UNIVERSAL REGISTRATION DOCUMENT

2019

ACTIA®

www.actia.com

AMF

This Universal Registration Document was filed on April 27, 2020 with the French Financial Markets Authority (AMF) as the competent authority under the terms of Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation. The Universal Registration Document may be used for the purpose of a public offering of securities or the listing of securities for trading on a regulated market if it is supplemented by a prospectus and, where appropriate, a summary and all the amendments made to the Universal Registration Document. The whole thus formed is approved by the AMF in accordance with Regulation (EU) 2017/1129.

MESSAGE from the

Chairman of the Executive Board of ACTIA Group

Jean-Louis Pech

While 2019 did not match 2017 in profitability, it was a good year and we can be happy with the recovery achieved. With revenue of €520 million and EBITDA of €46 million, increases of 9.2% and 55.1% respectively, we demonstrated our ability to grow in a particularly unstable environment.

The excellent growth of these numbers obscures the fact that many markets slowed significantly at the end of the financial period, primarily the automotive sector. Independently of the health crisis due to COVID-19 which has since swept away everything in its path, the situation in China was difficult throughout the 2019 financial year. In addition, in many countries, uncertainty, and notably political uncertainty, harmed the strong growth potential in public transportation, energy, precision agriculture, and last-mile logistics, segments in which ACTIA is present. In addition, although we saw a slight decrease in the tension in the electronic components field over the period, we did not return to the fluidity of past years. As a result, many components remained under quotas and, generally speaking, the increasing demand for electronics maintained the existing tension and the inconveniences it caused with respect to supply deadlines, increasing inventories and the risk of supply chain breakdown.

The 2019 financial year saw the completion of the main infrastructure programs launched by ACTIA in 2017. Note that from 2015 to 2019, our revenue increased from €380 million to €520 million thanks to endogenous growth and, as a result, we had to adapt our infrastructure. This year we took delivery of:

- The new premises of ARDIA, which is now ACTIA Engineering Services, our engineering services department in Tunisia,
- Our circuit board plant in the United States, which was officially inaugurated and received all of its certifications,
- Our new technical inspection center equipment manufacturing plant in Chartres, which also received all of the required certifications,
- A new workshop for power converter manufacturing in Madrid.

We also renovated and extended many sites including Le Puy-Sainte-Réparade, Dinard, and Colomiers. After three years of sustained work, ACTIA will complete its makeover and goes into the 2020s in the twenty-first century with the infrastructure and tools it needs to achieve its goals.

We continued the digitization of the Group concurrently with these investments. These ongoing and sustained investments provide us with the benefit of digital solutions which are compatible with the expectations of our main customers, who are acknowledged leading global players. In 2019, our ten leading customers were large international corporations, most of which have over €25 billion in revenue. They account for 58.7% of our revenue.

We also pursued the development of our engineering capabilities. As a result, our electronics research capabilities now employ over 1,100 engineers, nearly 1/3 of our workforce. Research & Development accounted for 16% of revenue in 2019. It has enabled us to win new contracts and look to the future of our business and its continued growth with confidence, despite the scheduled termination of our light-vehicle telematics contract and the unforeseen health crisis. We have already identified the sources of future growth.

With respect to our business, we note the excellent performance of our Automotive Division which grew by 10.9%. It accounted for 89.1% of the Group's revenue in 2019. It should be noted that this growth has been built in a balanced way across all of the industries we work in.

The Telecommunications Division confirmed its €56.8 million in 2018 revenue, which grew by 49.7% between 2017 and 2018. Note that this division consolidated is commercial positions. This will enable it to both maintain the same level of activity and to build sustainable growth on theses bases.

Of course, all of these elements, which were in line with our previous announcements, our growth plan and our strategy, were impacted by the COVID-19 crisis. It will have a significant impact on the 2020 financial year and on virtually every business segment.

It's difficult at the time of writing these words to predict the situation of the global economy after the crisis ends. However, several points must be underscored.

First, no previous crisis had resulted in such a quick and powerful reaction on the part of governments to bring the crisis under control and to limit its economic impact. It should also be pointed out that the unprecedented action taken has provided the aid needed to successfully navigate the storm in most countries.

