LACROIX

Annual Report

2023

LACROIX

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2023

OUR VISION

At LACROIX, we believe technology should contribute to simple, sustainable and safer environments.

LACROIX is an international industrial and technological mid-cap whose mission is to contribute to the development of more sustainable living ecosystems through useful, robust & secure connected technologies Our ambition is to become a world leader in Industrial IoT solutions and electronic equipment 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 design and manufacture electronic equipmentand industrial IoT solutions for the automotive, industrial, connected homes and buildings, aerospace and defence and healthcare sectors. We also supply electronic equipment and connected, secure solutions to optimise the management of smart road infrastructures (street lighting, traffic management and smart cooperative transport systems, passenger information systems), water and energy (smart grids and heating systems).

We work alongside our customers and partners to create the link between the world of today and the world of tomorrow. We help them in the building of the industry of the future and benefit from the innovation opportunities that surround them, by providing them electronic equipment and IoT solutions for a more sustainable world.

€761M

2023 SALES
(+7.5% VS 2022)

€17.9M

CURRENT OPERATING PROFIT
(-€3.9M VS 2022)

€190.1M

SHAREHOLDERS' EQUITY
(-€3.9M VS 2022)

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 design centre, we are able to draw on our cutting-edge design expertise and abilities. Rising to the challenges of 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, North America and North Africa, 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 increasingly urban world, we need to meet the major challenges of smart mobility: helping regions and cities to transform the road network into a fluid, safe and sustainable living space, thanks to useful and robust connected technologies.

Building on a solid foundation of experience and expertise, LACROIX's City business has been innovating for decades through its electronic equipment and industrial IoT solutions for intelligent roadways, combating congestion and pollution.

ENVIRONMENT ACTIVITY

In a world where natural resources are becoming scarce, we must act now. Our mission is to work with our public and private-sector customers to digitise and manage water and energy infrastructures using useful, robust and secure connected technologies.

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.

€562M
REVENUE IN 2023

€116M
REVENUE IN 2023

€83M
REVENUE IN 2023

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SHARE PRICE TREND

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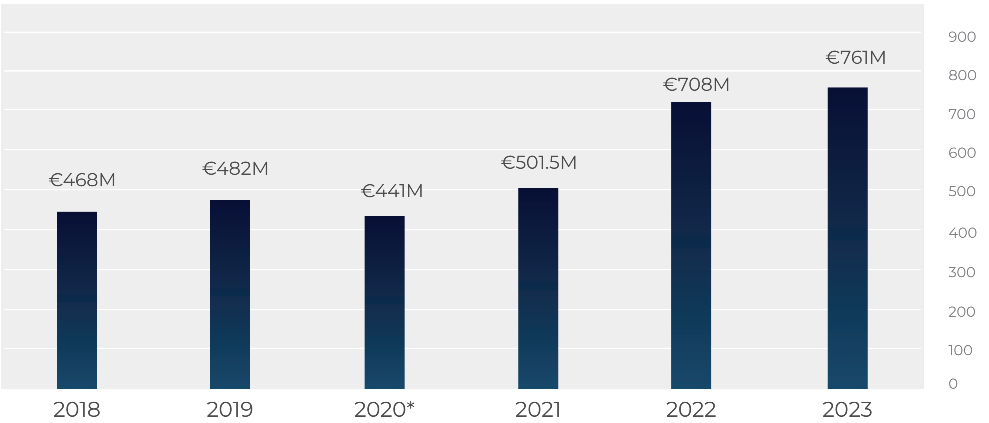
PART 01

GENERAL MEETING

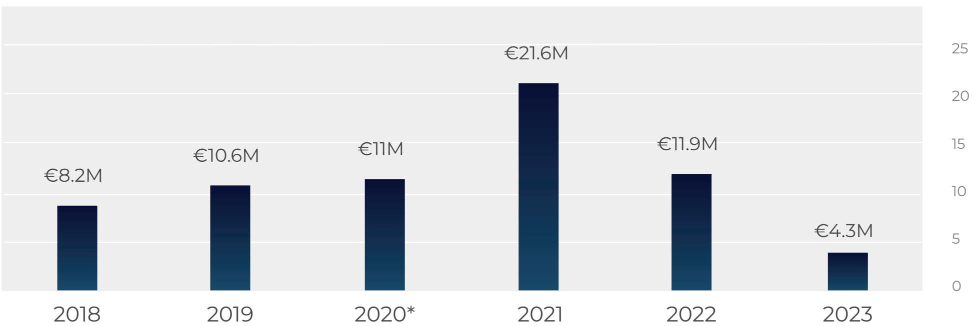
KEY FIGURES

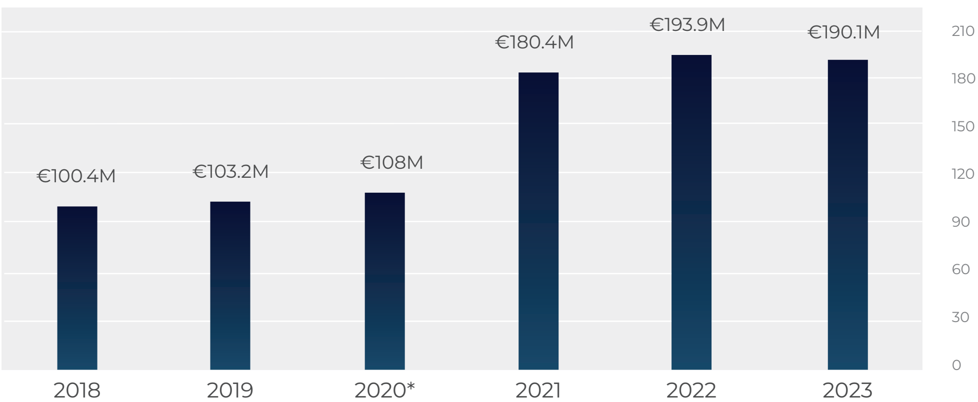
Revenue



Current operating profit

Net income - Group share





* 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 2023

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

CERTIFIES

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

Vincent Bedouin

LACROIX Group

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

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

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

YEAR ENDED 31 DECEMBER 2023

LACROIX Group

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

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

1. LACROIX GROUP

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

Over the period, the company's business evolved as follows:

- At 31 December 2023, revenue of €761.2M, with harmonious growth in our businesses (Electronics +7.6%, City +6.7%, Environment +8.1%);

- Current EBITDA of €41.6M, with an improvement in City, Environment and Elec EMEA, but overall performance penalised by ELEC North America;

- Operating profit of €3.8M impacted by significant non-recurring items:
  - €10M exceptional amortisation of the Customer List as a result of evolving OMC on the customer base of LACROIX Electronics MI (formerly Firstronics),
  - the consequences of the planned disposal of the Signalisation BU (sale of the building and treatment as an asset held for sale on the closing balance sheet),
  - The impact of the cyber attack (mainly the cost of rebuilding operational systems), which led to the temporary closure of 3 of our plants in May 2023 before a gradual restart;

- An increase in financial expenses due to the full-year impact of higher interest rates;

- Net profit (Group share) was €4.3M, with the decline limited by the capitalisation of deferred tax on profitable entities and the recognition of minority interests;

Significantly positive free cash flow of €23.2M, benefiting in particular from an initial improvement in working capital requirements.

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 sales 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 2023 were as follows:

- Continued business growth (+7.6%), driven by the EMEA region and with a positive contribution from North America, albeit at a slower pace than anticipated.
- Contrasting market segment dynamics, with strong automotive growth in Europe in the first half, followed by a slowdown in H2, a declining HBAS market throughout the period after years of strong growth post COVID, and strong growth in the industrial and aerospace segments, driven respectively by the introduction of new customers and the turnaround in the aerospace market after difficult years post COVID. In North America, the second half of the year was disrupted by strikes at US car-makers and by the ramp-up of new programmes, which took longer than expected.
- ·A gradual return to normal in the components markets (even if certain families may remain under pressure), with the impact of a reduction in one-off re-invoicing of excess supply costs, and also the gradual reduction in inventory levels.
- Current EBITDA fell by 27% from €26.9M to €19.6M, with very different contributions from each geographical region. In EMEA, EBITDA has benefited from higher sales, reduced pressure on the components market and improved operating efficiency, leading to a significant improvement in EBITDA (+20%). Conversely, performance in North America was impacted by increases in payroll costs (inflation and appreciation of the Mexican peso), industrial disorganisation which penalised performance and operational control, leading to significant inventory discrepancies at the end of the period.
- Current operating income of €1.9M, compared with €10.0M.
- Net income fell sharply, with an exceptional write-off of USD 10M on the Firstronics Customer List, and higher financial expenses due to the full-year impact of rising interest rates.
- A positive FCF, with better control of working capital requirements and the start of a reduction in inventories in line with the gradual normalisation of the components market.

Against a backdrop of more uncertain end-market dynamics (automotive, HBAS), business is likely to mark a pause in the sustained growth of recent years, although the programmes won should continue to fuel growth at certain sites. Current operating profitability should also rise, thanks in particular to the vigorous action plan implemented to turn performance around in North America.

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

In €M	N (12 months)	N - 1 (12 months)
Revenue	562.1	522.2
Current EBITDA	19.6	26.9
Current operating profit	1.9	10.0
Net income	(17.4)	(0.2)
Cash flow	7.7	14.7
Investments*	xxx	15.9

(*) 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:

- Another year of dynamic growth in revenue (+8.1% in 2023 after +9.1% in 2022) to €82.6M, with the Water France, Water International and Smart Grids segments all contributing to this performance, and with a steady HVAC segment).
- Accelerating international development in target areas, notably Saudi Arabia, where the company achieved revenue in excess of €3.0M in 2023, benefiting from investments aimed at improving the efficiency of water management services.
- Current EBITDA of €17.9M, confirming the target of over 20%
- COI remaining at high levels at €16.3M, despite continued investments in R&D (expensed) and HR to support and reinforce growth.

The activity's outlook is favourable, with momentum remaining positive. Results will remain excellent.

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

In €M	N (12 months)	N - 1 (12 months)
Revenue	82.6	76.4
Current EBITDA	17.9	16.5
Current operating profit	16.3	14.9
Net income	11.9	9.9
Cash flow	12.7	10.8
Investments*	xx	1.1

(*) 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 2023 financial year were as follows:

- Revenue up to €116.4M, from €109.1M in 2022, with growth across all segments.
- Continued strong growth in the public lighting segment (+15%), driven by the structurally favourable winds of smart public lighting and supported by the performance of contracts signed internationally, notably in Flanders.
- Signalisation and Traffic activities recovering to +6.9% and 3.6% vs. -9% and -8%, with a favourable effect from the performance of contracts in Morocco for Traffic and a favourable effect from price revisions in the Signalisation segment. For the record, price increases are passed on through the application of price adjustment formulas, which are applied on the anniversary date.
- Recurring EBITDA up sharply to €4.3M (vs. +€0.9M in 2022), also an improvement on 2021 (€1.0M). This upward trend was driven in particular by price adjustments in a context of raw material prices returning to more normal levels over the period
- An improvement in current operating income to a profit of €0.9M, compared with a loss of €2.5M in 2022.

- Net income of €1.8M, impacted by items relating to the ongoing disposal of the Signalisation segment (net capital gain on the disposal of the building, capital loss arising from its treatment as an asset held for sale at 31 December).

The City business should see the sale of the Signalisation segment completed during the next financial year. On a like-for-like basis (excluding Signalisation), business should continue to grow. Margins will be impacted from time to time by the end of the absorption of structural costs by the Signalisation segment.

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

In €M	N (12 months)	N - 1 (12 months)
Revenue	116.4	109.1
Current EBITDA	4.3	0.9
Current operating profit	0.9	(2.5)
Net income	(1.8)	(4.3)
Cash flow	1.2	(1.9)
Investments*	xx	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 recognised as operating expenses. In 2023, these activities generated €3.6M of Research Tax Credit (CIR) in the 2023 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. These projects give rise to the recognition of operating subsidies (partial financing of R&D work).

Financial situation

CFFO (cash flows from operations) totalled €34.1M compared to €33.0M in the previous year.

Over the period, the change in working capital requirements made a positive contribution (+€8.9M) despite the dynamic growth in revenue, confirming the start of the expected improvement after two years of deterioration due to pressure on supplies in the components market.

Capital expenditure (excluding financial expenses) was contained at €16.9M (2.2% of revenue). In addition, LACROIX completed asset disposals totalling €3.7M, primarily the disposal of the Signalisation BU's main building.

As a result, Free Cash Flow was positive at +€23.2M compared to -16.9 €M

In addition, the following special features should be noted:

- Treatment as an asset available for sale led to the deconsolidation of a debt of around €5M
- New borrowings totalling €33.9M, including €10M for an 8-year recovery participating loan (PPR) with a 4-year grace period

At 31 December 2023, the Group's net debt (excluding rent and acquisition debt) totalled €112.9M compared with €138.8M. Positive cash flow amounted to €42.5M on the closing date. The ratio of net debts (excluding debts for rentals and acquisitions) to equity (gearing) amounts to 0.59 compared to 0.72 as at 31 December 2022.

Prospects

Following a year marked by solid business growth and resilient profitability, LACROIX expects 2024 to be a year of contrasts depending on its markets.

Taking into account the economic uncertainties of 2024, LACROIX expects sales excluding signage to exceed €710 million in 2024, slightly up on its 2023 level excluding signage (i.e. €702 million). The recurring EBITDA margin is expected to exceed its 2023 level, within a range of 5.5% to 6.5%.

By 2025, the Group confirms its sales target of €800 million, conditional on the completion of an external growth operation and more favorable demand trends in the automotive and HBAS markets. An EBITDA margin of around 9% remains the target, but realistically this seems difficult to achieve as early as 2025. Nevertheless, LACROIX remains fully confident in its ability to reach this new milestone in the medium term.

LACROIX Group

Company activity

As the parent company of the Group, it is responsible for the management of assets, mainly comprising the equity of the parent companies of the three activities and some subsidiaries, and supervises and coordinates 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.

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.

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

At 31 December 2023, revenue totalled €13,291K, compared with €13,173K in the prior period, reflecting the stability of the scope of services provided for Group companies.

Operating income fell to -€1,835K compared to -€934K. This change is due in particular to the base effect, which involved the vacancy of certain posts leading to a one-off reduction in operating expenses.

This loss was largely offset by the positive net financial income of +€14,996K compared with +€11,911K, and the income tax benefit of €4,056K compared with €3,598K relating to the integrated profits system.

As such, net income was €17,206K compared to €14,518K for the previous financial year.

Non tax-deductible expenses

Non tax-deductible expenses and charges at the end of the year amounted to a total of €40,826.

This amount corresponds to the non-deductible portion of the lease payments on the cars used by the Company for an amount of €32,890 and to corporate vehicle tax (TVS) charges of €7,936, which generated a tax charge of 10,207 euros.

Information on payment terms

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby inform you that at the end of the 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	**105**	51	9	3	101	**164**	**122**	8	6	0	4	**18**
Total amount, including tax, of invoices in question	**€620,859.89**	€233,261.41	€20,223.69	€268.43	€110,383.84	**€364,137.37**	**€3,908,576.31**	€85,801.67	€94,545.15		€121,045.69	**€301,392.51**
Percentage of total purchases amount for the year, including tax	**7.00%**	2.63%	0.23%	0.00%	1.24%	**4.11%**						
Percentage of revenue for the year, including tax							**16.66%**	0.37%	0.40%	0.00%	0.52%	**1.28%**
(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 26.11 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 2023, 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%	76.51%
Treasury shares**	3.07%	-
Public	34.66%	23.49%

(*) 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, directly or indirectly acquiring 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 equity or voting rights must notify the Company thereof.

In the financial year ending 31 December 2023, there were no reports of legal thresholds being exceeded.

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 2023, the following cases of shareholders falling below or exceeding the legal threshold were reported:

- Quareo Capital SA's fraction of share capital fell below the 2% share capital threshold,
- Human's fraction of share capital fell below the 2% share capital threshold,
- La Financière de l'Echiquier's fraction of share capital exceeded he 2% share capital threshold.

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:

- Quareo Capital SA's fraction of share capital exceeded the 2% share capital threshold.

Significant shareholding in registered form

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

Double voting rights

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

Control mechanism

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

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

Board of Directors' powers regarding share buy-back

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

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

Treasury shares

In 2005, the Company entrusted the implementation of a liquidity contract compliant with 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 2023, the Company held 143,921 treasury shares and 4173 shares under the liquidity agreement, i.e. a total of 148,094 treasury shares representing 3.07% of capital.

Subsidiaries

	Share capital (3)	Other equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Amount of guarantees and in-vestments given	Revenue before taxes for the last financial year	Income for the last financial year	Dividends received during the financial year
				Gross	Net					
1. Subsidiaries held at more than 50%										
LACROIX ENVIRONMENT	13,575	10,229	100.00%	13,575	13,575			1,207	8,878	9,302
LACROIX ELECTRONICS	15,000	(12,342)	100.00%	46,427	46,427	44,276		3,490	(3,161)	
LACROIX CITY	9,373	(12,117)	100.00%	14,999	4,999	58,757		18,267	(8,274)	
LACROIX VI	5	(1)	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		(7,676)	100.00%			72,725			(3,268)	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE (2)	610	(277)	100.00%	406	406				(75)	
LACROIX ENVIRONMENT GmbH	25	4,577	100.00%	10,387	10,387	11,074			1,785	
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shares										
TOTAL				**85,803**	**75,803**	**182,832**				**9,302**

(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 2023, the Company controlled the following companies:

- LACROIX ELECTRONICS (France - 100%)
- LACROIX ELECTRONICS BEAUPREAU (France - LACROIX ELECTRONICS subsidiary - 75%)
- LACROIX ELECTRONICS TUNIS (France - LACROIX ELECTRONICS BEAUPREAU subsidiary - 99.9%)
- LACROIX ELECTRONICS TUNISIE (Tunisia - LACROIX ELECTRONICS subsidiary - 100%)
- LACROIX ELECTRONICS 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%)
- LACOIX 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 (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 (United States - LACROIX NORTH AMERICA subsidiary - 62.2%)
- LACROIX GmbH (Germany - 100%)
- 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, 3a of the French Monetary and Financial Code, we hereby inform you that during the financial year, the Company granted the following loans:
- a loan of USD 5,277k to LACROIX North America, details of which are given below in the section on regulated agreements.
- a loan of USD XXk to LACROIX ELECTRONICS MI, details of which are given below in the section on regulated 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 as part of an employee's mutual fund amounted to 0.87% as at 31 December 2023.

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 account for a large proportion of the purchases made by the Group, and a significant share of its revenue. They account for over 70% of revenue, and raw materials account for over 85% of its purchases. 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 programmes ensures that it has recent and secure equipment to mitigate the risks of major failures that might bring manufacturing operations to a halt. Therefore, the main industrial risks are those that could affect or stop production at the main sites (fire, technical breakdown, etc.) and compromise the quality of products. Quality procedures are in place for identifying, correcting, and preventing, or at least mitigating, failures.

Legal, tax, and social risks

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

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

Financial risks

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

Currency risk

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

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 contracts with its main customers enabling it to adjust the selling price of products according to changes in the EUR/USD exchange rate. Therefore, the currency risk for this item is under control. 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 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 €70 million) mainly concerns salaries and social charges 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.

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

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	Types of main clients
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 2023, LACROIX announced its intention to divest its Road Signs segment (8% of LACROIX' turnover) 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 2023 financial year

The LACROIX Group share is listed on Euronext Paris (compartment B).

Over the course of financial year 2023, 706,784 shares were traded for a capital amount of €22,657,759 at an average price of €32.23.

The share price as at closing on 31 December 2023 was €29.50.

Company purchases of treasury shares

Share buy-back programme

Our proposition is to renew the powers given by the General Meeting on 11 May 2023 to the Board of Directors to purchase Company shares on the stock market, under the conditions and within the limits specified in Articles L. 22-10-62 et seq. of the French Commercial Code, and pursuant to the provisions of European Regulation no. 2273/2003 of 22 December 2003.

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

- to ensure market-making under a liquidity contract compliant with 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.

Authorisation 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 programme 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 programme. Acquisitions and disposals can be made during a public offering within the limits permitted by stock market regulations.

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

Assessment of previous share buy-back programmes

Under the programmes authorised by the General Meetings of 11 May 2021 and 6 May 2022, applying to the financial year ending 31 December 2023, the Company made the following transactions in its own shares: sale of 2,091 shares to cover bonus share allotment 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:

- 12,813 shares were acquired at an average price of €32.43;
- 12,612 shares were sold at an average price of €32.72.

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

- coverage of stock option plans for employees and corporate officers of LACROIX Group: 61,470 shares,
- subsequent allocation for trade or payment as part of an external growth operation: 80,334 shares,
- stabilisation of the price by a service provider: 4,199 shares,

i.e. a total of 146,003 treasury shares representing 3.02% of the capital, having a book value of €2,812,060 and a market value of €4,350,889 based on the price on 31 December 2023.

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 authorisation 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 agreement was concluded:

Loan agreement with LACROIX North America

Persons concerned: Nicolas Bedouin (Chief Operating Officer of LACROIX Group and Chair of LACROIX North America on the date of signing of the agreement).

Nature and purpose: Conclusion of a loan agreement between the Company and LACROIX North America, dated 8 June 2023.

Amount: The amount of the loan is USD 5,277,463, with an interest rate of 8%.

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 (Chair & CEO of LACROIX Group and Chair of VINILA INVESTISSEMENTS), Nicolas Bedouin (Chief Operating Officer 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 Chair 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.

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

Persons concerned: Nicolas Bedouin (Chief Operating Officer of LACROIX Group and Chair of LACROIX North America on the date of signing 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.

Loan agreement concluded with LACROIX North America

Persons concerned: Nicolas Bedouin (Chief Operating Officer of LACROIX Group and Chair of LACROIX North America on the date of signing 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.

Management and coordination agreement concluded with the company VINILA INVESTISSEMENTS

Persons concerned: Vincent Bedouin (Chair & CEO of LACROIX Group and Chair of VINILA INVESTISSEMENTS), Nicolas Bedouin (Chief Operating Officer 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 Chair 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 2023 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

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", available for consultation at 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 to be watched" 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 L.22-10-10-4 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 attendance 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 Chair 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' 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 office for each director is three (3) years.

On 31 December 2023, the Board of Directors of LACROIX Group comprised 7 members:

Name	Independence	Appointment	Term of office	Committees	Experience/ expertise
Vincent Bedouin, Chair	No	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Chair of the strategic committee, Member of the CSR Committee	
Pierre Tiers, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Chair of the audit and compliance committee, Member of the compensation committee, Member of the strategic committee, Member of the development committee	Manager of PRO. POSITIONS, former Chair of NOVAPULS, former CEO of IPO (private equity)
Hugues Meili, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the strategic committee, Chair of the development committee	Founder and former Chair & CEO of Niji (consulting and technologies for the digital transformation of companies) Chair of Niji Digital SAS
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	Chair & CEO of the Armor Group, a global specialist in ink chemistry and printing technologies.
Murielle Barneoud, Member	Yes	2018 renewed in 2021	AGM 2024 ruling on the 2023 accounts	Member of the strategic committee Chair 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 compensation 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 a director as independent, it appears from the examination of the situation of each director that Mr Hugues Meili, Ms Ariane Malbat, Mrs Muriel Barneoud and Mr Pierre Tier all meet 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 2023.

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

Mission of the Chair of the Board of Directors

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

Information for directors

The members of the Board of Directors have received all the documents and information they need to carry out their duties within the time needed for their examination.

The Chair has regularly provided the directors with all relevant information concerning the Company.

Rules of procedure of the Board of Directors

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

These rules also define the Board of Directors' operating rules regarding ethics (share ownership, non-disclosure, 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 2023, the following 11 meetings were held:

- Four 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.
- Two meetings of the Audit and Compliance Committee
- Two meetings of the Development Committee
- Two meetings of the Compensation Committee
- Three meetings 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 & compliance committee
- a compensation 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 & Compliance Committee

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

As such, it is responsible for:

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

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

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

Compensation Committee

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

- the allocation of the annual compensation 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:
  - granting of share subscription or purchase options; and
  - allocation of bonus shares.

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

- the policy on compensation for executive managers, and
- 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 compensation committee's tasks is to make recommendations to the Board of Directors regarding the performance criteria to be used, if any, for granting or exercising any share subscription or purchase options, as well as for the possible allocation of bonus shares.

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

Strategic Committee

The strategic committee analyses, studies, and advises on:

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

The Strategic Committee studies and reviews:

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

The strategic committee is made up of 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 guidelines and the development policy to put in place.

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 compensation 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 Grosdhomme.

