
	President	VINILA INVESTISSEMENTS
	President	LACROIX ELECTRONICS
	President	LACROIX ELECTRONICS CESSON
	Co-managing Director	LACROIX ELECTRONICS GmbH
	Chairman of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	President	LACROIX ENVIRONMENT (until 05/05/2022)
	President	We Network
	Vice President	Electronics Industry Strategic Committee
	Sole administrator	LACROIX SOFREL ESPAÑA
	Permanent representative of the sole director	LACROIX CITY NORTE (until 25/11/2022)
	Permanent representative of the sole director	LACROIX CITY CENTRO (until 25/11/2022)
	Managing Director	LACROIX VI
	Managing Director	LACROIX VII
	Managing Director	LACROIX III
	Managing Director	LACROIX II
	Managing Director	SCI LTI SUD EST
	Managing Director	SCI MAJE
Pierre Tiers	Member of the Board of Directors	LACROIX Group
	Member of the Board of Directors	GROUPE DMD
	Member and Vice-Chairman of the Board of Directors	60000 Rebonds Grand-Ouest association
	President	NOVAPULS
	Managing Director	PRO.POSITIONS
	Member of the Strategic Committee	VECTURA
	Member of the Strategic Committee	FINANCE GATEWAYS
	Chairman of the Chamber	Nantes Commercial Court

Hugues Meili	Member of the Board of Directors	LACROIX Group
	Member of the Board of Directors	Crédit Agricole d'Ille et Vilaine (term ended in 2022)
	Chairman & CEO	NIJI SA
	President	BORDILLA I SAS
	President	BORDILLA I SAS
	President	Kurmi Software SAS
	Member of the Supervisory Board	DELTA DORE (term ended in 2022)
	Chairman of the Managing Board	Bretagne Développement Innovation
Marie-Reine Bedouin	Member of the Board of Directors	LACROIX Group
	President of the Supervisory Board	VINILA INVESTISSEMENTS
Hubert de Boisredon	Member of the Board of Directors	LACROIX Group
	President	ALSENS
	President	EOTEKUM
	Member of the Strategic Committee	KIPLI
	Managing Director	ALRE
	Managing Director	ALSOL
	Managing Director	ALPER
	Managing Director	SCI BUROO
	Representative of Armor Group, member of the Board of Directors	GLOBAL COMPACT FRANCE Association
	Vice President	Association "Les entrepreneurs pour la Cité"
Ariane Malbat	Member of the Board of Directors	LACROIX Group
	President	SASU MA DRH
	CEO	SAS COLLON & CO
Muriel Barneoud	Member of the Board of Directors	LACROIX Group
	Member of the Board of Directors	EASYVISTA
	Member of the Board of Directors	CIR ILE DE FRANCE
	Vice President	ACSEL
	Vice President	CAP DIGITAL
	Vice President	AFRC

Executive Management

Name	Term of office	Company
Vincent Bedouin	Chairman & CEO	LACROIX Group
	President	VINILA INVESTISSEMENTS
	President	LACROIX ELECTRONICS
	President	LACROIX ELECTRONICS CESSON
	Co-managing Director	LACROIX ELECTRONICS GmbH
	Chairman of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	President	LACROIX ENVIRONMENT (until 05/05/2022)
	President	We Network
	Vice President	Electronics Industry Strategic Committee
	Sole administrator	LACROIX SOFREL ESPAÑA
	Permanent representative of the sole director	LACROIX CITY NORTE (until 25/11/2022)
	Permanent representative of the sole director	LACROIX CITY CENTRO (until 25/11/2022)
	Managing Director	LACROIX VI
	Managing Director	LACROIX VII
	Managing Director	LACROIX III
	Managing Director	LACROIX II
	Managing Director	SCI LTI SUD EST
	Managing Director	SCI MAJE
Nicolas Bedouin	Deputy CEO	LACROIX Group
	Member of the Supervisory Board	VINILA INVESTISSEMENTS
	Member of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	President	LACROIX NORTH AMERICA INC. (until 18/11/2022)
	Vice President	LACROIX NORTH AMERICA INC. (since 18/11/2022)
	Representative of the Manager LAC-ROIX NORTH AMERICA INC	LACROIX ELECTRONICS MI
	Managing Director	SCI MAJE
	President	SAS les Cristaux

Compensation and benefits received by executive corporate officers

In accordance with Article L. 22-10-9 of the French Commercial Code, we hereby advise you of the amount of total compensation and benefits, paid during financial year ending 31 December 2022, to the executive corporate officers, by the Company and the companies it controls, as defined by Article L. 233-16 of the French Commercial Code:

According to the Middlenext Code recommendations, the compensation paid to executive corporate officers during the year was as follows:

	FY 2022		FY 2021	
Vincent Bedouin Chairman & CEO	Allocated	Paid	Allocated	Paid
Fixed remuneration	€242 100	€242 100	€230 000	€230 000
Annual variable remuneration in respect of 2021	Awarded in 2021	€105 182	€105 182	€0
Annual variable remuneration in respect of 2022	€73 334	€0	/	/
Special compensation	€0	€0	€0	€0
Remuneration as member of the Board of Directors	€0	€0	€0	€0
Benefits in kind	€10 932	€10 932	€5 466	€5 466
Stock options	€0	€0	€0	€0
Allocation of bonus shares*	€55 481	€0	€0	€0
TOTAL	**€381,847**	**€358,214**	**€340,648**	**€235,466**
Nicolas Bedouin Deputy CEO	Allocated	Paid	Allocated	Paid
Fixed remuneration	€171 250	€171 250	€156 250	€156 250
Annual variable remuneration in respect of 2021	Awarded in 2021	€65 738	€65 738	€0
Annual variable remuneration in respect of 2022	€50 770	€0	/	/
Special compensation	€0	€0	€0	€0
Benefit in kind	€3 821	€3 821	€3 498	€3 498
Stock-options	€0	€0	€0	€0
Allocation of bonus shares*	€41 611	€0	€0	€0
TOTAL	**€267 452**	**€240 809**	**€225 486**	**€159 748**

* provisioned but not paid under the multi-year remuneration scheme subject to the achievement of 2025 targets

In 2022, the fixed remuneration paid to Mr Vincent Bedouin totals 242,100 euros, compared to a fixed remuneration of 230,000 euros in 2021.

The variable portion (105,182 euros) paid to Mr Vincent Bedouin in 2022 is the amount provisioned in 2021 in view of the level of current operating income achieved in that year.

The amount of the variable portion to be allocated to Mr Vincent Bedouin in respect of performance in 2022 will be 73,334 euros, in accordance with the variable remuneration system put in place and described below.

Finally, as part of the multi-year remuneration scheme linked to the implementation of the Leadership 2025 plan and given the progress of this plan, a provision of 55,481 euros is recorded in respect of the bonus shares subject to performance granted to Mr Vincent Bedouin, in accordance with the multi-year remuneration scheme described below.

In 2022, the fixed remuneration paid to Mr Nicolas Bedouin amounts to 171,250 euros, compared to a fixed remuneration of 156,250 euros in 2021.

The variable portion (65,738 euros) paid to Mr. Nicolas Bedouin in 2022 corresponds to the amount provisioned in 2021, based on current operating income achieved in that year.

The amount of the variable portion to be allocated to Mr Nicolas Bedouin in respect of performance in 2022 will be 50,770 euros, in accordance with the variable remuneration system put in place and described below.

Finally, as part of the multi-year remuneration scheme linked to the implementation of the Leadership 2025 plan and given the progress of this plan, a provision of EUR 41,611 is recorded in respect of the bonus shares subject to performance granted to Mr Nicolas Bedouin, in accordance with the multi-year remuneration scheme described below.

Compensation in respect of administrator duties

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

Share subscription or purchase options granted during the financial year

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

Share subscription or purchase options exercised during the financial year

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

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

Performance shares allocated and available

The main features of the bonus share allocation plan are as follows:
- Opening date of the plan: 14/04/2021.
- The plan is awarded under performance-related conditions, which must be fulfilled in order to receive the final benefit from these plans.
- Shares will be allocated at annual periods.
- The allocated shares will be definitively acquired by third parties over a period of 3 years, and subject to continued presence at the end of each period.
- The retention period will be equal to the remaining period as from the date of allocation in order to comply with the statutory lock-in period of 2 years minimum, as set out in Article 225-197-1 of the French Commercial Code.

At the end of this latest acquisition period, the key details are as follows:
- Number of performance-related shares allocated in 2022: 2,079 shares.

Summary table of indemnities or benefits for corporate officers

Executive directors	Employment contract	Supplementary pension scheme	Non-competition indemnities	Severance payments
Vincent Bedouin Chairman & CEO Appointment: 26/07/2018 Deadline: AGM 2024 ruling on the 2023 accounts	NO	YES	NO	NO
Nicolas Bedouin Deputy CEO Appointment: 26/07/2018 Deadline: AGM 2024 ruling on the 2023 accounts	YES*	YES	NO	NO

*Nicolas Bedouin's main task is to monitor and coordinate the financial activities of each of the group's entities. Thus, on a day-to-day basis, he performs functions that are distinct from those of his corporate appointment.

Compensation policy (Say on Pay)

Compensation is determined by the Board of Directors at the recommendation of the remuneration committee.

Compensation policy for the members of the Board of Directors

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

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

Acting on a proposal from the remuneration committee, the Board of Directors, set the overall amount of compensation awarded to directors (formerly directors' fees) for their directorships in respect of financial year ending 31 December 2022 at €59,500, apportioned as stated above.

Muriel Barneoud	Amounts awarded in 2022	Amounts paid in 2022	Amounts awarded in 2021	Amounts paid in 2021
Remuneration as member of the Board of Directors (including directors' fees)	€12,500	€11,000	€11,000	€10,000
Other remuneration				
TOTAL	**€12,500**	**€11,000**	**€11,000**	**€10,000**
Hubert de Boisredon	**Amounts awarded in 2022**	**Amounts paid in 2022**	**Amounts awarded in 2021**	**Amounts paid in 2021**
Remuneration as member of the Board of Directors (including directors' fees)	€7,500	€10,000	€10,000	€9,000
Other remuneration				
TOTAL	**€7,500**	**€10,000**	**€10,000**	**€9,000**

Ariane Malbat	Amounts awarded in 2022	Amounts paid in 2022	Amounts awarded in 2021	Amounts paid in 2021
Remuneration as member of the Board of Directors (including directors' fees)	€10,500	€11,750	€11,750	€11,000
Other remuneration				
TOTAL	**€10,500**	**€11,750**	**€11,750**	**€11,000**
Hugues Meili	**Amounts awarded in 2022**	**Amounts paid in 2022**	**Amounts awarded in 2021**	**Amounts paid in 2021**
Remuneration as member of the Board of Directors (including directors' fees)	€14,500	€15,000	€15,000	€17,000
Other remuneration				
TOTAL	**€14,500**	**€15,000**	**€15,000**	**€17,000**
Pierre Tiers	**Amounts awarded in 2022**	**Amounts paid in 2022**	**Amounts awarded in 2021**	**Amounts paid in 2021**
Remuneration as member of the Board of Directors (including directors' fees)	€14,500	€17,000	€17,000	€16,750
Other remuneration				
TOTAL	**€14,500**	**€17,000**	**€17,000**	**€16,750**

Compensation policy for executive officers

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

Compensation policy for Vincent Bedouin – Chairman & CEO

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

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

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

Additional information:

- Mr Vincent Bedouin benefits from a supplementary funded pension scheme for which the payments are made by the company.
- Mr Vincent Bedouin benefits from a company health insurance scheme, which is the company's collective health plan.
- Vincent Bedouin receives a benefit in kind through the provision of a company car.

For the 2022 financial year, Vincent Bedouin's variable compensation is calculated on the basis of the Current operating income (COI) earned by the Group compared to the 2022 COI presented as part of the budget.
The variable portion to be paid will be capped at 1.5 times the allocated variable portion and no variable portion will be allocated if the COI is less than 50% of the target set.

Mr Vincent Bedouin's variable portion is calculated on the basis of 130,000 euros gross for 2022.
This variable portion is directly linked to performance.

The amount of variable compensation for Vincent Bedouin in respect of the reference year is €73,334 gross, calculated as follows:

* Where P is the COI retained in the budget, i.e. €28,912K
- Where R is the COI achieved at the end of the reference year, i.e. €21,715K
- Where V is the variable compensation share awarded, i.e. €130,000
- Therefore, the variable portion to be paid equals R x (V/P) x (R/P), i.e. €73,334 gross

For the following financial years, Vincent Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2022 financial year. It is however specified that the variable portion may only be paid in excess of 1.5 times the reference variable portion, and on condition that the COI achieved is higher than the COI set out in the Leadership 2025 plan. No variable portion will be allocated if the COI is less than 50% of the target set.

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

LACROIX's Leadership 2025 strategic plan sets ambitious objectives for expansion and performance.

Mr Vincent Bedouin will have a direct interest in the achievement of these objectives through the implementation of a bonus share allocation scheme subject to performance, the total amount of shares allocated under this scheme being capped at a maximum of 10,000 shares by the end of the Leadership 2025 plan.

Over the periods 2022 to 2024, the bonus share allocation scheme will be subject to provisions, provided the results achieved are in line with the objectives of the Leadership 2025 plan. This provision will be established by considering the progress of each of the set objectives.

The performance related to the bonus share plan is based on the following criteria:
- 25% Increase in revenue in M€ with a L2025 target of €800M).
- 25% Profitability measured as a % of Current EBITDA with a 2025 target of 9%.
- 25% Balance sheet balance measured by the debt ratio with a L2025 gearing target of less than <0.8).
- 25% The CSR dynamic is assessed in particular by the implementation of the strategic aspects of the CSR policy, the definition of CSR reference indicators, the initiatives and actions undertaken to support the deployment of the strategy.

Taking into account the progress made on each of the criteria relating to the multi-year remuneration scheme, a pro rata annual provision of 2063 shares is recognised, corresponding to 82.5% progress and a value of EUR 55,481, based on the share price of 26.90 euros at 31 December 2022.

The shares will only be definitively allocated at the end of financial year 2025.

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

Compensation policy for Nicolas Bedouin – Deputy CEO

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

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

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

Additional information:
- Mr. Nicolas Bedouin benefits from a supplementary funded pension plan for which the payments are made by the company.
- Mr Nicolas Bedouin benefits from a company health insurance scheme, which is the company's collective health plan
- Nicolas Bedouin receives a benefit in kind through the provision of a company car.

For the 2023 financial year, Nicolas Bedouin's variable compensation is calculated on the basis of the Current Operating Income (COI) earned by the Group compared to the 2022 COI presented as part of the budget.

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

Mr Nicolas Bedouin's variable portion is calculated on the basis of 90,000 euros gross for the year 2022.

This variable portion is directly linked to performance.

The amount of variable compensation for Nicolas Bedouin in respect of the reference year is €50,770 gross, calculated as follows:

* Where P is the COI retained in the budget, i.e. €28,912K
- Where R is the COI achieved at the end of the reference year, i.e. €21,715K
- Where V is the variable compensation share awarded, i.e. €90,000
- Therefore, the variable portion to be paid equals R x (V/P) x (R/P), i.e. €50,770 gross

For the following financial years, Nicolas Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2022 financial year. It is however specified that the variable portion may only be paid in excess of 1.5 times the reference variable portion, and on condition that the COI achieved is higher than the COI set out in the Leadership 2025 plan. No variable portion will be allocated if the COI is less than 50% of the target set.

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

LACROIX's Leadership 2025 strategic plan sets ambitious objectives for expansion and performance.

Mr Nicolas Bedouin will have a direct interest in the achievement of these objectives through the implementation of a bonus share allocation scheme subject to performance, the total amount of shares allocated under this scheme being capped at a maximum of 10,000 shares by the end of the Leadership 2025 plan.

Over the periods 2022 to 2024, the bonus share allocation scheme will be subject to provisions, provided the results achieved are in line with the objectives of the Leadership 2025 plan. This provision will be established by considering the progress of each of the set objectives.

The performance related to the bonus share plan is based on the following criteria:
- 25% Increase in revenue in M€ with a L2025 target of €800M).
- 25% Profitability measured as a % of Current EBITDA with a 2025 target of 9%.
- 25% Balance sheet balance measured by the debt ratio with a L2025 gearing target of less than <0.8).
- 25% The CSR dynamic is assessed in particular by the implementation of the strategic aspects of the CSR policy, the definition of CSR reference indicators, the initiatives and actions undertaken to support the deployment of the strategy.

Taking into account the progress made on each of the criteria relating to the multi-year remuneration scheme, a pro rata annual provision of 1547 shares is recognised, corresponding to 82.5% progress and a value of EUR 41,611, based on the share price of 26.90 euros at 31 December 2022.

The shares will only be definitively allocated at the end of financial year 2025.

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

Equity ratio

In accordance with the provisions set out in the French Commercial Code (Article L. 22-10-9 I.6), you are hereby informed that the compensation paid to Vincent Bedouin for the financial year represents 3.16 times the average of compensations paid in the Company in 2022, compared to 3.09 in 2021. It is equal to 4.18 times the median compensation in 2022, compared to 4.21 in 2021. Similarly, the fixed remuneration of Mr Vincent Bedouin represents 12.02 times the annual minimum wage fixed in December 2022.

Furthermore, the compensation paid to Nicolas Bedouin for the financial year represents 2.23 times the average of compensations paid in the Company in 2022, compared to 2.10 in 2021, and is equal to 2.96 times the median compensation in 2022, compared to 2.87 in 2021. Similarly, the fixed remuneration of Mr Nicolas Bedouin represents 8.5 times the annual minimum wage fixed in December 2022.

Resolutions regarding Say on Pay proposed at the General Meeting

Under the provisions of Article L. 22-10-8 of the French Commercial Code, we bring to your attention the projects for resolutions approved by the Board of Directors that will be submitted at the General Meeting of 11 May 2023, for the purpose of approving the compensation items allocated and attributable to the Company's executive officers.

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, sets the total annual amount of compensation for the current financial year to be distributed among the members of the Board of Directors, at €52,000.

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy for the administrators, as presented in the 2022 annual financial report of the Company.

SIXTH RESOLUTION - *Approval of the compensation items due or allocated for the 2022 financial year to Vincent Bedouin, Chairman & CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2022 to Vincent Bedouin, as presented in the 2022 annual financial report of the Company.

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applicable to Vincent Bedouin, as presented in the 2022 annual financial report of the Company.

EIGHTH RESOLUTION - *Approval of the compensation items due or allocated for the 2022 financial year to Nicolas Bedouin, Deputy CEO*

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2022 to Nicolas Bedouin, as presented in the 2022 annual financial report of the Company.

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applicable to Nicolas Bedouin, as presented in the 2022 annual financial report of the Company.

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of said Code, as included in the report of the Board of Directors on corporate governance, contained in the 2022 annual financial report of the Company.

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

Nature of the delegation	Date of General Meeting	Term of authority granted	Amount authorised	Increases made during the financial year
Company share purchases	06/05/2022 (13th resolution)	18 months	6.91% of capital, or 333,691 shares, for a maximum amount of €21.69 million	NONE
Issue of ordinary shares or securities giving access to share capital or entitlement to debt securities with retention of preferential subscription rights	11/05/2021 (24th resolution)	26 months	€9,960,000	€7,055,239.04
Shares cancellation	11/05/2021 (25th resolution)	26 months	6.06% of the capital covered by the authorization mentioned in the 20th resolution of the AGM of 6 May 2021, i.e. 228,253 shares	NONE
Capital increase reserved for employees, subject to implementing the share issue stipulated by the 24th resolution of the AGM of 6 May 2021	11/05/2021 (26th resolution)	26 months	€1,250,000 This amount is included in the global ceiling of €11.42 million	NONE

Treatment of conflicts of interest

The Board members' obligations regarding the treatment of conflicts of interest are set out in the internal rules. Directors sign an annual declaration attesting that they had no conflicts of interest during the past financial year. All Board members are obliged to disclose any actual or potential conflict of interests, direct or indirect, themselves (or any natural or legal person with whom they have a business relationship) and the Company. The Board of Directors may also carry out any investigation in the event of reasonable doubt, and may if necessary call in an independent expert.

Main features of internal control and risk management procedures

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

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

Internal control objectives and stakeholders

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

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

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

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

Environment of control

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

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

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

The **Opportunities & Threats Matrix** is based on the strategic plan, and its priorities are reviewed by the Executive Committee every year. This matrix identifies subjects having the greatest impact and the most important levers for sustainable growth at LACROIX Group. This Opportunities & Threats Matrix is part of the multi-year development plan defined by the Management.

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

Organisation of internal control

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

- The **VP Controlling from activities** manage oversee reports to General Management. In particular, they allow monthly monitoring of budget commitments by subsidiary, by segment and combined, and also include non-financial elements and forecasts, ensuring better management of subsidiaries.
- Likewise, **centralised cash reporting** at the registered office enables weekly monitoring of cash flows and the debt position of subsidiaries and in consolidated.
- The **chief accountants** are responsible for the reliability of financial reporting, and more particularly for due observance of the Group's procedures. The tax returns of the LACROIX Group's French subsidiaries are prepared or checked by the central Accounting Department. These tax returns are also regularly reviewed by external consultants.
- The **consolidation department** is centralised at headquarters. It prepares the accounts in accordance with IFRS and ensures the consistency of processing operations and their compliance with Group rules and procedures.
- The **Legal & Compliance Department** ensures overall regulatory compliance (company law, contracts, insurance, compliance, etc.) and supports activities in the context of major contractual negotiations or litigation management. It advises the General Management and intervenes in internal restructuring and external growth operations. Advice can be obtained from outside experts on an ad hoc basis. **Compliance advisers** are in place within each of the activities. They act as relays for the Legal & Compliance Department, working alongside the teams to communicate rules and procedures, and are easily available to employees to answer any ethical query.
- The **Information System Department** notably ensures the integrity and safeguarding of data, as well as the security and availability of our IT systems. As such, external audits and tests of disaster recovery plans are regularly conducted under the supervision of the IT Department and the IT Systems Security Manager. All of the major subsidiaries of LACROIX Group use **ERP** software.

Implementation of internal control

The Audit & Internal control department plans its duties on the basis of approved priorities in the Opportunities & Threats Matrix. It also relies on the recommendations of our statutory auditors on internal control and IT configuration. From this perspective, its missions are based on:

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

Main activities for the 2022 fiscal year

For the 2022 fiscal year, the following tasks were carried out:

- Continuous improvement of internal control and the fight against fraud:
    - Deployment of the automated control solution on the Electronics activity of the LACROIX Group,
    - Updating Opportunities & Threats Matrix and redefining priorities,
    - Continuation of events for awareness raising and combating external fraud,
    - Review of the segregation of duties implemented in our ERP software,
    - Continuous securing of our information systems.
- Internal auditing of subsidiaries:
    - Internal Audit department reinforced during the year, enabling more audits to be conducted,
    - 9 subsidiaries were audited on key procedures: the various cycles are reviewed to ensure proper application of accounting rules and methods, thereby ensuring the reliability of financial reporting. Several compliance issues are also included in these audits.
- Operational audits:
    - Continuation of the supplier dependency risk audit, resulting in improvements to the development process and the monitoring of supplier risks on components, as well as the creation of "strategic" inventories for critical components.
- Support provided to the Compliance Department:
    - Our mapping of corruption risks was updated

Areas of focus for 2023

The areas of focus defined for 2023 will mainly concern:

- Continuous improvement of internal control and the fight against fraud:
    - Deployment of additional automated controls on the Electronics activity of the LACROIX Group,
    - Continuation of events for awareness raising and combating external fraud,
    - Review of the segregation of duties implemented in our ERP software,
    - Continuous securing of our information systems,
    - Monitoring the proper implementation of business continuity plans in our main subsidiaries.
- Internal auditing of subsidiaries:
    - 15 subsidiaries are to be audited during the year,
    - 7 additional subsidiaries will be subject to follow-up recommendations.
- Operational audits:
    - Monitoring of the correct implementation of strategic stocks,
    - Checking the correct application of our marketing/R&D process on new products.
- Support provided to the Compliance Department:
    - Updating of corruption scenarios and associated security action plans.