Following the crisis, the major global challenges facing the planet - protecting the environment, energy, communications, and sustainable mobility - to which a new perspective on health will likely be added, will, no doubt, continue to be an issue and will become even more pressing. ACTIA is involved in all of these challenges. It proposes electronic solutions for systems management and efficiency: electric mass transit, managed and connected energy networks to expand renewable energies, powerful communications networks, optimized fleet management, etc. We are involved in all of these solutions which, no doubt, will be further developed and will be the subject of recovery policies.

From a regional standpoint there will, without a doubt, be winners and losers, as is the case after every major crisis. However, our geographical coverage will enable us to support our customers in regions which will recover more quickly than others.

Lastly, our highly motivated teams demonstrated their agility and effectiveness from the very start of the crisis, first by supporting our teams in China and, now, conversely, by working with those same teams to build, step-by-step, the conditions for a safe restart and to support our customers. The commitment our teams around the world is a major asset for the Group, and I want to thank them.

It is, therefore, with continued confidence and determination that we look forward to 2020 and the coming years. The crisis will, of course, weigh heavily on the 2020 financial year but, unlike many other companies, ACTIA has the resources to successfully navigate the crisis and continue its development for a more connected humanity which is more respectful of the environment and enjoys the benefits of sustainable and responsible mobility.

Jean-Louis Pech
Chairman of the Executive Board
ACTIA Group

1. INDIVIDUAL RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

1.1 Individual responsible for the Universal Registration Document

Jean-Louis Pech - Chairman of the Executive Board
ACTIA Group
5, Rue Jorge Semprun - BP 74215 - 31432 TOULOUSE Cedex 4
Tel: +33 (0)5 61 17 61 98

1.2 Universal Registration Document responsibility statement

I declare, after having taken all reasonable measures in this regard, that to the best of my knowledge the information presented in this Universal Registration Document is accurate and there are no omissions likely to alter its import.

I declare, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets and income of the Company and of all the companies included in the scope of consolidation, and that the Management Report on page 14 presents an accurate picture of the business, results and financial situation of the Company and of all the companies included in the scope of consolidation and that it describes the principal risks and uncertainties that they face.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this Universal Registration Document and have read the entire Document.

Jean-Louis Pech
Chairman of the Executive Board

2. STATUTORY AUDITORS

- **KPMG AUDIT** – a department of KPMG S.A., Rue Carmin - BP 17610 – 31676 Labège Cedex

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 30, 2018 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2023.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 26, 2000.

- **BMA** – 11, rue Laborde – 75008 Paris

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2019 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2024.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2019.

3. INFORMATION ABOUT THE ISSUER

3.1 Legal information

3.1.1 Legal and commercial name

Legal name: ACTIA Group

3.1.2 Registration place and number and legal entity identifier

The issuer is registered with the Toulouse Trade and Companies Register under number: 542 080 791.

The ACTIA Group's NAF code is 6420Z. It corresponds to the activities of a holding company.

Its LEI number is 969500UPP3G1EYL1UI19.

3.1.3 Date of incorporation and term

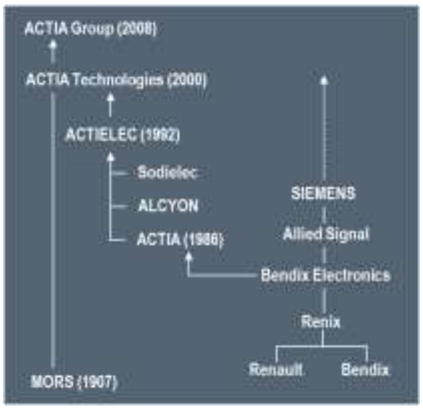
Article 5 of the Articles of Association

"The Company's term, initially set at fifty years from September 27, 1907, the date of its incorporation, was extended, by a resolution of the Extraordinary General Meeting of December 18, 1956, for 99 years, from September 27, 1957, unless dissolved before that or extended by the Extraordinary General Meeting."

3.1.4 Registered office and legal form

Registered office: 5, Rue Jorge Semprun – 31400 Toulouse
Legal form: French limited corporation with an Executive Board and a Supervisory Board
Share capital: €15,074,955.75
Legislation governing the issuer's activities: French law
Country of origin: France
Postal address: 5, Rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 4
Tel: +33 (0)5 61 17 61 98
Website: actia.com

3.2 History of the Company



ACTIA Group originated from the acquisition in 1986 by ACTIA, a French limited corporation (Société Anonyme), created for this purpose, of the "Special Products" Division of Bendix Electronics S.A., itself originating from Renix S.A., a joint venture created in the early 1970s by Renault and Bendix to invent a solid-state electronic ignition, a precursor of on-board electronics for light vehicles.