LIST OF TERMS OF OFFICE AND JOB ROLES DURING THE FINANCIAL YEAR ENDING 31 DECEMBER 2023

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	Chair & CEO	LACROIX Group
	Chair	VINILA INVESTISSEMENTS
	Chair	LACROIX ELECTRONICS
	Chair	LACROIX ELECTRONICS CESSON
	Co-managing Director	LACROIX ELECTRONICS GmbH
	Chair of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	Chair	We Network
	Vice-Chair	Electronics Industry Strategic Com-mittee
	Sole administrator	LACROIX SOFREL ESPANA (until 26/01/2023)
	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 and Vice-Chair of the Board of Directors	60000 Rebonds Grand-Ouest associa-tion
	Managing Director	PRO.POSITIONS
	Member of the Strategic Committee	SAS VECTURA
	Member of the Strategic Committee	SAS REEVERSE SYSTEMS
	Chair of a Division	Nantes Commercial Court

Hugues Meili	Member of the Board of Directors	LACROIX Group
	Chair & CEO	NIJI SA (until 7/11/2023)
	Chair	NIJI DIGITAL SAS
	Chair	BORDILLA I SAS (until 7/11/2023)
	Chair	BAMBARA I SAS
	Chair	BORDILLA I SAS
	Member of the Board of Directors	Kurmi Software SAS
	Chair of the Supervisory Board	Bretagne Développement Innovation
Marie-Reine Bedouin	Member of the Board of Directors	LACROIX Group
	Chair of the Supervisory Board	VINILA INVESTISSEMENTS
Hubert de Boisredon	Member of the Board of Directors	LACROIX Group
	Chair	ALSENS
	Chair	EOTEKUM
	Member of the Strategic Committee	KIPLI
	Managing Director	SCI ALRE
	Managing Director	ALSOL
	Managing Director	ALPER
	Managing Director	SCI BUROO
	Chair & CEO	ARMOR
	Representative of Armor Group, member of the Board of Directors	GLOBAL COMPACT FRANCE Association
	Vice-Chair	Association "Les entrepreneurs pour la Cité"
Ariane Malbat	Member of the Board of Directors	LACROIX Group
	Chair	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-Chair	ACSEL
	Vice-Chair	CAP DIGITAL
	Vice-Chair	AFRC

Executive Management

Name	Term of office	Company
Vincent Bedouin	Chair & CEO	LACROIX Group
	Chair	VINILA INVESTISSEMENTS
	Chair	LACROIX ELECTRONICS
	Chair	LACROIX ELECTRONICS CESSON
	Co-managing Director	LACROIX ELECTRONICS GmbH
	Chair of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	Chair	We Network
	Vice-Chair	Electronics Industry Strategic Com-mittee
	Sole administrator	LACROIX SOFREL ESPANA (until 26/01/2023)
	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	Chief Operating Officer	LACROIX Group
	Member of the Supervisory Board	VINILA INVESTISSEMENTS
	Member of the Board of Directors	LACROIX ELECTRONICS BEAUPREAU
	Vice-Chair	LACROIX NORTH AMERICA INC.
	Chair	SAS HUMAN
	Managing Director	SCI MAJE
	Chair	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 2023, 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.

The resolutions relating to the components of the remuneration due or awarded to Vincent BEDOUIN and Nicolas BEDOUIN in respect of the 2022 financial year were approved by the Annual General Meeting of May 11, 2023.

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

Summary table of compensation paid to executive corporate officers

	Period 2023		Period 2022	
Vincent Bedouin Chair & CEO	Allocated	Paid	Allocated	Paid
Fixed compensation	€252,100	€252,100	€242,100	€242,100
Annual variable compensation in respect of 2021	Awarded in 2022	€73,334	73,334	€105,182
Annual variable compensation in respect of 2022	€36,392			€0
Special compensation	€0	€0	€0	€0
Compensation as member of the Board of Directors	€0	€0	€0	€0
Benefits in kind	€10,932	€10,932	€10,932	€10,932
Stock options	€0	€0	€0	€0
Allocation of bonus shares*	€56,250	€0	€55,481	€0
TOTAL	**€355,674**	**€336,366**	**€381,847**	**€358,214**
Nicolas Bedouin Chief Operating Officer	Allocated	Paid	Allocated	Paid
Fixed compensation	€181,250	€181,250	€171,250	€171,250
Annual variable compensation in respect of 2021	Awarded in 2022	€50,770	€50,770	€65,738
Annual variable compensation in respect of 2022	€25,195			€0
Special compensation	€0	€0	€0	€0
Benefits in kind	€3,821	€3,821	€3,821	€3,821
Stock options	€0	€0	€0	€0
Allocation of bonus shares*	€42,188		€41,611	€0
TOTAL	**€252,454**	**€235,841**	**€267,452**	**€240,809**

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

In 2023, the fixed compensation paid to Mr Vincent Bedouin totals 252,100 euros (i.e. 77.47% of his annual remuneration), compared to a fixed compensation of 242,100 euros in 2022.

The variable portion 73,334 euros (i.e. 22,53% of his annual remuneration) paid to Mr Vincent Bedouin in 2023 corresponds to the amount provisioned in 2022 in view of the level of current operating income achieved in that reference year.

The amount of the variable portion to be allocated to Mr Vincent Bedouin in respect of performance in 2023 will be 36,392 euros, in accordance with the variable compensation scheme put in place and described below.

Finally, as part of the multi-year compensation scheme linked to the implementation of the Leadership 2025 plan and given the progress of this plan, a provision of 56,250 euros is recognised in 2023 in respect of the bonus shares subject to performance awarded to Mr Vincent Bedouin, in accordance with the multi-year compensation scheme described below.

In 2023, the fixed compensation paid to Mr Nicolas Bedouin amounts to 181,250 euros, compared to a fixed compensation of 171,250 euros in 2022.

The variable portion (50,770 euros) paid to Mr. Nicolas Bedouin in 2023 corresponds to the amount provisioned in 2022 in view of the level of current operating income achieved in that reference year.

The amount of the variable portion to be allocated to Mr Nicolas Bedouin in respect of performance in 2023 will be 25,195 euros, in accordance with the variable compensation scheme put in place and described below.

Finally, as part of the multi-year compensation scheme linked to the implementation of the Leadership 2025 plan and given the progress of this plan, a provision of EUR 42,188 is recognised in 2023 in respect of the bonus shares subject to performance granted to Mr Nicolas Bedouin, in accordance with the multi-year compensation scheme described below.

Compensation in respect of directors' duties

The executive directors did not receive compensation in respect of their duties as directors (formerly directors' 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 directors 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 hereby inform you that members of the Board of Directors do not receive additional compensation and do not qualify for stock options.

Performance shares allocated and available

The main features of the bonus issue plan are as follows:

- Opening date of the plan: 14 April 2021
- The plan is awarded under performance-related conditions, which must be fulfilled in order to definitively benefit from these plans.
- Shares will be allocated in annual periods
- The allocated shares will be definitively acquired by third parties over a period of three years, 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 at least two years, as specified 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 shares allocated in 2023: 2,500 shares.

Summary table of indemnities or benefits for executive corporate officers

Executive corporate officers	Employment contract	Supplementary pension scheme	Non-competition indemnities	Severance payments
Vincent Bedouin Chair & CEO Appointment: 26/07/2018 Deadline: AGM 2024 ruling on the 2023 accounts	NO	YES	NO	NO
Nicolas Bedouin Chief Operating Officer 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. Accordingly, on a day-to-day basis his duties are different from those of his corporate appointment.

Compensation policy (Say on Pay)

Compensation is determined by the Board of Directors on the recommendation of the compensation committee.

Compensation policy for the members of the Board of Directors

In accordance with Article L. 225-45 of the French Commercial Code, the terms of compensation of directors are set by the Board of Directors upon a proposal from the compensation committee, subject to the conditions stated 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 compensation payable to directors for their term of office is apportioned among the directors according to their contribution and attendance on different committees.

Acting on a proposal from the compensation committee, the Board of Directors set the overall amount of compensation awarded to directors (formerly directors' attendance fees) for their directorships in respect of financial year ending 31 December 2023 at €66,000, apportioned as stated above.

Muriel Barneoud	Amounts awarded in 2023	Amounts paid in 2023	Amounts awarded in 2022	Amounts paid in 2022
Compensation as member of the Board of Directors (including directors' fees)	€15,250	€12,500	€12,500	€11,000
Other compensation				
TOTAL	**€15,250**	**€12,500**	**€12,500**	**€11,000**
Hubert de Boisredon	**Amounts awarded in 2023**	**Amounts paid in 2023**	**Amounts awarded in 2022**	**Amounts paid in 2022**
Compensation as member of the Board of Directors (including directors' fees)	€10,000	€7,500	€7,500	€10,000
Other compensation				
TOTAL	**€10,000**	**€7,500**	**€7,500**	**€10,000**

Ariane Malbat	Amounts awarded in 2023	Amounts paid in 2023	Amounts awarded in 2022	Amounts paid in 2022
Compensation as member of the Board of Directors (including directors' fees)	€11,750	€10,500	€10,500	€11,750
Other compensation				
TOTAL	**€11,750**	**€10,500**	**€10,500**	**€11,750**
Hugues Meili	**Amounts awarded in 2023**	**Amounts paid in 2023**	**Amounts awarded in 2022**	**Amounts paid in 2022**
Compensation as member of the Board of Directors (including directors' fees)	€12,000	€14,500	€14,500	€15,000
Other compensation				
TOTAL	**€12,000**	**€14,500**	**€14,500**	**€15,000**
Pierre Tiers	**Amounts awarded in 2023**	**Amounts paid in 2023**	**Amounts awarded in 2022**	**Amounts paid in 2022**
Compensation as member of the Board of Directors (including directors' fees)	€17,000	€14,500	€14,500	€17,000
Other compensation				
TOTAL	**€17,000**	**€14,500**	**€14,500**	**€17,000**

Compensation policy for executive officers

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

Compensation policy for Vincent Bedouin – Chair & CEO

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

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

In addition, Vincent Bedouin also receives gross annual compensation of 22,100 euros paid by the company VINILA INVESTISSEMENTS.

Mr Vincent Bedouin receives no remuneration other than that mentioned above.

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 group health plan.
- Vincent Bedouin receives a benefit in kind in the form of a company car.

For financial year 2023, Vincent Bedouin's variable compensation is calculated on the basis of the current operating income (COI) earned by the Group compared to the COI figures of the Plan or the Budget fixed for the period. 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 2023.

This variable portion is directly linked to performance.

The amount of variable compensation for Vincent Bedouin in respect of the reference year is €36,392 gross, calculated as follows:

* Where P is the COI chosen in the plan i.e. €33,735K
- Where R is the COI achieved at the end of the reference year, i.e. €17,849K
- Where V is the variable portion of compensation awarded, i.e. €130,000
- Therefore, the variable portion to be paid equals R x (V / P) x (R / P)
- Making a gross bonus of €36,392

For subsequent financial years, Vincent Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2023 financial year.

However, it should be noted that the variable portion may only be paid in excess of 1.5 times the reference variable portion if the COI achieved is higher than the better of the COI figures in the plan or the budget fixed for financial year 2024. 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 140,000 euros gross for 2024 and 2025.

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

Mr Vincent Bedouin will have a direct interest in achieving 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 periods 2022 to 2025, the bonus share allocation scheme will be subject to provisions, provided the results achieved are in line with the targets of the Leadership 2025 plan. This provision will be established by considering the progress of each of the set targets.

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 6%
- 25%: Balance sheet balance measured by the debt ratio with a L2025 gearing target of less than 0.8)
- 25%: The CSR dynamic will be assessed in particular through implementation of the company's impact measurement, with an expected improvement in the 2025 score compared with that of 2023; formalising the decarbonisation strategy with approved targets; the roll-out of a training programme covering 100% of the top 130 managers and 75% of executives; the roll-out of the Great Place to Work employee satisfaction survey, with a 2025 performance index higher than 2023.

Taking into account the progress made on each of the criteria relating to the multi-year compensation scheme, a pro rata annual provision of 1875 shares is recognised for 2023 financial year, corresponding to 75.0% progress and a value of EUR 56,250, based on the share price of 30.00 euros at 31 December 2023.

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

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

Compensation plan for Nicolas Bedouin – Chief Operating Officer

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

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

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

<u>Additional information:</u>
- 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
- Mr Nicolas Bedouin receives a benefit in kind in the form of a company car.

For the 2023 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 COI figures of the Plan or the Budget fixed for the period. 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 2023.

This variable portion is directly linked to performance.

The amount of variable compensation for Nicolas Bedouin in respect of the reference year is €25,195 gross, calculated as follows:

* Where P is the COI chosen in the plan i.e. €33,735K
- Where R is the COI achieved at the end of the reference year, i.e. €17,849K
- 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)
- Making a gross bonus of € 25,195

For subsequent financial years, Nicolas Bedouin will receive a variable compensation that remains calculated according to current methods, as set out above for the 2023 financial year.

However, it should be noted that the variable portion may only be paid in excess of 1.5 times the reference variable portion if the COI achieved is higher than the better of the COI figures in the plan or the budget fixed for financial year 2024. No variable portion will be allocated if the COI is less than 50% of the target set.

Mr Nicolas Bedouin's variable portion will be calculated on the basis of 100,000 euros gross for financial years 2024 and 2025.

LACROIX’s Leadership 2025 strategic plan sets ambitious targets for expansion and performance.

Mr Nicolas Bedouin will have a direct interest in achieving these targets 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 7,500 shares by the end of the Leadership 2025 plan.

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

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 6%
- 25%: Balance sheet balance measured by the debt ratio with a L2025 gearing target of less than 0.8)
- 25%: The CSR dynamic will be assessed in particular by the implementation of the company's impact measurement system, with an expected improvement in the 2025 score compared with that of 2023; the formalisation of the decarbonisation strategy associated with approved targets; the roll-out of a training programme covering 100% of the top 130 managers and 75% of executives; and the roll-out of the Great Place to Work employee satisfaction survey, with a 2025 performance index higher than that of 2023.

Taking into account the progress made on each of the criteria relating to the multi-year compensation scheme, a pro rata annual provision of 1406 shares is recognised for financial year 2023, corresponding to 75% progress and a value of EUR 42,188, based on the share price of 30.00 euros at 31 December 2023.

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

The Board of Directors reserves the right, on the recommendation of the compensation 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 of 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 3.41 times the average compensation paid in the Company in 2023, compared to 3.16 in 2022. It is equal to 4.53 times the median compensation in 2023, compared to 4.18 in 2022. Similarly, the fixed compensation of Mr Vincent Bedouin represents 12.02 times the annual minimum wage fixed in December 2023, just like in 2022.

Furthermore, the compensation paid to Nicolas Bedouin for the financial year represents 2.45 times the average compensation paid in the Company in 2023, compared to 2.23 in 2022, and is equal to 3.26 times the median compensation in 2023, compared to 2.96 in 2022. Similarly, the fixed compensation of Mr Nicolas Bedouin represents 8.64 times the annual minimum wage fixed in December 2023, against 8.50 times the annual minimum wage in 2023.

Resolutions regarding Say on Pay proposed at the General Meeting:

Pursuant to Article L. 22-10-8 of the French Commercial Code, we hereby bring to your attention the draft resolutions approved by the Board of Directors that will be submitted to the General Meeting of 17 May 2024, for the purpose of approving the compensation items allocated and attributable to the Company's executive officers.

THIRTEENTH 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 allocated to members of the Board of Directors, at €80,000.

FOURTEENTH 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 directors, as presented in the Company's 2023 annual financial report.

FIFTEENTH RESOLUTION

Approval of the compensation items due or allocated for financial year 2023 to Vincent Bedouin, Chair & 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 2023 to Vincent Bedouin, as presented in the Company's 2023 annual financial report.

SIXTEENTH RESOLUTION

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applying to Vincent Bedouin, as presented in the Company's 2023 annual financial report.

SEVENTEENTH RESOLUTION

Approval of the compensation items due or allocated for the 2023 financial year to Nicolas Bedouin, Chief Operating Office

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, 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 2023 to Nicolas Bedouin, as presented in the 2023 annual financial report of the Company.

EIGHTEENTH RESOLUTION

Approval of the compensation policy for Nicolas Bedouin, Chief Operating Office

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applying to Nicolas Bedouin, as presented in the Company's 2023 annual financial report.

NINTEENTH 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, as presented in the Company's 2023 annual financial report.

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

Nature of the delegation	Date of General Meeting	Term of authority granted	Amount authorised	Increases made during the financial year
Company share purchases	11/05/2023 (11th resolution)	18 months	6.94% of capital, or 335,016 shares, for a maximum amount of €20.102 million	NONE

Treatment of conflicts of interest

The Board members' obligations regarding the treatment of conflicts of interest are set out in the Board's rules of procedure. 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, between 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.
The objectives of internal control at LACROIX Group can be achieved thanks to the environment created within the Group, as well as the specific organisation put in place, from which specific internal audits and risk management procedures stem. 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 arising from the Company's business, including risks relating to errors and fraud. 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.

Naturally, these objectives can only be achieved through appropriation and application of the rules and procedures by all the Company's staff, under the supervision of each head of department. LACROIX Group centralises the management of its internal control, supported by the **Legal & Compliance** department for some aspects and the **Audit & Internal control** department for others.

The Audit & Compliance Committee aims monitors and challenges the effectiveness of the internal control and risk management system.

Internal control environment

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 responsibility 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 address all questions of an ethical nature, but rather sets out the basic rules and guidelines that must govern each decision. It provides the framework for the **Anti-Corruption Code of Conduct** and the **Competitiveness Code of Conduct**: these compliance programmes contribute to employee awareness and training, and make it possible to implement appropriate mechanisms for the prevention of offences, and their detection and punishment where appropriate.

The **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 matrix is part of the multi-year development plan defined by the Management.

Finally, the **Operating Rules** between LACROIX Group and each of the 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 devolved to those with specific skills, authority, and the necessary 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, giving Management the keys to decision-making on the one hand, and ensuring handover of internal control at all levels within LACROIX Group on the other. The main factors are described below:

- **The Management Controller Managers** of activities oversee reports to General Management. In particular, they allow monthly monitoring of budget commitments by subsidiary, by segment or both, and also include non-financial elements and forecasts, ensuring better management of subsidiaries.

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

- **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 answer any ethical questions asked by staff.

- **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 intrusion audits and IT disaster recovery tests are regularly conducted under the supervision of the IT Department and the CISO (Chief IT Security Officer). All the LACROIX Group's major subsidiaries 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 duties revolve around:
- Monitoring compliance with the law and with internal rules;
- Improving operational processes;
- Continuous improvement of internal control and the fight against fraud;
- Support provided to the Legal & Compliance Department.

Main activities in financial year 2023

For the 2023 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 campaigns 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:
  - 14 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.
  - Follow-up of action plans further to previous audits for 7 subsidiaries in 2023.

- Operational audits:
  - Monitoring proper replenishment of strategic stocks,
  - Checking the correct application of our marketing/R&D process on new products.

- Support provided to the Compliance Department:
  - Our mapping of corruption risks was updated

Areas of focus for 2024

The areas of focus defined for 2024 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 campaigns 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,
  - From 2024, the action plans will be monitored every six months to ensure that all the recommendations made by the Internal Audit Department are implemented.

- Operational audits:
  - Level-3 controls on the entire SAPIN 2 anti-corruption system;
  - Audit of the Cyber risk management system.
  - Internal audit intervention during an annual physical inventory to identify possible improvements in its preparation

- Support provided to the Compliance Department
  - Updating 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 attendance at the General Meeting

Special arrangements concerning shareholder attendance at 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

As all the directorships of the members of the Board of Directors expire at this General Meeting, it is proposed that the General Meeting:

- Renew the directorships of:
  - Mrs Murielle Barneoud
  - Mr Vincent Bedouin
  - Mr Hubert de Boisredon
  - Mr Ariane Malbat
  - Mr Hugues Meili
  - Mr Pierre Tiers

- Appoint Mrs Christine Lioret as director, replacing Mrs Marie-Reine Bedouin, whose term of office is not renewed, for a term of three (3) years expiring at the end of the Ordinary General Meeting of shareholders to be held in 2027 to approve the financial statements for the year then ended.

The engagements of the Statutory Auditors have not expired.

APPROPRIATION OF PROFIT

We suggest that you approve the appropriation of the financial year's net profit of €17,089,706.60, plus retained earnings of €1,519,389.35, as follows:

Profit from the financial year	17,089,706.60 euros
Plus retained earnings	1,519,389.35 euros
Making a distributable profit of	18,609,095.95 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

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

Following this appropriation, shareholders' equity stands at €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 no later than 30 November of the year preceding payment of the dividend,

* the progressive dividend taxation option is still possible and must be stated 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 applying 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 security 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 117c 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 on 13 July 2024.

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

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
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
2022	0.80	3,863,276.80	4,829,096	4,679,888

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

TOTAL ANNUAL COMPENSATION OF DIRECTORS

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 transactions in Company securities made by the executive officers of LACROIX Group were brought to our attention during the financial year.

DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

EDITORIAL

2023 will remain a pivotal year for LACROIX in non-financial terms.

In March we made an official commitment to the Science Based Targets Initiative to set targets for reducing our greenhouse gas emissions in line with the Paris agreement.
In September, we obtained a score of 61/100 in Ecovadis (silver medal), up 15% compared with 2022 (53/100), which rewards all the actions we are implementing.

In November we launched the Great Place To Work assessment, one of the main international labels for quality of life at work, at all LACROIX sites worldwide. Finally, on 7 December we unveiled our positive impact strategy and our 8 impact objectives for 2030.

Our conviction: technology must be useful and eco-designed

Above all, 2023 has enabled us to reaffirm our deep commitment to useful, eco-designed technology.

We don't believe that the solution to the ecological crisis is purely technological, but we are convinced that technology is essential for tackling environmental and societal challenges.
In a world where energy and resources are increasingly scarce and precious, the technologies we retain and develop must demonstrate both their usefulness and their sobriety.

LACROIX is an international technological and industrial group. We want to continue to grow it, but not at any price: we want to design and manufacture electronic equipment and industrial IoT solutions that contribute to the ecological transition.

And because words are not enough, we have set ourselves a target with a date and a figure: to reach 80% of impact products in our sales by 2030, compared with 61% in 2022.

This means foregoing certain markets if they are contrary to our conception of useful technology. But above all it means concentrating our energy and resources on electronic solutions that help build the world of tomorrow: low-carbon mobility, intermodal transport, management of water, heating and electricity networks, technical management of buildings, low-energy and efficient industry, etc.

We are convinced that these will be the most buoyant markets in the long term... and they already are.

2024, here we come!

In 2024, we will be stepping up our efforts to meet our 4 commitments: develop our activities that have a positive impact, design eco-efficient solutions, conduct our operations in a sustainable manner and to make a commitment to our teams and our territories:

- Deploying the Impact Score, our impact assessment tool, for each commercial opportunity
- Constructing the Group's low-carbon trajectory as part of the ACT Step-by-step approach, and setting greenhouse gas emission reduction targets based on the Science Based Targets initiative (SBTi)
- Finalising the Ecodesign by LACROIX approach, to ensure that 100% of our new products are eco-designed
- Deploying a Quality of Life at Work roadmap on each site, in line with the Great Place to Work survey, and roll-out of the Women at Lacroix programme, which aims to improve the representation of women in managerial and expert positions.

The Executive Committee and I are more determined than ever and convinced that positive impact will generate the most profitable and sustainable growth for LACROIX.

Vincent Bedouin
Chair

LACROIX values

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

BOLDNESS

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

COMMITMENT

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

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

LACROIX has been preparing for an annual diagnostic and benchmarking exercise since 2018, including the extra-financial procedure conducted by Gaïa Rating. In 2023 (during the 2022 financial year), LACROIX received an ESG score of 63/100 compared to 61/100 in 2022.

In 2023, LACROIX responded to the Ecovadis assessment questionnaire, which assesses the performance of companies in terms of environment, working conditions, ethics and responsible purchasing. LACROIX obtained a score of 61/100, higher than or equal to 79% of companies rated by Ecovadis and a significant increase compared with 2022 (53/100).

In 2023, for the first time, LACROIX answered the questionnaire of the Carbon Disclosure Project (CDP), the international reference body for assessing the climate strategy of organisations. For this first reporting year, we obtained a score of C- Awareness, the average for companies in the electronics sector. We are confident that the actions we are currently putting in place (see section 6.3 on our greenhouse gas emissions) will enable us improve this score in 2024.

Furthermore, LACROIX's strategy and actions are in line with the Sustainable Development Goals, the 10 principles of the United Nations Global Compact and the 8 fundamental conventions of the ILO.

Our positive impact strategy

In December 2023, LACROIX published its positive impact strategy and 2030 impact objectives.

