

**Financial year 2023:**  
**Record revenue of €761M (+7,5%) driven by all activities**  
**Solid performance in profitability: current EBITDA margin of 5.5%**

**2024 targets:**  
**Excl. Road Signs BU, activity slightly up compared to 2023 (€702M in 2023)**  
**EBITDA margin estimated in the 5.5% to 6.5% range**

<i>in millions of €</i>	<b>2023</b>	2022	<b>Variation</b>
Revenue	<b>761,2</b>	707,8	<b>+7,5%</b>
Current EBITDA	<b>41,6</b>	44,3	<b>-6,1%</b>
as a % of revenue	<b>5,5%</b>	6,3%	<b>-80 pb</b>
Current operating income	<b>17,8</b>	21,7	<b>-17,8%</b>
as a % of revenue	<b>2,3%</b>	3,1%	<b>-80 pb</b>
Operating income	<b>3,8</b>	21,0	<b>-82,1%</b>
Financial income	<b>(8,5)</b>	(7,2)	
Income taxes	<b>1,9</b>	(2,0)	
Consolidated net income	<b>(2,8)</b>	11,7	
Net income - Group share	<b>4,3</b>	11,9	<b>-64,1%</b>

## **Another year of sustained growth**

### **Resilient EBITDA margin despite non-recurring factors**

In 2023, LACROIX revenue totaled €761.2M, in line with the Group's target (> €750M). Sales rose by 7.5% (+7.2% at constant exchange rates). Achieved entirely through organic growth, this solid performance was achieved despite a demanding basis for comparison (+8.6% growth in 2022 on a like-for-like basis). It is the result of a contrasting dynamic, very strong in the first half of 2023 (+14.6%) and weaker in the second half (+1.1%), in connection with Electronics activity slowdown.

Over the full year, LACROIX's current<sup>1</sup> EBITDA came to €41.6M, representing a margin rate of 5.5% compared with 6.3% in 2022. This downturn is entirely due to the difficulties experienced by the subsidiary LACROIX Electronics North America, for which inventory adjustments totalling €3.1M were also booked.

<sup>1</sup> 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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Excluding LACROIX Electronics North America, the current EBITDA margin would have been 6.5%.

## **Electronics activity faced with a more difficult context in the second half of the year A very good year for City and Environment**

### **Electronics Activity**

In 2023, Electronics revenue rose by a sustained 7.6% to €562.1 million, fueled by a number of new projects, particularly in the Industry sector. In EMEA, with the exception of the HBAS (Home & Building Automation Systems) segment, double-digit growth was achieved in all markets, including the Automotive segment, which slowed down from last summer onwards. In North America, revenue rose in 2023 despite the slowdown in automotive demand, accentuated by a six-week industrial action at three major automakers.

For the year as a whole, current EBITDA for Electronics activity came to €19.6 million, representing a margin of 3.4% (compared with 5.0% in 2022). Profitability was impacted by wage increases of between 15% and 20% in the low-cost countries where LACROIX operates (Mexico, Poland and Tunisia) ; a phenomenon accentuated by the significant appreciation of currencies in these three countries.

In EMEA, the current EBITDA margin increased thanks to the continued improvement in the product mix. Profitability, however, deteriorated sharply at LACROIX Electronics North America, in line with the major difficulties already mentioned: slowing demand, rising wage costs, and temporary industrial disorganization particularly impacting inventory management.

### **City Activity**

City revenue grew by 6.7% to €116.4M in 2023, a solid performance driven by all segments. Street Lighting remained the growth driver (+15.1% over the year) thanks to sustained momentum in France and continued execution of the Belgian road modernization contract.

Over the year, the current EBITDA margin for City rose sharply to 3.7% (compared with 0.8% in 2022), thanks to the gradual application of price revision formulas for multi-year contracts and an effective cost management.

### **Environment Activity**

With a revenue of €82.6 million in 2023, the Environment activity recorded another year of strong growth (+8.1%), marked by an acceleration throughout the year, particularly in the fourth quarter (+19.9%). The delivery of major international water projects (particularly in Saudi Arabia) boosted the revenue, as did the continued strong momentum of Smart Grids, up 12.1% for the year as a whole.

Profitability in the Environment division remained on a par with the previous year: current EBITDA margin is 21.6% compared with 21.5% previously.

## **Group share net income at €4,3M**

LACROIX current operating income came to €17.8 million in 2023, representing a margin of 2.3%, after taking into account non-recurring items, notably linked to the ongoing disposal of the Road signs BU and the exceptional amortization of intangible assets, operating income for the year came to €3.8 million.

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After accounting for financial expenses (€-8.5M) and a positive tax balance (+€1.9M) resulting from the capitalization of deferred taxes, net income (Group share) stands at €4.3M, compared with €11.9M in 2022.

## A stronger financial structure

At December 31, Group shareholders' equity was virtually stable at €190.1 million, compared with €193.9 million a year earlier. At the same time, net debt was reduced from €138.8 million to €112.9 million, resulting in a sharp drop in gearing to 59% at the end of 2023 (compared with 72% at the end of 2022). This level remains well below the 80% ceiling set for 2025.

