

Financial year 2022:
Activity exceeds €700M, up more than 40%
Successful integration of Firstronic
Current EBITDA up 43.1%

Fall in net income in connection with a non-normative financial year in 2021

Objectives for 2023:
Revenue of more than €750M
Further increase in current EBITDA to pass €50 million

Confirmation of the Leadership 2025 target

<i>in millions of €</i>	2022	2021	Variation
Revenue	707.8	501.5	+41.1%
Current EBITDA	44.3	30.9	+43.1%
as a % of revenue	6.3%	6.2%	+8 bps
Current operating income	21.7	18.1	+19.9%
as a % of revenue	3.1%	3.6%	- 55 bps
Operating income	21.0	17.2	+22%
Financial income	(7.2)	5.8	
Income taxes	(2.0)	(0.6)	
Consolidated net income	11.7	22.4*	-47.6%*
Net income - Group share	11.9	21.6*	-45.0%*

* Net income for the 2021 financial year includes significant non-recurring income (revaluation of the 12.5% minority stake in Firstronic for €8.9M and exceptional tax income for €5.2M)

Strong growth in activity in 2022 at over €700M

In 2022, LACROIX crossed the €700M sales threshold for the first time in its history, in line with its objective (raised in November 2022) of projected activity close to €700M. The Group's revenue amounted to €707.8M, and its growth reached 41.1%, driven by the successful integration of Firstronic, whose contribution amounted to €163.1M for the financial year. At constant scope, growth came to 8.6%, in line with the very good sales momentum and the rebilling of customers to offset the additional costs of electronic components.

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43.1% increase in current EBITDA

Over the financial year, LACROIX's current EBITDA¹ amounted to €44.3M compared with €30.9M in 2021, resulting in an almost stable current EBITDA margin of 6.3% (compared with 6.2% a year earlier), in line with the stated objective of a margin of at least 6.2%. This stability was achieved thanks to the accretive effect of the integration of Firstronic, the growth of the business, and rigorous cost management.

This change is demonstrative of good performance in view of the dilutive effect caused by the rebilling of additional procurement costs transferred to customers (bearing a margin of zero) and the inflation observed on the costs of energy, transport, raw materials, and salaries, which could only be partially passed on to customers.

Electronics Activity

Despite ongoing procurement difficulties throughout the financial year, the Electronics Activity continued its sustained growth trajectory. Its revenue amounted to €522.2M, up 62.5%, in line with the integration of Firstronic, now LACROIX Electronics North America, and with solid growth at constant scope (+11.7%). This organic growth was driven by the Home & Building, Industry, and Automotive sectors; for its part, the Avionics sector began to return to growth in the last quarter of 2022.

Over the financial year, the current EBITDA of the Electronics Activity doubled to €26.9M, compared with €13M in 2021, pointing to a further improvement in the margin rate to 5.1% (compared with 4%), partly driven by the accretive effect of the integration of Firstronic.

City Activity

The City Activity recorded stable revenue for the year, at €109.1M, a change resulting from slow activity in the Road Signs and Traffic sectors, given the wait-and-see attitude of local authorities, and remarkable momentum in Street Lighting (+27.1% over the year), driven by the acceleration of investments favorable to energy savings.

The current EBITDA margin for the City Activity stood at 0.8% in 2022, compared with 3% a year earlier. This deterioration in profitability factors in the rise in raw material costs (aluminum in particular). As the City Activity is based on multi-year contracts with annual adjustments on the anniversary date, the additional costs could not be fully passed on to customers. The gradual application of these price adjustment formulas will contribute positively in 2023.

Environment Activity

Lastly, with revenue of €76.4M, the Environment Activity recorded solid growth in 2022 (+9.1%) fueled by all sectors (Water, Heating, Smart Grids) and an acceleration in international development.

The profitability of this activity remains high, with a current EBITDA margin of 21.5%. This level exceeds the target set by LACROIX for 2025 (more than 20%).

¹ Current EBITDA is an alternative performance indicator, defined as current operating income plus allowances for amortizations of tangible and intangible assets and those relating to rights of use, as well as compensation expenses relating to shares (IFRS 2) and/or the achievement of post-integration objectives for newly acquired entities.

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22% increase in operating income

In 2022, LACROIX's current operating income increased by 20% to €21.7M, representing 3.1% of revenue, compared with 3.6% in 2021. This decrease was mainly due to items with no impact on cash, including amortizations of intangible assets and expenses related to the integration of Firstronic (for €4.0M). Operating income increased by 22% to €21M.