GROW POSITIVE-IMPACT BUSINESS

Focus on positive impact solutions

-

Create sustainable business models

DESIGN ECO-EFFICIENT SOLUTIONS

Eco-design our products

-

Develop plain digital solutions

RUN SUSTAINABLE OPERATIONS

Reduce our greenhouse gas emissions

-

Limit other environmental impacts

-

Improve practices in our supply chain

COMMIT TO OUR PEOPLE AND ACT LOCALLY

Care and share

-

Empower our people

-

Promote equity and diversity

-

Act local

Our 2030 impact targets

	Impact indicators	2022	2030 OBJECTIVE
GROW POSITIVE-IMPACT BUSINESS	Share of impact products in sales	61%	80%
DESIGN ECO-EFFICIENT SOLUTIONS	Proportion of new LACROIX eco-designed products	25%	100% in 2025
RUN SUSTAINABLE OPERATIONS	GHG emissions scopes 1&2	14.9 KtCO2e (2021)	-42%
	GHG emissions scope 3	3.56 MtCO2e (2021)	Currently being defined and validated by the SBTi
	Waste generated per €K of revenue	2.8 kg	-30%
	Percentage of purchasing spend covered by a CSR assessment	Ongoing	75% in 2025
COMMIT TO OUR PEOPLE AND REGIONALPRESENCE	LACROIX sites labelled as a Great Place to Work	33% (on 3 pilot sites)	100%
	Women among managers	26%	40%

More details:

- "Share of impact products in sales": products classified in the "Useful" and "Positive Impact" categories of our internal Impact Score tool
- "Percentage of new LACROIX eco-designed products": percentage of our own products (Environment and City activities) that have undergone our internal eco-design process, which is at the heart of our product development process. For 2022, given that this approach was not yet operational, this is the proportion of clean products for which eco-design actions have been implemented.

Our business model

Resources and value creation

RESOURCES AND ASSETS

Financial capital
€190M of shareholders' equity
€17M of investment in 2023

Intellectual capital
1 design office
~ 165 R&D engineers

Industrial capital
14 industrial sites
~ 98,000 square metres of buildings

Human capital
5,098 employees in 9 countries
more than 30 nationalities

OUR MISSION IS TO ENABLE OUR CUSTOMERS TO BUILD AND RUN SMARTER LIFE ECOSYSTEMS THANKS TO TECHNOLOGIES THAT ARE RELEVANT, ROBUST, AND SECURE.

Electronics Activity

Providing comprehensive services, from design to manufacture of electronic equipment

- Automotive
- Aerospace & defence
- Industrial
- Health
- HBAS (Connected homes & buildings)

City Activity

Providing equipment and solutions to optimise and secure intelligent road networks

- Street Lighting
- Traffic management & C-ITS (cooperative intelligent transport systems)
- Passenger information system

Environment activity

Supplying equipment and solutions to optimise and secure water & energy infrastructure

- Water & Sanitation
- Smart Grids
- HVAC (Heating, ventilation & air conditioning)

CREATING SHARED VALUE WITH OUR STAKEHOLDERS

€761M
Revenue

€531M
Partners & Suppliers

€180M
Employees

€25M
Amortisations and provisions

€3M
States and local authorities

€9M
Banks

€14M
Income before exceptional items

Presentation of our activities

4,154
EMPLOYEES
(4,392 EMPLOYEES IN 2022)

€562M
2023 SALES
(€522M IN 2022)

Ranked in the world's TOP 50 EMS (Electronics Manufacturing Services), LACROIX's Electronics business designs and manufactures electronic equipment, such as embedded systems, as well as industrial IoT solutions on behalf of its customers, thanks to advanced skills combining R&D and Production 4.0.

Positioned for critical applications in the automotive, industry, connected homes and buildings, aerospace and defence, and healthcare sectors, the Electronics business has 6 production plants and a design centre (Impulse), enabling it to serve its markets in Europe, North America and North Africa.

With a workforce of nearly 4,100, it generated sales of €562 million in 2023, including intercompany sales.

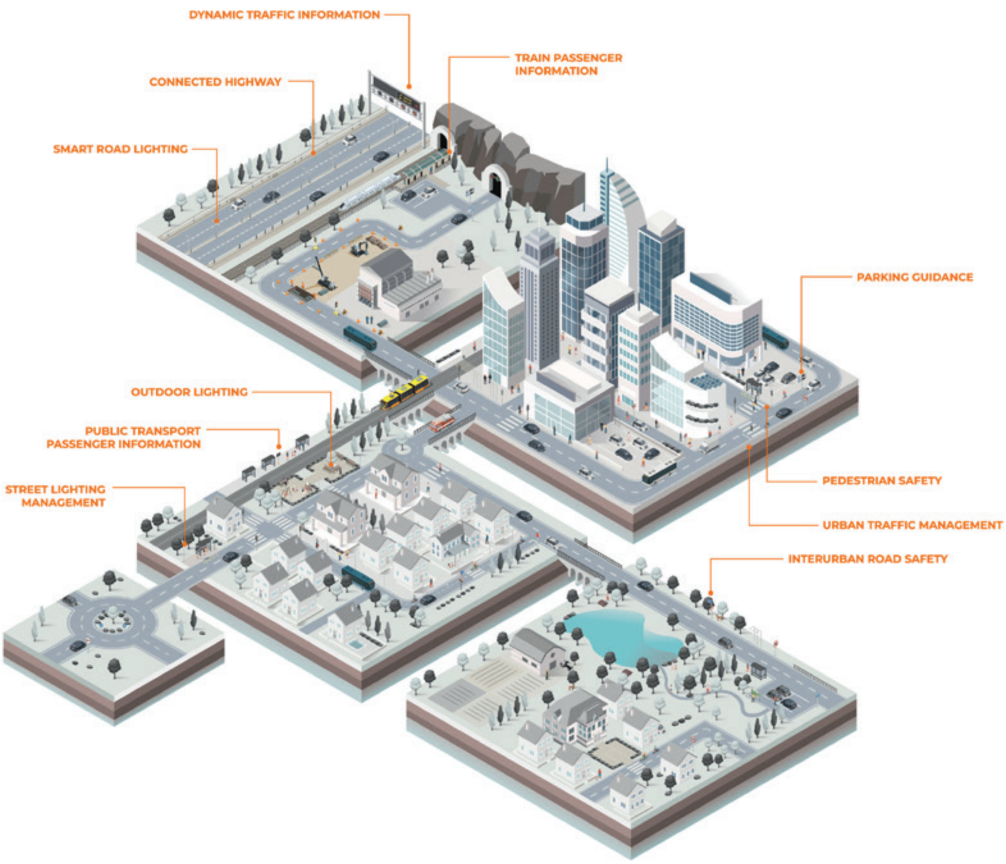
573
EMPLOYEES
(571 EMPLOYEES IN 2022)

€116M
2023 SALES
(€110M IN 2022)

Experts in technological equipment and industrial IoT solutions for Smart Mobility, LACROIX's City business provide connected and secure equipment and solutions to optimise the management of smart road networks.
Its expertise is underpinned by 3 pillars: smart lighting, traffic management and connected intelligent transport systems (C-ITS) and passenger information systems.

With its 3 European production sites, LACROIX's City business supports public and private-sector bodies in transforming roadways into fluid, safe and sustainable living spaces, using high-performance, useful and robust technologies.

With almost 600 staff, the business generated sales of €116 million in 2023.



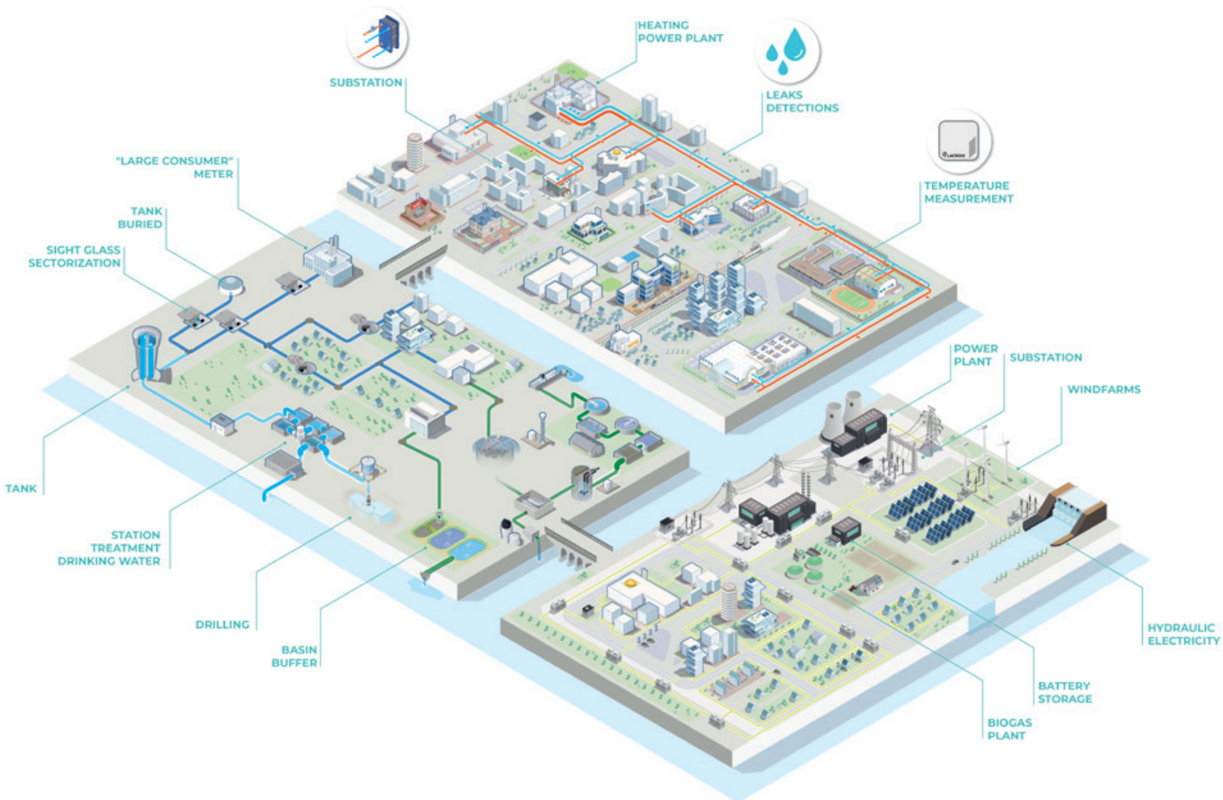
313
EMPLOYEES
(299 EMPLOYEES IN 2022)

€83M
2023 SALES
(€76M IN 2022)

LACROIX's Environment business provides its public and private-sector customers with connected and secure equipment and solutions for water networks, Smart Grids and HVAC (Heating, Ventilation, and Air Conditioning) to optimise the management and remote control of their water and energy systems.

With the aim of becoming a world leader in industrial IoT for critical applications in water and energy network infrastructure, LACROIX is supporting the transition to the Smart Environment, in the face of the challenges of dwindling natural resources, urbanisation, digitalisation and cybersecurity.

Operating in 6 countries with sales of 83 million euros in 2023, LACROIX's Environment business employs nearly 300 people.



IDENTIFICATION AND CONTAINMENT OF KEY RISKS

As part of its activities, LACROIX regularly updates its **threats and opportunities** map.

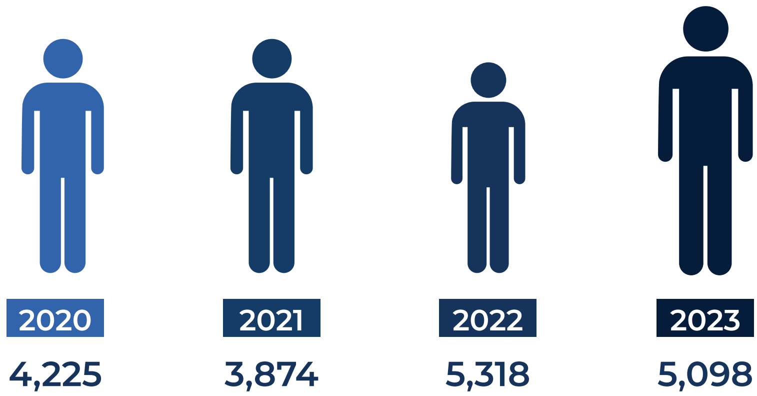
LACROIX carries out appropriate due diligence checks and measures their effectiveness with monitoring indicators. Some of the policies and due diligence checks presented are still in the construction phase, and will be gradually rolled out next year along with measurement indicators.

Threats and Opportunities	Support and due 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 and health-related awareness-raising measures 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	Existing 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 Roll-out of and training in anti-corruption measures Standard certifications for processes	Existing Existing Existing
Supply chain	Supply contract conclusion Customer contract conclusion CSR criteria in the choice of our suppliers	Existing Existing Upcoming
Geopolitics and adaptation to environmental and climate risks	Business continuity plan Country risk indicator	Upcoming 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 5,098 employees in 2023 compared with 5,318 in 2022, LACROIX's workforce will be down by 220, mainly due to the non-renewal of fixed-term contracts at our Polish site. The North American-based workforce is consolidated for the second time, including the wage portage workers in Mexico.

1.1 Jobs & Workforce figures

Workforce breakdown by Activity

	ELECTRONICS		CITY		ENVIRONMENT	
	2023	2022	2023	2022	2023	2022
Total workforce	**4,154**	**4,392**	**573**	**571**	**313**	**299**
Men	1,741	1,750	384	388	237	231
Women	2,413	2,642	189	183	76	68

In addition to these employees, there are 58 people employed by LACROIX Corporate (Group holding company). In 2022 this entity had 56 staff responsible for group-wide functions dedicated to management with a strong focus on R&D.

81%
OF THE GROUP'S WORKFORCE WORK FOR THE ELECTRONICS ACTIVITY
(83% IN 2022)

75%
OF THE GROUP'S WORKFORCE WORK OUTSIDE FRANCE (77% IN 2022)

LACROIX's activities are also supported by staff hired on temporary employment contracts, making an average of 228 full-time equivalent (FTE) staff in 2023 compared with 203 in 2022. The increase in the use of temporary contracts was driven by business growth at the LACROIX Electronics Beaupreau site.

1.2 Internal satisfaction survey

To understand the expectations of its employees and their relationship with work and the company, and to measure their support for its projects, in 2023 for the first time, LACROIX conducted on all its sites the Great Place to Work satisfaction survey, a global benchmark in this respect. This survey replaces the LACROIX & You internal survey, which was also conducted among all Group employees.

In 2023, 83% of employees took part in the Great Place to Work survey. The results provide a rich source of information for improvement initiatives.

Following this initial survey, 5 LACROIX sites have already been quality-certified as a Great Place to Work in 2023. The next Great Place to Work satisfaction survey will be conducted on all the Group's sites in 2024.

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.

Whenever required by law, LACROIX entities have staff representation bodies, which held more than 171 meetings in 2023 across the entire Group (148 in 2022 and 180 in 2021). The Electronics business also holds 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 programmes

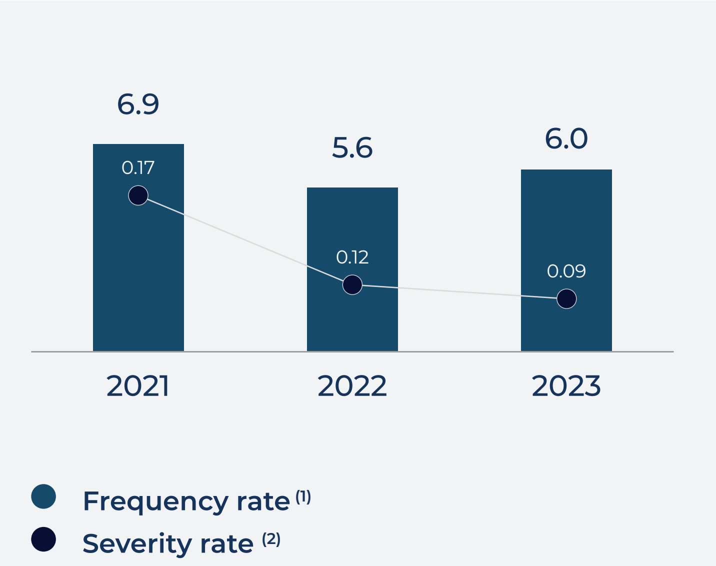
Accident prevention and safety are organised through dialogue with various representatives: Social & Economic Committee (CSE), Health & Safety and Working Conditions Committee (CHSCT) or similar organisations on international sites (CCE, etc.). The various health and safety bodies operating within LACROIX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

Accidents at work

The frequency rate of accidents at work was 6.0 in 2023, compared with 5.6 in 2022 and 6.9 in 2021. The main accidents at work still relate to handling operations. There are regular reminders of safety instructions and good practice in movements and postures.

The accident severity rate fell by 0.03 points in 2023. 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. These measures are designed for the long term, enabling a steady reduction in the severity rate since 2021, with a drop of 0.08 points between 2021 and 2023.

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



GOOD PRACTICES

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

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

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

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

- Acquisition of electric pallet trucks with levellers to avoid handling heavy loads
- Installation of safety systems for double rack storage at height
- Installation of smoke extractors at exposed workstations
- Investments in automatic storage systems to limit handling operations and enhance their safety.
- Securing circulation areas in workshops

Absenteeism

After two years (2021 and 2022) marked by a high number of absences due to Covid-19, and absenteeism rates of around 8.6%, the absenteeism rate fell sharply to 5.51% in 2023.

Short-term sick leave fell by 1.58%, accounting for most of the absenteeism rate.

	2023	2022
Short-term illness	3.70%	5.28%
Occupational illness	0.03%	0.05%
Workplace and commuting accidents	0.04%	0.10%
Maternity, paternity, and adoption leave	1.74%	3.18%
Total absenteeism rate	**5.51%**	**8.63%**

Accident prevention and health-related awareness-raising measures

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 all the countries where it operates.

For instance, 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 hazardous products and chemicals, and the use of high-voltage currents (certification and training).

A first for the Kwidzyn site in Poland, which in 2023 used an augmented virtual reality device for first-aid training.

Thanks to this scheme, 40 employees were given practical first aid and evacuation training.

For example, in 2022 the HSE department at the Kwidzyn site in Poland organised a first-aid course. Topics included 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.

In 2023, the Kwidzyn site in Poland, the Beaupreau site in France and the Zriba site in Tunisia will all be raising awareness of the risk of breast cancer.

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 Gender equality

2,702 WOMEN

2,396 MEN

Women account for 53% of the group's workforce in 2023 (an increase of one point compared to 2022 when women made up 55% of the workforce).

They account for **58% 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 2023, 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.

In 2023, LACROIX committed to improving the representation of women in technical professions, particularly in management and expertise, through an internal "Women at LACROIX" programme. The initiative proposes various actions to be implemented to promote our professions to schoolchildren and offer training, such as the fight against everyday sexism and unconscious bias. It also involves participating in a number of targeted partnerships: Elles Bougent, StOpE, IndustriElles.

IndustriElles is a programme run by the Ministry of Industry to mobilise men and women in industry to actively promote gender diversity in the industrial sector. In 2023, we signed our commitment to contribute to the initiative by implementing the various recommendations proposed.

Elles bougent is a widely-recognised association whose aim is to increase gender diversity in companies in the industrial and technological sectors. The association's activities help raise awareness of the industrial and technical professions among schoolchildren and young female students. It is also a programme of mentors who help young people choose and follow our career paths. LACOIX has been a member of the association since 2023.

In 2023, we informed our employees of the option of registering their daughters aged between 13 and 17 to take part in the Technovation Girls France association, which supports young girls with mentoring and sessions to help them build an entrepreneurial project around technology.

2.2 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 74,591 hours of training for its teams in 2023, compared with 50,385 hours in 2022. Sustained training efforts. The educational budget allocated to training was stable in 2023 at €734K, compared with €732K in 2022. Figures from the Juarez site in Mexico are consolidated in the reported figures, which was not the case in 2022.

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	65,907	397	5,480	218	2,984	106

220 hours of training were also provided in relation to LACROIX Corp. activities, for a budget of €13K.

GOOD PRACTICES

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

LACROIX Corporate Executive Program 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.

13 managers graduated on the 2022-2023 LACROIX Corporate Executive programme, successfully completing the programme launched in October 2023.

Senior & Advanced Leadership profiles

LACROIX Corporate Executive Program

by

Audencia BUSINESS SCHOOL

2.3 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 Innovation Lab also supports the scaling up of these projects.

In 2023, the Smart Data Services team was formed further to a successful an innovation project. This team co-designed and launched AQUAWIZE, the first solution based on artificial intelligence to reduce leaks in water supply systems. Their approach and offering have received numerous international awards, including 'Best Innovative Digital Water Solution' from Water Europe Innovation, 'Best Sustainable Artificial Intelligence Solution' from WAICF and 'Best Environmental Impact Offering - Meaningful Digital' from Alliancy.

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 innovation and development stakeholders 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 embodies the Group's industrial DNA.

LACROIX, a founding member of the innovative IoT Continuum partnership, is committed to co-creating connected solutions for the industry of the future. Drawing on the complementary skills of its partners within IoT Continuum, LACROIX supports its customers in implementing and optimising their IoT projects. Whether in connectivity, security, the cloud or artificial intelligence, LACROIX benefits from the expertise and support of market leaders Orange, Semtech and STMicroelectronics. Together, they design and manufacture intelligent objects tailored to the needs of their customers, and offer innovative, reliable and scalable solutions that meet the industrial and social challenges of tomorrow.

An international partnership has been formed around an innovative concept: the detection of unusual sounds in a city. AWS, STMicroelectronics and LACROIX have combined forces to greatly simplify the design of products incorporating embedded artificial intelligence to address AIoT (Artificial Intelligence/Internet of Things)

Innovation Team Best Practices

The "Innovation Team Best Practices" trophies are awarded to teams that have designed and implemented exemplary innovation projects serving individuals and society.
They are awarded by the *Club de Paris des Directeurs de l'Innovation*, the *Institut Européen des Stratégies Créatives et d'Innovation*, the Sorbonne School of Economics and the Entrepreneurship, Territory and Innovation Chair at the University of Paris 1 Panthéon Sorbonne

In 2023, LACROIX was awarded two trophies for two collaborative approaches:

- For the Innovation Lab, which worked with the Innovation Directors of Sanofi, Veolia, Safran, Car Studio, Air France Industries and Transdev to develop a tool for promoting innovation: PRISM

- For the Smart Data Services team, which worked with customers and users to develop the AQUAWIZE solution to assist water supply network managers in their work by detecting problems (leaks or breakdowns) at an early stage, thereby preventing hundreds of thousands of cubic metres of drinking water from being lost.

2.4 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 2023, there were 174 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 144 in 2022, a 21% increase this year.

2.5 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.

To heighten awareness about industrial careers among young students, LACROIX organises regular visits by students to its various sites, as well as presentations by its employees at schools and student trade fairs.

For several years now, the Electronics business in Poland has been developing a partnership programme called "School close to work". Once again this year, a new intake of young people was given the opportunity to find out more about careers in industry.

LACROIX supports the integration of young people into working life. In 2023, 65 young people will be on apprenticeship or work-study contracts, including 36 in France and 20 in Poland. In Tunisia, the Electronics business regularly employs young engineers on professional initiation contracts (CIVP).

LACROIX is also a partner of the Simplon.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 has welcomed 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.

2.6 Key figures

LACROIX workforce turnover:

1,355 Arrivals

1,599 Departures

11.6% turnover (on permanent staff)*

Of the 1,355 employees who joined LACROIX in 2023 (compared with 1,071 in 2022), 1,184 were recruited by the Electronics Activity, 109 by the City Activity, 44 by the Environment Activity, and 18 by the Group's corporate functions. The Group recruited 694 women and 661 men.

Of the 1,599 employees who left the Group in 2023 (compared with 891 in 2022), 425 worked for the Electronics site in Poland and 754 for the Electronics site in Mexico.

The turnover of the Group's permanent staff represents 11.6%. Including temporary staff and staff on fixed-term contracts, the figure was 15.1% in 2022.

* Staff turnover does not include our subsidiary based in Mexico.

Recruitments and integrations by socio-professional category

	Men		Women		Total	
	2023	2022	2023	2022	2023	2022
Total	**661**	**494**	**694**	**577**	**1,355**	**1,071**
Non-Executives	526	390	639	507	1,165	897
Managers	135	104	55	70	190	174

Fixed-term and permanent contracts are taken into account.

The 1,355 recruitments include 174 recruitments on fixed-term contracts.