The reduction in net debt is due in particular to tight control of working capital. Despite the increase in sales, working capital is down by €8.9M over 2023, reflecting the normalization of inventory levels after the significant overstocking in 2022, linked to tensions over the supply of electronic components.

## Dividend: €0.70 per share

In line with the Group's usual policy of shareholders' remuneration, a payout ratio of around 30% of restated net income is proposed for fiscal 2023. A dividend of €0.70 per share will thus be put to the vote at the Annual General Meeting on May 17, 2024.

## Further progress in Leadership2025 5 strategic pillars implementation

During fiscal year 2023, the Group pursued its value enhancement strategy, based on the five strategic pillars defined in the Leadership2025 plan. This strategy will enable LACROIX to establish itself as a global leader in industrial IoT solutions and electronic equipment for critical applications.

LACROIX has thus strengthened its technological leadership through the development of IoT platforms that generate synergies in three areas of expertise (Edge/Cloud, Low power, Cybersecurity) and the expansion of its network of technological partners. From a geographical standpoint, the strengthening of local foundations in 3 key markets (France, Germany, North America) has been accompanied by an acceleration in high-potential regions, including the Middle East. In terms of Industry 4.0, the progress made on the global supply chain through increased automation and digitization of operational flows continued, embodied in the strong momentum of Beaupréau plant (Symbiose), whose revenue grew by 30% in 2023, well ahead of targets.

LACROIX is also moving ahead with the transition of its business model towards the sale of recurring services, with the gradual launch of new software applications for City and Environment activities.

At the same time, in 2023 LACROIX specified its proactive positive impact strategy, perfectly aligned with the growing dynamics and expectations of customers on ESG subjects. Ambitious objectives have been set around four major commitments:

- Develop positive-impact business (80% of revenue by 2030 vs. 61% by 2022)
- Design eco-efficient solutions (eco-design approach for 100% of new LACROIX products by 2025)
- Run sustainable operations (-42% GHG emissions, scopes 1&2 in 2030 Vs 2021)
- Commit to our people & act locally (100% of LACROIX sites to be awarded the Great Place to Work label by 2030).

In another major strategic step forward, in March 2024 the Group finalized the sale of the Road signs segment to the American company AIAC, in line with the published agenda. In 2023, this segment generated a revenue of €59 million.

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## 2024 financial targets: higher revenue and profitability

After a year marked by solid sales growth and resilient profitability, LACROIX expects 2024 to be a year of contrasts depending on the markets concerned.

The Group continues to enjoy excellent visibility in its City and Environment activities, with healthy order books pointing to solid sales and operating performances. In 2024, a dynamic growth is thus expected in several high-profitability segments within the Environment (Water, HVAC, Smart Grids) and City (Public Lighting) activities, although the City - Traffic Management segment is likely to experience tighter market dynamics.

The Electronics activity in EMEA should continue to benefit from positive momentum in the Industrial and Avionics markets, but visibility remains low in the HBAS and Automotive segments. This will have an impact on profitability, which may not improve despite further improvements in the product mix and optimization of the customer portfolio, combined with price increases to offset wage inflation.

If the strategic interest of LACROIX Electronics North America is confirmed through the structuring opportunities of new transatlantic projects with strategic customers, its operational recovery is a priority in 2024. In the last quarter of 2023, the Group launched a proactive action plan to strengthen local management and revise its sales policy (price increases). In early 2024, the challenge will be to launch the full integration of the North American entity, with the emphasis on securing processes and developing synergies. At the same time, the ramp-up of the new Juarez site, due to come on stream in early 2024, will continue, enabling to resize production capacity which should result in the normalization of productivity.

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

By 2025, the Group confirms its revenue 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 seems realistically difficult to achieve as early as 2025. Nevertheless, LACROIX remains fully confident in its ability to reach this new milestone in the medium term.

## Upcoming event

Q1 2023 revenue : May 13, 2024 after market close

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[LACROIX Shareholders' Club](#)

## Find more financial information on our Investors page

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

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## About LACROIX

Convinced that technology must contribute to simple, sustainable, and safer environments, LACROIX supports its customers in developing more sustainable living ecosystems, thanks to useful, robust, and secure electronic equipment and connected technologies.

As a listed, family-owned midcap with a €761 million euros revenue in 2023, LACROIX combines agile innovation, industrialization capacity, cutting-edge technological know-how and a long-term vision to meet environmental and societal challenges through its three activities: Electronics, City and Environment.

Ranked among the TOP 50 EMS worldwide, the Electronics activity of LACROIX, the Group's industrial backbone, designs and manufactures electronic functions and industrial IoT (hardware, software, and cloud) and AI solutions, for the automotive, industrial, connected homes and buildings (HBAS), avionics and defense, and healthcare sectors.

Through its City and Environment activities, LACROIX also supplies secure and connected electronic equipment and IoT solutions to optimize the management of critical infrastructures such as smart road infrastructures (public lighting, traffic management and C-ITS, passenger transport systems) and the remote control of water and energy infrastructures (Smart Grids and HVAC).

Drawing on its experience but also technological and business expertise, LACROIX works with its customers and partners to bridge the gap between today's world and tomorrow's. The Group helps them to build the industry of the future and benefit from the innovation opportunities around them, providing them with the electronic equipment and IoT solutions for a more sustainable world.

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