Net income attributable to the Group's share came to €11.9M, compared with €21.6M in the previous year; a decrease entirely due to a non-normative basis of comparison. Net income for the 2021 financial year included two very significant non-recurring items: a financial income linked to the revaluation of Firstronic shares (+€8.9M) and an exceptional tax credit in Poland (+€5.2M). Adjusted of these two elements in 2021, net income (Group Share) shows an improvement of €4.4 million in 2022.

A strong financial position

With the integration of the net income for the financial year, Shareholder's equity increased to €193.9M at 31 December 2022, compared with €180.4M a year earlier. At the same time, the Group's net debt increased from €102.9M to €138.8M, resulting in a debt-to-equity ratio (gearing) of 71.6% at the end of 2022, still well below the 80% ceiling announced as part of Leadership 2025.

The increase in debt is mainly linked to the financing of the increase in WCR, whose change (-€35.3M) is the result of strong growth in activity but also the high level of stocks, linked to procurement issues. These tensions, meaning that 100% of customer demands could not be fulfilled, led on the one hand to excess inventories partly financed by customers, and prompted the Group to build up strategic stocks in order to secure growth over the coming months on the other hand.

Roadmap confirmed for 2025

Halfway through its Leadership 2025 Plan, originally unveiled in April 2021, LACROIX is fully confident in its ability to maintain this roadmap, which should enable it to establish itself as a global leader in industrial IoT solutions and electronic equipment for critical applications.

This plan proved itself in 2022 through several major advances. LACROIX strengthened its technological leadership through shared platforms with cutting-edge expertise (edge, AI, etc.), significantly accelerated its internationalization thanks to the integration of Firstronic, and achieved its ambitions in Industry 4.0 with Symbiose – its new model factory in terms of automation and digitization, inaugurated last September.

The Group has thus consolidated its competitive advantages in markets that remain driven by structural trends at the global level: increases in electronics integrated into equipment, growth in e-mobility and smart mobility, environmental issues, relocation of critical production (including electronics), etc.

The visibility offered by these market developments and by the progress made under the Leadership 2025 Plan allows LACROIX to confirm all the financial objectives announced for this time scale, and notably the targets for revenue (€800M) and the EBITDA margin (approximately 9%).

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2023: new growth in both activity and profitability

Objective: current EBITDA of €50M

In the shorter term, despite a persistently strained situation in terms of procurement of components and inflation, LACROIX intends to continue its sustained growth, fueled by dynamic market segments within the three activities (Street Lighting, Smart Grids, etc.), the continued passing on of additional costs to customers, and the ramping up of ongoing projects. For 2023, the Group is aiming for a revenue of more than €750M at constant scope, i.e. a growth of at least 6%.

In terms of profitability, LACROIX anticipates a further increase in its Current EBITDA to exceed the € 50 million mark.

By way of a reminder, LACROIX announced last February its intention to sell its Road signs segment (8% of revenue), in order to focus its investments on its strategic markets around industrial IoT and electronic equipment. The Group specifies that the completion of this proposed sale would have an accretive effect on the EBITDA margin rate in 2023.

Dividend: €0.80 per share, i.e. a distribution rate of 33%

In accordance with the shareholder compensation policy usually applied by the Group, a distribution rate of approximately one third of net income (33% to be precise) is proposed for the 2022 financial year. A dividend of €0.80 per share will therefore be proposed at LACROIX's next General Meeting of Shareholders to be held on May 11 at the Symbiose factory.

Upcoming events

Q1 2023 revenue: May 9, 2023, after close of trading

General Meeting: May 11, 2023

Q2 2023 revenue: August 28, 2023, after close of trading

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

About LACROIX

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

As a publicly-listed family-owned mid-cap, with a revenue of €708 million in 2022, LACROIX combines the essential agility required to innovate in an ever-changing technological sector with the ability to industrialize robust and secure equipment, cutting-edge know-how in industrial IoT solutions and electronic equipment for critical applications and the long-term vision to invest and build for the future.

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

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Drawing on its extensive experience and expertise, the Group works with its customers and partners to build the connection between the world of today and the world of tomorrow. It helps them to create the industry of the future and to make the most of the opportunities for innovation that surround them, supplying them with the equipment for a smarter world.

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