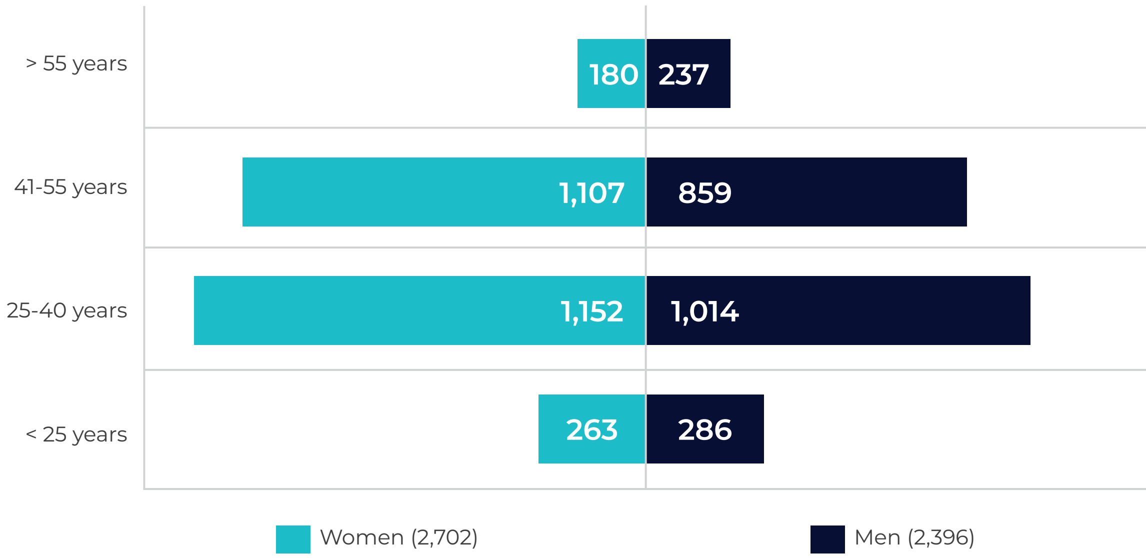
Socio-professional breakdown

	Managers		Employees, Technicians & Supervisors		Labourers	
	2023	2022	2023	2022	2023	2022
Total	**812**	**791**	**1,554**	**1,461**	**2,732**	**3,066**
Men %	590 72%	582 74%	906 58%	812 56%	900 33%	1,006 33%
Women %	222 28%	209 26%	648 42%	649 44%	1,832 67%	2,060 67%

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

Managers made up 16% of the total workforce in 2023 (15% in 2022), supervisors and technicians 30% of the total workforce in 2023 (27% in 2022) and workers 54% of the workforce, down 4 points in 2023 (58% in 2022).

Workforce breakdown by age bracket



The workforce is characterised by young and predominantly female staff.

In 2022, 53% of the LACROIX workforce were under 40 (56% in 2022), and 8% over 55 (7% in 2022).

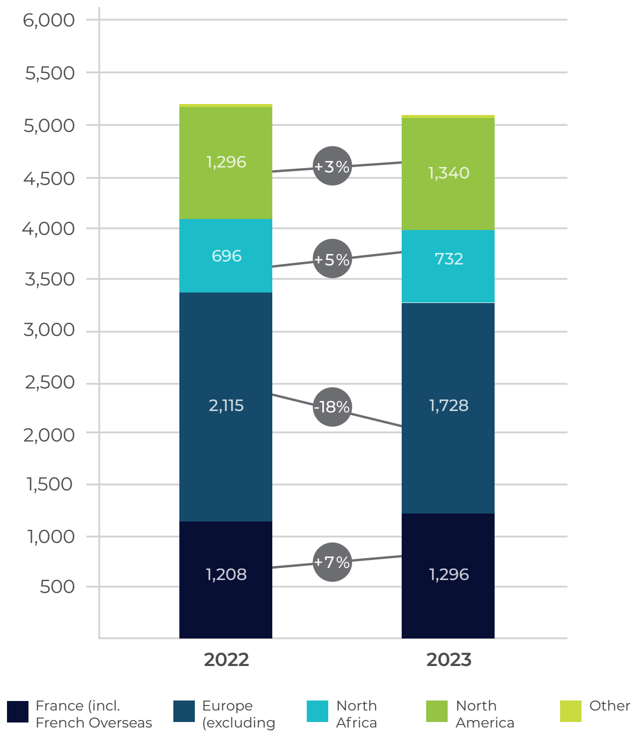
Geographical breakdown

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 Firstronics in North America 75% of the workforce is located outside France in 2023, compared with 77% in 2022.

LACROIX has bases more particularly in:	
United States	181 employees
Mexico	1,159 employees
Poland	1,383 employees
France	1,296 employees
Tunisia	732 employees
Germany	240 employees
Spain	82 employees
Belgium	13 employees
Italy	10 employees

2 employees are based in 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 conduct 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 where it operates. These actions are undertaken at the very highest level of the Company’s Management.

3.1 Combating corruption

LACROIX conducts an ongoing process of identifying and assessing its main risks, leading to the reinforcement of its internal rules within the framework of its codes of conduct, which cover in particular the fight against corruption and the rules to observe in competition matters. It has also drawn up practical guides to help manage risks on a day-to-day basis, including a policy on gifts and entertainment. These documents are given to new employees and can be accessed by anyone at any time on the Group's legal intranet.

The teams most exposed to corruption-related requests (sales, purchases, etc.) are trained in the applicable anti-corruption procedure. By the end of 2023, more than 670 employees had received training in anti-corruption rules.

3.2 Whistleblowing system

LACROIX has a centralised whistleblowing system for collecting and processing reports of any actual or potential breaches of the law, regulations, and LACROIX’s principles, guidelines and internal policies, including the applicable "anti-corruption" and "competition" Codes of Conduct.

Processing a whistleblower’s report improves risk identification and prevention processes, from a perspective of continuous improvement and risk management.

3.3 Selecting suppliers

In 2023, LACROIX defined its Responsible Purchasing policy and set up 8 working groups aimed in particular at improving the CSR practices of its partners, identifying eco-designed solutions, reducing its packaging consumption and optimising its logistics flows.

To take better account of the CSR performance of our partners, in addition to their economic, logistics and quality performance, we have introduced an annual assessment of our strategic suppliers, which takes into account their ethical, social and environmental practices.

We aim to have 75% of our purchasing volume covered by this CSR assessment by 2025.

LACROIX's Responsible Purchasing policy is also reflected in a code of good conduct addressed to all suppliers, who must undertake to comply with it.

Our Purchasing Department, in partnership with our Quality Department, conducts audits of 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.

Each year, LACROIX also updates a risk map of its supply chain, taking into account country risk, financial risk and potential monopoly situations in order to better assess risks and prioritise security measures accordingly.

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 2023, 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. Accordingly, business continuity plans (BCPs) are drawn up in order to be in a position to best meet commitments made, even in a crisis. Zriba's BCP 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 early 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, building up 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 certifications held by LACROIX sites guarantee our customers and our customers' end consumers the optimum quality of our products and solutions. These certifications validate the quality, industrial and environmental requirements of our manufacturing processes.

	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	Approved	
Saint-Herblain (France)	Certified	Certified				
Vern sur Seiche (France)	Certified					
Carros (France)	Certified	Certified				
Les Chères (France)	Certified	Certified				
Madrid (Spain)	Certified	Certified				
Norte (Spain)	Certified	Certified		Certified		
Willich (Germany)	Certified	Certified				
Cologne (Germany)		Certified				Certified
Zriba (Tunisia)	Certified	Certified	Certified			
Tunis (Tunisia)		Certified		Certified		
Kwidzyn (Poland)	Certified	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			

Most of LACROIX's industrial sites are ISO 14001 and ISO 9001 certified.

The Electronics Activity sites also have specific technical certifications in order to guarantee customers compliance with requirements 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 450 jobs in the Communauté des Mauges, more than 350 jobs also in the Nantes basin and more than 250 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, local authorities, 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.**

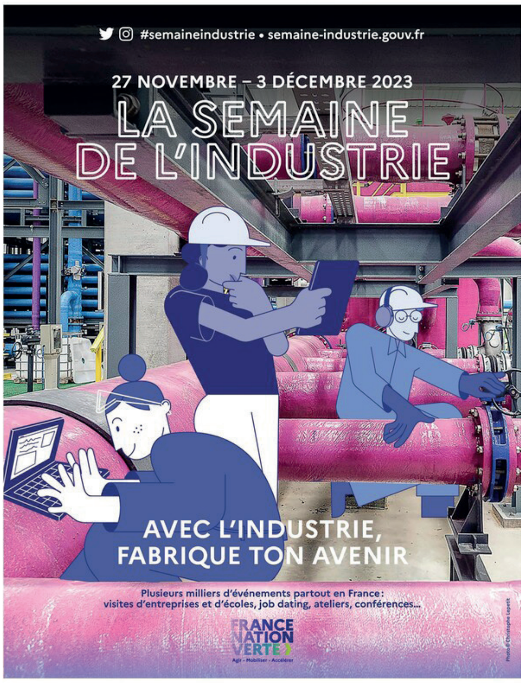
He is also involved in the development of international mid-sized cities within the framework of **SIIVIM** and is a member of the OECD's **"Smart Cities and Inclusive Growth"** group.

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 is 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 programme,** offering advice and expertise at European level to stakeholders in electronic design and production in western France (Brittany, Centre, and Loire).

5.2 Promotion of industry professions



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

In Poland, the Electronics Activity is pursuing its cooperation with 2 local universities to promote professions within the electronics industry. As such, as part of its "School close to work" programme. 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 programmes in order to provide the best employment opportunities for young students.

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

LACROIX remains faithful to the "Industry Week" organised by the French Metal Industry and Trade Union. As part of the 2023 event, LACROIX employees spoke with teachers and students in discussion workshops organised by schools, local employment initiatives, and colleges.

6. ENVIRONMENTAL IMPACT

LACROIX's role as a technology partner in the fields of Smart City, Smart Environment, and Smart Industry puts it at the heart of environmental preservation challenges. The Group's teams design increasingly smart products and solutions to reduce urban light pollution and traffic in cities, optimise water resource management, consume less energy, etc.

In its operations and development, LACROIX strives to reduce its environmental footprint and encourages its stakeholders to do likewise.

To that end, the Group is pursuing a proactive policy aimed at achieving **ISO 14001** certification for all its main industrial sites.
All these sites have an organisation and management systems that enable them to monitor and reduce the environmental impact of their activities. The indicators monitored ensure the effectiveness of corrective measures and continuous improvements made.

In addition, all the Group's sites make sure to:

- Use environmentally friendly processes
- Work to reduce and recover waste
- Manage energy and water consumption
- Reduce their carbon footprint

In 2023, to further improve our practices, we launched "Eco-flux" diagnostics, a scheme set up by ADEME and Bpifrance to optimise energy, materials, waste and water flows. We have started with our main French sites and will be extending the scheme internationally in 2024.

Finally, we have launched the *Committed Site* initiative, which aims to make the Group's positive impact strategy a reality on our sites. Each site has set up a working group, which makes proposals and takes actions in a number of areas (energy, waste, food, mobility, biodiversity, etc.).

6.1 Waste reduction and recovery

LACROIX's activities generate various types of waste: WEEE, plastics, metals, cardboard, mixed waste, hazardous waste...

2,161 tonnes of common industrial waste was generated in 2023, up from 1,681 tonnes in 2022.
This difference is mainly due to a reporting error in 2022 at our Mexican site.

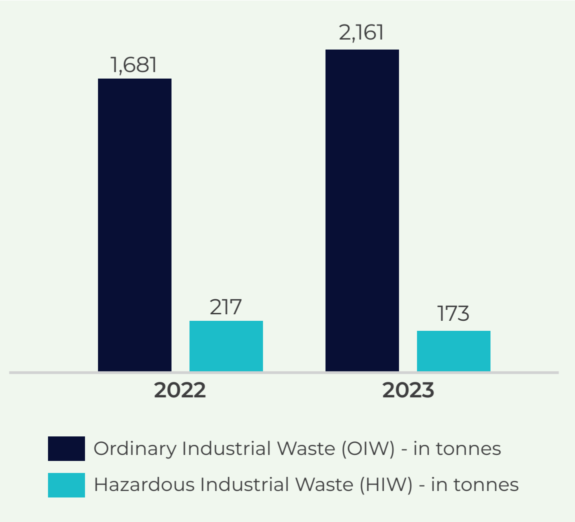
The quantity of hazardous industrial waste produced remains limited and under control at 173 tonnes, down from 217 tonnes in 2022.

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 2023, 75% of the common industrial waste generated was recycled, compared with 93% in 2022. This sharp fall is explained by a more accurate categorisation of waste categories and end-of-life scenarios in 2023.

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

Finally, the Group is also working with its suppliers and customers to reduce packaging waste by introducing reusable or recyclable packaging, such as shuttle crates.



6.2 Energy consumption management

In 2023, the overall energy consumption of the Group's sites remained stable.

To reduce energy consumption and improve the energy performance of its sites, LACROIX regularly invests in heating systems and building management systems (which intelligently control and regulate boilers, air heaters and other pieces of equipment).

Consumption levels	2023	2022
Electricity	28.1	24
Gas	3.8	7.5
Heating systems	1.8	1.8
Fuel oil	0.1	0
TOTAL (GWh)	33.8	33.3

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

In 2023, the Group joined the Estuaire Energie cooperative, with a view to supplying its French sites over the coming years through renewable power purchase agreements (PPAs). Investigations are also underway at the Group's largest sites abroad, in Poland, Tunisia and Mexico.

6.3 Greenhouse gas emissions

The LACROIX Group's carbon footprint

As an international industrial company, LACROIX has a responsibility to act to reduce its greenhouse gas (GHG) emissions.

In 2022, with the support of an external consultancy, LACROIX carried out a complete carbon assessment (scopes 1, 2 and 3) of all its activities in 2021, supplemented in 2023 by the carbon assessment of the American subsidiary of its Electronics business, acquired in the final days of 2021.

The LACROIX Group's total carbon footprint in 2021, including its American subsidiary, was 3.571 million tonnes of CO2 equivalent (CO2e):

- Scope 1 = 2.8 Kt CO2e
- Scope 2 = 12.1 Kt CO2e
- Scope 3 upstream = 588 Kt CO2e
- Scope 3 downstream = 2,968 Kt CO2e.

The main types of emission making up this footprint are as follows:

- Use of the products sold: 2,931 KtCO2e, or 82% of the Group's footprint
- Purchases (production and non-production): 569 KtCO2e, or 16% of the Group's footprint
- Freight: 23 KtCO2e, 74% from upstream freight and 26% from downstream freight
- End of life of sold products: 20 KtCO2e, including the collection, sorting and recovery of WEEE, plastic, metal and cardboard that make up our products and their packaging
- Energy: 14 KtCO2e, from our consumption of electricity (87%), natural gas (10%) and district heating (3%).
- Travel: 8 KtCO2e, from commuting (85%) and business trips (15%)

It should be noted that from 2024 (for financial year 2023), LACROIX will conduct an annual carbon audit of all its activities, in order to report on the achievement of its GHG emission reduction targets (see below).

LACROIX climate strategy

In March 2023, LACROIX made a commitment to the Science Based Targets initiative (SBTi) to publicly announce GHG emission reduction targets aligned with the Paris Agreements within no more than two years.

In order to set these targets and build a climate trajectory and an operational, budgeted roadmap, in November 2023 we launched an *ACT Step by step* project, a scheme created and subsidised by ADEME.
Throughout 2024, we will be holding workshops with representatives of the various business lines (finance, R&D, purchasing, production, marketing, etc.) from our 3 main activities (Electronics, City and Environment), in order to build the Group's climate trajectory and set GHG emission reduction targets that will be submitted to SBTi.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ACT ASSESSING LOW CARBON TRANSITION®

6.4 Sustainable mobility

In 2023 we launched a Sustainable Mobility Plan to promote low-carbon modes of transport for commuter journeys, which account for 85% of travel-related emissions within the Group. The plan, which has been rolled out at all Group sites with the exception of two sites at our US subsidiary, promotes carpooling, public transport and cycling.

In France, this means:

- Carpooling: in early 2023, we signed a partnership agreement with BlaBlaCar Daily to encourage carpooling (welcome bonus, partial subsidy of journeys, communication campaigns, etc.)
- Public transport: where possible, we set up partnerships with the local authorities where our sites are located so that our employees can benefit from reduced season ticket prices. This is particularly true of our sites in the Nantes and Rennes conurbations.
- Cycling: in 2023 we introduced the Sustainable Mobility Package, which partly subsidises journeys made by our employees who come by bike or scooter.

International initiatives depend on the local context and regulations. For example, our Kwidzyn site in Poland has developed a carpooling scheme for the site’s employees, and our Zriba site in Tunisia has set up special bus services reserved for LACROIX employees.

6.5 Recognition of our impact solutions

We take action every day to limit our impact, but we also offer our customers solutions to help them reduce their ecological footprint. These solutions have been praised by experts for their effectiveness and added value for customers.

Three LACROIX solutions stood out in this respect in 2023:

- Prio V2X, a solution designed to ease the flow of public transport traffic and contribute to the decarbonisation of cities through implementation of an ecosystem geared to smart vehicles, was chosen from a selection of 100 solutions to accelerate the ecological transition presented to the European Commission in June.

- AIRoads, a project conducted in collaboration with start-up WaltR, which aims to reconcile mobility and air quality, was also selected from this selection of 100 solutions and was awarded the prize for Sustainable Artificial Intelligence at the WAICF 2023 (World AI Cannes Forum)

- Finally, Aquawize, our AI-based software solution, is a decision-making tool that automatically analyses and detects problems in water supply networks at an early stage. It was also selected as one of the 100 solutions for accelerating the ecological transition.

  In addition, Aquawize
  - won the Innovative Solution Award, a prestigious prize for the most innovative and sustainable solutions in the water sector by Water Europe (an initiative launched by the European Commission to improve coordination and collaboration in the water sector and contribute to solving global challenges through research and innovation).
  - won the Alliancy trophy for meaningful digital technology in the Environmental Impact category.
  - won the Tech4Green Award in the French-speaking Village at CES Las Vegas 2023
  - won the Planinium Future Digital Awards for Smart Cities & IoT Innovation 2023 from Juniper Research (a consultancy specialising in long-term forecasting and digital technology markets) in the Most Innovative Urban Sustainability Project category.

ELIGIBILITY AND ALIGNMENT WITH THE EUROPEAN TAXONOMY

The EU Green Taxonomy is a system for classifying economic activities to identify those that are environmentally sustainable.

In accordance with Regulation (EU) 2020/852 of June 2020, supplemented by Delegated Regulation (EU) 2021/2139 of June 2021 and Delegated Regulation (EU) 2023/2486 of June 2023 of the European Commission, LACROIX has analysed the eligibility and alignment of its activities in financial year 2023 with the **European Taxonomy**.

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, in order to be considered aligned, economic activities must not cause significant harm to other environmental objectives defined by the European Taxonomy), as well as with **minimum social guarantees (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 that our activities meet these two sustainability criteria (DNSH and MSS), but on the advice of an external consultancy, we preferred to adopt a **conservative approach**. Accordingly, 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.

REVENUE IN 2023
ELIGIBILITY AND ALIGNMENT OF LACROIX ACTIVITIES WITH THE EUROPEAN TAXONOMY

	Sales as a proportion of total revenue	
	Aligned with the taxonomy by objective	Eligible for taxonomy by objective
Climate Change Mitigation (CCM)	0%	31%
Climate Change Adaptation (CCA)	0%	26%
Water and Marine Resources (WTR)	Not required	7%
Circular Economy (CE)	Not required	91%
Pollution Prevention and Control (PPC)	Not required	0%
Biodiversity and ecosystems (BIO)	Not required	0%

The new regulatory tables required by the taxonomy (see below) offer greater granularity and transparency. They allow us to specify which category of each of the six environmental objectives (see "Code" column) our different products are eligible for (see Economic activities column) and to indicate which environmental objective they contribute most to (category in bold in the Code column).

				Substantial contribution criteria					
Economic activities (1)	Code (a) (2)	Revenue (3)	Proportion of revenue, year N (4)	Climate change mitigation (5)	Adapting to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
A.2 Activities eligible under the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (g)									
Environment Activity									
SOFREL									
HVAC : remote management of facilities	**CCM 3.5** - CCA3.5 - CE1.2	5 701 534 €	0,75%	EL	EL	N/EL	N/EL	EL	N/EL
HVAC: remote management data exploitation	**CCM 8.2**	185 952 €	0,02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Water : clean water and waste water data management	**WTR 4.1**	1 559 617 €	0,20%	N/EL	N/EL	EL	N/EL	N/EL	N/EL
Water: waste water collection	**WTR 2.2** - CE1.2	239 130 €	0,03%	N/EL	N/EL	EL	N/EL	EL	N/EL
Water: clean water production and distribution	**WTR1.1** - CE1.2	48 233 767 €	6,34%	N/EL	N/EL	EL	N/EL	EL	N/EL
SAE-IT SYSTEMS									
Smart grids and electricity distribution	**CCM3.20** - CCA4.9 - CE1.2	24 193 994 €	3,18%	EL	EL	N/EL	N/EL	EL	N/EL
Natural gas distribution and other applications	**CE1.2**	1 169 545 €	0,15%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
District heating & pipe monitoring	**CCM4.15** - CCA4.15 - CE1.2	26 797 €	0,00%	EL	EL	N/EL	N/EL	EL	N/EL
Water networks	**CCM3.20** - CCA4.9 - CE1.2	1 298 663 €	0,17%	N/EL	N/EL	EL	N/EL	EL	N/EL

Economic activities (1)	Code (a) (2)	Revenue (3)	Proportion of revenue, year N (4)	Substantial contribution criteria: Climate change mitigation (5)	Adapting to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
A.2 Activities eligible under the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (g)									
City Activity									
PUBLIC LIGHTING									
Electrical connection and remote management	CE1.2	28 407 486 €	3,7%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
TRAFFIC									
Traffic management and information	CCM 6.15 - CCA 6.15 - CE1.2	19 187 606 €	2,5%	EL	EL	N/EL	N/EL	EL	N/EL
Metal structures for road information panels	CCM 6.15 - CCA 6.15	5 263 394 €	0,7%	EL	EL	N/EL	N/EL	N/EL	N/EL
V2X									
Connected urban and inter-urban mobility	CCM 6.15 - CCA 6.15 - CE1.2	1 022 000 €	0,1%	EL	EL	N/EL	N/EL	EL	N/EL
SIGNALISATION									
Road signs	CCM 6.15 - CCA 6.15	58 320 000 €	7,7%	EL	EL	N/EL	N/EL	N/EL	N/EL
Electronics Activity									
EMEA									
Variety of applications in the following sectors: Automotive, Industry, Aerospace and defence, HBAS, Healthcare	CE1.2	299 082 055 €	39,3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Electric vehicles	CCM 3.18 - CE1.2	10 949 155 €	1,4%	EL	N/EL	N/EL	N/EL	EL	N/EL
Energy-efficient building equipment (heating solutions, smart power distribution, motorized shutters...)	CCM 3.5 - CCA 3.5 - CE1.2	80 048 954 €	10,5%	EL	EL	N/EL	N/EL	EL	N/EL
EV charging stations	CCM6.15 - CE1.2	6 328 156 €	0,8%	EL	N/EL	N/EL	N/EL	EL	N/EL
Railway signaling	CCM 6.15 - CCA 6.15 - CE1.2	335 680 €	0,0%	EL	EL	N/EL	N/EL	EL	N/EL

				Substantial contribution criteria					
Economic activities (1)	Code (a) (2)	Revenue (3)	Proportion of revenue, year N (4)	Climate change mitigation (5)	Adapting to climate change (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)
A.2 Activities eligible under the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (g)									
Electronics Activity									
NA									
Electric vehicles	**CCM 3.18** - CE1.2	24 338 688 €	3,2%	EL	N/EL	N/EL	N/EL	EL	N/EL
Variety of applications in the following sectors: Automotive, Industry, HBAS, Healthcare	CE1.2	138 734 086 €	18,2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Energy-efficient building equipment (heating solutions, LED lighting)	**CCM 3.5** - CCA 3.5-CE1.2	2 326 226 €	0,3%	EL	EL	N/EL	N/EL	EL	N/EL
Revenue from activities eligible for the taxonomy but not environmentally sustainable (not aligned with the taxonomy) (A.2.)		756 952 486 €	99,44%	31%	26%	7%	0%	91%	0%
A. Revenue from activities eligible for the taxonomy (A.1. + A.2.)		756 952 486 €	99,44%	31%	26%	7%	0%	91%	0%
B. ACTIVITIES NOT ELIGIBLE FOR THE TAXONOMY									
Revenue from activities not eligible for the taxonomy		4 230 514 €	0,56%						
TOTAL (A. + B.)		761 183 000 €	100%						

OPEX 2023 - ELIGIBILITY AND ALIGNMENT OF LACROIX ACTIVITIES WITH THE EUROPEAN TAXONOMY

Within each business unit, we consider that operating expenses in 2023 served all our business lines equally well.

	OPEX (€M)	Eligible OPEX (€M)	Share of eligible OPEX (%)	Main category of eligibility	Eligible OPEX (€M)	Share of aligned OPEX (%)
LACROIX GROUP	**12,384**	**12,275**	**99.1%**	**CE 1.2**	**0**	**0%**
LACROIX CORP	66	0	0%	-	0	0%
ENVIRONMENT	3,127	3,127	100%	WTR 1.1	0	0%
CITY	1,898	1,855	97.8%	CCM 6.15	0	0%
ELECTRONICS EMEA	6,124	6,124	100%	CE 1.2	0	0%
ELECTRONICS NA	1,169	1,169	100%	CE 1.2	0	0%

CAPEX 2023 - ELIGIBILITY AND ALIGNMENT OF LACROIX ACTIVITIES WITH THE EUROPEAN TAXONOMY

Within each business unit, we consider that capital expenditure in 2023 served all our business lines equally well.