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

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

Shareholder participation in the General Meeting

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

Diversity and equity policy within the company

The group is committed to achieving gender balance and equity at all hierarchical levels. The policy and related achievements are described in the Non-Financial Performance Statement.

COMPANY ADMINISTRATION AND CONTROL

We hereby specify that no directorships or terms of office of the statutory auditors has expired.

APPROPRIATION OF PROFIT

We suggest that you approve the appropriation of the financial year's net profit of €14,517,939.39, plus retained earnings of €1,746,799.56, as follows:

Profit from the financial year	14,517,939.39 euros
Plus retained earnings	1,746,799.56 euros
To form a distributable profit of	16,264,738.95 euros
As dividends to shareholders Namely €0.80 per share	3,863,276.80 euros
In the "Other reserves" account, which thus amounts to €95 million	11,000,000.00 euros
The balance in "Retained earnings"	1,401,462.15 euros

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

Following this appropriation, shareholders' equity stands at €171,428,205.17 before the portion of dividends on the treasury shares held by the Company.

Since 1 January 2018, a single flat tax of 30% is deducted from distributed profit (12.8% as income tax and 17.2% as social security contributions),

- individuals in a tax household for which the reference taxable income of the year before last was less than €50,000 (single, divorced or widowed taxpayers) or €75,000 (joint taxpayers) may apply for exemption from payment of 12.8% income tax; shareholders are responsible for making this request for exemption by, at the latest, 30 November of the year preceding the payment of the dividend,
- the option for progressive dividend taxation remains possible and must be indicated on the tax return; in this case, the 12.8% flat tax will be deducted from the tax due. The 40% tax allowance will be maintained, but social contributions will be taken from the amount before such tax allowance,
- the proposed dividend is eligible for the 40% tax allowance resulting from Article 158-3-2° of the French General Tax Code and applicable to natural persons residing in France.

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

Dividends will be paid before 13 July 2023.

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

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
2018 - 2019	0.90	3,389,904	3,766,560	3,621,328
2019 - 2020 (*)	0.68	2,561,261	3,766,560	3,619,775
2021	0.85	4,104,731.60	4,829,096	4,679,888

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

ANNUAL TOTAL COMPENSATION OF ADMINISTRATORS

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

INFORMATION RELATING TO SECURITIES TRANSACTIONS

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

DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

EDITORIAL

After 2021, 2022 was again an eventful year. The war in Ukraine has brought about a resurgence of inflation, prolonged the crisis in electronic components and put a great strain on the European energy system and global supply chains.

2022 also saw the release of the third part of the IPCC's Sixth Assessment Report on climate change mitigation, which warns that "without immediate and deep cuts in emissions in all sectors, limiting global warming to 1.5°C is out of reach."

The world is now at a crossroads, and must now embark on an ecological transition of unprecedented proportions, at breakneck speed and in a difficult geopolitical, economic and social context.

The challenge is colossal and LACROIX is determined to play its part. Indeed, the IPCC states that "digital technologies can contribute to climate change mitigation and the achievement of several of the SDGs", and that "sensors, the Internet of Things, robotics and artificial intelligence can improve energy management across all sectors, increase energy efficiency and promote the adoption of many low-emission technologies".

This call for a useful technology, reserved for critical applications, corresponds in every respect to the Group's vision: "**At LACROIX, we believe technology should contribute to simple, sustainable and safer environment**."

2022: finalisation of our positive impact strategy

In 2022, building on the work started with our teams in 2021, we have defined the 4 major commitments that make up the LACROIX positive impact strategy:
- Grow positive-impact business
- Design eco-efficient solutions
- Run sustainable operations
- Commit to our people and regional presence

Behind each of these commitments, we have defined priorities for action, as well as time-bound and quantified objectives and an operational roadmap, which we will unveil in detail during the course of 2023.

2022 was the completion of a comprehensive carbon footprint assessment of all our activities, which validated the relevance of our 4 chosen commitments and guides us in prioritising the actions to be taken.

2023: operational deployment and on-boarding of teams in all Group activities

In 2023, we will accelerate implementation of the actions we have identified to make our positive impact strategy an operational reality:
- Commitment 1: Construct a methodology for quantifying the environmental and social benefits of our products and solutions (GHG emissions avoided, energy and water savings, etc.)
- Commitment 2: Structure and strengthen the Ecodesign expertise of all the Group's BUs, with the stated objective of being at the forefront of ecodesign in the electronics sector.
- Commitment 3: Map out a climate trajectory in line with the Paris Agreements, and develop a responsible purchasing roadmap to improve traceability, assess and support our suppliers, and relocate wherever possible.
- Commitment 4: team training, sustainable mobility plan.

The Executive Committee and I are determined to commit the Group on this path towards positive impact and social utility, which we are convinced is an ethical duty and an ecological necessity, but also an obvious strategic direction and source of value creation for LACROIX.

Vincent Bedouin
Chairman

LACROIX values

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

BOLDNESS

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

COMMITMENT

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

RESPECT

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

TEAM SPIRIT

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

OPEN-MINDEDNESS

"Strength comes from differences, not similarities."

LACROIX confirms its commitment via external guidelines

Gaïa RATING

LACROIX has been preparing for an annual diagnostic and benchmarking exercise since 2018, including the extra-financial procedure conducted by Gaïa Rating. In 2022 (during the 2021 financial year), LACROIX received an ESG score of 62/100 compared to 59/100 in 2021.

BRONZE 2022 ecovadis Sustainability Rating

In 2022, LACROIX responded to the Ecovadis assessment questionnaire, which assesses the performance of companies in terms of environment, working conditions, ethics and responsible purchasing. For this first assessment, LACROIX obtained a score of 53/100, higher than or equal to 62% of the companies rated by Ecovadis.

Furthermore, LACROIX subscribes to the Sustainable Development Goals and the 10 principles of the United Nations Global Compact, as well as the 8 fundamental conventions of the ILO.

OUR POSITIVE IMPACT STRATEGY

In 2022, LACROIX continued to consult its stakeholders (strategic customers, shareholders and investors, the National Purchasing Council, ADEME Pays de la Loire, etc.), in order to build a positive impact strategy focused on the priority environmental and social issues relating to its activity.

We have defined 4 major commitments and 10 priorities for action:

Commitment 1
GROW POSITIVE-IMPACT BUSINESS

Priority 1: Focus on positive impact solutions

- Give priority to products and solutions that have a positive impact when developing new offerings
- Maximise the positive impact of our installed base
- Gradually exit markets that do not have sufficient positive impact

Priority 2: Create sustainable business models

- Increase the lifespan of our products and solutions
- Suggesting to our customers to buy services rather than products
- Think about repair, collection and recycling services for our products at the end of their life

Commitment 2
DESIGN ECO-EFFICIENT SOLUTIONS

Priority 1: Eco-design our products

Reduce the environmental impact of our products by working on their design:

- Less virgin materials and integration of recycled materials
- Energy-efficient products
- Repairable and recyclable products

Priority 2: Develop plain sustainable solutions

Reduce the environmental impact of our digital solutions:

- Efficient solutions: edge computing, optimised telecommunication, less data and minimal storage
- Choose eco-responsible servers/hosting companies

Commitment 3
RUN SUSTAINABLE OPERATIONS

Priority 1: Reduce our greenhouse gas emissions

- Reduce our energy consumption
- Develop renewable energies
- Work with our suppliers to reduce our emissions
- Develop carbon sinks

Priority 2: Limit other environmental impacts

- Reduce and better recover our waste
- Limit our water consumption
- Prevent pollution and preserve biodiversity

Priority 3: Improve practices in our supply chain

- Reduce pollution risks and improve the environmental performance of our suppliers
- Controlling social risks and improving working conditions at our suppliers

Commitment 4
COMMIT TO OUR PEOPLE AND REGIONAL PRESENCE

Priority 1: Care and share

- Provide a safe and healthy working environment for all employees
- Promote the well-being of our teams through a quality workplace and corporate culture
- Reward the contribution to value creation

Priority 2: Empower our people

- Build trust and accountability into the company culture to empower our people
- Provide appropriate training programs to enable skills development
- Develop internal mobility to offer prospects and encourage mutual enrichment between our entities

Priority 3: Promote diversity and equity

- Ensure fair treatment of everyone: fairness in career opportunities and compensation.
- Promoting diversity among managers and senior executives

Priority 4: Commit to our regional presence

- Build fruitful relationships with our local partners
- Encouraging training and promotion of our know-how and our businesses
- Supporting local actions in favor of the ecological transition

OUR BUSINESS MODEL

Resources and value creation

RESOURCES AND ASSETS

Financial capital
- 194 M€ de capitaux propres
- 591 M€ de total bilan
- 20 M€ d'investissement en 2022

Human capital
- 5,318 employees in 12 countries
- 30 nationalities

Intellectual capital
- 1 design office
- ~ 175 R&D engineers
- 7 patents delivered in 2022

Industrial capital
- 14 industrial sites
- 98,300m2 of office and industrial buildings

Physical capital
- 20,000 tonnes of material used (electronic components, metals, plastics, etc.)
- 33 GWH of energy consumed
- 1898 tonnes of waste produced

OUR MISSION:

Enable our customers to build and manage smarter living ecosystems thanks to useful, robust and secure technologies.

Electronics Activity

Providing complete solutions from design to manufacture

- Intelligent sensors and actuators
- Device Management & Cybersecurity
- Lighting
- Industrial connected objects - IoT
- Smart power
- AI & Computer vision

City Activity

Enhancing the mobility of all road users and ensuring their safety

- Smart lighting
- Road safety
- Traffic management

Environment Activity

Managing & improving the efficiency of water & energy networks

- Smart Water
- Smart Grids
- Heating, Ventilation, Air Conditioning (HVAC)

CREATING SHARED VALUE WITH OUR STAKEHOLDERS

708 M€ Revenues

494 M€ Partners & Suppliers

163 M€ Employees

22 M€ Amortisations and provisions

6 M€ States and local authorities

7 M€ Banks

15 M€ Income before exceptional items
€2,8M for our employees
€3,9M for our shareholders
€8,6M of reinvestments

Presentation of our activities

4,392
EMPLOYEES
(2,935 EMPLOYEES IN 2021)

€522M
(€321M IN 2021)

As a major stakeholder in international electronics subcontracting, the Electronics Activity specialises in **designing and manufacturing electronic assemblies and sub-assemblies**. The activity breathes life into the electronics projects of our world-leading customers in the industrial, automotive, home automation, civil and defence aeronautics and healthcare sectors.

Through its Impulse offering, the Electronics Activity works alongside the Group's customers and other activities to accelerate the development of smart solutions through the provision of its know-how in designing software, acoustic solutions, and connected objects, routinely using artificial intelligence.

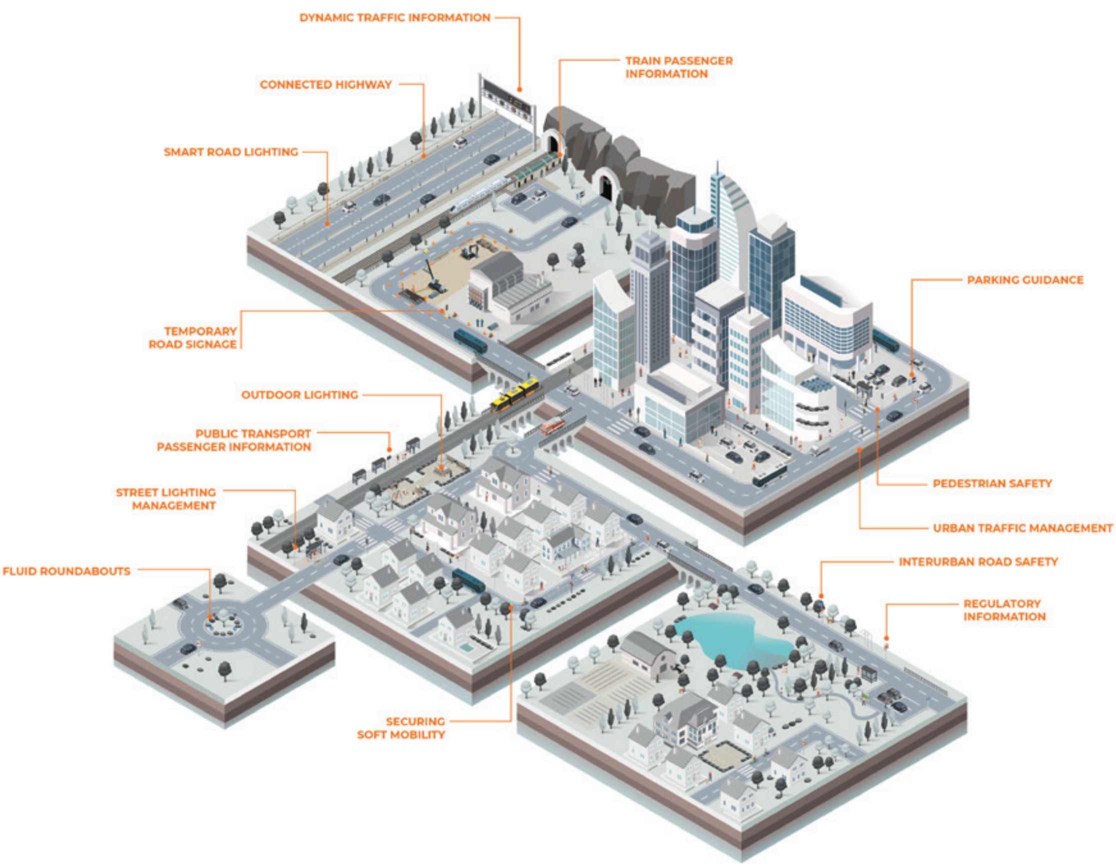
Based in France, the United States, Germany, Poland, and Tunisia, the Electronics Activity employs almost 4,400 people across 6 production sites and the Impulse teams for its design needs.

571
EMPLOYEES
(578 EMPLOYEES IN 2021)

€110M
(€110M IN 2021)

As an industrial designer of intelligent road solutions, the CITY business supports local authorities and managers in the transformation of their territories through its expertise in **road safety, traffic management** and **intelligent lighting**.
Its mission is to enable public and private customers to transform the road into a fluid, safe and sustainable living space through useful and robust connected technologies.

Based in France, Spain, and Belgium, the activity today accounts for some 571 employees across various design offices and production sites.

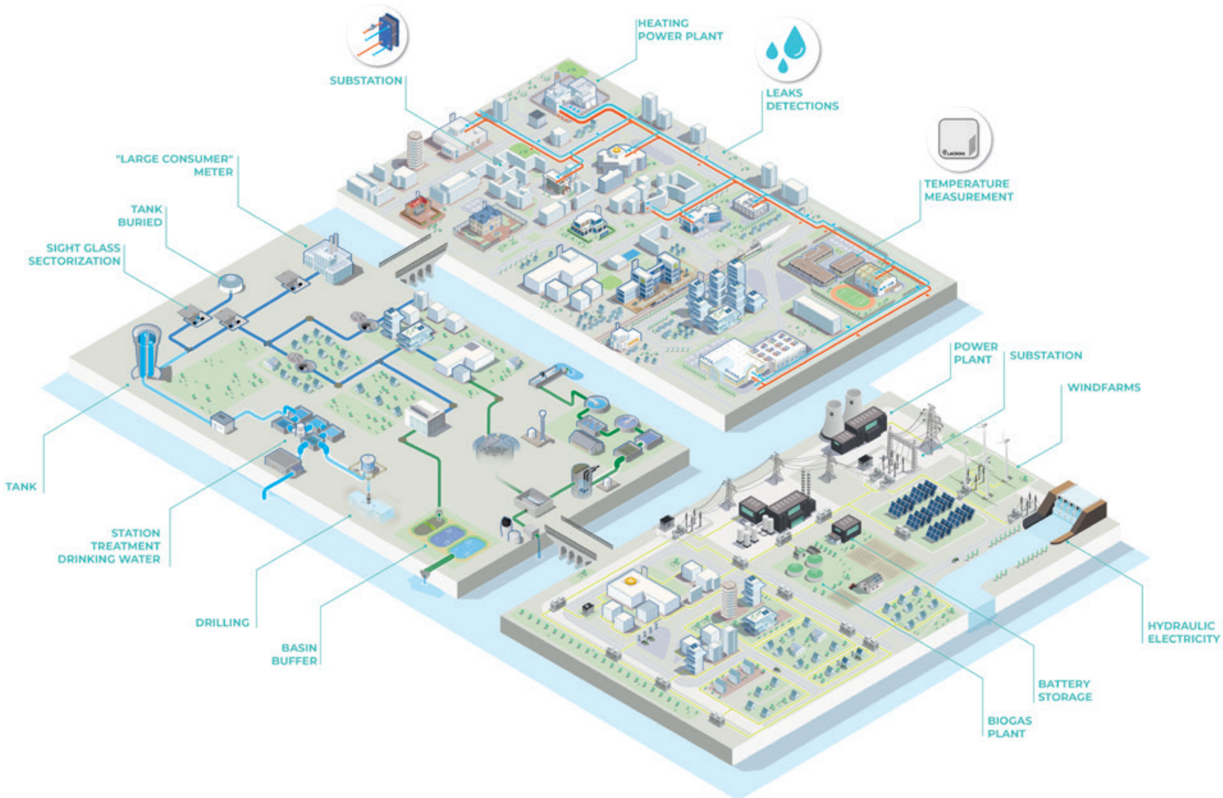


299
EMPLOYEES
(298 EMPLOYEES IN 2021)

€76M
(€70M IN 2021)

Designer and manufacturer of electronic equipment and connected digital solutions to **control, automate and remotely manage water and energy infrastructures**,the ENVIRONMENT business contributes to improving the performance of their water and energy networks, reducing resource consumption and protecting the environment.

ENVIRONMENT, the leader in the French market, is also focusing its development on areas where energy and water issues are the greatest, thanks to its subsidiaries in Germany, Spain, Italy and Singapore, and a network of more than 40 certified partners worldwide.



IDENTIFICATION AND CONTAINMENT OF KEY RISKS

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

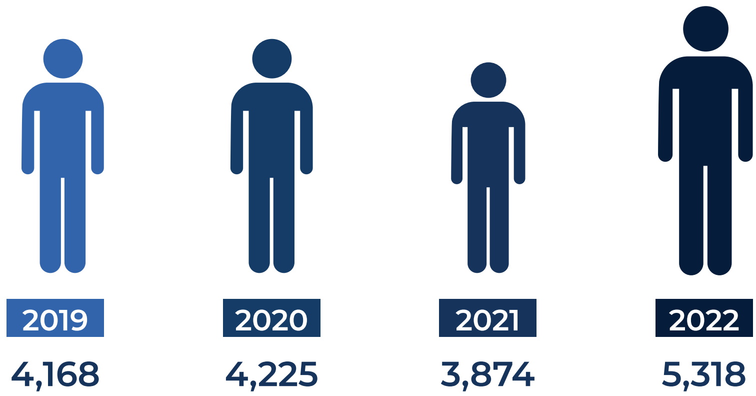
LACROIX carries out the appropriate diligence checks and measures their effectiveness by implementing relevant monitoring indicators. Some of the policies and diligence checks presented are still in the construction phase, and will be gradually deployed next year and associated with measurement indicators.

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

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

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

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



With 5,318 employees in 2022 compared to 3,874 employees in 2021, LACROIX's workforce will increase by 1,444 employees, mainly due to the acquisition of Firstronic in North America and increase in activity at our Polish site. The North American-based workforce is consolidated for the first time, including the wage portage workers in Mexico.

1.1 Jobs & Workforce figures

Distribution of workforce by Activity

	ELECTRONICS		CITY		ENVIRONMENT	
	2022	2021	2022	2021	2022	2021
Total workforce	**4,392**	**2,935**	**571**	**578**	**299**	**298**
Men	1,750	1,139	388	385	231	232
Women	2,642	1,796	183	193	68	66

The data presented above concern salaried employees, as well as freelance workers in Mexico, and exclude temporary workers.

In addition to these employees, there are 56 people employed by LACROIX Group (Group holding company). In 2021, there will be 63 employees in this entity, which employs cross-functional Group staff dedicated to management functions with a strong focus on R&D.

83%
OF THE GROUP'S WORKFORCE WORK FOR THE ELECTRONICS ACTIVITY
(76% IN 2021)

77%
OF THE GROUP'S WORKFORCE WORK OUTSIDE FRANCE
(68% IN 2021)

LACROIX's activities are also supported by staff made available under temporary employment contracts, representing an average of 203 full-time equivalents in 2022, compared to 120 in 2021. The increasing use of temping contracts reflects sustained activity in an uncertain context given the very low visibility of materials supplies.

1.2 Internal satisfaction survey

In order to understand the expectations of its employees and their relationship to work and the Company, and to gauge commitment to its projects, LACROIX has conducted an internal satisfaction survey since 2015, LACROIX & You, among all Group employees. This survey is run every 2 years.

With 88% of employees participating, the findings of the 2020 survey, which combines around 100 points of assessment across 10 topics, provide a valuable foundation on which to base improvement measures and actions.

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

The next internal satisfaction survey will be conducted in 2023 at Group level.

1.3 Organisation of corporate dialogue

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

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

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

Most LACROIX entities have staff representation bodies, which held more than 148 meetings in 2022 across the entire Group (180 in 2021 and 246 in 2020). The Electronics business also held its European Social and Economic Committee meeting.

1.4 Health and safety at work

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

Health, safety, and dedicated training programs

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

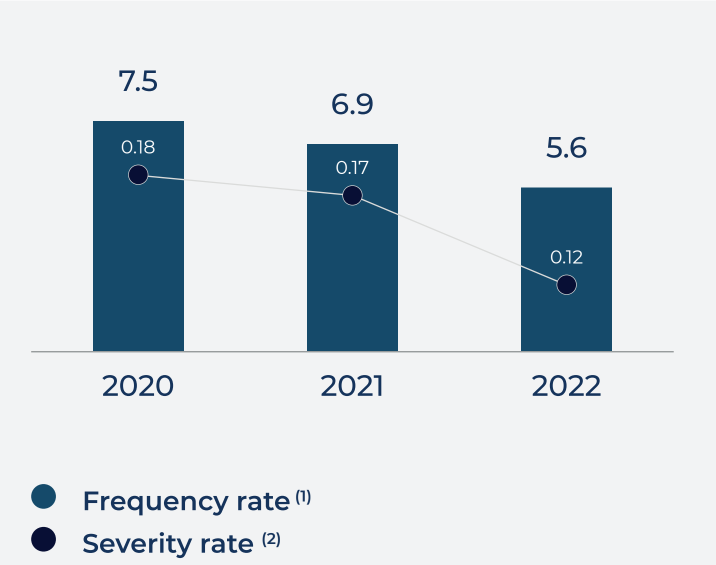
Accidents at work

The frequency rate of accidents at work fell again (by 1.3 points) in 2022, after falling by 0.6 points in 2021. The main types of workplace accidents are related to handling operations, for which employees are regularly reminded of safety instructions.

For each accident leading to work stoppage, the causes are recorded and an action plan is drawn up, linking back to the single safety document.

The severity rate of accidents at work fell by 0.05 points in 2022, after flat-lining between 2020 and 2021 (-0.01 points). The results justify the steps taken to prevent accidents, monitor compliance with security measures, raise awareness around the risks involved in our activities, and ensure that personal protective equipment is worn.

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



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

GOOD PRACTICES

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

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

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

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

Absenteeism

2022 was marked by a very large number of short-term absences due to Covid-19. These stoppages account for the bulk of short-term sick leave, with a slight change of 0.2 points.