The original founders of ACTIA S.A. included Louis Pech and Pierre Calmels, prominent business figures from the Midi-Pyrenees Region, the current Chairman and Vice-Chairman of the Supervisory Board of ACTIA Group S.A., who directly and indirectly hold a majority interest, and Eric Chabrerie, an industry executive from the automobile industry.

To lay foundations for future growth, in a first phase of development ACTIA S.A. acquired majority interests in regional companies like Alcyon Production System S.A. (Electronics Manufacturing) and Sodielec S.A. (Telecommunications). The Group as it exists today was essentially in place in 1991. It had 315 employees, consolidated revenue of €26.8 million and had self-financing capacity of €1.2 million.

In 1992, following the very rapid development of ACTIA S.A. and its subsidiaries, through a legal reorganization, the role of holding company was transferred to ACTIELEC S.A., created for this purpose, and the industrial entities were organized by sector according to their recognized areas of expertise:

- ACTIA S.A., the company at the head of the Automotive Division;
- SODIELEC S.A., the company at the head of the Telecommunications Division;
- ALCYON Production System S.A., the company at the head of the Electronics Manufacturing Division.

The Group continued to develop its business through internal growth and several company acquisitions and creations, notably internationally, including:

- 1989: MEIGA (France);
- 1990: AIXIA, renamed ACTIA 3E (France) and ACTIA UK (UK);
- 1991: TEKHNE, renamed ACTIA Muller UK (UK), wound up in 2014;
- 1992: VIDEO BUS, renamed ACTIA Systems (Spain) and ATAL, renamed ACTIA CZ (Czech Republic);
- 1993: ACVIBUS, renamed ACTIA de Mexico (Mexico) and I+Me, renamed ACTIA I+Me (Germany);
- 1994: ACTIA Inc. (USA) and DATENO S.A. (France);
- 1996: ATON Systèmes, renamed ACTIA PCs (France);
- 1997: ACTIA Do Brasil (Brazil) and CIPI, renamed CIPI ACTIA (Tunisia);
- 2000: ACTIA Italia (Italy), Advanced Technology Inc., now ACTIA Corp. (USA), BERENISCE SAS (France), ACTIA Nederland (the Netherlands) currently being liquidated, merger of ACTIELEC S.A. and de MORS S.A. a listed company and creation of MORS Technologies and of OCEANO Technologies;
- 2001: ACTIA Polska (Poland) and EBIM S.A. (France);
- 2002: ACTIA India (India) and merger of ALCYON Production System and ACTIA;
- 2003: ACTIA China (China), LUDICAR, renamed ACTIA Muller España (Spain), acquisition of MULLER Bem (France) and MEIGA/BERENISCE SAS/MULLER Bem merge to become ACTIA Muller;
- 2004: NIRA Components A.B., renamed ACTIA Nordic (Sweden) and merger of DATENO/MORS Technologies (originating from MORS)/EBIM into SODIELEC;
- 2005: ARDIA, now ACTIA Engineering Services (Tunisia);
- 2008: ACTIA Tunisie (Tunisia);
- 2015: merger of ACTIA Automotive and ACTIA Muller;
- 2017: Market-IP, now ACTIA Telematics Services (Belgium);
- 2018: ACTIA Africa (Tunisia) and ACTIA Electronics (USA);
- 2019: ACTIA Japan.

Following the merger of MORS S.A. and ACTIELEC S.A. on May 26, 2000, the Group was renamed ACTIELEC Technologies. On September 15, 2008, the Extraordinary and Ordinary General meeting approved the change of the Company's name to **ACTIA Group** to organize it under the single banner ACTIA. On that basis, since 2008, the ACTIA brand has been integrated into the company names of Group entities, and namely its main subsidiaries ACTIA S.A. and Sodielec S.A., companies heading the Automotive and Telecommunications Divisions, and renamed respectively ACTIA Automotive S.A. and ACTIA Telecom S.A.