	CAPEX (€K)	Eligible CAPEX (€K)	Share of eligible CAPEX (%)	Main category of eligibility	Eligible CAPEX (€M)	Share of aligned CAPEX (%)
LACROIX GROUP	**26,074**	**25,931**	**99.1%**	**CE 1.2**	**0**	**0%**
LACROIX CORP	72	0	0%	-	0	0%
ENVIRONMENT	1,873	1,873	100%	WTR 1.1	0	0%
CITY	3,179	3,108	97.8%	CCM 6.15	0	0%
ELECTRONICS EMEA	8,017	8,017	100%	CE 1.2	0	0%
ELECTRONICS NA	12,933	12,933	100%	CE 1.2	0	0%

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 consistency of 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 some do not include our workforce in Mexico (in which case this is specified in the text).

- 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 data).

Given the nature of our activities, we consider that the following themes: actions to promote the link between the Nation and the Army and to support commitment to the reserves, the fight against food waste, the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food do not constitute the main CSR risks and do not warrant a development 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 2023 to 31 December 2023. The stated comparative basis therefore refers to the period running from 1 January 2022 to 31 December 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 26 March 2023
The Board of Directors

FIVE-YEAR FINANCIAL SUMMARY AND OTHER SIGNIFICANT AREAS

Nature of items	2017/ 2018	2018 / 2019	2019 / 2020	2021	2022
CAPITAL AT YEAR END					
- Share capital	25 000 000	25 000 000	25 000 000	32 055 239	32 055 239
- Number of existing ordinary shares	3 766 560	3 766 560	3 766 560	4 829 096	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	4 155 210	6 098 794	9 944 480	10 274 844	13 172 772
- Pre-tax profit, employee profit-sharing, depreciation, allowances and provisions	4 040 601	3 652 372	173 477	4 679 451	11 396 919
- Income taxes	-3 575 140	-4 619 761	- 5 919 185	-3 969 767	3 598 451
- Employee profit-sharing payable for the year	0	0	0	0	0
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	7 193 223	8 578 017	6 091 533	8 640 922	14 518 488
- Distributed profit	2 711 923	3 389 904	2 561 261	4 104 732	3 863 277
EARNINGS PER SHARE					
- Profit after tax, employee profit-sharing, before depreciation, allowances and provisions	2,02	2,20	1,62	1,79	1,61
- Profit after tax, employee profit-sharing, depreciation, allowances and provisions	1,91	2,28	1,62	1,79	3,01
- Dividend per share	0,72	0,90	0,68	0,85	0,80
PERSONNEL					
- Average number of employees during the year	12	27	27	27	64
- Total payroll for the year	1 633 085	2 592 440	4 588 082	4 889 575	4 850 541
- Total amount paid for employee benefits in the year (social security, company welfare schemes, etc.)	784 637	1 411 738	2 407 622	2 272 238	2 172 581

Drawn up in Saint-Herblain,

on 26 March 2022

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

LACROIX Group
Year ended the 12 31, 2023

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 (Accreditation COFRAC Inspection, 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 Lacroix Group (hereinafter "Lacroix Group"), we conducted our work in order to provide a conclusion expressing a limited assurance on the compliance of the consolidated non-financial statement for the year ended 12 31, 2023 (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 Lacroix Group'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 we have performed as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions 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 commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarised in the Statement or, on request from the LACROIX Group's management

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. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the LACROIX Group

It is the responsibility of the Management to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks as well as the outcomes of said policies, including key performance indicators and, the information set-out in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- prepare the Statement by applying the LACROIX Group's "Guidelines" as referred above; 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 endorsed by the Board of Directors.

Responsibility of the independent third party

Based on 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 pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As we are engaged 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 doing so may compromise our independence.

It is not our responsibility to report on:

- the Lacroix Group's compliance with other applicable legal and regulatory requirements, in particular the information set-out in 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 set-out in Article 8 of Regulation (EU) 2020/852 (green taxonomy)
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, Intervention du commissaire aux comptes – Intervention de l'OTI – Déclaration de performance extra-financière, our own procedures (Programme de verification de la déclaration de performance extra-financière, July 7th 2023) acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by the provisions of Article L. 823-10 of the French Commercial Code and French Code of Ethics for Statutory Auditors (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

Means and resources

Our verification work mobilized the skills of three people and took place between January 2024 and February 2024 on a total duration of intervention of about four weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted three interviews with the people responsible for preparing the Statement, representing in particular risk management, compliance, human resources, and environmental departments.

Nature and scope of the work

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- we obtained an understanding of all the consolidated entities' activities and the description of the main risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225 102 1 III of the French Commercial Code as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation and includes, where applicable, an explanation of the reasons 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 provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the main risks;

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

- we verified that the Statement presents the business model and a description of the main risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its their business relationships, its their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the main risks;

- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main 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 (eco design, impact products, ethics and compliance), our work was carried out on the consolidating Lacroix Group, for the others risks, our work was carried out on the consolidating Lacroix Group and on a selection of entities : Lacroix Baupréau, Lacroix Zriba

- 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 Lacroix Group has implemented and assessed the data collection process aimed at ensuring 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 20% and 34% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (34% of energy consumption, 20% of headcount);

- we assessed the overall consistency of the Statement in relation to our knowledge of all the consolidated entities.

The procedures performed in a basis for our limited assurance conclusion review are less in extent than for a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, the 26 March 2024
French original signed by:

Independent third party
EY & Associés

Christophe Schmeitzky
Partner, Sustainable Development

La CNCC considère que la traduction n'est pas signée, dans la mesure où il s'agit d'une traduction libre en anglais du rapport original établi en français. En effet, la signature est le graphisme par lequel une personne s'identifie dans un acte et par lequel elle exprime son approbation du contenu du document. En outre, l'apposition d'une signature sur un rapport lui confère la qualité d'être un original. Or, au cas particulier, l'original est représenté par la version française du rapport.

Annexe 1 : The most important information

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Workforce as of December 31, 2023. Turnover rate among employees. Proportion of women among managers. Percentage of sites labeled Great Place to Work. Amounts spent on training. Severity rate of workplace accidents. Work accident frequency rate.	The measures deployed for the health and safety of employees (prevention actions, training). Social dialogue mechanisms. The measures taken for gender equality and equal treatment. The results of development policies internal skills (training plan).
Environmental Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (actions or results)**
Waste generated per K€ of turnover. Waste recycling rate. GHG emissions – Scopes 1 & 2. Share of impact products in turnover.	Waste recycling procedures with qualified suppliers. Specific treatments linked to hazardous waste. Systems for controlling site energy consumption. The description of greenhouse gas emissions and in particular the main scope 3 emissions 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 ethics policies business and behavior (fight against corruption, Global Compact program). Geopolitical risk mitigation mechanisms. Certification procedures linked to the quality of products. Initiatives for economic development territories.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

LACROIXGroup
Year ended 31 December 2023

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 2023.

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 2023 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 2023 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. 821 53 and R. 821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

Measurement of the recoverable amount of goodwill

Risk identified

As at 31 December 2021, the net value of goodwill is €83,506k.

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% for the City and Environment CGUs and 9.4% for the Electronics CGU, and a perpetual growth rate of 2% 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, by including a valuation specialist in our audit team to perform these various analyses:
We:

- 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 reconciliation of the business plans used for the impairment tests with the budgets approved by the Management;
- examined the methods used to determine the discount rate and the perpetual growth rate and their consistency with the underlying market assumptions;
- tested the mathematical accuracy of the models and recalculated the amounts.

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 and presentation of the impacts of the ongoing planned sale of the Signaling BU

Risk identified

As announced on 9 February 2023, your Group intends to sell its Signaling BU and announced on 14 December 2023 that it was in exclusive negotiations with AIAC for this takeover.

As stated in Note 6.5.16 “Assets and groups of assets held for sale and abandoned activities” to the consolidated financial statements, all of the assets and the liabilities related to the abandoned activities or businesses held for sale are presented on a separate line of assets and liabilities, as they would appear upon sale after elimination of the intragroup positions.

Note 7.3.2 “Planned sale of the Signaling BU” sets out your Group’s analysis of the nature of the assets and liabilities being transferred with regard to IFRS 5, and presents the main financial impacts on your Group’s consolidated balance sheet as at 31 December 2023. In light of the estimated value of the sale, the historic goodwill of the Signaling BU has been fully impaired, as has a share of non-current assets for a total amount of €3,735k.

We considered this to be a key audit matter in view of the amounts involved, the unusual nature of the transaction and the use of assumptions and estimates for this valuation

Our response

We analyzed the data and key assumptions used for the valuation and presentation of the assets and liabilities to be sold. Our work consisted in the following in particular:

- familiarizing ourselves with the analysis performed by your Group to characterize the transaction in view of the provisions of IFRS 5 ;
- analyzing the identification and measurement of the assets and liabilities to be sold in view of the provisions of IFRS 5.

Lastly, we assessed the appropriateness of the information disclosed in Notes 6.5.16 “Assets and groups of assets held for sale and abandoned activities” and 7.3.2 “Planned sale of the Signaling BU” to the consolidated financial statements.

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.

Other Verifications or Information Required by Laws and Regulations

Format of presentation of the consolidated financial statements included in the annual financial report

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, we have also verified that the preparation of the consolidated financial statements intended 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. As it relates to the consolidated financial statements, our work includes verifying that the tagging in the financial statements complies with the format defined in the aforementioned Regulation.

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

Due to the technical limitations inherent in the block-tagging of consolidated financial statements in the European single electronic format, it is possible that the content of certain tagging in our notes to the consolidated financial statements are not reproduced identically to the accompanying consolidated financial statements.

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 2023, MAZARS was in its third year and ERNST & YOUNG et Autres in its fifteenth 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. 821 55 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.

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. 821 27 to L. 821 34 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, 2 April 2024

The Statutory Auditors
(French original signed by)

MAZARS
Arnaud Le Néen

ERNST & YOUNG et Autres
Stanislas de Gastines

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STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

LACROIX Group
Year ended 31 December 2023

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 2023.

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 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from 1 January2023 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. 821-53 and R. 821-80 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 2023, equity securities amount to a gross value of €85,793k and a net value of €75,793k.

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 favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

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

Other Information

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

Other Verifications or Information Required by Laws and Regulations

Format of presentation 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 intended 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 2023, MAZARS was in its third year and ERNST & YOUNG et Autres in its fifteenth 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. 821 55 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. 821 27 to L. 821 34 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, 2 April 2024

Les Commissaires aux Comptes

MAZARS
Arnaud Le Néen

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Stanislas de Gastines

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STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

LACROIX Group
Annual general meeting

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 2023, 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

In accordance with Article L. 225-38 of the French Commercial Code (Code de commerce), we have been notified of the following related party agreement which received prior authorization from your Board of Directors.

With Lacroix North America

Person concerned

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

Nature and purpose

On 20 March 2023, your Board of Directors authorized the conclusion of a USD5,277k loan agreement, which was signed on 8 June 2023.

Conditions

This loan amounts to USD5,277k as at 31 December 2023 and generated USD235k in financial income for the Company during the period.

Reasons justifying why the Company benefits from this agreement

Your Board justified this agreement as follows: this agreement will be concluded for the benefit of the Company and in the context of CAPEX financing in North America.

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (Code de commerce), we have been notified that the implementation of the following agreement, which was approved by the Annual General Meeting in prior years, continued during the year ended 31 December 2023.

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 USD2,500k loan agreement on 3 November 2022.

Conditions

This loan was repaid in full during financial year 2023 and gave rise to your Company's recognition of financial income amounting to USD120k during the period.

b) Nature and purpose

Conclusion on 25 January 2022 of an amendment to the loan agreement, authorized by your Board of Directors on 20 September 2021, intended to contribute to the financing of the acquisition of 49.7% of the shares of Firstronic LLC.

Conditions

The amount of the loan granted by your Company to Lacroix North America, subsequent to the aforecited amendment, is USD33,957k. This loan generated USD2,387k in financial income for your Company during the period.

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 2023.

b) Nature and purpose

Services agreement according to which the premises located at 5 rue de la Pérouse Paris 75016 are made available to the company

Conditions

The fixed annual remuneration paid to Vinila Investissements amounts to €20,000 excluding taxes.

Saint-Herblain and Nantes, 2 April 2024

The Statutory Auditors
(French original signed by)

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RESOLUTIONS PUT TO THE COMBINED GENERAL MEETING OF 17 MAY 2024

1. POWERS OF THE ANNUAL GENERAL MEETING

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

approves the annual financial statements for financial year ending 31 December 2023 as presented to it, together with the transactions recorded in these accounts and summarised in these reports.

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
- the report of the Statutory Auditors,

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

THIRD RESOLUTION
Approval of non-deductible expenses for tax purposes

Pursuant to Article 223 quater of the French General Tax Code, the Annual General Meeting approves the non-deductible expenses and charges referred to in Article 39-4 of said Code, which amount to a total of 40,826 euros.

This amount corresponds to the non-deductible portion of lease payments on the passenger vehicles used by the Company in the amount of 32,890 euros, and to corporate vehicle tax (TVS) charges in the amount of 7,936 euros, which generated a tax charge of 10,207 euros.

FOURTH 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 2023, namely €13,705,956.60, as follows:

Profit from the financial year	13,705,956.60 euros
Plus retained earnings	1,519,389.35 euros
Making a distributable profit of	15,225,345.95 euros
As dividends to shareholders Namely €0.70 per share	3,380,367.20 euros
To the "Other reserves" account which thus totals 105 million euros.	10,000,000.00 euros
The balance in “Retained earnings”	1,844,978.75 euros

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

Following this appropriation, shareholders' equity stands at €185,248,258.39 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 16 July 2024.

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% as income tax and 17.2% as social security contributions,
- The mandatory flat-rate income tax is maintained but its rate is aligned with that of the PFU (12.8% - Article 117c 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 no later than 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 flat-rate withholding tax of 12.8% will be deducted from the tax payable. The 40% tax allowance will be maintained, but social contributions will be based on the amount before deduction of the said 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 are also reminded that, in accordance with the provisions of Article L. 136-7 of the French Social Security Code, social security contributions on dividends paid to natural persons resident in France for tax purposes are subject to the same rules as the contribution referred to in Article 117c 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 three preceding financial years were as follows:

Period	Dividend per share	Total dividend	Total number of shares	Number of paid shares
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
2022	0.80	3,863,276.80	4,829,096	4,681,203

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

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

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the special report from the Statutory Auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code and voting on this report, approves the loan agreement concluded with LACROIX North America during financial year ending 31 December 2023.

SIXTH RESOLUTION
Renewal of the directorship of Mr Vincent Bedouin

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mr Vincent Bedouin

His term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mr Vincent Bedouin has already stated that he accepts the office of member of the Board of Directors that has just been conferred on him and that he is not subject to any measure likely to prevent him from exercising it.

SEVENTH RESOLUTION
Renewal of the directorship of Mr Pierre Tiers

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mr Pierre Tiers

His term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mr Pierre TIERS has already stated that he accepts the office of member of the Board of Directors that has just been conferred on him and that he is not subject to any measure likely to prevent him from exercising it.

EIGHTH RESOLUTION
Renewal of the directorship of Mr Hugues Meili

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mr Hugues Meili

His term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mr Hugues Meili has already stated that he accepts the office of member of the Board of Directors that has just been conferred upon him and that he is not subject to any measure likely to prevent him from exercising it.

NINTH RESOLUTION
Appointment of a new Director to replace Mrs Marie-Reine Bedouin

The General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having consulted the report drawn up by the Board of Directors, decides to appoint, in place of Mrs Marie-Reine Bedouin, for a term of three (3) years:

Mrs Christine Lioret

Her term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mrs Christine Lioret has already stated that she accepts the office of member of the Board of Directors that has just been conferred upon her and that she is not subject to any measure likely to prohibit her from exercising it.

TENTH RESOLUTION
Renewal of the directorship of Mr Hubert Alefsen de Boisredon d'Assier

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mr Hubert Alefsen de Boisredon d'Assier

His term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mr Hubert Alefsen de Boisredon d'Assier has already stated that he accepts the office of member of the Board of Directors that has just been conferred upon him and that he is not subject to any measure likely to prevent him from exercising it.

ELEVENTH RESOLUTION
Renewal of the directorship of Mrs Murielle Barneoud

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mrs Murielle Barneoud

Her term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mrs Murielle Barneoud has already stated that she accepts the office of member of the Board of Directors that has just been conferred upon her and that she is not subject to any measure likely to prevent her from exercising it.

TWELFTH RESOLUTION
Renewal of the directorship of Mrs Ariane Malbat

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Directors' Report, renews for another three (3) year term the directorship of:

Mrs Ariane Malbat

Her term of office will expire at the end of the Annual General Meeting to be held in 2027 to approve the financial statements for financial year ending 31 December 2026.

Mrs Ariane Malbat has already stated that she accepts the office of member of the Board of Directors that has just been conferred upon her and that she is not subject to any measure likely to prohibit her from exercising it.

THIRTEENTH 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 allocated to members of the Board of Directors, at €80,000.

FOURTEENTH 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 directors, as presented in the Company’s 2023 annual financial report.

FIFTEENTH RESOLUTION
Approval of the compensation items due or allocated for financial year 2023 to Vincent Bedouin, Chair & 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 2023 to Vincent Bedouin, as presented in the Company's 2023 annual financial report.

SIXTEENTH RESOLUTION
Approval of the compensation policy for Vincent Bedouin, Chair & CEO

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the items of the compensation policy applying to Vincent Bedouin, as presented in the Company's 2023 annual financial report.

SEVENTEENTH RESOLUTION
Approval of the compensation items due or allocated for the 2023 financial year to Nicolas Bedouin, Chief Operating Office

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors, 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 2023 to Nicolas Bedouin, as presented in the 2023 annual financial report of the Company.

EIGHTEENTH RESOLUTION
Approval of the compensation policy for Nicolas Bedouin, Chief Operating Office

The General Meeting, voting under the conditions of quorum and majority of Ordinary General Meetings, after having taken note of the report of the Board of Directors on corporate governance, and pursuant to Article L. 22-10-8 II of the French Commercial Code, approves the compensation policy applying to Nicolas Bedouin, as presented in the Company's 2023 annual financial report.

NINTEENTH 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, as presented in the Company’s 2023 annual financial report.

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

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

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

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

The shares will be purchased through trading on the market or through block share acquisitions in accordance with applicable laws and regulations. Block share acquisitions could account for the entire programme. Acquisitions and disposals can be made during a public offering within the limits permitted by stock market regulations.

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

In its report to the Ordinary General Meeting, every year the Board of Directors shall shareholders with information relating to completed share purchases and disposals.

Full powers are granted to the Board of Directors to accomplish all the requisite formalities for this authorisation

TWENTY-FIRST RESOLUTION

Appointment of CACs responsible for certifying sustainability information

The Annual General Meeting, having considered the report of the Board of Directors, and in accordance with the provisions of Articles L. 821-40 et seq. of the French Commercial Code, resolves to appoint :

- Ernst & Young et Autres, a société par actions simplifiée (simplified joint stock company) with share capital of 37,000 euros, headquartered at 41 rue Ybry, 92576 Neuilly-sur-Seine, registered in the Paris Trade and Companies Register under number 438 476 913,

- Mazars, a public limited company with an Executive Board and Supervisory Board and share capital of 8,320,000 euros, headquartered at Tour Exaltis, 61 rue Henri Régnault, 92400 Courbevoie, France, registered with the Paris Trade and Companies Registry under number 784 824 153,

in charge of certifying sustainability information.

Notwithstanding the provisions of Article L. 821-44 of the French Commercial Code, and in accordance with Article 38 of Ordinance no. 2023-1142 of December 6, 2023 relating to the publication and certification of sustainability information and the environmental, social and corporate governance obligations of commercial companies, the term of these appointments will be three financial years, expiring at the close of the Annual General Meeting called to approve the financial statements for the year ending December 6, 2026.

2. THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

TWENTY-SECOND RESOLUTION

Authority delegated to the Board of Directors to issue ordinary shares in the Company and/or securities giving immediate or subsequent access to the Company's equity or entitling holders to debt securities, with pre-emptive subscription rights for existing shareholders

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

1. Delegates to the Board of Directors its authority to decide, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, to issue, with shareholders' pre-emptive subscription rights maintained, shares or any other securities giving immediate or subsequent access to the Company's share capital, (including by the free allotment of share warrants), or securities giving entitlement to the allotment of debt securities, either in euros or in any other currency or monetary unit whatsoever established by reference to several currencies, both in France and abroad, such shares conferring the same rights as existing shares subject to their vesting date; it being specified that the Board of Directors may sub-delegate to the CEO or, subject to the latter's consent, one or more Chief Operating Officers, under conditions permitted by law, all powers needed to decide on and carry out the capital increase;

2. Decides that the issue of preference shares and securities giving access to preference shares is expressly excluded;

3. Decides that the nominal amount of share capital increases that may be carried out immediately and/or at term under this authorisation may not exceed a total of 9,960,000 euros (i.e., on the basis of the current par value of the Company's shares of 6.64 euros, a maximum of 1,500,000 shares), bearing in mind that this total nominal amount does not take into account any adjustments made in accordance with applicable legal and regulatory provisions and, where applicable, any contractual stipulations providing for other cases of adjustment, to safeguard the rights of holders of securities or other rights giving access to the Company's capital or debt securities in accordance with applicable legal and regulatory provisions and any applicable contractual stipulations providing for other adjustments;

4. Decides that the total nominal amount of bonds and other debt securities giving access to the share capital that may be issued pursuant to this authorisation shall not exceed 60,000,000 euros or the equivalent value of this amount in the event of an issue in any other currency or in any monetary unit whatsoever calculated by reference to several currencies;

5. Decides that the shares or securities giving access to share capital may be subscribed for either in cash or by offsetting claims against the Company;

6. Decides that shareholders may exercise their pre-emptive right to subscribe for shares on an irrevocable basis, in accordance with the law. In addition, the Board of Directors will have the option of granting shareholders the right to subscribe for a greater number of securities on a revocable basis than they would be able to subscribe for on an irrevocable basis, in proportion to the subscription rights they hold and, in any event, within the limit of their requests. If irrevocable subscriptions and possibly revocable ones do not absorb the entire issue of shares or securities, the Board of Directors may, in the order it sees fit, use some or all of the options offered by Article L.225-134 of the French Commercial Code, in particular the option of offering some or all of the unsubscribed securities to the public.

7. Duly notes that, where applicable, this authorisation automatically implies a waiver by shareholders of their pre-emptive rights to subscribe for the shares to which these securities entitle them, in favour of the holders of any securities that may be issued giving access to the Company's capital.

8. Grants full powers to the Board of Directors, with the option of sub-delegation under the conditions laid down by legal and regulatory provisions, to implement this authorisation, in particular for the following purposes:

   - setting the dates, prices and other terms and conditions of share issues, as well as the form and characteristics of the securities to be created, and in addition, for bonds or other debt securities giving access to the Company's share capital, decide whether or not they should be subordinated (and where applicable their subordination ranking in accordance with Article L.228-97 of the French Commercial Code), set their interest rate (in particular fixed or variable interest rate or zero coupon or indexed), their term (fixed or indefinite), and the other terms of issue (including the granting of guarantees or sureties) and redemption; these securities may include warrants giving the right to the allocation, acquisition or subscription of bonds or other debt securities, or take the form of complex bonds as defined by the stock market authorities;

   - amending the above terms and conditions during the lifetime of the securities concerned, in compliance with the applicable formalities;

   - setting the number of shares and/or other securities to be issued, as well as their terms and conditions, in particular their issue price and where applicable the amount of the premium;

   - fixing the method of paying up the shares and/or securities to be issued;

   - setting the date of entitlement of securities to be issued, with or without retroactive effect, and where applicable the terms of their redemption or exchange;

   - suspending, where applicable, the exercise of the rights attached to the securities to be issued for a maximum period of three (3) months, within the limits provided for by applicable laws and regulations;

   - fixing the terms under which any rights of holders of securities or other rights giving access to the capital will be preserved, in accordance with applicable legal and regulatory provisions and possibly any applicable contractual provisions providing for other adjustments;

   - if need be, deciding to grant a guarantee or sureties to securities to be issued, as well as to the debt securities to which these securities would give the right of allotment, and determining the nature and characteristics thereof;

   - where appropriate, making any deductions from the issue premium(s), in particular to cover the costs incurred in carrying out the issues, deducting from this amount the sums required to increase the legal reserve to one-tenth of the new share capital after each increase, and generally taking any necessary steps and entering into any agreements needed to ensure the successful completion of the proposed issues;

   - accomplishing all formalities required for the rights, shares or securities issued to be admitted to trading on the Euronext Paris market, recording the capital increase(s) resulting from any issue carried out under this authorisation, amending the Articles of Association accordingly and ensuring the financial servicing of the securities concerned and the exercise of the rights attached thereto;

   - in general, taking all necessary steps, entering into any agreements, applying for any authorisations, accomplishing any formalities and doing anything needed to successfully complete the proposed issues or postpone them, and in particular recording the capital increase(s) resulting from any issue carried out under this authorisation, and amending the Company's Articles of Association accordingly.