Absenteeism due to maternity, paternity and adoption leave fell slightly (by 0.3 points) in 2022.
The total absenteeism rate flat-lined in 2022 and 2021 (8.63% in 2022 and 8.67% in 2021 respectively)

	2022	2021
Short-term illness	5.28%	5.08%
Occupational illness	0.05%	0.01%
Workplace and commuting accidents	0.08%	0.10%
Maternity, paternity, and adoption leave	3.18%	3.48%
Total absenteeism rate	**8.63%**	**8.67%**

1.5 Accident prevention measures and raising awareness about health

In several of the group's entities, prevention measures have been taken to raise awareness among employees of actions that improve their daily work.

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

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

For example, in 2022 the HSE department at the Kwidzyn site in Poland organised a first-aid course. Topics include: how to use a defibrillator, how to put an injured person in a lateral position, first aid in case of injury, first aid kit equipment, how to transport injured people using a chair.
A total of 130 people were trained.

1.6 Gender equality

2,918 WOMEN

2,400 MEN

Women account for 55% of the group's workforce in 2022 (an increase of one point compared to 2021 when women made up 54% of the workforce).

They account for **61% of the Electronics Activity's staff**, which employs a predominantly female workforce in its workshops.

LACROIX closely monitors the equal treatment of men and women in the workplace. Each activity takes account of wage gaps that may exist between men and women, seeking to reduce any such gaps.

In addition to Company-level agreements and mandatory action plans, specific measures are in place to make it easier for women to carry out a professional activity.

In 2022, the gender equality index will be above 75 points for most of the Group's companies based in France, for which this indicator must be calculated (companies with more than 50 employees). Companies with an index below 75 points have drawn up an action plan to improve the index through targeted measures.

connected women POUR + DE FEMMES DANS LA TECH

In 2022, LACROIX is committed to improving the representation of women in technical professions, notably through its participation in the "Connected Women" Forum organised in Angers.

ODYSSEA

In March 2022, as it does every year, LACROIX took part in the ODYSSEA race to raise funds for breast cancer research.

la minut'rit conciergerie d'entreprise

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

2. TALENTS AND SKILLS

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

2.1 Training

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

Each LACROIX activity defines its annual training plan, taking into account the development areas
The group's strategies, the needs expressed by managers and the wishes expressed by employees.

The Group set aside 50,385 hours of training for its teams in 2022, compared with 56,581 hours in 2021. Sustained training efforts. The educational budget allocated to training in 2022 has increased significantly (€732K compared to €646K in 2021). Data from the Juarez site in Mexico is not consolidated in the reported figures.

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

Across LACROIX activities, training initiatives break down as follows:

	ELECTRONICS		CITY		ENVIRONMENT	
	Number of hours	Budget (€K)	Number of hours	Budget (€K)	Number of hours	Budget (€K)
Training provided	42,934	353	4,161	234	2,872	121

418 hours of training are also provided as part of the LACROIX Corp's activities.

GOOD PRACTICES

LACROIX has introduce a training course leading to a diploma, aimed at developing a managerial, environmental and leadership culture.

LACROIX Corporate Executive -MBA for senior executives

The classes include trainees with international profiles and trainees from business lines representative of the Group. All share a common foundation built on the Group's vision, values, and management principles.

The LACROIX Corporate Executive - MBA class of 2022-2023 will graduate 13 managers who will have successfully completed the program launched in October 2022.

Senior & Advanced Leadership profiles
LACROIX Corporate MBA
by
Audencia BUSINESS SCHOOL

2.2 Development of collaborative working

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

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

Innovation Lab by LACROIX is an innovation driver designed to support innovation within the Group. Through webinars, ideation sessions, design thinking... the Lab supports the teams of the different activities, which can rely on the expertise of the catalysts for ideation, prototyping, experimentation and management of innovative projects.
The Lab team is also developing a network of partners with whom it works to discover new uses and develop new technologies.

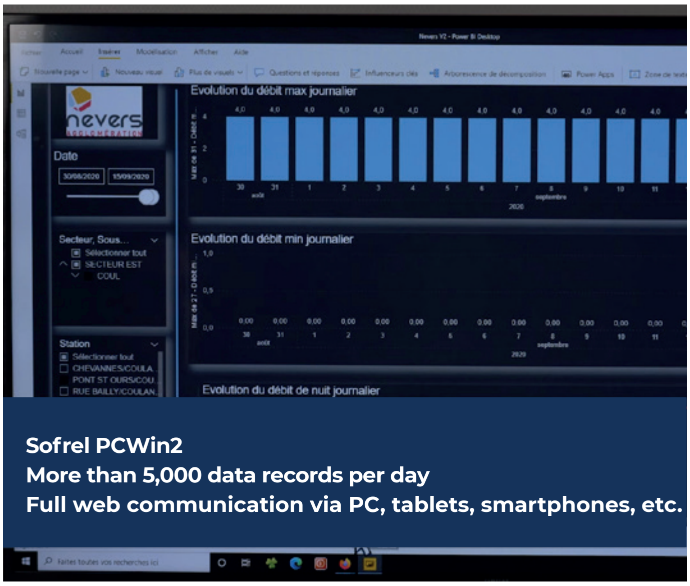
Created in 2016, **LACROIX TECH** is a community of stakeholders focussed on innovation and development within LACROIX. More than 300 employees share their ideas and the latest developments in various cutting-edge fields.

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

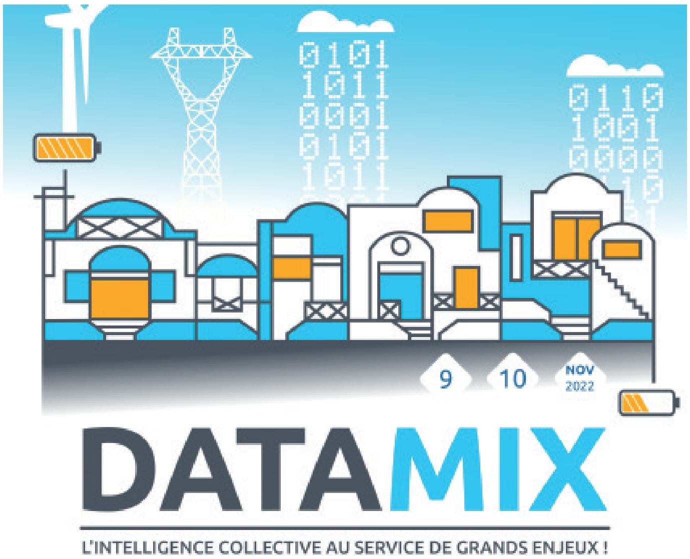
Detecting anomalies in drinking water systems with Nevers Agglomération

On average, 22% of the drinking water produced in France is lost through leaks in the pipes making up the networks. Today, technicians spend more and more time monitoring with more and more data every day. The Innovation Lab teams, in close collaboration with the Nevers Agglomeration's Drinking Water Manager, proposed a solution that would reduce drinking water losses, increase efficiency in the networks and help technicians make better decisions.

This project won an award in the "Sustainable AI" category at the 1st World Artificial Intelligence Festival in Cannes in 2022.



Sofrel PCWin2
More than 5,000 data records per day
Full web communication via PC, tablets, smartphones, etc.



Data Mix with Enedis

Organised by Enedis, the Rennes LabFab and Rennes Métropole, the Datamixes are creative marathons devoted to energy data. Contrary to a hackaton, where the competition is what matters, DataMix calls for cooperation and is built around a common experience and values: the challenge is that of prototyping in a short time (2 days) and long-term projection is envisaged (beyond the concept).

LACROIX has been actively involved since the first edition.

This year's challenge focused on energy efficiency with a focus on the home, mobility and the city.

Digital Transformation

In 2022, LACROIX continued to deploy digital solutions in order to simplify its processes, increase efficiency and respond to the new uses of employees.

- LACROIX continues to digitalise its internal supplier invoice validation process by deploying the Esker tool on most of its sites. Information is fully digitalised, from receipt of the invoice to issuing of payment, by way of the internal validation circuit. In this way, the accounting teams gain efficiency, and the validation circuit is shortened.
- LACROIX has harmonised and digitalised, across the entire Group, its recruitment process using SMARTRECRUITER - ATS (Applicants Tracking System), which makes it possible to centralise applications received across the Group while also ensuring GDPR compliance. The tool enables recruitment officers to evaluate profiles, schedule interviews, and communicate with applicants, all online in an SAAS environment. This tool allows HR teams to save time in their recruitment procedures and gives managers direct access to their vacant positions. It also provides applicants with a better experience.
- Within France, LACROIX has digitalised its time and activity management tool using the KELIO solution from Bodet. The modern and intuitive interface, accessible in roaming mode, enables access to their personal information on leave and working hours. Validation circuits are digitised. In our industrial buildings, the badge sign-in terminals are now touch-sensitive. This system also includes new practices such as remote-working management.
- The Electronics Activity has developed a Real Time Monitoring (RTM) digital solution enabling instant consultation of production performance levels. The data collected is also processed for the purposes of continuous improvement and short-interval management procedures (such as LACROIX Daily Meetings).

GOOD PRACTICES

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

2.3 Support for apprenticeship training

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

In 2022, there were 144 young people in LACROIX teams taking their first steps in the working world, either on professional training contracts, apprenticeships, or work initiation schemes. There were 109 in 2021, an increase of 32%.

2.4 Links with colleges and actions to support teaching

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

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

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

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

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

LACROIX is also a partner of the Symplon.co second chance school - a "network of inclusive and supportive factories" which trains young people in technical digital professions as apprentices with a view to incorporating them into the LACROIX workforce.

LACROIX will welcome a new student cohort in 2023 to the Innovation Lab.

École IA Microsoft

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

2.5 Integration of new employees

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

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

In 2022, this procedure has been extended to all Group entities.

2.6 Key figures

LACROIX workforce movement:

1,071 Arrivals

891 Departures

10.7% Turnover

Of the 1,071 employees who joined LACROIX in 2022 (compared to 399 in 2021), 909 were recruited by the Electronics Activity, 116 by the City Activity, 32 by the Environment Activity, and 14 by the Group's corporate functions. The Group took on 577 women and 494 men.

Of the 891 employees who left the Group in 2022 (compared to 750 in 2021), 471 worked for the Electronics site in Poland.

The turnover of the Group's permanent staff represents 10.7%. Including temporary staff or staff on fixed-term contracts, LACROIX's staff turnover will increase by 3.2 points in 2022 to 15.1% compared to 11.8% in 2021. The increase in this turnover rate is very largely related to contract terminations due to the lack of deliveries of electronic components.

Recruitments and integrations by socio-professional category

	Men		Women		Total	
	2022	2021	2022	2021	2022	2021
Total	**494**	**224**	**577**	**175**	**1,071**	**399**
Non-Executives	390	168	507	146	897	314
Managers	104	56	70	29	174	85

Fixed-term and permanent contracts are taken into account.

The 1,071 recruitments include 769 recruitments made on fixed-term contracts.

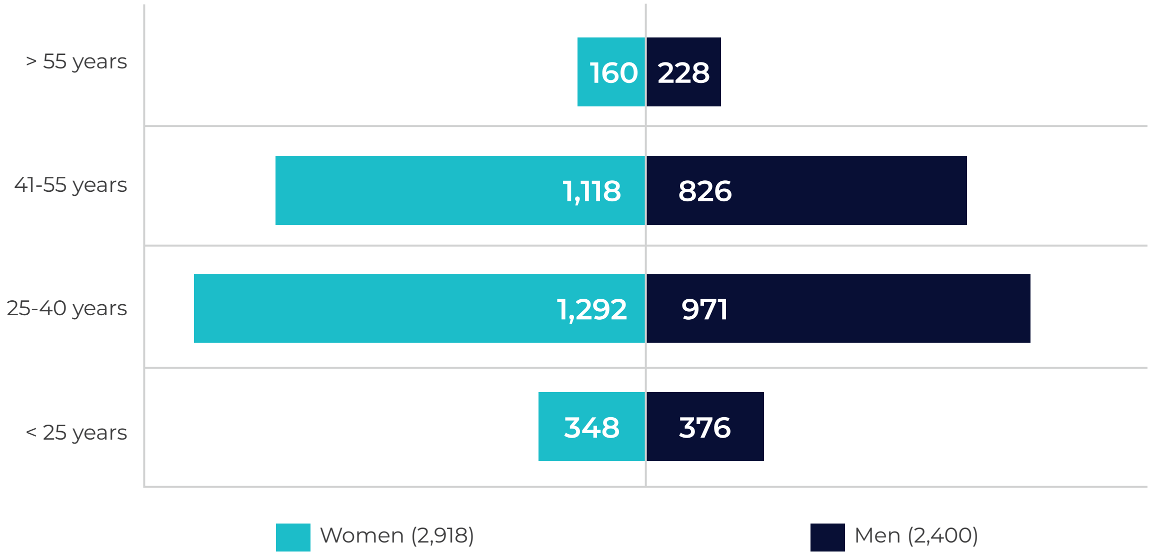
Socio-professional distribution

	Managers		Employees, Technicians & Supervisors		Labourers	
	2022	2021	2022	2021	2022	2021
Total	**791**	**719**	**1,461**	**1,157**	**3,066**	**1,998**
Men %	582 74%	552 77%	812 56%	640 55%	1,006 33%	603 30%
Women %	209 26%	167 23%	649 44%	517 45%	2,060 67%	1,395 70%

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

Managers make up 15% of the total workforce in 2022 (19% in 2021), supervisors and technicians 27% of the total workforce in 2022 (30% in 2021) and workers 58% of the workforce, an increase of 7 points in 2022 (51% in 2021).

Distribution of workforce by age bracket



The workforce is characterised by a young and predominantly female population.
As of 2022, 56% of the LACROIX workforce are younger than 40 years old (55% in 2021), and as in 2021, 7% are older than 55.

Distribution by geographical areas

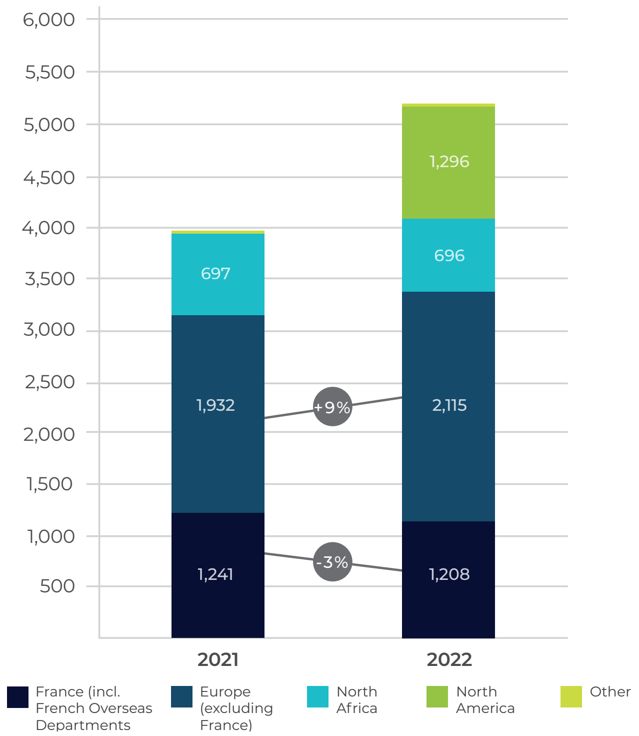
The story of LACROIX began in France. The development of the Group's activities over recent years has seen it support customers and conquer new markets internationally.

This international development has naturally been accompanied by changes in the geographical distribution of its workforce.

As a result of the acquisition of Firstronic in North America, 77% of the workforce will be located outside France in 2022, compared with 68% in 2021.

LACROIX is notably present in:	
United States	212 employees
Mexico	1,084 employees
Poland	1,786 employees
France	1,208 employees
Tunisia	696 employees
Germany	217 employees
Spain	89 employees
Belgium	13 employees
Italy	10 employees

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



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

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

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

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

3.1 Combating corruption

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

The teams most exposed to requests linked to corruption (sales, purchases, etc.) are trained in the applicable anti-corruption procedure. At the end of 2022, 600 employees have received training in compliance rules.

3.2 Alert system

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

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

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

3.3 Selecting suppliers

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

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

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

The selection of suppliers naturally takes account of their economic performance as well as their ethics, in order to ensure consistency with our commitment to operating within a sustainable development approach. As such, our suppliers are assessed according to Quality, Safety, and Environmental criteria, particularly with regard to their certifications, their organisational structures specifically set up to ensure the quality of their products and services, and measures undertaken to reduce the environmental impact of their activities. Our Purchasing Department, in partnership with our Quality Department, performs diligence checks on our suppliers in order to ensure that our requirements are duly met.
These audits may concern several aspects at once, such as the ability of the supplier to meet our needs, their technical capabilities, their quality system management, their adherence to environmental regulations, and their compliance with labour legislation.

3.4 Equal treatment and non-discrimination

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

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

Within the framework of company-level agreements and targeted actions, LACROIX encourages diversity within its teams, defines objectives and measures in favour of gender equality in the workplace and promotes the employment of people with disabilities through part-payment of apprenticeship taxes to the GIRPEH (disabled employment association), and more generally seeks to combat workplace discrimination, particularly through the implementation of its key processes such as recruitment, individual assessments, wage increase policies, etc. In 2022, no cases of discrimination were reported.

3.5 Geopolitical risks – Service continuity

The LACROIX Group has identified the areas in which it has significant manufacturing activity and which are particularly exposed to geopolitical risks. It is the group's Electronics business that is mainly affected, with delivery issues for its customers that can be significant. Thus, business continuity plans (BCPs) are worked on in order to be able to meet their commitments to best advantage, even in a crisis. ZRIBA's system proved its robustness during the fire that affected the site in 2019.

Preventive and corrective measures are taken. From a preventive point of view, there is a system for identifying risks as far upstream as possible (weak signals, global assessments, information on the sector, etc.). As far as corrective measures are concerned, measures are taken at operational level (organisation of production, reallocation of production between sites, constitution of safety stocks), at the logistics level (storage locations, transport flows, supplier relations), and also at product design level, in order to ensure great reactivity in the event of a crisis.

4. A COMPREHENSIVE QUALITY COMMITMENT

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

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

As such, LACROIX's sites work for the purposes of ISO 9001 and 14001 certification.

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

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

LACROIX plays a significant role in terms of local employment (direct and indirect) and regional development.

The ELECTRONICS business is a major economic player in its areas of activity in France (more than 350 jobs in the Communauté des Mauges, more than 350 jobs also in the Nantes basin and more than 100 jobs in the Rennes basin), in Tunisia (second largest employer in the Zriba enterprise zone with nearly 700 direct jobs) and in Poland (third largest employer in the Kwidzyn region with approximately 1,800 direct jobs). It plays a key role in regional balance within the rural areas in which it is based on each of these sites.

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

5.1 Economic development

Located near Rennes, **Innovation Lab by LACROIX** is developing a network of partners and working to discover new uses and develop new technologies.

The Lab interacts with many local stakeholders to develop ideas and promote innovative, concrete and deployable solutions to today's and tomorrow's societal challenges and problems: schools, research laboratories, start-ups, companies.

The team's actions with local and business ecosystems are key: to quickly identify companies that can help us meet today's challenges and jointly develop tomorrow's solutions with them, to share best practices within our ecosystem in order to challenge our current processes and to inspire each other in order to generate innovative projects hand in hand.

Commitment to intelligent territories

Beyond his missions within LACROIX, Stéphane Gervais, EVP Strategic Innovation of the LACROIX group, is closely involved in the territories and particularly in the **French Tech** in **Angers,** where he devotes his time and skills to the community on the Smart City theme, as well as in Nantes, where he is a member of the assessment committee of the **Nantes City Lab**.

He is also involved in the development of international mid-sized cities within the framework of **SIIVIM** and is a member of the OECD's **"Smart Cities and Inclusive Growth"** group.

LACROIX is a partner of the **"Mobility in a sustainable city" Research Chair** of the **Rennes 1 Foundation** with Rennes Métropole, the Legendre group, Keolis Rennes and the SNCF. The chair is held by Laurent Denant-Boëmont and François Bodin, research professors respectively at the *Centre de Recherche en Economie et Management* and the *Institut de Recherche en Informatique et Systèmes Aléatoires*: It works on issues at metropolitan level, both in terms of socio-economic studies (behavioural studies and public policy evaluation) and experimentation of innovative technological solutions, and also considers cybersecurity issues for smart-cities. In these fields of expertise, the Chair is involved in the creation of innovative companies and services, and participates in collaborative research projects.

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

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

5.2 Promotion of industry professions

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

In Poland, the Electronics Activity is pursuing its cooperation with 2 local universities to promote professions within the electronics industry. As such, as part of its "School close to work" program. The various sites regularly welcome visits from young students to raise their awareness of industrial jobs.

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

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

LACROIX remains faithful to the "Industry Week" organised by the French Metal Industry and Trade Union. As part of the 2022 event on the theme of "Inventing a sustainable future", LACROIX employees spoke with teachers and students in discussion workshops organised by schools, local employment initiatives, and colleges.

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

6. ENVIRONMENTAL IMPACT

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

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

In this respect, the entire Group pursues a proactive environmental policy leading to **ISO 14001** certification for all the Group's main industrial sites.

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

All the Group's sites endeavour to:

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

6.1 Waste generation and recycling*

LACROIX's activities generate carious types of waste: WEEE, plastics, metals and cardboard. Mixed waste, hazardous waste.

1,681 tonnes of non-hazardous industrial waste was generated in 2022, down from 1,803 tonnes in 2021.

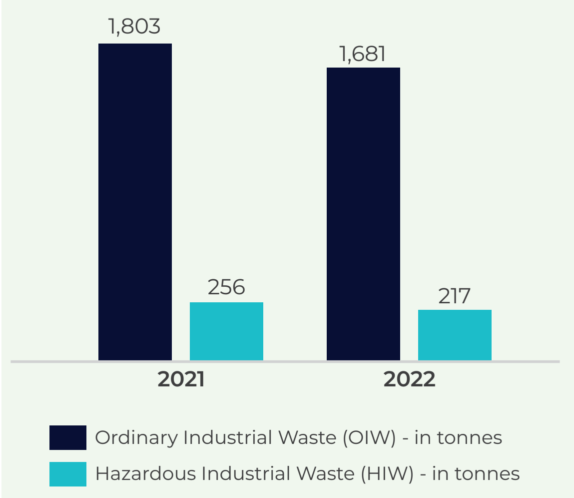
The generation of hazardous industrial waste remains limited and is under control at 217 tonnes, also down on 2021 (256 tonnes).

All LACROIX's sites work to reduce the amount of waste they generate and entrust their waste to approved waste collection and recovery service providers.

In 2022, 93% of the non-hazardous industrial waste generated will have been recovered, compared with 82% in 2021.

On all its production sites, the LACROIX Group has set up systematic sorting of hazardous waste, which is also entrusted to approved service providers.

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



93%
OF OIW IS RECYCLED

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

6.2 Energy consumption management

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

Consumption levels	2022	2021
Electricity (MWh)	24,017	20,491
Gas (MWh)	7,458	6,819
Heating networks (MWh)	1,815	985
Fuel oil (m^3)	0	3

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

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

6.3 Greenhouse gas emissions

The LACROIX Group's carbon footprint

As an international industrial company, LACROIX has a responsibility to actively reduce its GHG emissions.

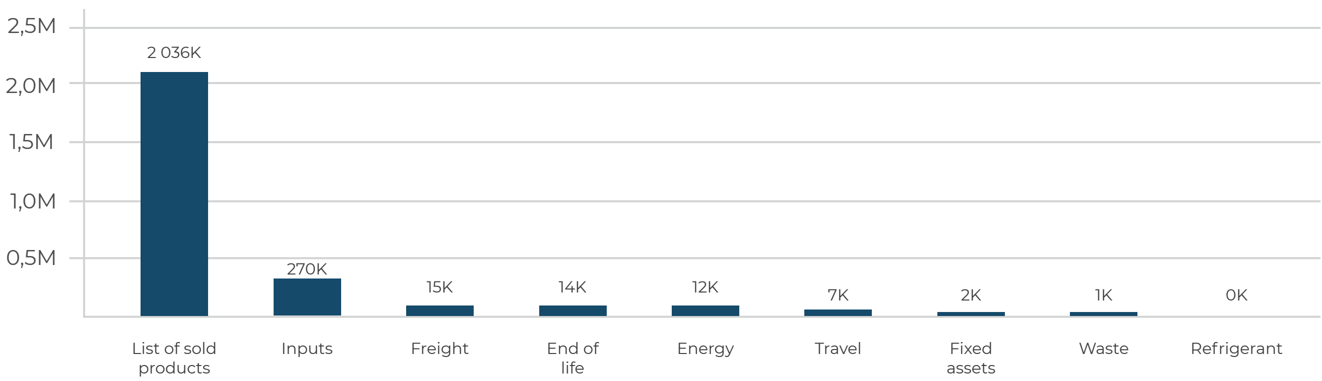
In order to be able to act with full knowledge of the facts, LACROIX had its carbon footprint assessed by an external firm in 2022. The assessment covered all the Group's activities in 2021 except for Firstronic, the US subsidiary of our Electronics business, which was acquired in the last days of 2021.

This project, which involved our activities in 6 countries and 17 sites, mobilised nearly 40 contributors over a period of 6 months, across all our entities, in the purchasing, sales, marketing and QSE departments, as well as colleagues from HR, finance, IS/IT... at corporate level.

The carbon footprint of the LACROIX Group in 2021 was **2.357 million tonnes of CO2 equivalent**, i.e. 4.7 kgCO2e per € of revenue.

This footprint can be broken down as follows:

- Use of the products sold: 2,036K tonnes of CO2e, or 86% of the Group's footprint
- Purchases (production and non-production): 270K tonnes of CO2e, or 11% of the Group's footprint
- Freight: 15 KtCO2e, 74% from upstream freight and 26% form downstream freight
- End of life of sold products: 14K tonnes of CO2e, including the collection, sorting and recovery of WEEE (50%), plastic (30%), metal (10%) and cardboard (10%) that make up our products and their packaging
- Energy: 12K tonnes of CO2e, from our consumption of electricity (83%), natural gas (13%) and district heating (4%)
- Travel: 7K tonnes of CO2e, from commuting (78%) and business trips (22%)



LACROIX climate strategy

During the course of 2023, on the basis of the results of its completed carbon assessment, LACROIX will set reduction targets for its greenhouse gas emissions in scopes 1, 2 and 3.

In particular, we are currently assessing the relevance and scope of a possible commitment to set targets approved by the Science Based Targets initiative.

6.4 Inauguration of the Symbiose plant

LACROIX inaugurated its new Symbiose 4.0 plant on 8 September 2022.

The Symbiose factory is a building with HQE (High Environmental Quality) certification and is a classified facility for the protection of the environment (ICPE).

Highlights of Symbiose's environmental performance:

- Roughly one third of electricity consumption is produced by the 10,000 square metres of photovoltaic panels installed on the site
- CO_2 emissions are 2.5 times lower per m2 than on the former Saint-Pierre-Montlimard site
- 100 cubic metres of rainwater recovered per year for the maintenance of green spaces and sanitary facilities
- A 55% reduction in electricity consumption thanks to the smart LED lighting system and the provision of natural light in all work areas
- 70,000 bees that contribute to local biodiversity thanks to the 2 hives installed on the site
- Eco-pasturing on our 13,000m² of land to maintain the green spaces

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




LACROIX

ELIGIBILITY AND ALIGNMENT WITH THE EUROPEAN TAXONOMY

In accordance with Regulation 2020/852 (EU) adopted in June 2020, LACROIX has analysed the eligibility and alignment with the **European Taxonomy** of its activities for the year 2022. These efforts focused on LACROIX's activities helping to **mitigate climate change** (our activities being far removed from areas of adaptation to climate change).

Given the complexity of our supply chain, with tens of thousands of electronic component references, it is currently very difficult for LACROIX to guarantee its compliance with the **Do No Significant Harm (DNSH)** principle (according to which, to be considered aligned, the economic activities under consideration must not cause significant harm to the other environmental objectives defined by the European Taxonomy, in this case adaptation to climate change, sustainable use and protection of aquatic and maritime resources, transition to a circular economy, prevention and control of pollution, protection and restoration of biodiversity and ecosystems), as well as with the **minimum Social Safeguards**.

We could have considered that compliance with the regulations in the countries where we operate, as well as the contractual obligation of our suppliers to do likewise, were sufficient to ensure the compliance of our activities with these two sustainability criteria defined by the European Union, but on the advice of an external firm, we preferred to adopt a **conservative approach**. Thus, although the majority of LACROIX's eligible activities meet the technical criteria of the European Taxonomy, we now consider that LACROIX's activities are not aligned with the sustainability criteria of the European Taxonomy. We reserve the right to change our position in the coming years, depending on further due diligence done in the future.

		LACROIX	LACROIX CORP.	ELECTRONICS EMEA	ELECTRONICS NA	CITY	ENVIRONMENT
Revenue	2022 FY, €M	708	0	359	163	109	76
	% eligible	**39%**	**0%**	**14,4%**	**25,5%**	**100%**	**100%**
	2022 Eligible, €M	279	0	52	42	109	76
	% aligned	0%	0%	0%	0%	0%	0%
	2022 Aligned, €M	0	0	0	0	0	0
OPEX	2022 FY, €M	10,9	0,1	5,0	1,2	1,9	2,7
	% eligible	**51%**	**0%**	**14,2%**	**25%**	**100%**	**100%**
	2022 Eligible, €M	6	0	0,7	0,3	1,9	2,7
	% aligned	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	2022 Aligned, €M	0	0	0	0	0	0
CAPEX	2022 FY, €M	22,3	0,2	8,8	8,8	3,1	1,5
	% eligible	**35%**	**0%**	**10%**	**28%**	**100%**	**100%**
	2022 Eligible, €M	8	0	0,9	2,5	3,1	1,5
	% aligned	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	2022 Aligned, €M	0	0	0	0	0	0

For each activity, we adopted a BU/Product Line approach, focusing on the most representative activities. The following table summarises the reasoning behind the eligibility of our products and solutions for each of the group's activities/BUs.

Activity	BU / Entity (% of activity revenue)	NACE	Eligible activity (Ref. in Appendix 1 concerning mitigation)	Conclusion
Envi.	Sofrel (69%)	26.51 Manufacture of instruments and appliances for measuring, testing, and navigation	4.15 Heating/cooling systems 5.1 Construction, extension and operation of water collection, treatment and distribution systems	**100% of SOFREL's activity** is dedicated to the management and optimisation of water and heating/cooling systems.
Envi.	SAE (31%)	26.51 Manufacture of instruments and appliances for measuring, testing, and navigation	4.15 Heating/cooling systems 4.9 Transmission and distribution of electricity	**100% of the SAE activity** activity is dedicated to the management and optimisation of smart electricity networks and heating/cooling systems.
City	Road signs (50%)	25.99 Manufacture of other fabricated metal products (not listed in Appendix 1 but not exhaustive)	6.13 Infrastructure for personal mobility, cycling 6:15. Infrastructures favourable to low-carbon road transport and public transport	Virtually all the activity of the Road Signs BU contributes to the operation of the infrastructure needed for the mobility of people and for urban and road transport → **100% eligible**
City	Traffic (23%)	27.90 Manufacture of other electrical equipment	6.13 Infrastructure for personal mobility, cycling 6:15. Infrastructures favourable to low-carbon road transport and public transport	Almost all of BU Traffic's activity contributes to the operation of infrastructure needed for the mobility of people and for urban and road transport → **100% eligible**
CITY	Street Lighting (25%)	27.40 Manufacture of electric lighting equipment	6.13 Infrastructure for personal mobility, cycling 6:15. Infrastructures favourable to low-carbon road transport and public transport	Almost all the activity of the Street Lighting BU contributes to the operation of infrastructure needed for the mobility of people and for urban and road transport → **100% eligible**

(table continued on next page)

Elec. EMEA **Elec. NA**	Manufacturing (68%) Manufacturing (31%)	26.12 Manufacture of loaded electronic boards	3.3 Low carbon manufacturing technology for transport 3.5 Manufacture of energy-efficient equipment for building construction 6:15. Infrastructures favourable to low-carbon road transport and public transport 8.2 Data-driven solutions for GHG emission reductions	For this electronic subcontracting activity, we have chosen to consider the **end use of the products in which the electronic subassemblies we manufacture for our customers are inserted**. The 4 categories of eligible activities applying to the end products in which our products are inserted are listed in the left-hand column. For example, we have considered the following end products eligible: • Equipment for electric vehicles • Equipment for heating buildings, such as boilers and heat pumps • Cooking equipment, such as induction hobs • Equipment for vehicle geolocation and transport optimisation
Elec.	Design and other miscellaneous activities (7%)	Miscellaneous	Diversified base of projects and customers – considered ineligible by default	Diversified base of projects and customers – **considered ineligible by default**
Holding	Holding	N/A	Ineligible (0% revenue / OPEX / CAPEX)	**Ineligible**

REPORT METHODOLOGY AND FRAMEWORK

The information presented is drawn up using a reporting protocol, available on request from the following email address: info@lacroix-group.com. This methodological guide for internal Group use sets out the definitions and methodologies to be applied in order to ensure the homogeneity of this consolidated information.

This CSR report has been reviewed by the independent third-party body EY.
With regard to the scope covered:

- The workforce indicators cover 100% of the scope. The social and societal indicators do not include companies with fewer than 20 employees and our workforce in Mexico.

- The environmental indicators cover industrial and semi-industrial sites with more than 50 employees, representing 95% of the group's consolidated turnover and 95% of the workforce. Industrial and semi-industrial sites with fewer than 50 employees, as well as office sites, are excluded from the reporting scope because their environmental impacts are negligible compared to the Group's industrial sites, and because several data sets are not available for these sites (in particular waste monitoring).
  It should be noted that the scope for waste is incomplete:
  - For non-hazardous industrial waste, data from the Cologne site in Germany is missing.
  - For hazardous waste, data from the Cologne (Germany) and Grand Rapids (USA) sites is missing.

We are working on setting up the reporting of this data, so that it will be available for the next reporting period.

Given the nature of our activities, we consider that the following areas – combating food waste, combating food insecurity, animal welfare protection, and responsible, equitable, and sustainable food supply – are not primary CSR risks and need not be expanded upon in this report. As far as physical and sports activities are concerned, their promotion is left to the discretion of each site.

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

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

The reporting period corresponds to the fiscal year, i.e. from 1 January 2022 to 31 December 2022.
The stated comparative basis therefore refers to the period running from 1 October 2021 to 30 September 2022, i.e. the equivalent period for the previous fiscal year.

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

Drawn up in Saint-Herblain,
on 15 February 2023

The Board of Directors

FIVE-YEAR FINANCIAL SUMMARY AND OTHER SIGNIFICANT AREAS

Nature of items	2016 / 2017	2017 / 2018	2018 / 2019	2019 / 2020	2021
CAPITAL AT YEAR END					
- Share capital	25,000,000	25,000,000	25,000,000	25,000,000	32,055,239
- Number of existing ordinary shares	3,766,560	3,766,560	3,766,560	3,766,560	4,829,096
- Number of preference shares (non-voting)					
- Maximum number of future shares to be created					
TRANSACTIONS AND REVENUE FROM THE FINANCIAL YEAR					
- Revenue net of taxes	3,184,417	4,155,210	6,098,794	9,944,480	10,274,844
- Pre-tax profit, employee profit-sharing, depreciation, allowances and provisions	5,251,254	4,040,601	3,652,372	173,477	4,679,451
- Income taxes	-3,645,286	-3,575,140	-4,619,761	- 5,919,185	-3,969,767
- Employee profit-sharing payable for the year	0	0	0	0	0
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	8,791,007	7,193,223	8,578,017	6,091,533	8,640,922
- Distributed profit	2,259,936	2,711,923	3,389,904	2,561,261	4,104,732
EARNINGS PER SHARE					
- Profit after tax, employee profit-sharing, before depreciation, allowances and provisions	2.36	2.02	2.20	1.62	1.79
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	2.33	1.91	2.28	1.62	1.79
- Dividend per share	0.60	0.72	0.90	0.68	0.85
PERSONNEL					
- Average number of employees during the year	7	12	27	27	27
- Total payroll for the year	1,336,721	1,633,085	2,592,440	4,588,082	4,889,575
- Total amount paid for employee benefits in the year (social security, company welfare schemes, etc.)	667,341	784,637	1,411,738	2,407,622	2,272,238

Drawn up in Saint-Herblain,

on 27 March 2022

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

LACROIX Group
Year ended 31 December 2022

To the General Meeting of Shareholders of Lacroix Group,

Opinion

In compliance with the engagement entrusted to us by your general meeting of shareholders, we have audited the accompanying financial statements of Lacroix Group for the year ended 31 December 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis of opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

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

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

Measurement of the recoverable amount of equity securities

Risk identified

As at 31 December 2022, equity securities amount to a gross value of €85,793k and a net value of €79,293k.

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

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

Our response

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

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

Specific Verifications

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

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

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

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

Report on Corporate Governance

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

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

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

Other information

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

Report on Other Legal and Regulatory Requirements

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

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

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

Appointment of the Statutory Auditors

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

As at 31 December 2022, MAZARS was in its second year and ERNST & YOUNG et Autres in its fourteenth year of total uninterrupted engagement.

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

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

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

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

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

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

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

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

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

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

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

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

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

Report to the Audit Committee

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

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

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

Saint-Herblain and Nantes, 28 March 2023
French original signed by:

The Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

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

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

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

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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

LACROIX Group
Year ended 31 December 2022

To the General Meeting of Shareholders of Lacroix Group,

Opinion

In compliance with the engagement entrusted to us by your general meeting of shareholders, we have audited the accompanying consolidated financial statements of Lacroix Group for the accounting period ended 31 December 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

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

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

Measurement of the recoverable amount of goodwill

Risk identified

As at 31 December 2022, the net value of goodwill is €86,320k.

As stated in Note 6.4.4 "Business combinations" to the consolidated financial statements, goodwill is subject to an impairment test at least once a year and more frequently when events or circumstances indicate that goodwill may be impaired.

Impairment tests are carried out at the level of the Cash Generating Units (CGUs). They consist in comparing the carrying amount of a CGU to its recoverable amount.

The recoverable amount of the goodwill of each CGU defined by your group is determined based on future cash flows calculated for five-year periods, a discount rate of 9.2% for the City and Environment CGUs and 9.7% for the Electronics CGU, and a perpetual growth rate of 2% for the City, Environment and Electronics CGU, as stated in Note 8.1 "Goodwill" to the consolidated financial statements.

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

Our response

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

- assessed the operational assumptions adopted to establish the cash flow projections, notably by comparing them to past actual figures and market prospects.
- reviewed the implementation of the reconciliation of the business plans used for the impairment tests with the Leadership 2025 strategic plan approved by the Board of Directors.
- examined the methods used to determine the discount rate and the perpetual growth rate and their consistency with the underlying market assumptions.

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

Measurement of provisions for disputes with local authorities

Risk identified

As stated in Note 8.11 “Provisions for liabilities and charges” to the consolidated financial statements, as at 31 December 2022 your group is involved in disputes with local authorities concerning losses allegedly suffered during the period, during which certain group companies were sentenced for cartel activities in 2010.

The total amount of the provisions recognized in respect of these disputes with local authorities is €500k as at 31 December 2022.

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

Our response

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

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

Specific Verifications

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Due to the technical limitations relating to the micro-tagging of the consolidated financial statements in the European single electronic format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached hereto.

Appointment of the Statutory Auditors

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

As at 31 December 2022, MAZARS was in its second year and ERNST & YOUNG et Autres in its fourteenth year of total uninterrupted engagement.

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

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

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

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

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

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

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

Objectives and audit approach

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

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

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

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

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

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

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

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

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

Report to the Audit Committee

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

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

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

Saint-Herblain and Nantes, 28 March 2023
French original signed by:

The Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

MAZARS
4, rue Edith Piaf
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44800 Saint-Herblain S.A. à directoire et conseil de surveillance au capital de € 8 320 000
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ERNST & YOUNG et Autres
3, rue Emile Masson
CS 21919
44019 Nantes cedex 1
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

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

STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

LACROIX Group
Annual general meeting held to approve the financial statements for the year ended 31 December 2022

To the Annual General Meeting of Lacroix Group,

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

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

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended 31 December 2022, of the agreements previously approved by the Annual General Meeting.

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

Agreements submitted for approval to the Annual General Meeting

Agreement authorized and entered into during the year ended 31 December 2022

We hereby inform you that we have not been notified of any related party agreement authorized and concluded during the year ended 31 December 2022 to submit for authorization from your Board of Directors, In accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements with no prior authorization

In accordance with articles L.225-42 and L.823-12 of the French Commercial Code (Code de commerce), we hereby inform you that the following agreements did not receive prior authorization from your Board of Directors.

Our role is to inform you of the reasons why the authorization procedure was not followed.

With LACROIX North America

Person concerned

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

a) Nature and purpose

Conclusion of a loan agreement, dated 3 November 2022.

Conditions

The loan granted by your company to Lacroix North America amounts to USD2,500k.

Due to an omission by your Board of Directors, the afore-cited loan agreement did not receive prior authorization as required by article L.225-38 of the French Commercial Code.

b) Nature and purpose

Conclusion, on 25 January 2022, of a supplemental agreement to the loan agreement, authorized by your Board of Directors on 20 September 2021, for the initial amount of USD30,000k, aimed at contributing to finance the acquisition of 49.7% of the shares of Firstronic LLC.

Conditions

The loan granted by your company to Lacroix North America, further to the afore-cited supplemental agreement, amounts to USD33,957k. This loan generated financial income amounting to USD1,217k for your company during the year ended 31 December 2022.

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

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (Code de Commerce), we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2022.

With Vinila Investissements

Persons concerned

Mr Vincent Bedouin: CEO of your company and President of Vinila Investissements;

Mr Nicolas Bedouin: Deputy CEO of your company and member of the Supervisory Board of Vinila Investissements;

Ms Marie-Reine Bedouin: member of the Board of Directors of your company and Chairman of the Supervisory Board of Vinila Investissements.

a) Nature and purpose

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

Conditions

An expense in the amount of €140k was recognized by your company in respect of the year ended 31 December 2022.

b) Nature and purpose

Service-providing agreement, the object of which is to provide premises located 5, rue de La Pérouse, 75016 Paris.

Conditions

The fixed annual remuneration in the amount of €20k exclusive of tax, paid to Vinila Investissements.

With LACROIX North America

Persons concerned

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

Nature and purpose

Conclusion of a loan agreement, dated 22 December 2022, approved by the annual general meeting dated 6 May 2022, aimed at contributing to finance the acquisition of 49.7% of the shares of Firstronic LLC.

Conditions

The loan granted by your company to Lacroix North America amounts to €30,000k. This agreement was subject to the supplemental agreement, dated 25 January 2022, referred to above under the section "Agreements submitted for approval to the Annual General Meeting",

Saint-Herblain and Nantes, 28 March 2023
French original signed by:

The Statutory Auditors

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

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

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

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

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

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

LACROIXGroup
Year ended the December 31, 2022

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your company (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended December 31, 2022 (hereinafter the «Statement») with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the «Information») prepared in accordance with the entity's procedures (hereinafter the «Guidelines»), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

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

Preparation of the non-financial performance statement

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

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

Limitations inherent in the preparation of the Information

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

The entity's responsibility

It is the responsibility of the Board of Directors to:

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

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

Responsibility of the independent third party

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

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

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

However, it is not our responsibility to comment on :

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

Regulatory provisions and applicable professional standards

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

Independence and quality control

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

Means and resources

Our verification work mobilized the skills of four people and took place between January 2023 and March 2023 on a total duration of intervention of about quatre weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement including in particular Compliance, Environment and purchasing departments.

Nature and scope of the work

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

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

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

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

- we referred to documentary sources and conducted interviews to

  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (environment and waste production, supply chain, business ethics and behaviour) our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on the entity Lacroix Electronics Kwidzyn.

- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;

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

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:

  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 41% and 53% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (41% of the workforce, 50% of electricity consumption, 53% of training hours);

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

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

Paris-La Défense, the March 28, 2023
French original signed by:

Independent third party
EY & Associés

Christophe Schmeitzky
Partner, Sustainable Development

Annexe 1 : The most important information

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Workforce on 31 December 2022 Number of permanent and fixed-term contracts Number of departures Absenteeism rate Number of days of absence Number of days worked Total number of hours worked Number of accidents at work Number of days lost due to accidents at work work accidents Severity rate of accidents at work Frequency rate of accidents at work	The measures deployed for the health and safety of employees (prevention actions, training). Social dialogue measures. Measures taken for gender equality and equal treatment. The results of internal skills development policies (training plan).
Environmental Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Tonnage of non-hazardous industrial waste produced Waste recycling rate Electricity consumption Fuel consumption Gas consumption Greenhouse gas emissions from energy consumption (tons of CO_2 equivalent)	The steps taken to recycle waste with qualified suppliers. Specific treatment of hazardous waste. Measures to control energy consumption at the sites. Description of greenhouse gas emissions and in particular the main scope 3 emission items.
Societal Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
	The impact of the company on the territory and the development of a socio-economic fabric. Procedures related to the choice of suppliers. The results of policies in terms of business ethics and and behavior (anti-corruption, Global Compact program). Geopolitical risk mitigation measures. Certification procedures related to the quality of product quality. Initiatives for the economic development of territories.

TEXT OF RESOLUTIONS PROPOSED TO THE ANNUAL ORDINARY GENERAL MEETING OF 11 MAY 2023

FIRST RESOLUTION

Approval of the annual financial statements

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

- of the Management Report of the Board of Directors, including the report on corporate governance, and
- of the reports of the Statutory Auditors,

approves the annual financial statements for the financial year ending 31 December 2022, as presented to it, together with the transactions recorded in these accounts and summarised in these reports.

It ratifies the following agreements, the terms of which are described in the special report of the statutory auditors:

- Loan agreement with LACROIX North America, dated 3 November 2022;
- Amendment of 25 January 2022 to the loan agreement concluded on 22 December 2021 with LACROIX North America.

Pursuant to Article 223 quater of the French General Tax Code, the General Meeting approves the non-deductible expenses and charges referred to under Article 39-4 of the said Code, which amount to an overall total of €43,410, and the corresponding tax obligation of €10,853.

SECOND RESOLUTION

Approval of the consolidated financial statements

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

- of the Group Management Report,
- and of the report of the Statutory Auditors,

approves the consolidated financial statements for the financial year ending 31 December 2022, as presented to it, together with the transactions recorded in these accounts and summarised in these reports.

THIRD RESOLUTION

Appropriation of the year's profit and distribution of dividends

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves the proposal from the Board of Directors to appropriate the profits of financial year ending 31 December 2022, namely €14,517,939.39, as follows:

Profit from the financial year	14,517,939.39 euros
Plus retained earnings	1,746,799.56 euros
To form a distributable profit of	16,264,738.95 euros
As dividends to shareholders Namely €0.80 per share	3,863,276.80 euros
To the "Other reserves" account which thus totals €95M.	11,000,000.00 euros
The balance in "Retained earnings"	1,401,462.15 euros

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

Following this appropriation, shareholders' equity stands at €171,428,205.17 before the portion of dividends on the treasury shares held by the Company.

Payment of the dividend will be made at the Company's registered office on 13 July 2023.