9. Duly notes that, should the Board of Directors make use of the authorisation granted in this resolution, it will report to the next Ordinary General Meeting on the use made of the authorisations granted in this resolution, in accordance with applicable laws and regulations.

This authorization is given for a period of twenty-six months from the date of this Meeting and supersedes any previous authorization to the same effect.

TWENTY-THIRD RESOLUTION

Authorisation given to the Board of Directors to cancel some or all of the shares purchased under the share buyback programme

The General Meeting, under the quorum and majority conditions required for Extraordinary Meetings, having taken due note of the Board of Directors' report and the Statutory Auditors' special report, and having noted the adoption of the twentieth resolution of this General Meeting, authorises the Board of Directors, in accordance with the provisions of Article L.225-209 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, some or all of the Company shares acquired under the twentieth resolution of this General Meeting or under prior or subsequent share buyback programmes, and to reduce the share capital by the total par value of the shares thus cancelled, up to a maximum of 10% of the share capital as at the date of this General Meeting, over any period of 24 months.

The General Meeting gives full powers to the Board of Directors, with the option of sub-delegation, to carry out the aforementioned capital reductions, record their completion, deduct the difference between the repurchase price of the cancelled shares and their par value from all reserves and premiums, amend the Articles of Association accordingly, make all declarations to the *Autorité des Marchés Financiers*, accomplish any other formalities and generally do whatever is necessary.

This authorisation is given for a period of twenty-six months from today's date and cancels out the unused portion of any previous authorisation for the same purpose.

TWENTY-FOURTH RESOLUTION

Delegation of authority to the Board of Directors to issue shares and/or securities giving access to new shares, reserved for members of a company savings scheme, with waiver of pre-emptive rights in their favour, in accordance with Article L. 225-138-1 of the French Commercial Code

The General Meeting, voting under the quorum and majority conditions required for extraordinary general meetings, having listened to the reading out of the supplementary report from the Board of Directors and the Statutory Auditors' special report:

1. delegates to the Board of Directors, in accordance with the provisions of Articles L. 225-129-2, L. 225-129-6, L. 225-138-1 and Articles L. 3332-18 et seq. of the French Labour Code, subject to implementation of any of the transactions referred to in the twenty-fourth resolution, its authority to issue shares and/or securities giving access to new Company shares, without shareholders' pre-emptive subscription rights for current and former employees who are members of the Company's employee savings plan(s);

2. decides that the maximum number of shares issued in the event of immediate or subsequent capital increases under this authorisation may not exceed 5% of the share capital as recorded on the issue date,

3. duly notes that, in accordance with the provisions of Article L. 225-132 of the French Commercial Code, this delegated authority automatically entails the express waiver by shareholders of their pre-emptive right to subscribe to the new shares to which these securities may give entitlement, in favour of the holders of securities giving access to new Company shares that may be issued pursuant to this authorisation;

4. specifies that the issue price of the new shares or securities giving access to share capital will be set in accordance with the conditions of Article L. 3332-19 of the French Labour Code;

5. decides that the Board of Directors will have full powers, within the aforesaid limits and subject to the aforesaid conditions, to fix all the terms and conditions of the securities issued, and to amend them following their issue

6. decides that this authorisation, which supersedes any prior authorisation for the same purpose, is granted for a period of twenty-six (26) months from the date of this General Meeting.

TWENTY-FIFTH RESOLUTION

Powers to accomplish formalities

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

PART 02

ACCOUNTING & FINANCIAL ITEMS

(CONSOLIDATED FINANCIAL STATEMENTS)

1. CONSOLIDATED BALANCE SHEET

In €K Assets	Note no.	Period 2023	Period 2022
Non-current assets			
Goodwill	8.1	83,506	86,319
Intangible assets	8.2	30,038	44,427
Tangible assets	8.3	93,297	98,755
Rights of use	8.4	14,665	11,266
Non-current financial assets	8.5	3,672	2,822
Investments in associates			
Deferred tax assets	8.19.3	7,133	8,548
Total non-current assets		**232,311**	**252,136**
Current assets			
Inventory and goods in progress	8.6	145,153	157,155
Trade accounts receivable	8.7	128,678	127,091
Other receivables	8.8	26,900	30,165
Derivative financial instruments	9.1	2,384	2,279
Cash and cash equivalents	8.9	42,523	22,613
Assets of activities held for sale	7.3.2	29,150	
Total current assets		**374,789**	**339,302**
TOTAL ASSETS		**607,100**	**591,439**

In €K Liabilities	Note no.	Period 2023	Period 2022
Shareholders' equity			
Share capital		32,055	32,055
Share premiums		39,645	39,645
Consolidated reserves		101,946	90,535
Consolidated income of the year		4,268	11,876
Shareholders' equity (Group share):	**4**	**177,915**	**174,112**
Non-controlling interests:	**4**	**12,142**	**19,773**
Total shareholders' equity		**190,057**	**193,885**
Non-current liabilities			
Provisions	8.11	13,181	14,694
Borrowings	8.12	95,619	85,044
Lease liabilities	8.4	11,825	8,468
Amounts due for business combinations	8.13	12,088	12,978
Deferred tax liabilities	8.19.3	7,803	11,927
Total non-current liabilities		**140,516**	**133,111**
Current liabilities			
Borrowings	8.12	61,467	78,004
Lease liabilities	8.4	3,373	3,091
Trade accounts payable	8.14	126,644	116,243
Derivative financial instruments liabilities	9.1	1,615	2,686
Amounts due for business combinations	8.13		
Other debts	8.14	57,154	64,418
Liabilities of activities held for sale	7.3.2	26,275	
Total current liabilities		**276,527**	**264,443**
TOTAL LIABILITIES		**607,100**	**591,439**

2. COMPREHENSIVE INCOME STATEMENT

2.1 Consolidated income statement

In €K	Note no.	Period 2023 12 months	Period 2022 12 months
Revenue	**9.2**	**761,183**	**707,760**
Change in inventories and goods in progress		(2,990)	10,453
Goods and raw materials purchased		(463,850)	(442,766)
Personnel expenses	8.15	(182,460)	(166,169)
Subcontracting and external expenses		(67,548)	(63,343)
Taxes		(4,695)	(4,071)
Depreciation, amortisation and provisions	8.16	(24,943)	(21,997)
Other income and expenses		3,152	1,847
Current operating profit	**9.2**	**17,849**	**21,715**
Other operating income and expenses	8.17	(14,089)	(723)
Impairment of goodwill			
Operating profit		**3,760**	**20,991**
Financial income and expenses	8.18	(8,538)	(7,233)
Income tax expense	8.19	1,937	(2,030)
Equity method			
Net income		**(2,841)**	**11,729**
Net income - non-controlling interests	4	(7,110)	(147)
Net income - Group share		**4,268**	**11,876**
Basic earnings per share (in euros)	8.10	0.91	2.54
Diluted earnings per share (in euros)	8.10	0.91	2.53

2.2 Net income and gains and losses recognised directly in equity

In €K	Note no.	Period 2023 12 months	Period 2022 12 months
Net income		**(2,841)**	**11,729**
Currency translation differences		2,236	1,766
Change in derivative financial instruments		(125)	1,489
Actuarial gains and losses on retirement benefit obligations		(59)	3,283
Total change in other comprehensive income (OCI) (1)		**2,052**	**6,538**
Total comprehensive income (loss) for the period	**4**	**(789)**	**18,267**
Group		6,548	17,543
Non-controlling interests		(7,337)	724

(1) Amount net of tax.

3. CASH FLOW STATEMENT

In €K	Note no.	Period 2023 12 months	Period 2022 12 months
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**(2,841)**	**11,729**
- Income tax expense	8.19	(1,937)	2,030
Net income before income tax expense		**(4,778)**	**13,758**
Adjustments for:			
- Depreciation, amortisation and provisions		36,804	21,603
- Gains or losses on sale of assets		(2,285)	(557)
- Share of profit from associates			
- Change in fair values		781	2,556
Income tax paid		**(3,098)**	**(602)**
Cash flows from operations of consolidated companies		**27,423**	**36,759**
Dividends received from equity-method companies			
Changes in working capital relating to operations		**8,877**	**(35,286)**
Net cash flow from operating activities		**36,299**	**1,474**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of tangible and intangible assets	8.2 / 8.3	(16,851)	(19,526)
Acquisition of financial assets	8.5	(641)	(953)
Proceeds from sales of fixed assets		3,777	2,006
Effect of changes in consolidation scope			
Net cash flow from investment activities		**(13,715)**	**(18,473)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders and non-controlling interests		(4,183)	(4,440)
Proceeds from issuance of share capital (Group or non controlling int)			
Changes in ownership interests without change in control			(9,252)
Other changes in shareholders' equity		(3)	9
Proceeds from borrowings	8.12.2	33,892	29,442
Impact of leaseback		6,054	
Repayment of borrowings	8.12.2	(21,665)	(14,469)
Repayment of lease liabilities	8.4	(3,944)	(3,661)
Net cash flow from financing activities		**10,150**	**(2,372)**
Net effect of currency translation on cash and cash equivalents and bank overdrafts		498	(689)
Net increase (decrease) in cash and cash equivalents and bank overdrafts		**33,232**	**(20,060)**
Cash and cash equivalents and bank overdrafts at the beginning of the period		(25,780)	(5,626)
Reclassification of cash from activities held for sale	7.3.2	5,000	
Reclassification			(94)
Cash and cash equivalents and bank overdrafts at the end of the period	8.9	12,453	(25,780)

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In €K Position on closing	Note	Share capital	Share premiums	Consolidated reserves	Period result	Other		Total shareholders' equity - Group share	Non-controlling interests	TOTAL shareholders' equity
						Currency translation differences	Shares of consolidating company			
Period 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 2022		**32,055**	**39,645**	**95,523**	**11,876**	**(2,104)**	**(2,883)**	**174,112**	**19,773**	**193,885**
Period 2022		**32,055**	**39,645**	**95,523**	**11,876**	**(2,104)**	**(2,883)**	**174,112**	**19,773**	**193,885**
Appropriation of results from previous year				11,876	(11,876)					
Dividends				(3,889)				(3,889)	(294)	(4,183)
Capital increases										0
Changes in treasury shares				(48)			44	(3)		(3)
Commitments to purchase non-controlling interests	8.13			743				743		743
Share based payments effects				403				403		403
Net income of the period					4,268			4,268	(7,110)	(2,841)
Change in other comprehensive income (OCI)				(348)		2,628		2,280	(228)	2,052
Total comprehensive income (loss) for the period				**(348)**	**4,268**	**2,628**		**6,548**	**(7,337)**	**(789)**
Non-controlling interests arising from business combinations	7.2									
Period 2023		**32,055**	**39,645**	**104,261**	**4,268**	**524**	**(2,839)**	**177,915**	**12,142**	**190,057**

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 2023	
			Consolida-tion Method	% of interest
CONSOLIDATING COMPANY				
LACROIX GROUP	SAINT-HERBLAIN	1	PARENT	100.00%
CONSOLIDATED COMPANIES				
LACROIX 2	SAINT-HERBLAIN		FC	100.00%
Electronics Activity				
LACROIX ELECTRONICS FRANCE	BEAUPREAU	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%
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	3	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%
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	3	FC	100.0%
LACROIX CITY NORTE	SPAIN		FC	99.9%
LACROIX CITY CENTRO	SPAIN	3	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%
LACROIX CITY BELGIUM	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 (2)	CARROS		FC	0.0%

FC = fully consolidated / (1) French tax consolidation scope / (2) Ad hoc entity / (3) Spanish tax consolidation scope

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

6.1 General information on the Company

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

The Group's registered office is located in 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 out 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 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 2023 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 2022.

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 2023 financial year.

Texts adopted by the European Union (mandatory application for periods opening on or after 1 January 2023) and final decisions of the IFRS IC issued in 2023.

- Amendment to IAS 12 - removal of the exception for initial recognition of deferred tax;
- Amendment to IAS 1 - Disclosure of Accounting Policies;
- Amendment to IAS 8 - clarification of the difference between an accounting estimate and an accounting policy.

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 as "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 in 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

Subsidiaries of the Group:

- A subsidiary is an entity controlled by the Group. The Group controls a subsidiary when it has exposure or rights to variable returns from its involvement with the subsidiary, and has the ability to use its power to affect these returns. The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which control is obtained until the control ceases.

- Non-controlling interests are prorated to the net identifiable assets of the acquired entity on the date of acquisition. Changes in the percentage of the Group's holding in a subsidiary that do not result in a loss of control are accounted for equity transactions between the Group and the non-controlling interest.

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)	0.21364	0.22023	0.23044	0.2134
Dollar (USD)	0.93756	0.92476	0.90498	0.94944
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)	0.69930	0.68849	0.68535	0.6891

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 financial 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 attached 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, that 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 "Amounts due for 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 tax 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.

Current and differed 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 for the same tax entity. The Group has two tax consolidation groups, one in France (headed by LACROIX Group) and the other in Spain (headed by LACROIX Sofrel Espana).

Details of these tax groups are given in note 5.

Tax rate by country:

	Period 2023
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 be resold.

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 for being 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.

Details of businesses being sold are given in note 7.3.2

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 at a point in time or over the time.

When it is established that the Group fulfils its performance obligations to customers on a progressive basis, the Group recognises revenue progressively by the cost approach.

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, bonus shares.

6.5.19 Segment reporting

The Group's segment reporting is based on the concept of business segments. The choice of this level and its breakdown reflects the Group's organisational structure and the risk and profitability differences.

- Electronics Activity
- Environment Activity
- City Activity

7. COMPARABILITY OF FINANCIAL STATEMENTS AND SIGNIFICANT EVENTS DURING THE PERIOD

7.1 Accounting changes

None

7.2 Changes in consolidation scope and entry of minority shareholders

None

7.3 Significant events

7.3.1 Key events of the period

Cyberattack
On 15 May 2023, LACROIX announced it had suffered a cyberattack which mainly affected the French (Beaupréau), German (Willich) and Tunisian (Zriba) sites of the Electronics activity.

The main financial impacts of the cyber attack on the Group's financials are as follows:

- The operating loss incurred amounts to €1.8M and is covered by the insurance policy;
- Non recurring costs of €0.6M have been recognised as “Other operating income and expenses” (see 8.17).

Sale of the Saint Herblain building
Lacroix City Saint Herblain sold its business building on 22 December 2023 then leased it back under a commercial lease. This sale and leaseback transaction was specifically restated according to IFRS 16, leading to the recognition of a consolidated capital gain of €2,360K. The impact of this restatement is detailed in note 8.4 - Leases.

LACROIX Electronics MI
The year-end inventory review of the LACROIX Electronics MI (Ex-Firstronic) sites revealed counting and values differences of $3.3 M, in operating profits. Investigations were carried out to identify the origin of the deviations, their causes and the associated corrective action plans. Internal control deficiencies have prevented us from reconstructing all of these discrepancies. In particular, the dates of origin of the discrepancies cannot be broken down with sufficient reliability.

7.3.2 Proposed sale of the Signalisation BU

For the record, in its annual sales press release dated 9 February 2023, LACROIX announced its intention to divest its Signalisation Business Unit (called “BU”) (8% of LACROIX' turnover) in order to focus its investments on its strategic markets around industrial IoT and electronic equipment.

Following this announcement, the Signalisation BU embarked on a gradual process of empowerment in preparation for the sale.

On 14 December 2023, LACROIX Group announced that it had entered into exclusive negotiations with AIAC with a view to acquiring this BU.

At 31 December 2023, in view of this planned disposal and in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, the Signalisation Business Unit is presented in the consolidated financial statements as an asset being sold. The impact of reclassifications resulting from the application of this standard is presented in the “Assets of activities held for sale” column in the detailed tables in these notes. Assets held for sale include the historical goodwill of the Signalisation BU.
Given the estimated value of the disposal, a capital loss of €3,735K was recognised. Goodwill was fully written down, as was a share of non-current assets in the same amount.

On 18 March 2024, LACROIX announced the sale of the Signalisation BU (see Note 9.6 - Post-balance sheet events).

The table below details the impact of the disposal on the balance sheet, as well as the assets and liabilities classified as "assets and liabilities of activities held for sale":

In €K **Assets**	**Period 2023**				
	Signalisation BU's balance sheet before impact of business disposal	**Sale of the building**	**Impact of leaseback**	**IFRS 5 depreciation**	**Assets and businesses being sold**
Non-current assets					
Goodwill	1,350			(1,350)	
Intangible assets	361				361
Tangible assets	7,270	(2,990)		(2,385)	1,896
Rights of use	1,328		1,905		3,233
Non-current financial assets	132				132
Investments in associates					
Deferred tax assets	294		1,038		1,332
Total non-current assets	**10,734**	**(2,990)**	**2,943**	**(3,735)**	**6,953**
Current assets					
Inventory and goods in progress	6,390				6,390
Trade accounts receivable	13,279				13,279
Other receivables	1,744				1,744
Derivative financial instruments					
Cash and cash equivalents	(8,717)	9,500			783
Total current assets	**12,696**	**9,500**			**22,196**
Total assets of activities held for sale	**23,430**	**6,510**	**2,943**	**(3,735)**	**29,150**

In €K **Assets**	**Period 2023**				
	Signalisation BU's balance sheet before impact of business disposal	**Sale of the building**	**Impact of leaseback**	**IFRS 5 depreciation**	**Assets and businesses being sold**
Non-current liabilities					
Provisions	1,773				1,773
Borrowings	196				196
Lease liabilities	954		5,397		6,351
Amounts due for business com-binations					
Deferred tax liabilities	144				144
Total non-current liabilities	**3,068**		**5,397**		**8,465**
Current liabilities					
Borrowings (1)	5,912				5,912
Lease liabilities	415		657		1,072
Trade accounts payable	6,825				6,825
Derivative financial instruments liabilities					
Amounts due for business acquisi-tions					
Other debts	4,001				4,001
Total current liabilities	**17,154**		**657**		**17,811**
Total liabilities of activities held for sale	**20,221**		**6,054**		**26,275**

(1) including €5,000k in bank overdrafts

The impact of this disposal is recognised in the income statement under "Other operating income and expenses" (see 8.17).

As the Signalisation Business Unit does not meet the definition of a discontinued operation under IFRS 5, the result of this BU in the process of being sold being sold is not isolated in the published income statement.

The Signalisation BU's main aggregates in the Group's consolidated financial statements break down as follows:

In €K	Period 2023	Period 2022
Revenue	58,320	54,559
EBITDA	2,921	(1,285)
EBIT	1,157	(3,039)

The Signalisation BU also contributes to the amortisation of certain structural costs.

In addition, the profit or loss for the intervening period (from 1 January 2024 to the effective disposal date) and the change in net debt over this period will be added to the capital loss already taken into account at 31 December 2023.

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	Changes	Changes in consolidation scope	Assets and businesses being sold	Currency translation differences	Closing	Opening	Impairment charge of the period	Changes in consolidation scope	Assets and businesses being sold	Currency translation differences	Closing	Opening	Closing
LACROIX Electronics Activity	59,517				(1,463)	58,054	(5,991)					(5,991)	53,526	52,063
LACROIX Environment Activity	17,045					17,045							17,045	17,045
LACROIX City Activity	25,248			(1,350)		23,898	(9,500)					(9,500)	15,748	14,398
Total	**101,810**			**(1,350)**	**(1,463)**	**98,997**	**(15,491)**					**(15,491)**	**86,319**	**83,506**

The change for the period corresponds to the allocation of the historical goodwill of the Signalisation BU (€1,350K) to this business unit as part of its disposal.

8.1.1 Impairment of goodwill

The main operating assumptions for goodwill impairment testing are as follows:

- Discount rate:
  - 9% for the City Activity and Environment Activity CGUs.
  - 9.4% 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 consolidation scope	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Gross values								
Preliminary expenses	10							10
Research & Development costs	1,186	405					862	2,453
Concessions, patents, licenses, software	14,630	216	(174)		(3,056)	(4)	453	12,064
Other intangible assets [1]	42,915	160			(13)	(1,412)	3	41,653
Intangible assets in progress	1,084						(876)	209
Advances and down-payments								
Total	**59,825**	**782**	**(174)**		**(3,069)**	**(1,416)**	**442**	**56,388**
Cumulated amortisation								
Preliminary expenses	(10)							(11)
Research & Development costs	(521)	(201)						(722)
Concessions, patents, licenses, software	(10,461)	(1,151)	174		2,695	(2)	30	(8,715)
Other intangible assets	(4,405)	(12,657)			13	146		(7,117)
Total	**(15,397)**	**(14,009)**	**174**		**2,708**	**145**	**30**	**(16,902)**
Total intangible assets	**44,427**	**(13,228)**			**(361)**	**(1,272)**	**473**	**30,038**

[1] "Other intangible assets" mainly include the "customer relationships" asset identified in the process of allocating the acquisition price of Lacroix Electronics MI in 2021.

The difficulties encountered by Lacroix Electronics MI (including the rise in payroll costs and the sharp appreciation of the Mexican peso, the loss of productivity resulting in particular from saturation of production capacity before the opening of the new Juarez site), had a significant impact on the company's EBITDA and led to a review of the assumptions used for the valuation of the "customer list" asset. As a result, an exceptional write-off of €10,814k was recognised.

8.3 Tangible assets

	Opening	Additions	Disposals	Changes in consolidation scope	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Gross values								
Land	3,686	9	(737)		(222)	13		2,749
Buildings	50,674	603	(9,359)		(707)	599	237	42,047
Technical install., machinery and equipment	124,123	9,267	(1,630)		(13,514)	1,050	1,790	121,086
Other tangible assets	30,514	1,582	(924)		(5,763)	111	208	25,729
Tangible assets in progress	(361)	1,560	(30)		(151)	103	(323)	797
Advances and down payments	593	3,049	(3)				(2,378)	1,261
Total	**209,226**	**16,069**	**(12,683)**		**(20,356)**	**1,875**	**(466)**	**193,668**
Cumulated amortisation								
Land	(189)	(13)	116				52	(34)
Buildings	(21,664)	(1,886)	6,988		690	(366)	56	(16,183)
Technical install., machinery and equipment	(66,047)	(10,085)	1,393		10,704	(687)	(324)	(65,047)
Other tangible assets	(22,570)	(2,260)	888		4,682	(92)	245	(19,107)
Total	**(110,471)**	**(14,243)**	**9,385**		**16,075**	**(1,145)**	**29**	**(100,370)**
Total tangible assets	**98,755**	**1,826**	**(3,298)**		**(4,281)**	**730**	**(437)**	**93,297**

Decreases mainly reflect the removal from the tangible asset of gross fixed assets and depreciation relating to the building located Impasse du Bourrelier in Saint-Herblain, owned by Lacroix City Saint Herblain.

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	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Buildings	15,556	9,293	565	(459)		(3,630)	(65)		21,260
Other assets	4,193	1,117	152	(1,434)		(864)			3,164
Total	**19,749**	**10,410**	**717**	**(1,893)**		**(4,494)**	**(65)**	**0**	**24,424**
Rights of use Amortisations and provisions	**Opening**	**Amortisations for the period**	**Effects of assumption changes**	**Ends and terminations of contracts**	**Changes in consolidation scope**	**Assets and businesses being sold**	**Currency translation differences**	**Other variations**	**Closing**
Buildings	(6,095)	(3,016)		354		791	(56)		(8,021)
Other assets	(2,388)	(1,148)		1,328		470			(1,738)
Total	**(8,483)**	**(4,164)**		**1,682**		**1,261**	**(56)**		**(9,759)**
Total net rights of use	**11,266**	**6,246**	**717**	**(211)**		**(3,233)**	**(121)**		**14,665**

The leases under the “Other assets” category mainly comprise company car rentals. The effects of the changes in assumptions are mainly accounted for by the signing of lease renewals.

New property contracts include two new production buildings in Juarez for Lacroix Electronics MI and the leaseback of the Lacroix City St Herblain building.