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

- Since 1 January 2018, distributed income has been liable for a single flat-rate tax of 30%, i.e. 12.8% on income tax and 17.2% on social security contributions.

- The mandatory flat-rate income tax is maintained but its rate is aligned with that of the PFU (12.8% - Article 117 quater of the French General Tax Code).

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

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

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

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

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

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
2018 - 2019	0.90	3,389,904	3,766,560	3,621,328
2019 - 2020 (*)	0.68	2,561,261	3,766,560	3,619,775
2021	0.85	4,104,731.60	4,829,096	4,679,888

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

FOURTH RESOLUTION

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, sets the total annual amount of compensation for the current financial year to be distributed among the members of the Board of Directors, at €52,000.

FIFTH RESOLUTION

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy for the administrators, as presented in the 2022 annual financial report of the Company.

SIXTH RESOLUTION

Approval of the compensation items due or allocated for the 2022 financial year to Vincent Bedouin, Chairman & CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2022 to Vincent Bedouin, as presented in the 2022 annual financial report of the Company.

SEVENTH RESOLUTION

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applicable to Vincent Bedouin, as presented in the 2022 annual financial report of the Company.

EIGHTH RESOLUTION

Approval of the compensation items due or allocated for the 2022 financial year to Nicolas Bedouin, Deputy CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, and pursuant to Article L. 22-10-34 II of the French Commercial Code, approves the set, variable, and exceptional items composing the total compensation and benefits of any kind paid or allocated for the financial year ending 31 December 2022 to Nicolas Bedouin, as presented in the 2022 annual financial report of the Company.

NINTH RESOLUTION

Approval of the compensation policy for Nicolas Bedouin, Deputy CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applicable to Nicolas Bedouin, as presented in the 2022 annual financial report of the Company.

TENTH RESOLUTION

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of said Code, as included in the report of the Board of Directors on corporate governance, contained in the 2022 annual financial report of the Company.

ELEVENTH RESOLUTION

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

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

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

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

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

The maximum number of shares that may be purchased is set at 335,016 (i.e. 6.94% of share capital). The General Meeting decides that the maximum purchase price per share may not exceed €60 (or a maximum total amount of €20,102,520 intended for the purposes of this program).

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

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

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

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

TWELFTH RESOLUTION

Powers to carry out formalities

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

PART 02

ACCOUNTING & FINANCIAL ITEMS

(CONSOLIDATED FINANCIAL STATEMENTS)

1. CONSOLIDATED BALANCE SHEET

In €K Assets	Note no.	31/12/2022	31/12/2021
Non-current assets			
Goodwill	8.1	86 319	84 375
Intangible assets	8.2	44 427	44 362
Tangible assets	8.3	98 755	94 584
Rights of use	8.4	11 266	12 141
Non-current financial assets	8.5	2 822	5 307
Investments in associates			
Deferred tax assets	8.19.3	8 548	9 783
Total non-current assets		**252 136**	**250 552**
Current assets			
Inventory and goods in progress	8.6	157 155	120 359
Trade accounts receivable	8.7	127 091	113 675
Other receivables	8.8	30 165	25 253
Derivative financial instruments	9.1	2 279	20
Cash and cash equivalents	8.9	22 613	33 355
Total current assets		**339 302**	**292 664**
TOTAL ASSETS		**591 439**	**543 216**

In €K Liabilities	Note no.	31/12/2022	31/12/2021
Shareholders' equity			
Share capital		32 055	32 055
Share premiums		39 645	39 645
Consolidated reserves		90 535	60 753
Consolidated income of the year		11 876	21 610
Shareholders' equity (Group share)	**4**	**174 112**	**154 063**
Non-controlling interests	**4**	**19 773**	**26 317**
Total shareholders' equity		**193 885**	**180 380**
Non-current liabilities			
Provisions for other liabilities and charges	8.11	14 694	20 598
Borrowings	8.12	85 044	74 851
Lease liabilities	8.4	8 468	9 431
Amounts due for business combinations	8.13	12 978	12 130
Deferred tax liabilities	8.19.3	11 927	10 026
Total non-current liabilities		**133 111**	**127 036**
Current liabilities			
Borrowings	8.12	78 004	63 191
Lease liabilities	8.4	3 091	2 921
Trade accounts payable	8.14	116 243	106 699
Derivative financial instruments liabilities	9.1	2 686	
Amounts due for business combinations	8.13		10 414
Other debts	8.14	64 418	52 575
Total current liabilities		**264 443**	**235 800**
TOTAL LIABILITIES		**591 439**	**543 216**

2. COMPREHENSIVE INCOME STATEMENT

2.1 Consolidated income statement

In €K	Note no.	Period 2022 12 months	Period 2021 12 months
Revenue	**9.2**	**707,760**	**501,450**
Change in inventories and goods in progress		10,453	(2,088)
Goods and raw materials purchased		(442,766)	(292,353)
Personnel expenses	8.15	(166,169)	(128,769)
Subcontracting and external expenses		(63,343)	(45,287)
Taxes		(4,071)	(3,619)
Depreciation, amortisation and provisions	8.16	(21,997)	(12,854)
Other income and expenses		1,847	1,647
Current operating profit	**9.2**	**21,715**	**18,126**
Other operating income and expenses	8.17	(723)	(922)
Impairment of goodwill			
Operating profit		**20,991**	**17,204**
Financial income and expenses	8.18	(7,233)	5,776
Income tax expense	8.19	(2,030)	(595)
Equity method			
Net income		**11,729**	**22,386**
Net income - non-controlling interests	4	(147)	776
Net income - Group share		**11,876**	**21,610**
Basic earnings per share (in euros)	8.10	2.54	5.32
Diluted earnings per share (in euros)	8.10	2.53	5.32

2.2 Consolidated statement of comprehensive income

In €K	Note no.	Period 2022 12 months	Period 2021 12 months
Net income		**11,729**	**22,386**
Currency translation differences		1,766	49
Change in derivative financial instruments		1,489	344
Actuarial gains and losses on retirement benefit obligations		3,283	814
Total change in other comprehensive income (OCI) (1)		**6,538**	**1,207**
Total comprehensive income (loss) for the period	**4**	**18,267**	**23,593**
Group		17,543	22,817
Non-controlling interests		724	776

(1) Amount net of tax.

3. CASH FLOW STATEMENT

In €K	Note no.	Period 2022 12 months	Period 2021 12 months
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**11,729**	**22,386**
- Income tax expense	8.19	2,030	595
Net income before income tax expense		**13,758**	**22,980**
Adjustments for:			
- Depreciation, amortisation and provisions		21,603	11,520
- Gains or losses on sale of assets		(557)	(1,064)
- Share of profit from associates			
- Change in fair values		2,556	(8,966)
Income tax paid		**(602)**	**(3,939)**
Cash flows from operations of consolidated companies		**36,759**	**20,532**
Dividends received from equity-method companies			
Changes in working capital relating to operations		**(35,286)**	**(15,662)**
Net cash flow from operating activities		**1,474**	**4,869**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of tangible and intangible assets	8.2 / 8.3	(19,526)	(30,486)
Acquisition of financial assets	8.5	(953)	(898)
Proceeds from sales of tangible and intangible assets		2,006	1,566
Effect of changes in consolidation scope			(72,445)
Net cash flow from investment activities		**(18,473)**	**(102,262)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders and non-controlling interests		(4,440)	(3,840)
Proceeds from issuance of share capital (Group or non-controlling int.)			43,245
Changes in ownership interests without change in control		(9,252)	
Other changes in shareholders' equity		9	(17)
Proceeds from borrowings	8.12.2	29,442	51,392
Repayment of borrowings	8.12.2	(14,469)	(31,629)
Repayment of lease liabilities	8.4	(3,661)	(2,774)
Net cash flow from financing activities		**(2,372)**	**56,377**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		(689)	(293)
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**(20,060)**	**(41,309)**
Cash and cash equivalents and bank overdrafts at the beginning of the period		(5,626)	35,684
Reclassification		(94)	
Cash and cash equivalents and bank overdrafts at the end of the period	8.9	(25,780)	(5,626)

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In €K Position on closing	Note	Share capital	Premiums	Consolidated reserves	Period result	Other		Total shareholders' equity - Group share	Non-controlling interests	TOTAL shareholders' equity
						Currency translation differences	Shares of consolidating company			
As at 31/12/2020		**25,000**	**3,455**	**64,323**	**11,009**	**(3,048)**	**(2,864)**	**97,875**	**11,222**	**109,097**
Appropriation of results from previous year				11,009	(11,009)					
Dividends				(2,639)				(2,639)	(1,202)	(3,841)
Capital increases		7,055	36,190					43,245		43,245
Changes in treasury shares				47			(64)	(17)		(17)
Commitments to purchase non-controlling interests	8.13			(1,495)				(1,495)		(1,495)
Share based payments effects				73				73		73
Net income of the period					21,610			21,610	776	22,386
Change in other comprehensive income (OCI)				1,158		49		1,207		1,207
Total comprehensive income (loss) for the period				**1,158**	**21,610**	**49**		**22,817**	**776**	**23,593**
Non-controlling interests arising from business combinations				(5,796)				(5,796)	15,522	9,726
Period ending 31/12/2021		**32,055**	**39,645**	**66,680**	**21,610**	**(2,999)**	**(2,928)**	**154,063**	**26,317**	**180,380**
As at 31/12/2021		**32,055**	**39,645**	**66,680**	**21,610**	**(2,999)**	**(2,928)**	**154,063**	**26,317**	**180,380**
Appropriation of results from previous year				21,610	(21,610)					
Dividends				(4,135)				(4,135)	(306)	(4,441)
Capital increases										
Changes in treasury shares				(36)			45	9		9
Commitments to purchase non-controlling interests	8.13			(502)				(502)		(502)
Share based payments effects				172				172		172
Net income of the period					11,876			11,876	(147)	11,729
Change in other comprehensive income (OCI)				4,772		895		5,667	871	6,538
Total comprehensive income (loss) for the period				**4,772**	**11,876**	**895**		**17,543**	**724**	**18,267**
Non-controlling interests arising from business combinations	7.2			6,962				6,962	(6,962)	
Period ending 31/12/2022		**32,055**	**39,645**	**95,523**	**11,876**	**(2,104)**	**(2,883)**	**174,112**	**19,773**	**193,885**

5. LIST OF CONSOLIDATED COMPANIES

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

Company and legal form	Registered office	Tax scope	Period 2022	
			Consoli-dation method	% of interest
CONSOLIDATING COMPANY				
LACROIX GROUP	SAINT-HERBLAIN	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX 2	SAINT-HERBLAIN		FC	100.00%
LACROIX Electronics Activity				
LACROIX ELECTRONICS FRANCE	SAINT-PIERRE-MONTLIMART	1	FC	100.00%
LACROIX ELECTRONICS BEAUPREAU	BEAUPREAU		FC	75.25%
LACROIX ELECTRONICS Zoo	POLAND		FC	100.00%
LACROIX ELECTRONICS TUNISIE	TUNISIA		FC	100.00%
LACROIX ELECTRONICS TUNIS	TUNISIA		FC	100.0%
LACROIX ELECTRONICS SERVICE TUNISIE	TUNISIA		FC	100.0%
LACROIX ELECTRONICS GmbH	GERMANY		FC	100.0%
LACROIX ELECTRONICS CESSON	CESSON-SÉVIGNÉ	1	FC	100.0%
LACROIX ELECTRONICS MICHIGAN*	MICHIGAN, USA		FC	62.1%
LACROIX NORTH AMERICA	DELAWARE, USA		FC	100.0%
LACROIX Environment Activity				
LACROIX ENVIRONMENT	SAINT-HERBLAIN	1	FC	100.0%
LACROIX SOFREL	VERN SUR SEICHE	1	FC	100.0%
LACROIX SOFREL SRL	ITALY		FC	100.0%
LACROIX SOFREL ESPAÑA	SPAIN		FC	100.0%
LACROIX ENVIRONMENT SINGAPORE	SINGAPORE		FC	100.0%
LACROIX ENVIRONMENT Gmbh	GERMANY		FC	100.0%
SAE-IT Systems GmbH & Co KG	GERMANY		FC	100.0%
LACROIX City Activity				
LACROIX CITY	SAINT-HERBLAIN	1	FC	100.0%
LACROIX CITY SAINT HERBLAIN	SAINT-HERBLAIN	1	FC	99.9%
LACROIX CITY CARROS	SAINT-HERBLAIN	1	FC	100.0%
LACROIX CITY MADRID	SPAIN		FC	100.0%
LACROIX CITY NORTE	SPAIN		FC	99.9%
LACROIX CITY CENTRO	SPAIN		FC	99.9%
LACROIX PACIFIC	NOUMÉA		FC	99.9%
LACROIX OCÉAN INDIEN	LE PORT	1	FC	99.9%
LACROIX MAYOTTE	MAMOUDZOU		FC	99.9%
LACROIX TRAFIC CAMEROUN	CAMEROON		FC	99.9%
LACROIX CITY LES CHÈRES	LES CHÈRES	1	FC	100.0%
SMARTNODES S.A.	Belgium		FC	100.0%
LACROIX 3	SAINT-HERBLAIN	1	FC	99.9%
LACROIX 7	SAINT-HERBLAIN	1	FC	99.9%
LACROIX CITY PLOUFRAGAN	NANTES	1	FC	100.0%
LTI SUD EST	CARROS		FC	0.0% (2)

FC = fully consolidated
* Formerly Firstronic LLP

(1) French tax consolidation scope

(2) Ad hoc entity.

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

6.1. General information on the Company

Listed on Euronext Paris, Compartment B as of 31 January 2022, LACROIX Group is a public limited company under French law.

The Group's registered office is domiciled at 17 rue Océane, 44800 Saint Herblain, France.

Beyond the "direct" imprint of its activity, LACROIX has a societal mission, reflected in its offer, which constitutes the Group's true purpose and a permanent bond between all its employees.

Its mission is to provide its customers with simple, robust technologies, helping to bring about a safer, more sustainable world.

Through its activities, LACROIX harnesses its technological know-how in order to:

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

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

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

6.2. Accounting standards

6.2.1. General principles

The annual financial statements are presented for the period ended 31 December 2022 by applying all the IFRS standards published by the International Accounting Standards Board (IASB) and adopted by the European Union. All the texts adopted by the European Union are available on the website of the European Commission at the following address:

http://ec.europa.eu/finance/accounting/ias/index_fr.htm

These methods are identical to those adopted in the consolidated financial statements on 31 December 2021.
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 2022 financial year.

Texts adopted by the European Union (mandatory application for periods opening on or after 1 January 2022) and final decisions of the IFRS IC issued in 2022.

- Amendment to IAS 37 - Clarification of costs to be considered when analysing onerous contracts
- IFRS 3 Amendment - Update of the Conceptual Framework
- Annual improvements to IFRS - 2018-2020 cycle
- Amendments to IAS 16

These texts and decisions of the IFRS IC have no impact on the Group's financial statements.

6.2.2 Presentation of the financial statements

Assets held for sale or consumption as part of the normal operating cycle, or within 12 months of closing, as well as cash and cash equivalents, are considered to be "current assets".

"Current liabilities" include debts due during the normal operating cycle or within 12 months after the closing of the financial year.

Other assets or liabilities are considered "non-current".

6.3 Use of estimations

The preparation of the consolidated financial statements requires the Group's management to exercise judgement, to make estimations, and to make assumptions that have an impact on the application of the accounting methods and on the amounts recognised in the consolidated financial statements.

These underlying assumptions and estimations are established and reviewed continuously based on past experience and other factors considered reasonable in the circumstances. Actual values may differ from estimated values.

The underlying assumptions and estimations are reviewed on an ongoing basis. The impact of changes to accounting estimations is recognised over the period of the change if it affects only that period or during the period of the change and any subsequent periods if these are also affected by this change.

6.4 Basis for consolidation

6.4.1 Consolidation methods

Group subsidiaries:

- A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it is exposed or is entitled to variable returns because of its relationship with the entity and has the ability to influence these returns because of the power it holds over it. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which such control ends.

- Non-controlling interests are prorated to the net identifiable assets of the acquired entity on the date of acquisition. Changes to the percentage of the Group's holding in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates and joint ventures:

- Associates are entities for which the Company has significant influence over financial and operating policies without having control or joint control over them. Joint ventures are partnerships that give the Group joint control, whereby it has rights regarding the net assets of the partnership and no rights regarding its assets or obligations to assume for its liabilities. Associates and joint ventures are recognised as per the equity method. The consolidated financial statements include the Group's share of the total amount of profits and losses recognised by the joint ventures and equity method companies, until the date on which the significant influence or joint control ends.

Methods applied to the Group:

- Based on the provisions of IFRS 11 (structure of the partnership, legal form of distinct vehicles, contractual provisions and other facts and circumstances), the Group does not have any joint ventures.

The scope of consolidation and the list of subsidiaries are provided in Note 5.

6.4.2 Conversion methods for foreign companies' financial statements

The financial statements of foreign subsidiaries are converted as follows:

- For the balance sheet, at the currency's exchange rate on the closing date.
- For the income statement, at the average rate on the closing date.
- Currency translation differences are directly recognised in shareholders' equity under "Currency translation differences".

The table below shows the changes to the currency parities applied:

1ML = €X	Opening	Average	Closing	Average N-1
Zloty (PLN)	0.21754	0.2134	0.21364	0.21905
Dollar (USD)	0.88292	0.94944	0.93756	0.84559
CFP Franc (XPF)	0.00838	0.00838	0.00838	0.00838
CFA Franc (XAF)	0.00152	0.00152	0.00152	0.00152
SG Dollar (SGD)	0.65449	0.6891	0.69930	0.62932

Transactions in foreign currencies are recognised at the exchange rate on the day of the transaction. Gains and losses resulting from the payment of these transactions and the conversion of receivables and payables in foreign currencies are recognised in the income statement.

6.4.3 Elimination of intra-group transactions

In accordance with the applicable regulations, balance sheet amounts and unrealised income and expenses resulting from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated to the extent of the Group's interest in these associates.

6.4.4 Business combinations

Goodwill is subject to impairment testing performed at least once a year and more often where events or circumstances show indicators of impairment.

Impairment tests are carried out at the level of the Cash Generating Units (CGUs). They consist in comparing the book value of a CGU to its recoverable value.

- The recoverable value is defined as the higher of the asset's net selling price and its value in use.

The Group has adopted a testing methodology based on the DCF (Discounted Cash Flows) method using Business Plans prepared for each activity (with the activity corresponding to the notion of CGU).

Note 8.1 presents the assumptions made.

6.5 Valuation methods and rules

The principles and methods used by the Group are as follows:

6.5.1 Intangible assets

Intangible assets are recognised at their acquisition cost, minus any accumulated amortisations and impairment losses, if applicable.

Research & Development costs

Research expenditure is recognised as expenses.

As regards development expenses, the Group has designed a monitoring procedure to collect all useful information for identifying, valuing, and monitoring expenditure.

Where expenditures classified as development expenses meet the criteria for capitalisation, they are capitalised. Otherwise, they are recognised as expenses.

Amortisation and impairment

Intangible fixed assets have a finite useful life. Amortisation is recognised as an expense, on a linear basis, based on the estimated useful life of the intangible asset.

	Duration
Concessions, patents, licences	Shorter of the legal period of protection or the useful life of the asset
Software	When capitalisable, from 3 to 10 years

They are subject to impairment testing where there is an indicator of impairment.

- Indefinite-life intangible assets are subject to annual impairment testing. Impairment tests are based on discounted future cash flows.

6.5.2 Tangible assets

Non-current tangible assets

Tangible assets are valued at their acquisition cost, minus any accumulated amortisations and impairment, or at their production costs for the part produced by the Group.

Where a tangible asset has significant components with different useful lives, these components are recognised separately.

Amortisation and impairment

Amortisation is recognised as an expense, on a linear basis, based on the estimated useful life of the tangible asset.

The amortisation periods used are as follows:

	Duration
Land improvements	7 to 30 years
Buildings for operations	25 to 50 years
Building installations and fixtures of properties owned by the Group	15 to 40 years
Building installations and fixtures of properties rented by the Group	Shorter of the term of the lease (including potential renewals) and the useful life of the asset
Equipment and tools	8 to 15 years
Transportation equipment	5 years
Office equipment and furniture	3 to 15 years

The book values of tangible assets are subject to impairment testing where events or changes in circumstances indicate that the book value may not be recoverable. Thus, if the book value of a tangible asset is higher than its estimated recoverable value, an impairment loss is recognised for this asset.

6.5.3 Lease contracts

In accordance with IFRS 16, when a lease contract is entered into, the Group must record a liability in the balance sheet corresponding to the discounted future payments of the fixed portion of the lease payments, in exchange for rights of use of the asset amortised over the duration of the contract.

In accordance with the exemptions provided for by this standard, the Group excludes contracts with a residual duration of less than 12 months and contracts relating to low-value assets (less than $5K).

The amount of the liability is significantly dependent on the assumptions made regarding the duration of the obligations and, to a lesser extent, the discount rate.

The duration of the contract generally used to calculate the liability is the duration of the contract initially negotiated, without taking into account early termination or extension options, except in special cases.

In accordance with the decision made by the IFRS Interpretation Committee ("IFRS IC") when the rental commitment is less than 12 months but assets have been capitalised in relation to this contract, the Group records a lease liability over a period consistent with the expected useful life of the invested assets.

The standard requires the discount rate for each contract to be determined by reference to the marginal borrowing rate of the contracting subsidiary. In practice, the marginal borrowing rate generally used is the sum of the risk-free rate by reference to its duration, a currency swap where applicable, the Group's credit risk, and a possible surcharge depending on the nature of the asset financed.

6.5.4 Financial assets

Non-current financial assets include investment securities and financial loans and receivables with a maturity of more than twelve months.

- Investment securities are classified as financial assets at fair value through profit or loss.
- Their fair value is measured on the basis of the stock market price on the closing date for listed securities. For unlisted securities, in the absence of specific events, their acquisition cost or share of net worth is considered the best possible estimate of fair value.
- Financial loans and receivables are classified as assets generated by the business. They are valued at amortised cost. They are subject to a provision for depreciation as soon as there is an indication of impairment.

6.5.5 Financial risk management

Foreign currency and interest rate hedging:

- Hedging transactions are analysed by an independent expert in order to ensure that they comply with IAS 32 and IFRS 9 when they are of a significant nature.

6.5.6 Inventories and goods in progress

Inventory and goods in progress are valued at the lowest point of their cost and their net realisable value. Cost is measured using the weighted average cost method. This cost includes the costs of materials and direct labour as well as indirect expenses strictly attributable to production.

Internal margins included in inventories are eliminated in the consolidated income statement.

Provisions for impairment are calculated based on the difference between the gross value determined according to the principles described above and the probable net realisable value.

6.5.7 Trade accounts receivable

Trade accounts receivable and related accounts are valued at their fair value. Since accounts receivable are due within one year, they are not discounted. A provision for impairment is recognised, if necessary, depending on the likelihood of recovery at the closing date.

The Group, at the initiative of some of its main partner customers, has implemented reverse factoring contracts. The substantial analysis of these reverse factoring contracts set out in IFRS 9 confirmed that the 3 main de-recognition criteria applicable in particular to disposals of receivables were met, namely:

- The expiry or transfer of the contractual rights over cash flows relating to the asset,
- The transfer of almost all the risks and benefits incidental to ownership of the asset (credit risk due to the debtor's insolvency, carry trade risk inherent to payment deferral/delay compared to the normal due date, and risk of dilution resulting mainly from litigations and settlement differences (credit notes, compensation, etc.),
- The loss of asset control.

6.5.8 Cash and cash equivalents

"Cash in hand" includes bank balances and easily liquid investments.

Bank overdrafts are included in borrowings among short-term debts in the balance sheet liabilities.

6.5.9 Capital and reserves

When the Group buys back or sells treasury shares:

- The price paid including expenses incurred for their acquisition net of tax is deducted from shareholders' equity under "Treasury shares" until their disposal.
- When they are sold, the capital gain or loss is recognised in shareholders' equity.

6.5.10 Public grants

Grants are included in the financial statements, where there is reasonable assurance that:

- The Group will comply with the conditions related to the financing.
- The grants will be received.
- For public grants attached to assets, the Group has elected to present the financing as a deduction from the value of the related asset.

6.5.11 Provisions for other liabilities and charges

Where the Group has a present obligation (legal or constructive) arising from a past event and if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if the obligation can be reliably estimated, the Group then recognises a provision.

6.5.12 Employee benefits

Retirement benefits:

- The Group recognises a provision for retirement benefits, based on collective agreements. This is a defined benefit plan. The provision is valued by an independent actuary. Note 8.11.1 presents the assumptions made.
- These valuations take into account in particular the future compensation level, the probable active life of employees, life expectancy, and staff turnover.
- The present value of commitments as thus valued is recognised in the balance sheet, after deduction of the fair value of assets paid by companies of the Group to financial institutions.
- Actuarial gains and losses, arising mainly from changes in actuarial assumptions and the difference between results estimated based on the actuarial assumptions and the actual results, are recognised to the full extent in shareholders' equity.
- The financial cost and the cost of services rendered are recognised as an expense for the financial year.

Share-based payments:

- Share subscription or purchase option plans granted to employees must be valued at their fair value, which fair value must be charged to the income statement with a corresponding entry for reserves over the vesting period (2 to 4 years) for employees.
- The fair value of options is calculated using the Black & Scholes model. The cost is thus charged over the vesting period with a corresponding increase in reserves.
- The fair value of bonus shares is calculated using the binomial model to take into account performance-related conditions.

6.5.13 Borrowings

Borrowings are initially recognised at their fair value, net of the related commissions.

The portion of financial debts falling due within one year is classified as current financial debts.

6.5.14 Commitments to purchase non-controlling interests

Non-controlling shareholders of some fully consolidated subsidiaries benefit from commitments to purchase their shares granted by the Group.

The Group recognises these commitments as follows:

- the value of the commitment on the closing date is shown under "Debts arising from business combinations";
- the commitment is recognised with a corresponding entry for Group share shareholders' equity;
- subsequent variations are recognised as shareholders' equity, including the effects of financial discounting.

When a condition of presence is attached to these instruments, the group recognises an expense in the income statement for this specific part of the instrument, spread over the contractual period of presence.

6.5.15 Current and deferred taxes

A deferred tax amount is calculated for all existing temporary differences between the book value reflected in the consolidated balance sheet and the fiscal value of assets and liabilities.

The taxation rate used is that which the Group expects to pay or recover from the tax authorities and which has been enacted or substantively enacted by the balance sheet date. As such, the Group has used the rate of 25% for the calculation of its deferred taxes in France.

Tax assets and liabilities are not discounted and are classified in the balance sheet as non-current assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that these taxes will be recovered over future financial years.

Deferred tax assets and liabilities are offset against each other for one and the same entity. In this respect, a scope of consolidation for taxes is applicable within the Group.

- LACROIX Group

The tax scope is detailed in Note 5.
Tax rate by country:

	Period 2022
Germany	30.0%
United States	21.0%
Spain	25.0%
France	25.0%
Italy	27.9%
Poland	19.0%
Tunisia	10.0%

6.5.16 Assets and groups of assets held for sale and discontinued operations

A discontinued operation is either a component of an entity from which it has separated or an operation classified as held for sale and:

- which represents a separate major line of business or geographical area of operation;
- which is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operation; or
- which is a subsidiary acquired exclusively with a view to resell.

An operation is classified as discontinued only when the entity has disposed of the operation or at an earlier date when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement and cash flow statement are restated as if the operation had met the criteria of a discontinued operation as from the date of opening of the comparative period.

Furthermore, all assets and liabilities linked to discontinued operations or those held for sale are presented on a separate line of the assets and liabilities, as they would appear for a disposal after elimination of intra-group positions.

6.5.17 Revenue

Revenue from sales of goods and services is recognised once control of the goods or services has been transferred to the customer.

Depending on the different revenue flows of the Group and, where necessary, the specifics of each contract, control is transferred either on a specific date or progressively.

When it is established that the Group fulfils its performance obligations to customers on a progressive basis, the Group recognises revenue progressively by costs.

The amounts recognised as revenue are based on the transaction prices stipulated in the contract for the amount of the consideration the Group expects to receive pursuant to contract clauses.

The transaction prices stipulated in contracts have no significant variable portions requiring estimations to be used. Group contracts do not stipulate payment deadlines of more than one year, and no financing component is recorded in this respect.

6.5.18 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the period, excluding shares bought by the Company and held as treasury shares.

Diluted earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the period adjusted for the conversion of dilutive instruments into ordinary shares.

The group has dilutive instruments, free shares.

6.5.19 Segment reporting

The Group's segment reporting is based on the concept of business segments. The choice of this level and its breakdown reflects the Group's organisational structure and the risk and profitability differences.

The business segment is the Group's preferred level of segment reporting. The following 3 main business segments have been selected:

- LACROIX Electronics
- LACROIX Environment
- LACROIX City.

7. COMPARABILITY OF FINANCIAL STATEMENTS AND SIGNIFICANT EVENTS DURING THE PERIOD

7.1 Accounting changes

None

7.2 Changes in consolidation scope and minority entry

In the first half of 2022, the Group acquired the 30% of the non-controlling interests in LACROIX Environment GmbH for €10.4 million. See note 8.13.

As a reminder, the Group acquired a controlling interest on December 28, 2021 in the North American company Firstronic (since renamed LACROIX ELECTRONICS MI, LLC). The financial statements as of December 31, 2021 only included the balance sheet of the entity. The year 2022 is the first year of consolidation of the income statement. As such, LACROIX ELECTRONICS MI, LLC has achieved in 2022 a revenue of $172m and an EBITDA margin of approximately 7%.

7.3 Significant events

The recent events in Ukraine have no direct impact on the Group's activities. However, the Group remains attentive to the possible indirect consequences that could result from this.

The general context is also marked by persistent tensions over the availability of electronic components and inflationary pressures.

Despite this, LACROIX remains confident in its prospects. The Group's markets remain buoyant and the momentum of order-taking observed for several months remains steady.

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	Other variations	Changes in consolidation scope	Currency translation differences	Closing	Opening	Impairment charge of the period	Changes in consolidation scope	Closing	Opening	Closing
LACROIX Electronics Activity	57,573	(509)		2,453	59,517	(5,991)			(5,991)	51,582	53,526
LACROIX Environment Activity	17,045				17,045					17,045	17,045
LACROIX City Activity	25,248				25,248	(9,500)			(9,500)	15,748	15,748
Total	**99,867**	**(509)**		**2,453**	**101,811**	**(15,491)**			**(15,491)**	**84,375**	**86,319**

The change in the period corresponds to a price adjustment relating to the acquisition of Firstronic in 2021 and minor adjustments to the opening balance sheet.

8.1.1 Impairment of goodwill

The main operating assumptions for goodwill impairment testing are as follows:

- Discount rate:
  - 9.2% for the City Activity and Environment Activity CGUs.
  - 9.7% for the Electronics Activity CGU.
- Cash flows calculated over 5-year plans.
- Perpetual growth rate: 2%
- The COI figures used for each CGU are derived from the latest plan approved by the Group's Board of Directors.
- Changes in WCR are derived from the closing balance sheets of the CGUs and normalised where appropriate in the event of a one-off deviation,
- The investments taken into account are replacement investments

In general, the assumptions are supported by past experience. When there is a material deviation, it is analysed to determine whether it is a one-off or structural deviation and is also re-contextualised according to the overall plan approved by the Board of Directors.

A reasonably possible change (in the order of 0.5 percentage points) in the discount rates or COI would not lead to an impairment of the Group's goodwill.

8.2 Intangible assets

	Opening	Additions	Disposals	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Gross values							
Preliminary expenses	10						10
Research & Development costs	1,080	106					1,186
Concessions, patents, licenses, software	16,199	313	(2,414)		5	527	14,630
Other intangible assets (1)	40,329	184	(8)		2,377	33	42,915
Intangible assets in progress	408	676					1,084
Advance and down payments							
Total	**58,026**	**1,279**	**(2,422)**		**2,382**	**560**	**59,825**
Cumulated amortisations							
Preliminary expenses	(10)						(10)
Research & Development costs	(361)	(160)					(521)
Concessions, patents, licenses, software	(11,776)	(1,105)	2,398		3	19	(10,461)
Other intangible assets	(1,516)	(2,933)	7		37		(4,405)
Total	**(13,662)**	**(4,198)**	**2,405**		**40**	**19**	**(15,397)**
Total intangible assets	**44,363**	**(2,919)**	**(17)**		**2,422**	**580**	**44,427**

(1) "Other intangible assets" mainly include the "customer relationships" asset identified in the process of allocating the acquisition price of Firstronic in 2021.

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolida-tion scope	Currency translation differences	Other variations	Closing
Gross values							
Land	3,504	1	(81)		(3)	265	3,686
Buildings	34,539	266	(1,827)		(95)	17,791	50,674
Technical install., machinery and equipment	110,888	11,937	(4,971)		881	5,388	124,123
Other tangible assets	29,865	1,197	(1,448)		67	833	30,514
Tangible assets in progress	20,057	2,324			(12)	(22,730)	(361)
Advances and down payments	780	2,521				(2,708)	593
Total	**199,632**	**18,246**	**(8,327)**		**838**	**(1,161)**	**209,226**
Cumulated depreciation							
Land	(181)	(8)					(189)
Buildings	(21,970)	(1,497)	1,747		56		(21,664)
Technical install., machinery and equipment	(61,618)	(9,077)	4,956		(304)	(4)	(66,047)
Other tangible assets	(21,278)	(2,551)	1,058		(34)	235	(22,570)
Total	**(105,048)**	**(13,133)**	**7,761**		**(282)**	**231**	**(110,471)**
Total tangible assets	**94,584**	**5,113**	**(566)**		**556**	**(930)**	**98,755**

Other changes mainly reflect the commissioning of the new Symbiose 4.0 plant in the first half of 2022.

The decreases are mainly accounted for by the derecognition of gross fixed assets and depreciation concerning the St Pierre Montlimart building following its sale (see 8.17) and the move to the new Symbiose factory.

8.4 Lease contracts

8.4.1 Rights of use

Rights of use Gross values	Opening	New contracts	Effects of assumption changes	Ends and terminations of contracts	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	14,257		1,428	(244)		79	36	15,556
Other assets	3,451	1,164	210	(632)				4,193
Total	**17,708**	**1,164**	**1,638**	**(876)**		**79**	**36**	**19,749**
Rights of use Amortisations and provisions	**Opening**	**Amortisation of the period**	**Effects of assumption changes**	**Ends and terminations of contracts**	**Changes in consolidation scope**	**Currency translation differences**	**Other variations**	**Closing**
Buildings	(3,745)	(2,612)		244		18		(6,095)
Other assets	(1,822)	(1,136)		570				(2,388)
Total	**(5,567)**	**(3,748)**		**814**		**18**		**(8,483)**
Total net rights of use	**12,141**	**(2,584)**	**1,638**	**(62)**		**97**	**36**	**11,266**

The lease contracts under the “Other assets” category consist mainly of company car rentals. The effects of the changes in assumptions are mainly accounted for by the signing of lease renewals.

8.4.2 Lease liabilities

Lease liabilities	Opening	New contracts	Effects of assumption changes	Repayment of the nominal value	Ends and terminations of contracts	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Buildings	10,689		1,428	(2,687)			96	35	9,561
Other assets	1,663	1,164	210	(974)	(64)				1,999
Total	**12,352**	**1,164**	**1,638**	**(3,661)**	**(64)**		**96**	**35**	**11,560**

8.5 Non-current financial assets

	Opening	Additions	Disposals	Changes in consolidation scope	Currency translation differences	Other variations	Closing
Gross values							
Investment securities	312						312
Receivables from investments	17					(17)	
Other long-term investments	118					(2)	116
Loans	1,793	527	(783)		102		1,639
Collateral and surety	645	427	(70)				1,002
Other financial assets (1)	2,668		(14)			(2,641)	13
Total	**5,554**	**954**	**(867)**		**102**	**(2,660)**	**3,083**
Provisions for impairment							
Investment securities	(160)	(14)					(174)
Receivables from investments							
Other long-term investments	(87)						(87)
Loans							
Collateral and surety							
Total	**(247)**	**(14)**					**(261)**
Total non-current financial assets	**5,307**	**940**	**(867)**		**102**	**(2,660)**	**2,822**

(1) The amount recognised under "Other financial assets" mainly included in 2021 the payment of fines imposed by Court rulings, against which the Group had filed appeals. Following a settlement in the second half of 2022, the provision (see 8.11) and the financial assets position were reversed.

8.6 Inventories and goods in progress

Inventories and goods in progress are presented as follows:

	31/12/2022	31/12/2021
Gross values		
Raw materials	118,045	91,706
In-process inventories	14,864	11,250
Intermediary goods inventory	21,824	14,022
Goods inventory	8,013	7,972
Total	**162,746**	**124,950**
Provisions for impairment		
Raw materials	(3,511)	(2,682)
In-process inventories	(14)	(102)
Intermediary goods inventory	(1,665)	(1,608)
Goods inventory	(401)	(201)
Total	**(5,592)**	**(4,592)**
Total inventories and goods in progress	**157,155**	**120,359**

The increase in inventories compared to 31 December 2021 is mainly due to the effects of the crisis in electronic components as well as general inflation in raw materials. These effects were partially offset by working capital optimisation measures.

8.7 Trade accounts receivable

The breakdown of trade accounts receivable is as follows:

	31/12/2022	31/12/2021
Trade accounts receivable - gross	128,338	116,165
Impairment	(1,248)	(2,489)
Total net trade accounts receivable	**127,091**	**113,675**

Receivables covered by a reverse factoring contract (see 6.5.7), not matured by 31 December 2022 and paid before that date, amount to €23.1 million, compared with €22.1 million as at 31 December 2021.

In addition, we present below a breakdown of the gross values and impairments of trade receivables by age in accordance with IFRS 7

Aged trial balance 31/12/2022	Total trade receivables	On time - Not overdue	Overdue: < 30 days	Overdue: 30 to 90 days	Overdue: 90 to 180 days	Overdue: > 180 days	Doubtful accounts	Unbilled receivables
Total receivables	128,338	100,015	9,236	3,435	3,065	670	903	11,014
Total impairment	(1,248)	(13)	(33)	(7)	(10)	(363)	(822)	0
Total receivables net of impairment	**127,091**	**100,002**	**9,203**	**3,428**	**3,055**	**307**	**81**	**11,014**

8.8 Other receivables

	31/12/2022	31/12/2021
Gross values		
Advance payments	2,358	680
Social receivables	739	539
Tax receivables (1)	18,190	14,757
Other receivables	4,438	5,865
Prepaid expenses	4,469	3,451
Total	**30,195**	**25,293**
Provisions for impairment		
Impairment	(30)	(40)
Total other receivables	**30,165**	**25,253**

(1) Tax receivables include tax €9 million of R&D tax credits.

8.9 Cash and cash equivalents

	31/12/2022	31/12/2021
Short-term deposits (1)	13,185	16,320
Cash in hand	9,428	17,036
Impairment	0	0
Total cash and cash equivalents	**22,613**	**33,355**
Bank overdrafts	(48,393)	(38,981)
Total cash and cash equivalents excl. bank overdrafts	**(25,780)**	**(5,626)**

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

Cash and cash equivalents include cash at bank, cash, and short-term deposits with an initial term of less than 3 months.

8.10 Shareholders' equity

8.10.1 Share capital of the consolidating entity

As at 31 December 2022, the share capital comprises 4,829,096 shares with a nominal value of 6.64 euros.

8.10.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2022
Opening	149,237
Acquisitions	14,185
Disposals	(14,218)
Granted under a free shares plan	(1,311)
Closing	**147,893**

The value of treasury shares as at 31 December 2022 recognised in Lacroix Group's financial statements stood at €2,868K. On the basis of the average share price in December 2022, it stands at €4,018K.

8.10.3 Free shares

LACROIX has introduced free share plans for the some of its employees.

The final allocation of shares is subject to various presence and/or performance conditions.

8,733 shares were allotted under these plans.

The retention period for such shares is fixed at 2 years.

The expense for the period in respect of the free shares plan is €172K as at 31 December 2022, as defined by IFRS 2.

The changes in the number of free shares during the year are detailed below:

	Period 2022
Opening	**3,650**
Options granted	(1,311)
New plan(s)	6,394
Options lost	
Options expired	
Closing	**8,733**

8.10.4 Earnings per share

Earnings per share can be broken down as follows:

Earnings per share	Period 2022	Period 2021
Weighted average number of shares before treasury shares	4,829,096	4,209,283
Number of treasury shares	(147,893)	(149,237)
Weighted average number of shares used for basic earnings per share	4,681,203	4,060,046
Number of dilutive instruments (free share)	8,733	3,650
Weighted average number of shares used for diluted earnings per share	4,689,936	4,063,696
Net income - Group share in €K	**11,876**	**21,610**
Basic earnings per share (in euros)	2.54	5.32
Diluted earnings per share (in euros)	2.53	5.32

8.11 Provisions for other liabilities and charges

Changes in provisions for other liabilities and charges can be analysed as follows:

	Opening	Additional provisions	Reversals used	Reversals not used	Changes in consolida-tion scope	Currency transla-tion dif-ferences	Other variations	Closing
Retirement benefit obligations (1)	14,289	1,056	(513)	(314)		(6)	(3,768)	10,744
Provisions for warranty	506	294	(180)					620
Provisions for litigations (2)	4,931	871	(1,895)	(1,450)		1		2,458
Provisions for other liabilities and charges (3)	872							872
Total	**20,598**	**2,221**	**(2,588)**	**(1,764)**	**0**	**(5)**	**(3,768)**	**14,693**

(1) The valuation of provisions for pension liabilities has been calculated by independent actuaries using the projected unit credit method. The other changes reflect changes in actuarial assumptions, mainly the change in discount rates.

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

- Discount rate of 3.8% (against 0.9% in 2021).
- Average increase in salaries of 3.5% including inflation.
- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 63 for non-managerial staff and 66 for managerial staff. Reason for retirement: 100% of departures are at the initiative of the employee.
- Staff turnover probability as per the table below:

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

For the German scope, the following assumptions were made:

- Discount rate of 3.6% (against 1.2% in 2021).
- Inflation rate of 2%.
- Salary increase of 3%.
- Average turnover rate of 5%.
- Retirement at the age of 64 for non-managerial staff and 65 for other managerial staff.

Changes of 0.5 percentage points in the discount rate and/or salary increase assumptions would have the following effects on the retirement benefit obligation:

Impact on retirement benefit obligation	(-0.5 points)	(+0.5 points)
Discount rate	727	(656)
Salary increase	(662)	729

(2) Provisions for litigation comprise various provisions for litigation, HR, customer returns or tax provisions.

At 31 December 2021, the Group recognised €3.3M for disputes with local authorities. At 31 December 2022 these provisions totalled approximately €0.5M, mainly due to a settlement concluded in the second half of the year. The results of these changes in provisions are recognised in "other operating income and expenses" (see 8.17).

(3) In connection with the exercise of stock options by employees of the SOFREL Activity, the Group had undertaken to buy back these shares at the request of beneficiaries. The amount of €872K is the valuation, at the end of December 2022, of the theoretical purchase price of said shares.

8.12 Borrowings

8.12.1 Maturity of borrowings

The breakdown of financial debts by maturity is as follows:

	Period 2022	Period 2021	2022 Maturity (1)	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings	93 451	76 426	18 136	75 315
Other financial debts (2)	21 204	22 635	11 475	9 729
Bank overdrafts	48 393	38 981	48 393	
Total borrowings	**163 048**	**138 042**	**78 004**	**85 044**

(1) “Non-current” portion of financial debts: of which €21,006K at more than 5 years.
(2) Of which C/C VINILA INVESTISSEMENTS (shareholder) for €9,228K, compared with €8,649K in 2021.

8.12.2 Variation in borrowings

	Period 2022	Period 2021
Opening	99,062	67,884
Subscriptions	29,442	51,392
Repayments	(14,469)	(31,629)
Changes in consolidation scope		4,857
Currency translation differences	171	(37)
Other variations	449	6,595
Total borrowings (excl. bank overdrafts)	**114,655**	**99,062**
Bank overdrafts	48,393	38,981
Total borrowings	**163,048**	**138,042**

8.12.3 Borrowings by type of rate

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

	31/12/2022	31/12/2021
Fixed-rate loans	43,551	25,884
Variable-rate loans (1)	49,900	50,542
Total bank borrowings	**93,451**	**76,426**

(1) Of which a significant proportion is covered by financial instruments (see Note 9.1.2).

8.12.4 Borrowings by currency

	31/12/2022	31/12/2021
Denominated in euros	87,451	71,569
Denominated in foreign currencies	6,000	4,857
Total bank borrowings	**93,451**	**76,426**

8.13 Amounts due for business combinations

	Period 2022	Period 2021
Opening	22,544	16,960
Changes in consolidation scope		4,453
Revaluation with impact on shareholders' equity (1)	502	1,495
Payment (2)	(10,414)	(364)
Currency translation differences	346	
Other variations		
Amounts due for business combinations	**12,978**	**22,544**

(1) These are the accretion impacts on the existing put and call options on the LACROIX ELECTRONICS MI, LLC and LACROIX Electronics Beaupreau minority interests.
(2) This is the payment for the purchase of minority interests in LACROIX Environment GmbH (see 7.2).

8.14 Trade accounts payable and other payables

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

	31/12/2022	31/12/2021
Trade accounts payables	116,243	106,699
Advance payments and deposits received	10,412	4,008
Social and tax payables	41,073	36,317
Other payables	5,239	7,599
Deferred income	7,693	4,651
Total trade accounts payable and other payables	**180,660**	**159,274**

8.15 Personnel

8.15.1 Personnel expenses

	Period 2022	Period 2021
Gross compensation	(101,623)	(89,990)
Employer's social and tax contributions	(32,609)	(30,161)
Profit-sharing	(2,824)	(2,347)
Outsourced personnel expenses (1)	(27,577)	(6,255)
Defined benefits plan expense	(67)	57
Share-based compensation expenses (IFRS 2) and/or performance-based compensation expenses following the integration of newly acquired entities	(1,470)	(73)
Total personnel expenses	**(166,169)**	**(128,769)**

(1) Including North American employees in portage in Mexico consolidated for the first time in the income statement.