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	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Buildings	9,561	13,392	565	(2,812)	(106)		(7,019)			13,581
Other assets	1,999	1,117	152	(1,132)	(114)		(406)			1,616
Total	**11,560**	**14,509**	**717**	**(3,944)**	**(219)**		**(7,425)**			**15,198**

8.4.3 Sale and leaseback transaction

On 22 December 2023, Lacroix City Saint Herblain sold its manufacturing building located at impasse du Bourrelier in Saint Herblain and, on the same date, signed a commercial lease stipulating the rental terms for these premises.
This sale and leaseback transaction has been restated in accordance with IFRS16, under which the right of use resulting from the lease is valued as a proportion of the net book value of the transferred asset, corresponding to the right of use that it retains. The impact of the restatement on the consolidated financial statements is as follows:

Lease transfer	Income statement
Social added value	6,510
IFRS 16 restatement	(4,149)
Consolidated capital gain	**2,361**

Lease transfer	Balance sheet
Rights of use	1,905
Lease liabilities	(6,054)
Balance sheet impact	**(4,149)**

8.5 Non-current financial assets

	Opening	Additions	Disposals	Changes in consolidation scope	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Gross values								
Investment securities (1)	312						480	792
Receivables from investments								
Other long-term investments	116	3			(1)		(2)	118
Loans	1,639	45				(50)		1,634
Collateral and surety	1,002	592	(110)		(131)		(27)	1,326
Other financial assets	13							13
Total	**3,083**	**640**	**(110)**		**(132)**	**(50)**	**451**	**3,883**
Provisions for impairment								
Investment securities	(174)		25					(149)
Receivables from investments								
Other long-term investments	(87)						27	(61)
Loans								
Collateral and surety								
Total	**(261)**		**25**				**27**	**(210)**
Total net long-term financial assets	**2,822**	**640**	**(85)**		**(132)**	**(50)**	**478**	**3,673**

(1) Other changes in investments correspond to the revaluation of shares in SAEM Gertrude, valued at the share of net assets estimated at €550K

8.6 Inventories and goods in progress

Inventories and goods in progress are presented as follows:

	Period 2023	Period 2022
Gross values		
Raw materials	112,273	118,045
In-process inventories	16,048	14,864
Intermediary goods inventory	17,778	21,824
Goods inventory	4,172	8,013
Total	**150,271**	**162,746**
Provisions for impairment		
Raw materials	(3,823)	(3,511)
In-process inventories	(44)	(14)
Intermediary goods inventory	(1,150)	(1,665)
Goods inventory	(101)	(401)
Total	**(5,118)**	**(5,592)**
Total inventories and goods in progress	**145,153**	**157,155**

8.7 Trade accounts receivable

Trade accounts receivable break down as follows:

	Period 2023	Period 2022
Trade accounts receivable	129,374	128,338
Impairment	(696)	(1,248)
Total net trade accounts receivable	**128,678**	**127,091**

Receivables covered by a reverse factoring contract (see 6.5.7), not matured by 31 December 2023 and paid before that date, amount to €29.3 million, compared with €23.1 million as at 31 December 2022.

In addition, we present below a breakdown of the gross values and impairments of trade receivables by due date in accordance with IFRS 7

Ageing trial balance 31/12/2023	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	129,374	94,093	13,211	6,848	2,426	160	559	12,077
Total impairment	(696)	(8)				(325)	(363)	
Total receivables net of impairment	**128,678**	**94,085**	**13,211**	**6,848**	**2,426**	**(165)**	**196**	**12,077**

8.8 Other receivables

	Period 2023	Period 2022
Gross values		
Advances and down-payments	2,361	2,358
Social receivables	292	739
Tax receivables (1)	15,043	18,190
Other receivables	5,860	4,438
Prepaid expenses	3,345	4,469
Total	**26,900**	**30,195**
Provisions for impairment		
Impairment		(30)
Total other receivables	**26,900**	**30,165**

(1) Tax receivables include €7.8 million of R&D tax credits.

8.9 Cash and cash equivalents

	Period 2023	Period 2022
Short-term deposits (1)	27,960	13,185
Cash in hand	14,563	9,428
Impairment		
Total cash and cash equivalents	**42,523**	**22,613**
Bank overdrafts	(30,070)	(48,393)
Total cash and cash equivalents excl. bank overdrafts	**12,453**	**(25,780)**

(1) Made up of SICAV (open-ended investment funds), deposit certificates, and other investment products.

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

8.10 Shareholders' equity

8.10.1 Share capital of the consolidating entity

As at 31 December 2023, 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 2023
Opening	147,893
Acquisitions	12,813
Disposals	(12,612)
Granted under a bonus shares plan	(2,091)
Closing	**146,003**

The value of treasury shares as at 31 December 2023 recognised in Lacroix Group's financial statements stood at €2,812K. On the basis of the average share price in December 2023, it stands at €4,183K.

8.10.3 Bonus shares

The general meetings of 28 August 2020 and 6 May 2022 approved bonus share plans benefiting some of its employees.

The plans gave rise to a provisional allotment of 18,196 shares in respect of the 2023 financial year.

These shares are subject to financial and non-financial performance conditions as well as attendance conditions. Allocation of the shares will be finalised 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 €403K as at 31 December 2023, as defined by IFRS2.

Changes in the number of bonus shares during the year are itemized below:

	Period 2023
Opening	**8,733**
Options granted	(2,091)
New plan(s)	18,196
Options lost	(638)
Options expired	
Closing	**24,200**

8.10.4 Earnings per share

Earnings per share can be broken down as follows:

Earnings per share	Period 2023	Period 2022
Weighted average number of shares before treasury shares	4,829,096	4,829,096
Number of treasury shares	(146,003)	(147,893)
Weighted average number of shares used for earnings per share	4,683,093	4,681,203
Number of dilutive instruments (free shares)	24,200	8,733
Weighted average number of shares used for diluted earnings per share	4,707,293	4,689,936
Net income - Group share in €K	**4,268**	**11,876**
Basic earnings per share (in euros)	0.91	2.54
Diluted earnings per share (in euros)	0.91	2.53

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 consolidation scope	Assets and businesses being sold	Currency translation differences	Other variations	Closing
Retirement benefit obligations (1)	10,744	912	(230)	(419)		(988)	25	(37)	10,006
Provisions for warranty	620	262	(110)						772
Provisions for litigations (2)	2,458	1,312	(678)	(657)	(131)	(785)	12		1,531
Provisions for other liabilities and charges (3)	872								872
Total	**14,694**	**2,486**	**(1,018)**	**(1,077)**	**(131)**	**(1,773)**	**37**	**(37)**	**13,181**

[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 3.2% (against 3.8% in 2022).
- Salary increases, including inflation, are based on the following table:

Age brackets	LACROIX
< 29 years old	5.00%
30 to 39 years old	3.50%
40 to 44 years old	3.00%
45 to 49 years old	3.00%
50 to 54 years old	2.50%
> 55 years old	2.00%

- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 64 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:

	Holding companies	Production companies
Age brackets		
< 29 years old	15.00%	8.00%
30 to 39 years old	8.00%	5.00%
40 to 44 years old	5.00%	3.00%
45 to 49 years old	5.00%	3.00%
50 to 54 years old	3.00%	2.00%
55 to 59 years old	1.00%	1.00%
> 60 years old	0.00%	0.00%

For the German scope, the following assumptions were made:

- Discount rate of 3.2% (against 3.6% in 2022).
- Inflation rate of 2.25%.
- 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 provisions for retirement commitments:

Impact on pension provisions (K€)	(-0.5 points)	(+0.5 points)
Discount rate	462	(421)
Annual pay rise	(335)	360

[2] Provisions for litigation comprise various provisions for litigation, HR, customer returns or tax provisions.

[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 of the theoretical purchase price of said shares at the end of December 2023.

8.12 Borrowings and financial debts

8.12.1 Maturity of borrowings and financial debts

Financial debts by maturity can be broken down as follows:

	Period 2023	Period 2022	2023 Maturity [1]	
			< 1 year (Current)	> 1 year (Non-current)
Bank borrowings	103,844	93,451	19,937	83,907
Other financial debts [2]	23,172	21,204	11,460	11,712
Bank overdrafts	30,070	48,393	30,070	
Total borrowings and financial debts	**157,086**	**163,048**	**61,467**	**95,619**

[1] "Non-current" portion of financial debts: of which €15,413K at more than 5 years.
[2] Of which C/C VINILA INVESTISSEMENTS (shareholder) for €10,143K, compared with €9,228K in 2022.

8.12.2 Variation in borrowings and financial debts

	Period 2023	Period 2022
Opening	114,655	99,062
Subscriptions (1)	33,892	29,442
Repayments	(21,665)	(14,469)
Changes in consolidation scope		
Assets and businesses being sold	(325)	
Currency translation differences	10	171
Other variations	449	449
Total borrowings and financial debts (excl. bank over-drafts)	**127,015**	**114,655**
Bank overdrafts	30,070	48,393
Total borrowings and financial debts	**157,085**	**163,048**

[1] At the end of 2023, Lacroix will have taken out a €10M long-term loan ("Prêt Participatif Relance") to finance investments over the next few years.

8.12.3 Borrowings by type of rate

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

	Period 2023	Period 2022
Fixed-rate loans	49,765	43,551
Variable-rate loans [1]	54,079	49,900
Total bank borrowings	**103,844**	**93,451**

[1] Of which a significant proportion is covered by financial instruments (see Note 9.1.2).

8.12.4 Borrowings by currency

	Period 2023	Period 2022
Denominated in euros	98,485	87,451
Denominated in foreign currencies	5,359	6,000
Total bank borrowings	**103,844**	**93,451**

8.13 Amounts due for business combinations

	Period 2023	Period 2022
Opening	12,978	22,544
Changes in consolidation scope		
Revaluation with impact on shareholders' equity [1]	(743)	502
Payment [2]		(10,414)
Currency translation differences	(147)	346
Other variations		
Amounts due for business combinations	**12,088**	**12,978**

[1] This concerns the impact of accretion on existing cross options on minority interests in Lacroix Electronics Beaupreau and the updating of assumptions on existing cross options on minority interests in Lacroix Electronics Michigan.
[2] This is the payment for the purchase of minority interests in LACROIX Environment GmbH in 2022 (see 7.2).

8.14 Trade accounts payable and other payables

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

	Period 2023	Period 2022
Trade accounts payables	126,644	116,243
Advance payments and deposits received	9,328	10,412
Tax and social debts	33,904	41,073
Other payables	6,802	5,239
Deferred income	7,120	7,693
Total trade accounts payable and other payables	**183,797**	**180,660**

8.15 Personnel

8.15.1 Payroll costs

	Period 2023	Period 2022
Gross compensation	(106,248)	(101,623)
Employer's social and tax contributions	(34,900)	(32,609)
Profit-sharing	(2,534)	(2,824)
Outsourced personnel expenses [1]	(37,879)	(27,577)
Defined benefits plan expense	103	(67)
Share - based compensation expenses (IFRS 2) and/or to the performance-based compensation expenses following the integration of newly acquired entities	(1,003)	(1,470)
Total personnel expenses	**(182,461)**	**(166,169)**

[1] Including North American employees in portage in Mexico

8.15.2 Workforce

The workforce employed by the Group's activities at the end of the year breaks down as follows:

*	LACROIX Electronics		LACROIX Environment		LACROIX City		LACROIX Group		Total Activities	
	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Managers	415	404	116	108	209	210	51	50	791	772
Technicians & Employees	768	784	178	169	218	201	7	6	1,171	1,160
Labourers	1,812	2,120	19	22	146	160			1,977	2,302
Total salaried workforce	**2,995**	**3,308**	**313**	**299**	**573**	**571**	**58**	**56**	**3,939**	**4,234**
Pending assignment [1]	1,346	1,238	2	3	39	46		1	1,387	1,287
Total operational workforce	**4,341**	**4,546**	**315**	**302**	**612**	**617**	**58**	**57**	**5,326**	**5,521**

* 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 2023	Period 2022
Depreciation, amortisation and provisions on tangible and intangible assets	(18,467)	(17,332)
Depreciation, amortisation and provisions on rights of use	(4,235)	(3,748)
Depreciation, amortisation and provisions on inventories	(1,038)	(493)
Depreciation, amortisation and provisions on current assets	(324)	175
Provisions on other liabilities and charges	(879)	(599)
Other depreciation, amortisation and provisions		
Total depreciation, amortisation and provisions [1]	**(24,943)**	**(21,997)**

[1] Excluding reversals used, directly charged to the affected income statement entries

8.17 Other operating income and expenses

	Period 2023	Period 2022
Restructuring costs [1]	(860)	(1,484)
Sale of assets [2]	(3,042)	
Customer litigations [3]	424	1,000
Other non-current expenses [4]	(10,612)	(239)
Total	**(14,090)**	**(723)**

[1] Reorganisation costs for financial year 2023 concern employees taking retirement who have not been replaced.
[2] Asset disposals correspond to the impact of the sale of the Signalisation BU:

	Period 2023
Costs associated with the disposal of the Signalisation BU	(1,667)
Capital gain on the disposal of the LACROIX CITY Saint-Herblain building	2,360
Impairment of the Signalisation BU's goodwill	(1,350)
Impairment of the Signalisation BU's non-current assets	(2,385)
Total	**(3,042)**

[3] The income recognised for litigation arises from the capitalisation of the asset and liability guarantee in connection with a prior acquisition.
[4] Other non-current expenses include exceptional costs incurred following the cyber attack on 15 May 2023 (IT reconstruction costs, legal fees, overtime, etc.), as well as the non-recurring amortisation of the customer list.

8.18 Financial income and expenses

Net financial income breaks down as follows:

	Period 2023	Period 2022
Interest expenses on borrowings [(1)]	(8,183)	(4,601)
Interest income	331	130
Net financial expenses on borrowings	**(7,853)**	**(4,471)**
Net foreign exchange gains (losses)	2,073	(1,853)
Other financial income and expenses [(2)]	(2,640)	(909)
Total financial income and expenses	**(8,420)**	**(7,233)**
Summary		
Total income	10,596	12,305
Total expenses	(19,016)	(19,538)
Total financial income	**(8,420)**	**(7,233)**

[(1)] The cost of gross financial debt increased mainly due to:
- the financing of production investments and the global 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 €365K of finance charges relating to provisions for termination benefits, €625K of finance charges on rental debts and €1,600K of financing costs for receivables transferred under reverse factoring contracts.

8.19 Income tax liability

8.19.1 Income tax expense

Taxation breaks down as follows:

	Period 2023	Period 2022
Current taxes	(4,609)	(3,869)
Deferred taxes (1)	6,545	1,840
Total income tax expense	**1,937**	**(2,030)**

[(1)] Of which deferred tax assets of €3,340K on capitalisation of tax losses

8.19.2 Proof of tax

Rationalisation of the income tax expense	**Period 2023**
Net income	(2,841)
Neutralisation of equity method	
Income tax expense [(1)]	1,937
Net income before income tax expense	(4,778)
Theoretical tax at the rate of 25% [(2)]	(1,194)
Difference [(1)-(2)]	**742**

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	(665)
Utilisation of tax losses previously unrecognised and used or recognised during the financial year	4,396
Tax losses of the period not recognised	(2,748)
Derecognition or use of tax losses previously recognised	
Specific income or expenses taxed at a reduced or higher tax rate	(669)
Differences of tax rates in the Group's foreign subsidiaries	(318)
Tax credits	1,062
Other income taxes (CVAE)	(298)
Adjustments from previous periods	(17)
	742

[1] The R&D tax credit recognised in 2023 totals €4,114K

8.19.3 Deferred taxes

Deferred tax assets and liabilities break down as follows:

	Opening	OCI	Currency translation differences	Impact on net income	Change of rate per type of result	Changes in consolida-tion scope	Other vari-ations	Closing
Deferred tax assets								
C3 S and Building effort	46			8			(11)	43
Employee profit-sharing	420			107			(148)	379
Retirement benefits	1,545	(95)		43			(247)	1,246
Margins on inventories	311			108			(100)	319
Tax credit in the Polish economic area [1]	3,439		116			(3,555)		
Other deferred tax Poland				547		(42)		505
Loss carryforwards [2]	5,856		(45)	3,339		(39)		9,111
Other	201			1,091		229	(1,178)	343
Compensation DTA/DTL (*)	*(3,270)*					(1,543)		(4,813)
Total deferred tax assets	**8,548**	**(95)**	**71**	**5,243**		**(4,950)**	**(1,684)**	**7,133**
Deferred tax liabilities								
Regulated provisions	(2,832)			16			494	(2,322)
Finance lease	(92)			206				114
Tangible and intangible assets amortisation and depreciation, temporary differences	(38)			3				(35)
Buildings revaluations	(432)			70				(362)
Intangibles on acquisitions [3]	(11,926)		342	1,667				(9,917)
Fair value on financial instruments	126	147		(374)				(101)
Other	(3)	296		(286)				7
Compensation DTA/DTL (*)	*3,270*					1,543		4,813
Total deferred tax liabilities	**(11,927)**	**443**	**342**	**1,302**		**1,543**	**494**	**(7,803)**
Total net deferred taxes	**(3,379)**	**348**	**413**	**6,545**		**(3,407)**	**(1,190)**	**(670)**

[1] The balance of the Polish economic zone tax credit obtained in 2021 has been fully offset against the tax due in 2023.
[2] Losses carried forward correspond to the capitalised tax loss bases of the French tax group for €20.2M, of LACROIX Electronics MI for €10.6M and LACROIX Electronics Beaupreau for €5.2M.
[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

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

In the Electronics business, the Group is exposed to foreign exchange risk, mainly with regard to component purchases, which are often denominated 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 contracts with its main customers enabling it to adjust the selling price of products according to changes in the EUR/USD exchange rate. Therefore, the currency risk for this item is under control. 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 amount to approximately €70 million annually, 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 €75 million) mainly concerns salaries and social charges 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.

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

In addition, specifically on financing activities, at the end of 2021 the group set up Cross Currency Swap (CCS) instruments in USD on a €30M loan.

9.1.2 Interest rate risk

Note 8.12.3 on “Borrowings and financial debts” shows that out of €103,844K of debt, €54,079K are at a fixed rate and €49,765K are at a variable rate.

The Group implements various financial instruments with several maturities to mitigate this risk. At the end of December 2023, the portion of financing at variable rates hedged by CAP, SWAP, COLLAR is 67% of the nominal value. 84% of total debt (variable and fixed rate) is hedged.

9.1.3 Liquidity risk

Gross debt position for the Group amounts to €157,086K.
Available cash amounts to €42,523K.
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 closely monitors its capital by controlling changes in its gearing.

	Period 2023	Period 2022
Borrowings and other financial debts	127,015	114,655
Bank overdrafts	30,070	48,393
Other net financial debts	(1,634)	(1,638)
Cash and cash equivalents (see Note 8.9)	(42,523)	(22,613)
Net debt position [1]	**112,928**	**138,797**
Shareholders' equity	190,057	193,885
Financial gearing	**59.4%**	**71.6%**

[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 31/12/2023

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			792	792	2
Other financial assets at amortised cost	2,880			2,880	
Trade accounts receivable	128,678			128,678	
Financial instruments with hedge accounting [1]		2,384		2,384	2
Short-term deposits			27,960	27,960	1
Cash in hand	14,563			14,563	
LIABILITIES					
Long-term financial liabilities carried at amortised cost	95,619			95,619	
FV of amounts due for business combinations through OCI		12,088		12,088	2
Short-term financing	31,397			31,397	
Trade accounts payable	126,644			126,644	
Financial instrument liabilities with hedge accounting [1]		1,615		1,615	2
Bank loans	30,070			30,070	

[1] Hedging instruments are recognised in the income statement for their ineffective portion.

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	312	2
Other financial assets at amortised cost	2,510			2,510	
Trade accounts receivable	127,091			127,091	
Financial instruments with hedge accounting		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	85,044			85,044	
FV of amounts due for business combinations through OCI		12,978		12,978	2
Short-term financing	29,611			29,611	
Trade accounts payable	116,243			116,243	
Financial instrument liabilities with hedge accounting		2,686		2,686	2
Bank loans	48,393			48,393	

9.2 Segment reporting

9.2.1 Consolidated income statement by segment

Segment reporting for the period ended 31 December 2023 is detailed as follows:

	LACROIX Electronics		LACROIX Environment		LACROIX City		Holding		Group total	
	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Revenues										
External sales	578,375	534,922	82,627	76,543	116,435	109,117			777,437	720,582
Inter-company sales between activities	(16,232)	(12,678)	(18)	(116)	(4)	(28)			(16,254)	(12,822)
Total revenues	**562,143**	**522,244**	**82,609**	**76,427**	**116,431**	**109,089**			**761,183**	**707,760**

Current operating profit	**1,852**	**9,994**	**16,277**	**14,874**	**894**	**(2,481)**	**(1,174)**	**(672)**	**17,850**	**21,715**
Depreciation, amortisation and provisions on tangible and intangible assets	17,151	15,609	1,590	1,581	3,453	3,370	508	519	22,702	21,079
Share-based compensation expenses (IFRS 2) and/or performance-based compensation expenses following the integration of newly acquired entities	599	1,298					403	172	1,002	1,470
EBITDA	**19,602**	**26,901**	**17,867**	**16,455**	**4,347**	**889**	**(263)**	**19**	**41,554**	**44,264**

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 41% 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 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Assets										
Non-current assets	142,165	187,604	25,157	25,145	21,987	31,876	43,003	7,511	232,312	252,136
Current assets	148,014	220,853	36,946	29,183	15,057	64,124	174,773	25,143	374,790	339,303
Total assets by segment	**290,179**	**408,457**	**62,103**	**54,328**	**37,044**	**96,000**	**217,775**	**32,654**	**607,101**	**591,439**
Liabilities										
Non-current liabilities	57,710	55,993	5,195	5,725	3,704	7,910	73,908	68,483	140,517	133,111
Current liabilities	177,507	252,485	15,739	9,894	52,839	102,935	30,442	(105,871)	276,527	264,443
Total liabilities by segment	**235,217**	**308,478**	**20,934**	**15,619**	**56,543**	**110,845**	**104,350**	**(37,388)**	**417,044**	**397,554**

	LACROIX Electronics		LACROIX Environment		LACROIX City		Holdings		Group total	
	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022	Period 2023	Period 2022
Acquisitions of non-current assets	**13,731**	**16,881**	**1,282**	**1,111**	**1,804**	**1,520**	**34**	**14**	**16,851**	**19,526**

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 where products are manufactured 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 2023	225,083	57,642	165,399	231,994	55,877	25,189	761,183
Total revenues 2022	212,480	52,340	163,144	195,043	62,567	22,186	707,760

	FR	GER	USA	PL	TN	Other	Total
Non-current assets 2023	67,975	26,395	97,324	22,020	9,867	8,731	232,312
Non-current assets 2022	76,168	25,958	105,955	24,892	9,905	9,258	252,136

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 2023	Period 2022
Guarantees given		
Related to financing [(1)]	54,316	64,024
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 €54,316K includes €25,000K in guarantees provided in 2021 in respect to one of the loans obtained in order to fund the acquisition of Lacroix Electronics MI.

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.

The compensation for management services paid to VINILA INVESTISSEMENTS is mentioned in 9.4.2.1.

Finally, on 22 December 2023, VINILA acquired the Lacroix City Saint Herblain building in Saint Herblain for €9.5M. This transaction was carried out at a market price. A commercial lease was signed from that date, providing for the premises to be leased to Lacroix City Saint Herblain (the consolidation restatement relating to this sale and leaseback is detailed in note 8.4.3 "Sale and leaseback transaction").

9.4.2 Compensation of company officers

Compensations allocated during the financial year to members of management and administrative bodies for their duties within the Group break down as follows:

9.4.2.1 General Management

	Period 2023	Period 2022
Short-term benefits	471	508
Post-employment benefits	70	73
Other long-term benefits		
Share-based payments [(1)]	113	97
Management services paid to related parties	49	49
Total	**703**	**727**

Among the total amounts allocated for the financial year, variable compensations are subject to approval by the General Meeting.

[(1)] Corresponding to 3,280 bonus shares provisioned in 2023 out of a total plan of 17,500 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 2023	Period 2022
Short-term benefits	60	75
Post-employment benefits		
Other long-term benefits		
Post-employment benefits		
Share-based payments		
Total	**60**	**75**

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			
	2023	%	2022	%	2023	%	2022	%
Audit								
Statutory Auditor	**282**	**93%**	**276**	**98%**	**274**	**82%**	**147**	**91%**
Consolidating entity	49		52		46		51	
Subsidiaries	233		224		228		96	
Other services pursuant to such legislation	**5**	**2%**	**5**	**2%**	**17**	**5%**	**5**	**3%**
Consolidating entity	1		1		1		1	
Subsidiaries	4		4		16		4	
Total audit services	**287**	**95%**	**281**	**100%**	**291**	**87%**	**152**	**94%**
	15	**5%**			**45**	**13%**	**10**	**6%**
Other services					45		10	
Tax, social, regulatory	**15**							
Other services	**15**	**5%**			**45**	**13%**	**10**	**6%**
Other services not directly linked to the audit mission	**302**	**100%**	**281**	**100%**	**336**	**100%**	**162**	**100%**
Total	**294**	**100%**	**281**	**100%**	**297**	**100%**	**281**	**100%**

9.6 Post-closing events

On 18 March 2024, LACROIX announced the effective sale of its Signalisation BU to industrial investment company AIAC (American Industrial Acquisition Corporation), following on from the exclusive negotiations announced between the two companies on 14 December. The deal is expected to be completed and closed in the second quarter of 2024, subject to approval by the relevant authorities.