8.15.2 Workforce

The breakdown of the workforce employed by the Group's activities at the end of the year is as follows:

*	LACROIX Electronics		LACROIX Environment		LACROIX City		LACROIX Group		Total activities	
	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021
Managers	404	353	108	113	210	200	50	53	772	719
Technicians & Employees	784	772	169	166	201	209	6	10	1,160	1,157
Labourers	2,120	1,810	22	19	160	169			2,302	1,998
Total salaried workforce	**3,308**	**2,935**	**299**	**298**	**571**	**578**	**56**	**63**	**4,234**	**3,874**
Pending assignment (1)	1,238	112	3	2	46	6	1		1,287	120
Total operational workforce	**4,546**	**3,047**	**302**	**300**	**617**	**584**	**57**	**63**	**5,521**	**3,994**

* Workforce of fully consolidated entities.
(1) Full-time equivalents relating to temporary work expenses and wage portage workers in Mexico

8.16 Depreciation, amortisation and provisions

The amount for depreciation, amortisation and provisions net of reversals, included in current operating profit, can be broken down as follows:

	Period 2022	Period 2021
Depreciation, amortisation and provisions on tangible and intangible assets	(17,332)	(9,856)
Depreciation, amortisation and provisions on rights of use	(3,748)	(2,886)
Depreciation, amortisation and provisions on inventories	(493)	(161)
Depreciation, amortisation and provisions on current assets	175	89
Provisions on other liabilities and charges	(599)	(40)
Other depreciation, amortisation and provisions		
Total depreciation, amortisation and provisions (1)	**(21,997)**	**(12,854)**

(1) Excluding reversals used, directly charged to the affected income statement entries

8.17 Other operating income and expenses

	Period 2022	Period 2021
Restructuring costs (1)	(1,484)	(685)
Sale of assets		986
Customer litigations (2)	1,000	
Other non-current expenses (3)	(239)	(1,223)
Total	**(723)**	**(922)**

(1) The reorganisation expenses for financial year 2022 mainly include the exceptional and non-recurring costs incurred for the move to the new Beaupréau plant 4.0, offset by the gain on the sale of the St Pierre Montlimart building.
(2) Changes in provisions for competition-related litigation generated a positive result of €1M in 2022.
(3) In 2021 and 2022, other non-current expenses mostly correspond to expenses related to changes in the scope of consolidation over the period.

8.18 Financial income and expenses

The breakdown of financial income is as follows:

	Period 2022	Period 2021
Interest expenses on borrowings (1)	(4,601)	(847)
Interest income	130	43
Net financial expenses on borrowings	**(4,471)**	**(803)**
Net foreign exchange gains (losses)	(1,853)	(1,540)
Other financial income and expenses (2)	(909)	8,120
Total financial income and expenses	**(7,233)**	**5,776**
Summary		
Total income	12,305	22,518
Total expenses	(19,538)	(16,741)
Total financial income	**(7,233)**	**5,776**

(1) The cost of gross financial debt increased mainly due to:
- the subscription of loans at the end of 2021 to finance the acquisition of a majority stake in Firstronic,
- of the first LACROIX ELECTRONICS MI, LLC contribution,
- the financing of production investments (new Symbiose plant among others) and the general needs of the group,
- the effect of the increase in interest rates, which remain at variable rates on our short-term financing lines.

(2) Including €162K of financial expenses for the retirement benefit obligation and €356K of financial expenses on lease liabilities. In 2021, €8,909k was recognised for the revaluation of Firstronic shares.

8.19 Income tax liability

8.19.1 Income tax expense

The breakdown of taxation is as follows:

	Period 2022	Period 2021
Current taxes	(3,869)	(3,639)
Deferred taxes (1)	1,840	3,045
Total income tax expense	**(2,030)**	**(595)**

(1) During the 2021 financial year, the Group's Polish subsidiary recognised a tax credit of approximately €5.3M.

8.19.2 Tax proof

Rationalisation of the income tax expense	Period 2022
Net income	11,729
Neutralisation of equity method	
Income tax expense (1)	(2,030)
Net income before income tax expense	13,758
Theoretical tax at the rate of 25% (2)	3,440
Difference (1)-(2)	**1,410**

The reconciliation between the income tax expense in the income statement and the theoretical tax that would be incurred based on the rate applying in France is as follows:

Analysis of this difference in the income tax expense	
Change in income tax rates	
Effects of permanent non-deductible expenses	(323)
Utilisation of tax losses previously unrecognised and used or recognised during the financial year	1,733
Tax losses of the period not recognised	(1,600)
Derecognition or use of tax losses previously recognised	(38)
Specific income or expenses taxed at a reduced or higher tax rate	617
Differences of tax rates in the Group's foreign subsidiaries	640
Tax credits	913
Other income taxes (CVAE)	(528)
Adjustments from previous periods	(4)
	1,410

8.19.3 Deferred taxes

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

	Opening	OCI	Currency translation differences	Impact on result	Change of rate per type of result	Changes in conso-lidation scope	Other variations	Closing
Deferred tax assets								
C3 S and Building effort	42			4				46
Employee profit-sharing	330			90				420
Retirement benefits	1,984	(485)		46				1,545
Margins on inventories	258			53				311
Tax credit in the Polish economic area (1)	5,312		(96)				(1,777)	3,439
Loss carryforwards (2)	4,804			1,052				5,856
Other	246			(45)				201
Compensation DTA/DTL (*)	*(3,193)*						(77)	(3,270)
Total deferred tax assets	**9,784**	**(485)**	**(96)**	**1,200**			**(1,854)**	**8,548**
Deferred tax liabilities								
Regulated provisions	(2,602)			(230)				(2,832)
Finance lease	(135)			43				(92)
Tangible and intangible assets amortisation and depreciation, temporary differences	(42)			4				(38)
Buildings revaluations	(467)			35				(432)
Intangibles on acquisitions (3)	(10,025)		(619)	(261)			(1,021)	(11,926)
Fair value on financial instruments	(5)	(496)		627				126
Other	*58*	(483)		422				(3)
Total deferred tax liabilities	**(10,026)**	**(979)**	**(619)**	**640**			**(944)**	**(11,927)**
Total net deferred taxes	**(243)**	**(1,460)**	**(715)**	**1,840**			**(2,798)**	**(3,379)**

(1) See § 8.19.1.
(2) The base activated on the French tax scope of consolidation is €20.9M out of a total base of tax losses carried forward of €24.6M.
(3) This concerns both deferred taxes on "customer relationships" recognised in intangible assets, which diminish as these intangible assets are amortised in the accounts (see 8.2), and deferred tax liabilities that the group recognises on tax deductible goodwill in the United States and Germany.

(*) After an overall analysis of net deferred tax assets and liabilities by nature, this item takes into account the obligation to present deferred taxes in net value, within the scope of the tax consolidation group (Note 6.5.15).

9. OTHER INFORMATION

9.1 Degree of exposure of the Group to financial risks

9.1.1 Currency risk

In the Electronics business, the Group is exposed to foreign exchange risk mainly with regard to component purchases, which are often made in USD or JPY, as well as other payroll costs and/or service purchases invoiced in TND, MXN and PLN.

As regards purchases in USD and JPY, the Company has signed contracts with its main customers providing for an adjustment of the selling price of goods based on fluctuations in the EUR/USD parity. Therefore, the currency risk for this item is under control. As regards the balance, the Company uses partial hedging of its requirements to cover a target rate fixed for each budget year. Purchases in USD and JPY total approximately €90 million per annum, 80% of which is passed on to customers through contracts. For the remaining part, exchange rate hedging is carried out to secure a "budget" rate.

Expenditure in TND, MXN and PLN (around €70M) mainly concerns salaries and social security contributions for employees at the Tunisian, Mexican and Polish sites, and some local purchases. The Group's policy is to carry out forward hedging on the basis of forecast requirements, enabling a "budget" rate to be covered (one-year horizon). Changes in labour costs are also factored into the new commercial offers.

In addition, specifically on financing activities, the group has set up Cross Currency Swap (CCS) instruments in USD on a €30m loan.

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

9.1.2 Interest rate risk

Note 8.12.3 on “Borrowings and financial debts” shows that out of €93,451K of debt, €43,551K are at a fixed rate and €49,900K are at a variable rate.

The Group implements various financial instruments of varying maturities to mitigate this risk. At the end of December 2022, the portion of financing at variable rates hedged by swaps was 57% of the nominal value.

9.1.3 Liquidity risk

Gross debt position for the Group amounts to €163,048K.
Available cash amounts to €22,613K.
The Group therefore considers its exposure to this risk to be low.

9.1.4 Credit risk

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

Customer profiles by sector of activity are described below:

Activities	Main customer types
Electronics	French and foreign companies operating internationally
Environment	Public bodies and major water and electricity management stakeholders
City	Government authorities and major public works companies

9.1.5 Financial gearing

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

	Period 2022	Period 2021
Borrowings	114,655	99,061
Bank overdrafts	48,393	38,981
Other net financial debts	(1,638)	(1,793)
Cash and cash equivalents (Note 8.11)	(22,613)	(33,355)
Net debt position (1)	**138,797**	**102,893**
Total equity	193,885	180,380
Financial gearing	**71.6%**	**57.0%**

(1) Amounts due for business combinations are not included in the Group's gearing ratio.

9.1.6 Classification of financial assets and liabilities at fair value based on fair value levels

IFRS 13 (Fair Value Measurement) imposes a fair value hierarchy for financial instruments (the inputs to valuation techniques). The inputs are categorised as follows:

Level 1: direct reference to quoted (unadjusted) prices available in active markets for identical assets or liabilities;

Level 2: a valuation technique that uses asset or liability inputs other than quoted prices included in Level 1 inputs that are observable either directly or indirectly;

Level 3: valuation technique based on unobservable inputs.

As at 31/12/2022

ASSETS	Amortized cost	Fair value measured through OCI	Fair value measured through P&L	Balance sheet value	Level
Financial assets at fair value through profit or loss				312	2
Other financial assets at amortised cost	2,510			2,510	
Trade accounts receivable	127,091			127,091	
Financial instruments with hedge accounting (1)		2,279		2,279	2
Short-term deposits			13,185	13,185	1
Cash in hand	9,428			9,428	
LIABILITIES					
Long-term financial liabilities carried at amortised cost	90,044			90,044	
FV of amounts due for business combinations through OCI		12,978		12,978	2
Short-term financing	24,611			24,611	
Trade accounts payable	116,243			116,243	
Financial instrument liabilities with hedge accounting (1)		2686		2,686	2
Bank loans	48,393			48,393	

(1) Hedging instruments are recognised in the income statement for their ineffective portion.

As at 31/12/2021

ASSETS	Amortized cost	Fair value measured through OCI	Fair value measured through P&L	Balance sheet value	Level
Financial assets at fair value through profit or loss				312	2
Other financial assets at amortised cost	4,995			4,995	
Trade accounts receivable	113,675			113,675	
Financial instruments with hedge accounting		20		20	2
Short-term deposits			16,320	16,320	1
Cash in hand	17,036			17,036	
LIABILITIES					
Long-term financial liabilities carried at amortised cost	74,851			74,851	
FV of amounts due for business combinations through OCI		22,544		22,544	2
Short-term financing	24,209			24,209	
Trade accounts payable	106,699			106,699	
Financial instrument liabilities with hedge accounting					2
Bank loans	38,981			38,981	

9.2 Segment reporting

9.2.1 Consolidated income statement by segment

Segment reporting for the period ended 31 December 2022 is detailed as follows:

	LACROIX Electronics		LACROIX Environment		LACROIX City		Holding		Group total	
	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021
Revenues										
External sales	534,922	333,240	76,543	70,304	109,117	109,948		39	720,582	513,531
Inter-company sales between activities	(12,678)	(11,781)	(116)	(242)	(28)	(58)			(12,822)	(12,081)
Total revenues	**522,244**	**321,459**	**76,427**	**70,062**	**109,089**	**109,890**		**39**	**707,760**	**501,450**
Current operating profit	**9,994**	**5,409**	**14,874**	**14,922**	**(2,481)**	**3**	**(672)**	**(2,208)**	**21,715**	**18,126**
Depreciation, amortisation and provisions on tangible and intangible assets	15,609	7,561	1,581	1,471	3,370	3,328	519	382	21,079	12,742
Share-based compensation expenses (IFRS 2) and/or performance-based compensation expenses following the integration of newly acquired entities	1,298						172	73	1,470	73
EBITDA	**26,901**	**12,970**	**16,455**	**16,393**	**889**	**3,331**	**19**	**(1,753)**	**44,264**	**30,941**

Alternative performance indicators

Current EBITDA "Earnings Before Interest, Taxes, Depreciation, and Amortisation" retained by the Lacroix Group is a non-GAAP operating indicator, which corresponds to current operating profit, increased by:

- depreciation of property, plant and equipment, intangible assets and rights of use. Where applicable, also those recognised in a business combination.
- the IFRS 2 charge for share-based payments and/or the achievement of post-integration targets for newly acquired entities

Breakdown of revenue

The group's top 10 customers account for 44% of group revenue. Of these, the first represents just over 10% of the group's total revenue.

9.2.2 Consolidated balance sheet by segment

The table below provides segment assets and liabilities, together with acquisitions of non-current assets during the period:

	LACROIX Electronics		LACROIX Environment		LACROIX City		Holdings		Group total	
	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021
Assets										
Non-current assets	187,604	183,945	25,145	25,222	31,876	34,822	7,511	6,563	252,136	250,552
Current assets	220,853	181,007	29,183	25,743	64,124	60,936	25,143	24,978	339,303	292,664
Total assets by segment	**408,457**	**364,952**	**54,328**	**50,965**	**96,000**	**95,758**	**32,654**	**31,541**	**591,439**	**543,216**
Liabilities										
Non-current liabilities	55,993	56,818	5,725	5,665	7,910	10,980	68,483	53,572	138,111	127,035
Current liabilities	252,485	241,677	9,894	17,792	102,935	95,486	(105,871)	(119,155)	259,443	235,800
Total liabilities by segment	**308,478**	**298,495**	**15,619**	**23,457**	**110,845**	**106,466**	**(37,388)**	**(65,583)**	**397,554**	**362,835**

	LACROIX Electronics		LACROIX Environment		LACROIX City		Holdings		Group total	
	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021	Period 2022	Period 2021
Acquisitions of non-current assets	**16,881**	**25,497**	**1,111**	**983**	**1,520**	**2,874**	**14**	**1,132**	**19,526**	**30,486**

9.2.3 Geographical distribution

In accordance with IFRS 8.33 we present below the revenue and non-current assets allocated to the individually significant countries, namely Germany, USA, Poland and Tunisia.

For the Electronics business, certain geographical areas represent primarily the place of manufacture of the products and not the final market of use, of which we have no knowledge (the customer factories to which we deliver our products integrate them and may ship them to different countries within a continent). Thus, the majority of Poland and Tunisia's sales are to the European continent.

	FR	GER	USA	PL	TN	Other	Total
Total revenues 2022	212,480	52,340	163,144	195,043	62,567	22,186	707,760
Total revenues 2021	224,755	45,678		157,347	52,564	21,105	501,449

	FR	GER	USA	PL	TN	Other	Total
Non-current assets 2022	76,168	25,958	105,955	24,892	9,905	9,258	252,136
Non-current assets 2021	77,331	26,840	98,874	29,674	9,197	8,637	250,553

9.3 Contractual obligations and other commitments

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

Off-balance sheet commitments	Period 2022	Period 2021
Guarantees given		
Related to financing (1)	64,024	38,944
Lease contracts with an effective date after closing		

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

The amount of €64,024K includes €30,000K in guaranties provided in 2021 with regard to one of the loans obtained in order to fund the acquisition of Firstronic.

9.4 Related parties

9.4.1 Transactions with associated undertakings

Note 8.12.1 refers to a debt (current account) owed to one of the shareholders, namely VINILA INVESTISSEMENTS. In addition, the remuneration for management services paid to VINILA INVESTISSEMENTS is mentioned in 9.4.2.1.

9.4.2 Compensation of the company officers

Compensations allocated, during the financial year, to members of management and administrative bodies for their duties within the Group, are broken down as follows:

9.4.2.1 General Management

	Period 2022	Period 2021
Short-term benefits	508	528
Post-employment benefits	73	55
Other long-term benefits		
Share-based payments (1)	97	
Management services paid to related parties	49	44
Total	**727**	**627**

Among the total amounts allocated for the financial year, variable compensations are subject to approval by the General Meeting.

(1) Corresponding to 3610 bonus shares provisioned in 2022 out of a total plan of 20,000 bonus shares subject to conditions and running until 2025.

9.4.2.2 Members of the Board of Directors

Compensations allocated and recognised in the financial year are broken down as follows:

	Period 2022	Period 2021
Short-term benefits	75	64
Post-employment benefits		
Other long-term benefits		
Post-employment benefits		
Share-based payments		
Total	**75**	**64**

9.5 Auditors' remuneration

The following table provides information on fees awarded to auditors and members of their network, paid by the Group in accordance with the terms of AMF 2006-10.

	Ernst & Young Network				Mazars Network			
	2022	%	2021	%	2022	%	2021	%
Audit								
Statutory Auditor	**276**	**98%**	**249**	**87%**	**147**	**97%**	**121**	**90%**
Consolidating entity	52		35		51		36	
Subsidiaries	224		214		96		85	
Other services pursuant to such legislation	**5**	**2%**	**37**	**13%**	**5**	**3%**	**14**	**10%**
Consolidating entity	1		37		1		14	
Subsidiaries	4				4			
Total audit services	**281**	**100%**	**286**	**100%**	**152**	**100%**	**136**	**100%**
Other services								
Tax, social, regulatory					10	100%		
Other services								
Other services not directly linked to the audit mission					**10**	**100%**		
Total	**281**	**100%**	**286**	**100%**	**162**	**100%**	**136**	**100%**

9.6 Post-closing events

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

This historic segment holds a leading position in road signs, particularly in France where it has a 25% market share, enjoying a very strong reputation among local authorities and road operators.

In view of the evolution of the markets addressed, the technological and commercial synergies between the Road Signs segment and the two other market segments addressed by LACROIX's City activity, Street Lighting and Traffic Management, are too limited.

The scope of the proposed sale represents revenue of €55 million and involves 315 employees through the Saint-Herblain industrial site (260 people), three distribution subsidiaries (Reunion, Mayotte and New Caledonia), and a facility in Spain. The Group will pay particular attention to the industrial and social plans of the potential buyers of this business segment, so that it can benefit from the resources it needs for its continued development.

PART 03

ACCOUNTING & FINANCIAL ITEMS

(ANNUAL FINANCIAL STATEMENTS)

1. BALANCE SHEET

BALANCE SHEET - ASSETS (in €K)	Note	Period 2022			Period 2021
		Gross	Amort. & Prov.	Net	Net
Intangible assets	3.3.1	685	366	319	445
Tangible assets	3.3.1	1,399	356	1,043	1,167
Financial assets (1)	3.3.1	122,000	6,560	115,440	100,589
FIXED ASSETS		**124,084**	**7,283**	**116,802**	**102,201**
Advance payments on orders		12		12	17
Trade accounts receivable & Related accounts	3.3.2	2,959		2,959	2,140
Other receivables	3.3.2	154,453		154,453	139,358
Short-term deposits (2)	3.3.3	13,718		13,718	16,853
Cash in hand		792		792	162
Prepaid expenses	3.3.8	380		380	224
CURRENT ASSETS		**172,313**		**172,313**	**158,754**
Currency translation differences - assets					
OVERALL TOTAL		**296,397**	**7,283**	**289,115**	**260,955**

(1) Of which investment securities for €85,793 of gross value, provision on securities for €6,500K.
(2) Of which treasury shares for €1,395K.

BALANCE SHEET - LIABILITIES (in €K)	Note	Period 2022	Period 2021
Share capital	3.3.4	32,055	32,055
Premiums for issuance, merger, and contribution	3.3.4	39,645	39,645
Legal reserve	3.3.4	3,206	2,517
Other reserves	3.3.4	84,000	80,000
Balance carried forward	3.3.4	1,747	1,773
Regulated provisions	3.3.4	121	102
Income	3.3.4	14,518	8,641
SHAREHOLDERS' EQUITY		**175,291**	**164,733**
Provisions for other liabilities and charges	3.3.5	366	260
PROVISIONS		**366**	**260**
Bank borrowings (2)	3.3.2	76,163	60,925
Borrowings and other financial debts	3.3.2	29,700	30,849
Trade accounts payable & Related accounts	3.3.2	1,446	1,234
Tax and social debts	3.3.2	2,389	2,827
Debts on fixed assets	3.3.2		
Other	3.3.2	5	41
TOTAL DEBTS (1)		**109,702**	**95,876**
Currency translation differences - liabilities		3,755	87
OVERALL TOTAL		**289,115**	**260,955**

(1) Deferred debts and incomes of less than one year	55,290	42,992
(2) Including bank overdrafts, bank credit balances		29

2. INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (in €K)	Note	Period 2022	Period 2021
Net revenue		**13,173**	**10,275**
Reversals from provisions & Transfer of charges		84	76
Other income		88	50
OPERATING INCOME		13,345	10,401
Other external purchases		6,593	5,128
Taxes, duties, and similar		262	178
Personnel expenses	3.5.1	7,023	7,162
Depreciation, amortisation and provisions		327	268
Other expenses		75	64
OPERATING EXPENSES		14,279	12,800
OPERATING PROFIT (I) (1) (2)		(934)	(2,399)
Income from investments (3)		9,774	6,618
Income from other securities and receivables for capital assets (3)			
Other Inter. & Simil. income (3)		3,506	781
Reversals from provisions & Transfer of charges		75	186
Income / disposals of short-term deposits			15
FINANCIAL INCOME		13,356	7,600
Depreciation, amortisation and provisions		93	26
Interest & Simil. expenses (4)		1,351	525
Expenses / disposals of short-term deposits			
FINANCIAL EXPENSES		1,444	552
FINANCIAL PROFIT (II)		11,911	7,049
OPERATING PROFIT BEFORE TAXES (I + II)		10,977	4,649
On capital operations		11	51
Reversals from provisions		21	19
TOTAL EXTRAORDINARY INCOME		32	70
On management operations		1	3
On capital operations		48	4
Depreciation, amortisation and provisions		40	42
TOTAL EXTRAORDINARY EXPENSES		89	49
= EXTRAORDINARY PROFIT	3.4.1	(57)	22
Employee contributions (IX)			
Taxes on profits (X)	3.4.2	(3,598)	(3,970)
Total income		**26,732**	**18,071**
Total expenses		**12,214**	**9,431**
PROFIT OR LOSS		14,518	8,641

(1) Of which income relating to previous financial years		
(2) Of which expenses relating to previous financial years		
(3) Of which income from affiliated companies	13,224	7,387
(4) Of which interest from affiliated companies	126	141

3. APPENDIX

3.1 Major events of the financial year

In June 2022, the LACROIX GROUP company acquired the additional 30% shares of LACROIX Environment GmbH for a total of K€ 10,369 and now owns it 100%.

The loan of €30,000K granted to LACROIX North America for the acquisition of FIRSTRONIC in December 2021 was adjusted in January 2022. The loan now totals $33,957K.

LACROIX GROUP has concluded a new loan agreement with LACROIX North America, dated 3 November 2022. The loan totals $2,500K.

3.2 Accounting principles and methods

French accounting regulations and methods have been applied in compliance with the precautionary principle, in line with fundamental assumptions concerning:

- business continuity,
- consistency of accounting methods from one financial year to another,
- independence of financial years,

and in accordance with the general regulations on drawing up and presenting annual financial statements in keeping with the French Accounting Standards Authority (ANC) regulation no. 2016-07 relating to French generally accepted accounting principles.

The basic method used to evaluate elements recorded in the accounts is the historical cost method.

Changes in accounting, evaluation, and estimation methods

None

The main methods used are as follows:

3.2.1 Intangible assets

Intangible assets are valued at their acquisition cost and are amortised using the straight-line method:

- Concessions, patents, licenses, software - 1 to 10 years straight line,
- Research & Development costs - 3 to 5 years.

3.2.2 Tangible assets

Tangible assets are valued at their acquisition cost (purchase price and related expenses, other than expenses incurred in asset acquisition) or at their production cost. Interest on loans specific to asset production are not included in the cost of production of these assets.

Amortisations are calculated using the straight-line method according to expected lifespan:

- Installations and fittings - 9 to 30 years straight line,
- Office IT equipment - 3 to 6 years straight line,
- Furniture - 15 years straight line.

3.2.3 Financial assets

The gross value of investment securities and other long-term investments corresponds to the purchase cost excluding related expenses. Receivables from investments and loans are valued at their historical cost.

A provision for impairment is created where the value in use of investment securities is lower than the gross value. This value in use is assessed on a case-by-case basis, taking particular account of the general situation, business prospects, results of each of the companies concerned, and in line with the Group's development plans.

3.2.4 Receivables

Receivables are valued at their nominal value.
A provision for impairment is created where the carrying value of investment securities is lower than the book value.

3.2.5 Short-term deposits

Their gross value corresponds to the purchase cost excluding related expenses. Where the carrying value corresponding to the closing price is lower than the gross value, a provision for impairment is recorded at closure.

Stock options are recorded in the accounts as short-term deposits.

3.2.6 Foreign currency transactions

Foreign currency expenses and income are recorded at their counter value in the reference currency on the transaction date. Currency liabilities, receivables, and cash equivalents are shown on the balance sheet at their counter value at the end of the financial year.

The difference resulting from recalculation of currency liabilities and receivables at the latter rate is included in the balance sheet under "Currency translation differences". Unrealised exchange losses not compensated are included in a provision for other liabilities.

3.2.7 Provisions for other liabilities and charges

Provisions for other liabilities and charges are created to take account of the Company's obligations to third parties, which are likely or certain to cause a release of resources in favour of such third parties, without at least equivalent compensation, and for which the due date or amount is not precisely fixed. They are valued by taking account of the information available and, where applicable, after consultation with the Company's experts and advisers.

The amount recorded in respect of the provision for retirement has been valued using the actuarial method known as the "accruals basis" and also referred to as the "retrospective method of projected credit units". No differed tax asset was recorded in this respect.

Since the closing of the 2013/2014 financial year, the Company has applied the ANC R 2013-02 recommendation. The Company has opted for method no. 2, which allows actuarial differences to be treated using the corridor method. This method involves recording actuarial differences included in the corridor as off-sheet balance commitments and amortising in the results those outside the corridor.

3.2.8 Extraordinary income

Extraordinary income includes elements of income not related to the ordinary activities of the Company.

It also include elements which, while related to ordinary activities, are exceptional in terms of their amounts and their occurrence.

3.2.9 Taxes on profits

LACROIX Group (the Group's parent company) and its integrated subsidiaries (all over 95% owned) decided to adopt the tax consolidation regime for groups provided for under Articles 223 A et seq. of the French General Tax Code (CGI), on the date of 27 September 1996, for 5 years as of 1 October 1996. Since 1 October 2001, the option of tax consolidation has been subject to renewal by tacit agreement.

The tax covered by subsidiaries is the tax they would have incurred in the absence of tax consolidation, the parent company recognising in profit or loss the provisional or definitive tax differentials arising from the application of the regime.

As of 31 December 2022, the tax scope includes the following entities:

List of subsidiaries	Registered office
LACROIX Electronics	BEAUPREAU-EN-MAUGES
LACROIX Electronics Cesson	CESSON-SÉVIGNÉ
LACROIX Océan Indien	LE PORT
LACROIX City Saint Herblain	SAINT-HERBLAIN
LACROIX Sofrel	VERN SUR SEICHE
LACROIX III	SAINT-HERBLAIN
LACROIX City	SAINT-HERBLAIN
LACROIX Environment	SAINT-HERBLAIN
LACROIX VI	SAINT-HERBLAIN
LACROIX VII	SAINT-HERBLAIN
LACROIX City Carros	SAINT-HERBLAIN
LACROIX City Les Chères	LES CHÈRES
LACROIX City Ploufragran	CRÉTEIL
LACROIX Mayotte	MAMOUDZOU
LACROIX II	SAINT-HERBLAIN

3.3 Balance sheet notes

Unless otherwise stated, the amounts are in €K.

3.3.1 Variation in capital assets, amortisations and provisions

GROSS VALUES	Opening	Additions	Disposals	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	420			420
Other intangible assets (1)	279			279
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	1,372	13		1,385
FINANCIAL ASSETS				
Investment securities	75,424	10,369		85,793
Other long-term investments	70			70
Loans and other financial assets (2)	31,655	5,039	557	36,137
TOTAL	**109,220**	**15,421**	**557**	**124,084**

AMORTISATIONS & PROVISIONS	Opening	Additions	Disposals	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	95	79		173
Other intangible assets	159	34		193
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	205	151		356
FINANCIAL ASSETS				
Investment securities (3)	6,500			6,500
Other long-term investments	60			60
Loans and other financial assets				
TOTAL	**7,019**	**264**		**7,283**

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

(1) Of which intangible assets in progress for €14K.
(2) Other financial assets for €36,137K, of which:
- two loans of $33,957K and $2,500K concluded with LACROIX NORTH AMERICA, valued at €34,181K at 31 December 2022,
- guarantee deposits of €481K

(3) Impairment of LACROIX City securities (Note 3.5.5).

3.3.2 Status of receivables and liabilities

STATUS OF RECEIVABLES & LIABILITIES		Gross amount	At 1 year max.	At over 1 year and at 5 years max.	At over 5 years
Status of receivables					
Receivables from investments					
Loans		34 181	2 344		31 837
Other financial assets		1 956		77	1 879
Doubtful or disputed trade accounts					
Other trade accounts receivable		2 959	2 959		
Receivables representing loaned securities					
Personnel and related accounts					
Social security and other social bodies		63	63		
State and other public authorities	Taxes on profits	8 079	8 079		
	Value added tax	190	190		
	Other taxes, duties, and similar	554	554		
	Sundry				
Group and associates		145 464	145 464		
Miscellaneous debtors		103	103		
Prepaid expenses		380	380		
TOTALS		**193 929**	**160 136**	**77**	**33 716**
Status of debts					
Convertible bonds					
Other convertible bonds					
Bank borrowings	At 1 year max. from origin		0		
	At over 1 year from origin	76 163	12 738	48 206	15 219
Borrowings and other financial debts					
Suppliers and related accounts		1 446	1 446		
Personnel and related accounts		935	935		
Social security and other social bodies		820	820		
State and other public authorities	Taxes on profits				
	Value added tax	469	469		
	Guaranteed bonds				
	Other taxes, duties, and similar	166	166		
Debts on capital assets and related accounts					
Group and associates		29 700	29 700		
Other debts		5	5		
Debts representing loaned securities					
Deferred income					
TOTALS		**109 702**	**46 277**	**48 206**	**15 219**
Borrowings taken out during the financial year		22 500			
Borrowings repaid during the financial year		7 242			

LACROIX GROUP took out new loans totalling €22,500K during the financial year.

3.3.3 Short-term deposits

	Period 2022	Period 2021
Treasury shares (1)	1,395	1,405
Investment (2)	12,323	15,448
TOTAL	**13,718**	**16,853**
PROVISIONS		
NET VALUES	**13,718**	**16,853**

(1) At the closing of the financial year, the Company holds 63,561 securities, amounting to €1,395K. The treasury shares held cover all commitments related to the current bonus share plan.
(2) The other investments, composed of unit trusts (SICAVs), deposit certificates, and other investment products, amount to €12,323K as at 31 December 2022.

3.3.4 Capital

The share capital is composed of 4,829,096 shares, amounting to €32,055,239, and a double voting right is attributed to all nominal shares held for over 3 years by the same shareholder, representing 2,558,277 shares.

3.3.4.1 Change in equity

	Amount at start of financial year	Allocation Previous year result	Variation	Closing balance
Share capital	32,055			32,055
Share premiums	39,645			39,645
Legal reserve	2,517	688		3,206
Other reserves	80,000	4,000		84,000
Balance carried forward	1,773	(26)		1,747
Income	8,641	(8,641)	14,518	14,518
Regulated provisions	102		19	121
TOTAL	**164,733**	**(3,978)**	**14,537**	**175,291**

Distribution of dividends for €3,978K.

3.3.4.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2022
Opening	**149,237**
Acquisitions	14,185
Disposals	(14,218)
Variation	(1,311)
Closing	**147,893**

As at 31 December 2022, the treasury shares recorded in LACROIX Group's individual financial statements at historical cost are valued at €2,868K net of provisions.

The treasury shares are broken down by type: 63,561 shares recognised under short-term deposits and 84,332 treasury shares recognised under long-term investments.

3.3.5 Status of provisions

	Opening	Additions	Disposals	Closing
Provisions for other liabilities and charges				
- Stock option exercising contingencies				
- Exchange losses				
- Retirement benefits	194	46	30	211
- Other liabilities	30			30
- Other charges (1)	35	110	20	125
TOTAL	**259**	**156**	**50**	**366**

(1) Provisions for other expenses relate to the free shares allocation plans.

The Company recognises a provision for retirement benefits, based on collective agreements.

This is a defined benefit plan. The provision is valued by an independent actuary according to the projected unit credit method.

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

- Discount rate of 3.30% (against 0.9% in 2021).
- Average increase in salaries of 3.5% including inflation.
- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 63 for non-managerial staff and 66 for managerial staff. Reason for retirement: 100% of departures are at the initiative of the employee.
- Staff turnover probability as per the table below:

Age brackets	LACROIX Group
< 29 years old	10.00%
30 to 39 years old	5.00%
40 to 44 years old	3.00%
45 to 49 years old	3.00%
50 to 54 years old	2.00%
> 55 years old	-

3.3.6 Stock options

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

The plans are now complete.

	Period 2022	Period 2021
Opening		**7,000**
Options granted		
Options exercised		
Options lost and expired		(7,000)
Closing		

3.3.7 Free shares allocation plans

The general meetings of 28 August 2020 and 6 May 2022 approved free shares plans benefiting some of its employees.

The plans resulted in a provisional allocation of 8,733 shares.

These shares are subject to financial and non-financial performance conditions as well as conditions of presence. The final allocation of the shares will take place by 2025.

The share retention period is set at 2 years, beginning on the date of allocation.

The expense for the period in respect of the bonus share plan is €90K, as well as an employer's contribution of €20K, estimated on the basis of a share value of €26.90 at December 31, 2022.

The number of shares is broken down as follows:

	Period 2022	Period 2021
Opening	**3,650**	
Options granted	(1,311)	
New plan(s) (1)	6,394	3,650
Options lost and expired		
Closing	**8,733**	**3,650**

(1) of which 3,610 free shares provisioned in 2022 out of a total plan of 20,000 free shares subject to conditions and running until 2025.

3.3.8 Adjustment accounts

Accrued income

	Period 2022	Period 2021
Trade accounts receivable and related accounts		10
Status	554	554
Accrued interest	62	36
Miscellaneous accrued income	91	50
Total	**707**	**650**

Prepaid expenses

	Period 2022	Period 2021
Operating expenses	380	224
Financial expenses		
Total	**380**	**224**

Accrued expenses

	Period 2022	Period 2021
Bank borrowings	12	3
Trade accounts payable and related accounts	522	428
Tax and social debts	1,492	2,019
Cash in hand, accrued expenses		
Other debts		
Total	**2,025**	**2,451**

3.4 Notes on Results

Unless otherwise stated, the amounts are in €K.

3.4.1 Breakdown of exceptional income and expenses

	Period 2022	Period 2021
Expenses in previous financial years		3
Disposal of capital assets		
Disposals of short-term deposits		
Share buy-back maluses	48	4
Allowance for special amortisations	40	42
Provision for investment securities		
Other	1	
Total expenses	**89**	**49**
Disposal of capital assets		
Disposals of short-term deposits		
Share buy-back bonuses	11	51
Reversal of provision for other liabilities and charges		
Reversal of special amortisations	21	19
Total income	**32**	**70**
EXTRAORDINARY PROFIT	**(57)**	**22**

3.4.2 Tax breakdown

	Profit before taxes	Tax	After taxes
Operating Profit	10,977		10,977
Extraordinary Profit	(57)		(57)
Investment			
Tax Consolidation: Tax Income		3,598	3,598
NET PROFIT	**10,920**	**3,598**	**14,518**

3.4.3 Tax consolidated companies

The Company is the Group parent company within a tax scope. The list of entities that are members of this scope is presented in Note 3.2.9.

The difference between accounted tax and theoretical tax calculated in the absence of tax consolidation is a saving of €3,598K.

3.4.4 Increases and decreases in future tax debts

	Opening		Changes		Closing	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
TYPE						
I. Certain or potential differences						
Temporarily non tax-deductible expenses						
Provision for taxes						
Retirement benefits	194		17		211	
Other						
II. Impact of items to be charged						
(previous to tax consolidation)						
Amortisations deemed deferred						
Loss carryforwards						
Long-term capital losses						
III. Tax consolidation regime						
Amortisations deemed deferred						
Loss carryforwards	29,722		-5,100		24,622	
Net long-term capital losses						
IV. Potential taxation elements						
Unrealised capital gains (securities)						
Amount of special reserve for						
long-term capital gains (tax base)						

The impact of long-term capital gains at closing is evaluated at a rate of 0%.

3.5 Miscellaneous details

3.5.1 Workforce

	Period 2022	Period 2021
Manual		
Clerical	6	10
Technical (and Supervisors)		
Managerial	58	53
TOTAL	**64**	**63**

3.5.2 Identity of consolidating company

VINILA INVESTISSEMENTS
Simplified joint-stock company with a share capital of €65,000
SIRET no.: 354 034 993 00023

3.5.3 Financial commitments

	Period 2022
Endorsements and guarantees given to subsidiaries	
Debts guaranteed by security interests	
Derivative financial instruments	626
Commitments concerning pensions, retirement, and benefits	27
Commitment to share buy-backs	872

3.5.4 Compensation of the company officers

Compensations paid, in respect of the financial year, to members of the administrative and management bodies for their duties within the Company amount to €664K.

Provisions have been made for compensation to members of the administrative bodies for the year of €80,000, but this will not be paid as of December 31, 2022. Attendance fees are allocated on the basis of proposals from the remuneration committee and depend on participation in various bodies (Board of Directors, Strategy Committee, Audit Committee, remuneration committee, development committee and CSR committee).

3.5.5 Subsidiaries and investments

	Share capital (3)	Other equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Amount of guarantees and investments given	Revenue before taxes for the last financial year	Income for the last financial year	Dividends received during the financial year
				Gross	Net					
1. Subsidiaries held at more than 50%										
LACROIX ENVIRONMENT	13,575	10,652	100.00%	13,575	13,575			1,183	9,417	9,774
LACROIX ELECTRONICS	15,000	(9,181)	100.00%	46,427	46,427	37,231		23,522	(338)	
LACROIX CITY	9,373	(4,105)	100.00%	14,999	8,499	62,016		19,581	(7,310)	
LACROIX VI	5	(1)	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		(3,733)	100.00%			69,315			(1,851)	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE (2)	610	(146)	100.00%	406	406				(108)	
LACROIX ENVIRONMENT GmbH	25	2,799	100.00%	10,387	10,387	11,082			3,274	
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shares										
TOTAL				**85,803**	**79,303**	**179,644**				**9,774**

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

3.5.6 Post-closing events

None

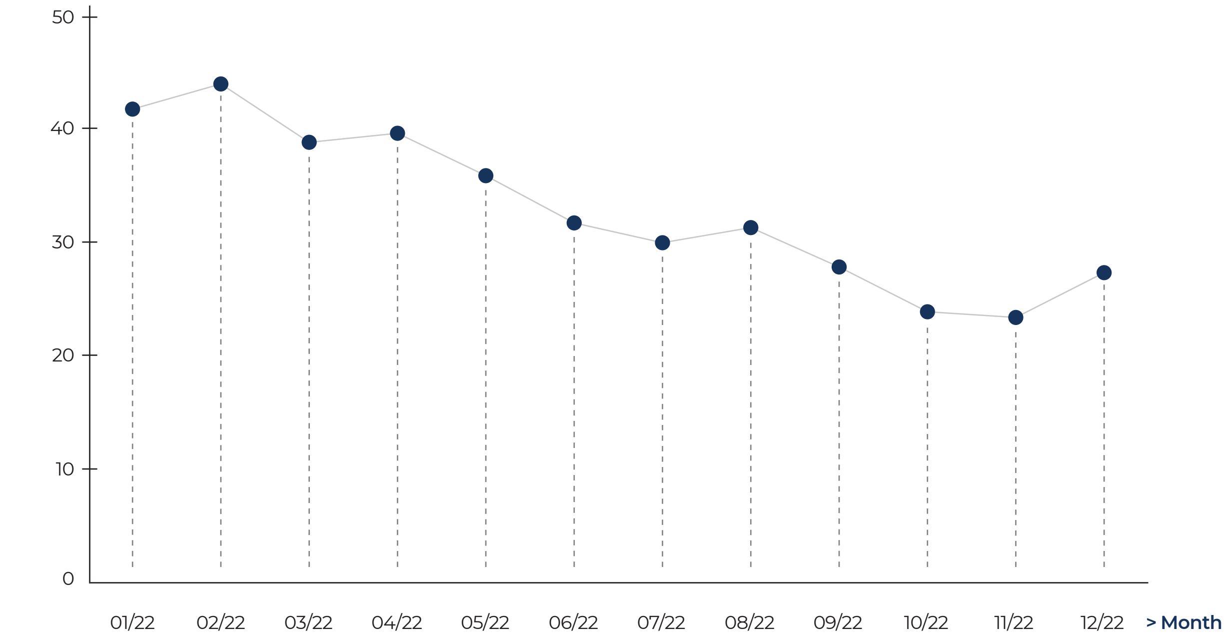

87.270
91.941
79.609
71.007
81.438
75.008
92.490
87.072
45.161
92.595
3.244
22.242
26.073
83.712
69.648
40.283
50.267

PART 04

SHARE PRICE TREND

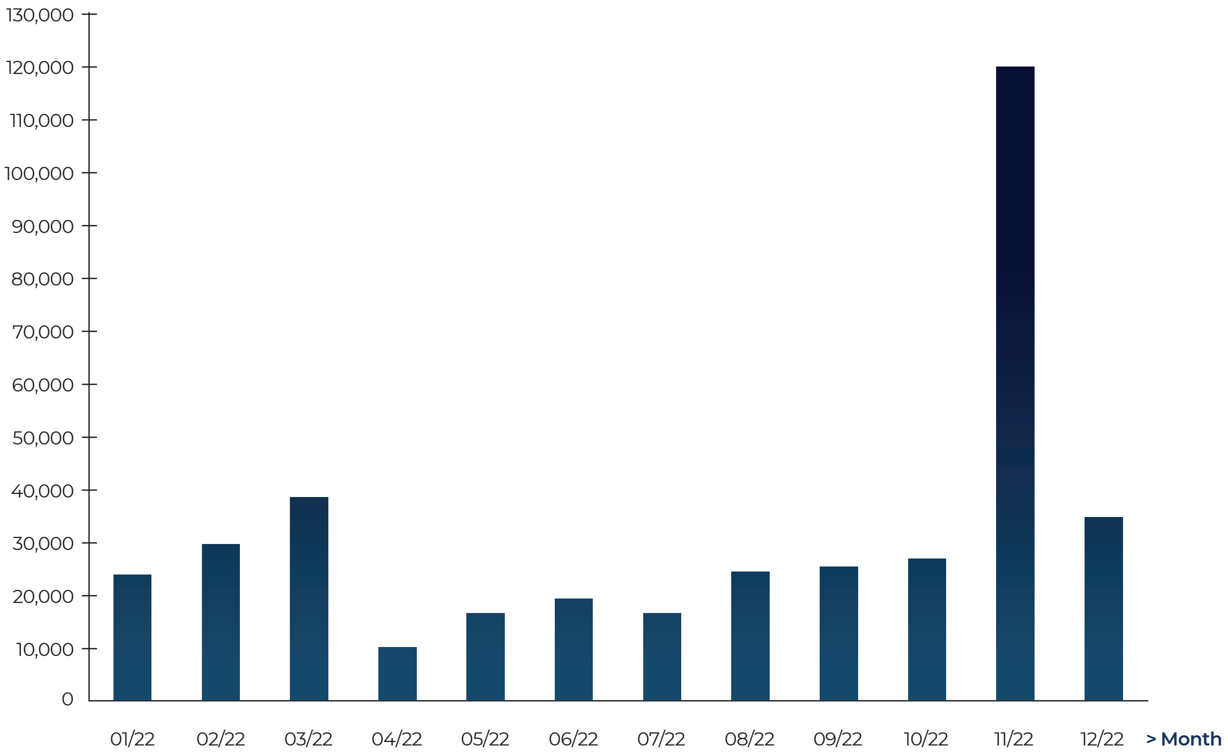
1 - CHANGES IN SHARE PRICE

Weighted average price (in euros)



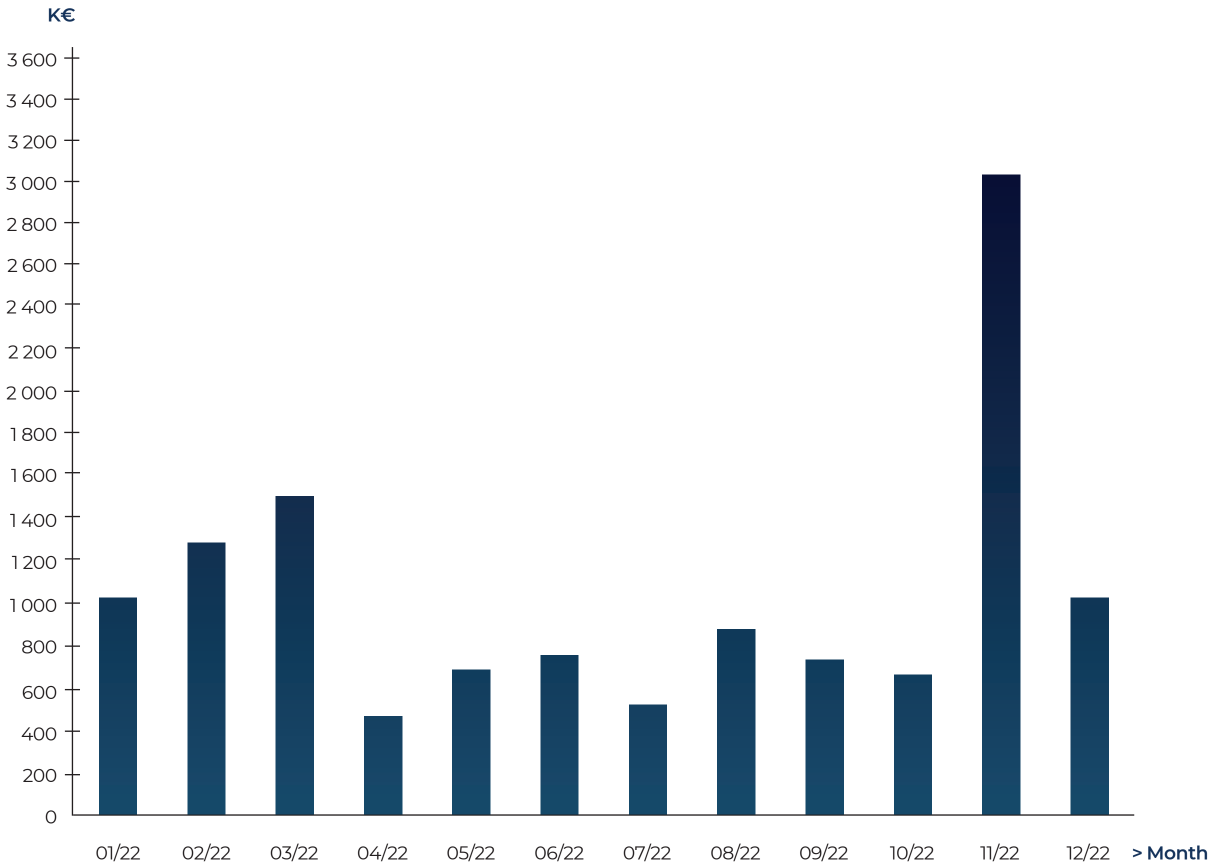
2 - NUMBER OF SHARES TRADED

Number



3 - CAPITAL AMOUNT IN EUROS

Number of shares X value of shares



LACROIX

17 rue Océane
44800 Saint-Herblain - FRANCE
Tel.: +33 (0)2 72 25 59 59
info@lacroix-group.com

www.lacroix-group.com

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