PART 03

ACCOUNTING & FINANCIAL ITEMS

(ANNUAL FINANCIAL STATEMENTS)

1. BALANCE SHEET

BALANCE SHEET - ASSETS (in €K)	Note	Period 2023			Period 2022
		Gross	Amort. & Prov.	Net	Net
Intangible assets	3.3.1	699	473	225	319
Tangible assets	3.3.1	1,420	503	917	1,043
Financial assets [1]	3.3.1	123,398	10,072	113,326	115,440
FIXED ASSETS		**125,516**	**11,048**	**114,468**	**116,802**
Advance payments on orders		15		15	12
Trade accounts receivable & Related accounts	3.3.2	5,750		5,750	2,959
Other receivables	3.3.2	161,174		161,174	154,453
Short-term deposits [2]	3.3.3	29,236		29,236	13,718
Cash in hand		228		228	792
Prepaid expenses	3.3.8	505		505	380
CURRENT ASSETS		**196,908**		**196,908**	**172,313**
Currency translation differences - assets		174		174	
OVERALL TOTAL		**322,598**	**11,048**	**311,550**	**289,115**

[1] Of which investment securities for €85,793K of gross value, provision on securities for €10,000K.
[2] Of which treasury shares for €1,338K.

BALANCE SHEET - LIABILITIES (in €K)	Note	Period 2023	Period 2022
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	3,206
Other reserves	3.3.4	95,000	84,000
Balance carried forward	3.3.4	1,519	1,747
Regulated provisions	3.3.4	113	121
Income	3.3.4	13,706	14,518
SHAREHOLDERS' EQUITY		**185,245**	**175,291**
Provisions for other liabilities and charges	3.3.5	833	366
PROVISIONS		**833**	**366**
Bank borrowings [2]	3.3.2	87,920	76,163
Borrowings and other financial debts	3.3.2	30,567	29,700
Trade accounts payable & Related accounts	3.3.2	2,082	1,446
Tax and social debts	3.3.2	2,470	2,389
Debts on fixed assets	3.3.2		
Other	3.3.2	784	5
TOTAL DEBTS [1]		**123,832**	**109,702**
Currency translation differences - liabilities		1,649	3,755
OVERALL TOTAL		**311,550**	**289,115**

[1] Deferred debts and incomes of less than one year	50,731	55,290
[2] Including bank overdrafts, bank credit balances		

2. INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (in €K)	Note	Period 2023	Period 2022
Net revenue		**13,291**	**13,173**
Reversals from provisions & Transfer of charges		95	84
Other income		66	88
OPERATING INCOME		**13,451**	**13,345**
Other external purchases		7,017	6,593
Taxes, duties, and similar		329	262
Personnel expenses	3.5.1	7,374	7,023
Depreciation, amortisation and provisions		469	327
Other expenses		67	75
OPERATING EXPENSES		**15,257**	**14,279**
OPERATING PROFIT (I) (1) (2)		**(1,805)**	**(934)**
Income from investments (3)		9,302	9,774
Income from other securities and receivables for capital assets (3)			
Other Inter. & Simil. income (3)		9,933	3,506
Reversals from provisions & Transfer of charges		104	75
Income / disposals of short-term deposits			0
FINANCIAL INCOME		**19,338**	**13,356**
Depreciation, amortisation and provisions		3,896	93
Interest & Comparable Expenses (4)		3,946	1,351
Expenses / disposals of short-term deposits			
FINANCIAL EXPENSES		**7,842**	**1,444**
NET FINANCIAL INCOME (LOSS) (II)		**11,494**	**11,911**
OPERATING PROFIT BEFORE TAXES (I + II)		**9,691**	**10,977**
On capital operations		26	11
Reversals from provisions		41	21
TOTAL EXTRAORDINARY INCOME		**67**	**32**
On management operations			1
On capital operations		74	48
Depreciation, amortisation and provisions		33	40
TOTAL EXTRAORDINARY EXPENSES		**108**	**89**
= EXTRAORDINARY PROFIT	**3.4.1**	**(41)**	**(57)**
Employee contributions (IX)			
Taxes on profits (X)	3.4.2	(4,056)	(3,598)
Total income		**32,857**	**26,732**
Total expenses		**19,151**	**12,214**
PROFIT OR LOSS		**13,706**	**14,518**

(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	18,736	13,224
(4) Of which interest from affiliated companies	1,077	146

3. APPENDIX

3.1 Major events of the financial year

Cyberattack:

On 15 May 2023, LACROIX announced it had suffered a cyberattack which mainly affected the French (Beaupréau), German (Willich) and Tunisian (Zriba) sites of the Electronics activity.

The main financial impacts of the cyber attack on the Group's accounts are as follows:

- Loss of revenue estimated at between €4M and €5M
- The operating loss incurred amounts to €1.8M and is covered by the insurance company
- Other exceptional costs totalled €0.6M, €0.3M of which was borne by LACROIX GROUP

Proposed sale of the Road Signs BU:

For the record, in its annual sales press release dated 9 February 2023, LACROIX announced its intention to divest its Signalisation segment (8% of LACROIX' turnover) in order to focus its investments on its strategic markets around industrial IoT and electronic equipment.

Following this announcement, the Signalisation BU embarked on a gradual process of empowerment in preparation for the sale.

On 14 December 2023, LACROIX Group announced that it had entered into exclusive negotiations with AIAC with a view to acquiring this BU.

Other facts

LACROIX GROUP has concluded a new loan agreement with LACROIX North America, dated on 7 June 2023. The loan amonts to $5,277K.

3.2 Accounting principles and methods

French accounting regulations and methods have been applied in compliance with the prudence 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,
- 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 used full:

- Installations and fittings - 9 to 30 years,
- Office IT equipment - 3 to 6 years,
- Furniture - 15 years.

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 closing.

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 revaluation 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 group 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 2023, 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	279			279
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	1,385	34		1,420
FINANCIAL ASSETS				
Investment securities	85,793			85,793
Other long-term investments	70	3		73
Loans and other financial assets [1]	36,137	5,444	4,049	37,532
TOTAL	**124,084**	**5,481**	**4,049**	**125,516**

Amortisations and provisions	Opening	Additions	Disposals	Closing
INTANGIBLE ASSETS				
Preliminary and development expenses	173	76		249
Other intangible assets	193	31		224
TANGIBLE ASSETS				
Buildings, office equipment, IT, installations	356	147		503
FINANCIAL ASSETS				
Investment securities [2]	6,500	3,500		10,000
Other long-term investments	60			60
Loans and other financial assets		12		12
TOTAL	**7,283**	**3,766**	**0**	**10,048**

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

[1] Other financial assets for €37,532K, of which:
- two loans of $33,957K and $5,277K concluded with LACROIX NORTH AMERICA, valued at €35,506K at 31 December 2023,
- margin deposits of €537K

[2] Following the deconsolidation of Lacroix City Saint Herblain (Signalisation BU), an additional impairment loss of €3,500k was recognised on the Lacroix City shares, bringing the total impairment loss to €10,000k (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		35,506			35,506
Other financial assets		2,025	77		1,948
Doubtful or disputed trade accounts					
Other trade accounts receivable		5,750	5,750		
Receivables representing loaned securities					
Personnel and related accounts					
Social security and other social bodies		283	283		
State and other public authorities	Taxes on profits	7,876	7,876		
	Value added tax	231	231		
	Other taxes, duties, and similar	554	554		
	Sundry	5	5		
Group and associates		152,217	152,217		
Miscellaneous debtors		8	8		
Prepaid expenses		505	505		
TOTALS		**204,961**	**167,507**		**37,455**
Status of debts					
Convertible bonds					
Other convertible bonds					
Bank borrowings	At 1 year max. from origin	6	6		
	At over 1 year from origin	87,914	14,822	55,559	17,533
Borrowings and other financial debts					
Suppliers and related accounts		2,082	2,082		
Personnel and related accounts		874	874		
Social security and other social bodies		1,076	1,076		
State and other public authorities	Taxes on profits				
	Value added tax	435	435		
	Guaranteed bonds				
	Other taxes, duties, and similar	86	86		
Debts on capital assets and related accounts					
Group and associates		30,567	30,567		
Other debts		784	784		
Debts representing loaned securities					
Deferred income					
TOTALS		**123,823**	**50,731**	**55,559**	**17,533**
Borrowings taken out during the financial year		25,000			
Borrowings repaid during the financial year		13,326			

LACROIX GROUP took out new loans totalling €25,000K during the financial year.

3.3.3 Short-term deposits

	Period 2023	Period 2022
Treasury shares [1]	1,338	1,395
Investment [2]	27,898	12,323
TOTAL	**29,236**	**13,718**
PROVISIONS		
NET VALUES	**29,236**	**13,718**

[1] At the closing of the financial year, the Company holds 61,470 securities, amounting to €1,338K. 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 €27,898K as at 31 December 2023.

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	3,206			3,206
Other reserves	84,000	11,000		95,000
Balance carried forward	1,747	(227)		1,519
Income	14,518	(14,518)	13,706	13,706
Regulated provisions	121		(7)	113
TOTAL	**175,291**	**(3,745)**	**13,699**	**185,245**

Distribution of dividends for €3,745K.

3.3.4.2 Changes in treasury shares

The number of treasury shares has changed as follows:

	Period 2023
Opening	**147,893**
Acquisitions	12,813
Disposals	(12,612)
Variation	(2,091)
Closing	**146,003**

As at 31 December 2023, the treasury shares recorded in LACROIX Group's individual financial statements at historical cost are valued at €2,812K net of provisions.

The treasury shares are broken down by type: 61,470 shares recognised under short-term deposits and 84,533 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		174		174
- Retirement benefits	211	47		258
- Other liabilities	30	110	8	132
- Other charges [1]	125	268	125	268
TOTAL	**366**	**600**	**133**	**833**

[1] Provisions for other expenses corresponding to the new bonus shares allotment plans concluded in January 2021.

The Company recognises a provision for retirement benefits, based on collective agreements.

This is a defined benefit plan. The provision is valued by an independent actuary according to the projected unit credit method.

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

- Discount rate of 3.20% (against 3.30% in 2022).
- The average salary increase according to the table below (including inflation):

Age brackets	LACROIX Group
< 29 years old	5.00%
30 to 39 years old	3.50%
40 to 44 years old	3.00%
45 to 49 years old	3.00%
50 to 54 years old	2.50%
> 55 years old	2.00%

- The mortality tables used are those of INSEE F 2016-2018.
- The retirement age is 64 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	15.00%
30 to 39 years old	8.00%
40 to 44 years old	5.00%
45 to 49 years old	5.00%
50 to 54 years old	3.00%
55 to 60 years old	1.00%
> 60 years old	0.00%

3.3.6 Stock options

There were no plans ongoing at the balance sheet date.

3.3.7 Free shares allocations plans

The general meetings of 28 August 2020 and 6 May 2022 approved bonus share plans benefiting some of its employees.

The plans gave rise to a provisional allotment of 18,196 shares in respect of the 2023 financial year.

These shares are subject to financial and non-financial performance conditions as well as attendance conditions. Allocation of the shares will be finalised 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 shares plan amounts to €154K, together with an employer's contribution of €47K, estimated on the basis of a share value of €29.80 at 31 December 2023.

The number of shares is broken down as follows:

	Period 2023	Period 2022
Opening	**8,733**	**3,650**
Options granted	(2,091)	(1,311)
New plan(s)	18,196	6,394
Options lost and expired	(638)	
Closing [1]	**24,200**	**8,733**

[1] of which 6,890 bonus shares provisioned out of a total plan of 20,000 bonus shares subject to conditions and running until 2025.

3.3.8 Adjustment accounts

Accrued income

	Period 2023	Period 2022
Trade accounts receivable and related accounts	1,540	
Status	554	554
Accrued interest		62
Miscellaneous accrued income	1	91
Total	**2,095**	**707**

Prepaid expenses

	Period 2023	Period 2022
Operating expenses	505	380
Financial expenses		
Total	**505**	**380**

Accrued expenses

	Period 2023	Period 2022
Bank borrowings	89	12
Trade accounts payable and related accounts	1,076	522
Tax and social debts	1,303	1,492
Cash in hand, accrued expenses		
Other debts	784	
Total	**3,252**	**2,025**

3.4 Net Income

Unless otherwise stated, the amounts are in €K.

3.4.1 Breakdown of exceptional income and expenses

	Period 2023	Period 2022
Expenses in previous financial years		
Disposal of capital assets		
Disposals of short-term deposits		
Share buy-back maluses	74	48
Allowance for special amortisations	33	40
Provision for investment securities		
Other		1
Total expenses	**108**	**89**
Disposal of capital assets		
Disposals of short-term deposits		
Share buy-back bonuses	26	11
Reversal of provision for other liabilities and charges		
Reversal of special amortisations	41	21
Total income	**67**	**32**
EXTRAORDINARY PROFIT	**(41)**	**(57)**

3.4.2 Tax breakdown

	Profit before taxes	Tax	After taxes
Operating Profit	9,691		9,691
Extraordinary Profit	(41)		(41)
Investment			0
Tax Consolidation: Tax Income		4,056	4,056
NET PROFIT	**9,650**	**4,056**	**13,706**

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 €3,715K.

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	211		47		258	
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	24,622		-4,378		20,244	
Net long-term capital losses						
IV. Potential taxation elements						
Unrealised capital gains (securities)						
Amount of special reserve for long-term capital gains (tax base)						

3.5 Miscellaneous details

3.5.1 Workforce

	Period 2023	Period 2022
Manual		
Clerical	1	6
Technical (and Supervisors)	-	-
Managerial	56	58
Apprenticeship contract	6	
TOTAL	**63**	**64**

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 2023
Endorsements and guarantees given to subsidiaries	
Debts guaranteed by security interests	
Derivative financial instruments	161
Commitments concerning pensions, retirement, and benefits	(52)
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.

Compensations to members of the administrative bodies, in respect of the financial year, were provisioned for €80K but were not paid as at 31 December 2023. Attendance fees are allocated on the basis of proposals from the compensation committee and depend on participation in various bodies (Board of Directors, Strategy Committee, Audit committee, compensation committee).

3.5.5 Subsidiaries and investments

	Share capital (3)	Other equity (3)	Share of capital held	Book value of securities held		Loans and advances granted and not repaid	Amount of guarantees and 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	10,229	100.00%	13,575	13,575			1,207	8,878	9,302
LACROIX ELECTRONICS	15,000	(12,342)	100.00%	46,427	46,427	44,276		3,490	(3,161)	
LACROIX CITY	9,373	(12,117)	100.00%	14,999	4,999	58,757		18,267	(8,274)	
LACROIX VI	5	(1)	100.00%	5	5					
LACROIX NORTH AMERICA INC (1)		(7,676)	100.00%			72,725			(3,268)	
LACROIX II	5		100.00%	5	5					
LACROIX SINGAPORE (2)	610	(277)	100.00%	406	406				(75)	
LACROIX ENVIRONMENT GmbH	25	4,577	100.00%	10,387	10,387	11,074			1,785	
2. Shares between 10 and 50%										
None										
3. Shares less than 10%										
Other shares										
TOTAL				**85,803**	**75,803**	**182,832**				**9,302**

(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

On 18 March 2024, LACROIX announced the sale of its Signalisation segment to industrial investment company AIAC (American Industrial Acquisition Corporation), following on from the exclusive negotiations announced between the two companies on 14 December. The deal is expected to be completed in the second quarter of 2024, subject to approval by the relevant authorities.

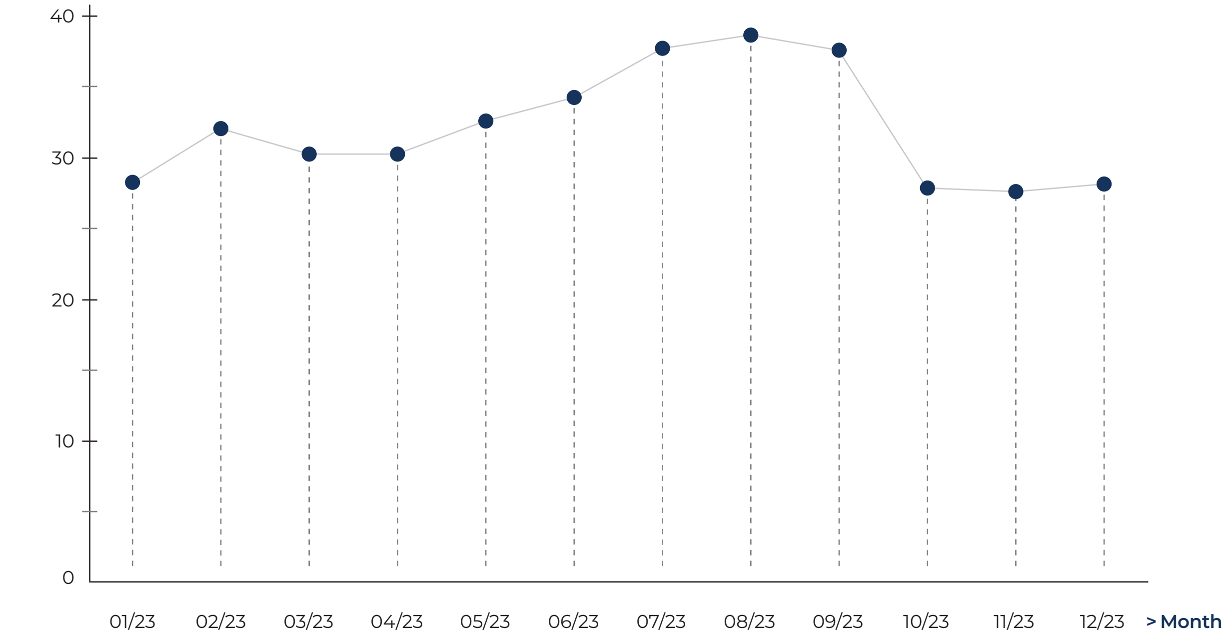
87.270
91.941
79.609
71.007
81.438
75.008
92.490
87.072
45.161
92.595
3.244
22.242
26.073
83.712
73.963
50.267
25.799

PART 04

SHARE PRICE TREND

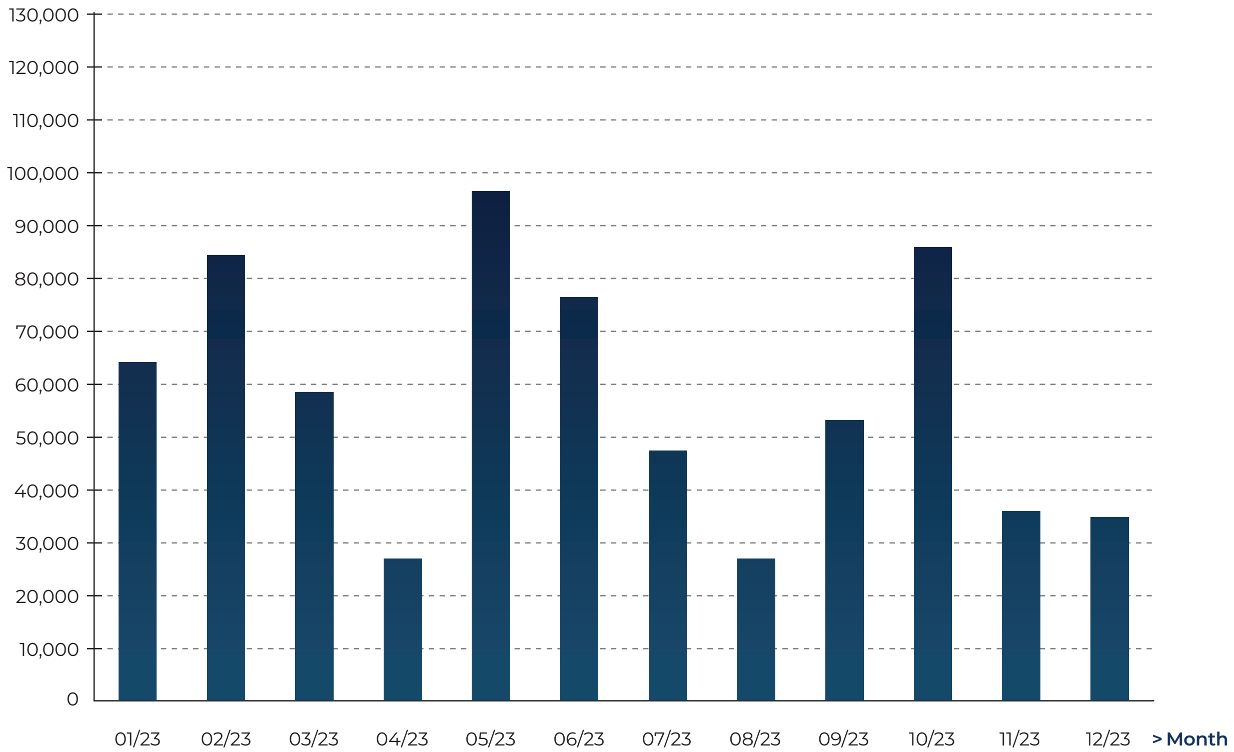
1 - CHANGES IN SHARE PRICE

Weighted average price (in euros)



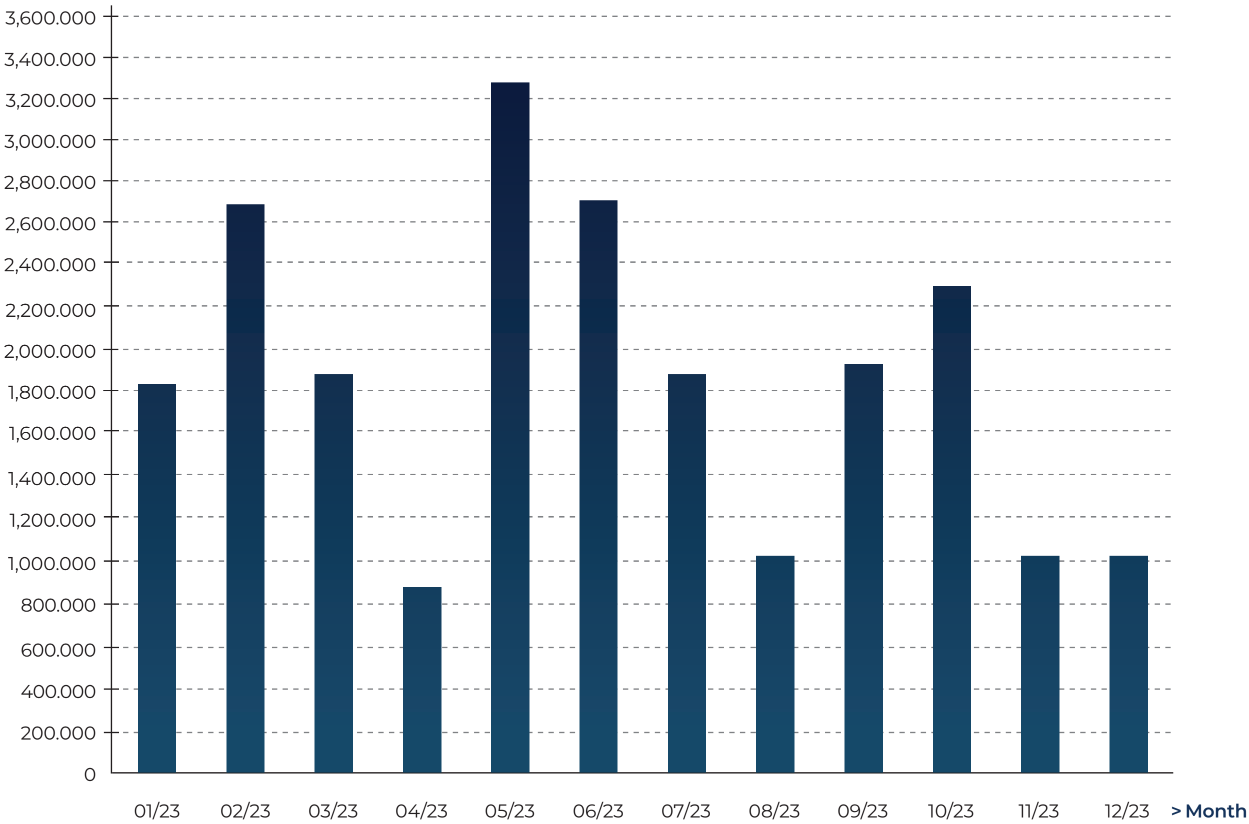
2 - NUMBER OF SHARES TRADED

Number



3 - CAPITAL TRADED IN EUROS

Number of shares X value of shares



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