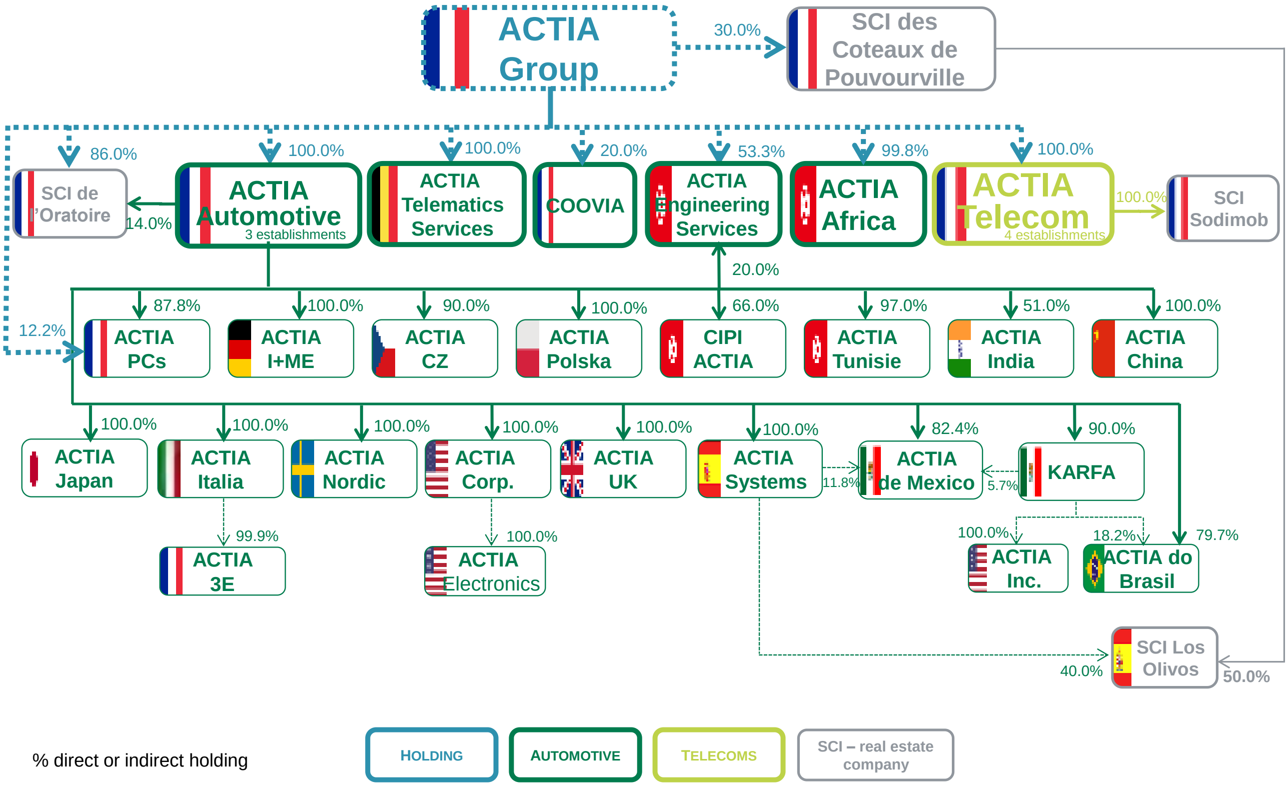
During 2019, the ACTIA Group increased its holding in SCI Les Coteaux de Pouvourville by acquiring the holdings of a minority shareholder, thereby increasing its holding from 27.5% to 30.0%.

The new ACTIA Japan subsidiary, located in Yokohama, was created last September 20. This confirmed the aim of the Group, which had already opened an office in Japan in 2017, of assessing and taking on new commercial opportunities in the country while providing local support to its international customers.

4. ORGANIZATIONAL STRUCTURE

4.1 ORGANIZATIONAL STRUCTURE

The Group's organizational chart at December 31, 2019 was as follows:



4.2 Scope of consolidation

This chapter is covered in the notes to the consolidated financial statements in Note 3.2 "Consolidates companies".

4.3 Brief overview of the Group

ACTIA Group is the publicly traded company of the Group. The Notes 8.2.3 "Notes to the separate financial statements" provide a clearer explanation of its role and balance sheet structure.

The Group is organized as follows:

- **LP2C, a holding company**, the Group's reference shareholder, which is in charge at Group level of:
  - setting general policy and leading the general strategy and ACTIA Group's fundamental orientations;
  - determining operating strategy and the development of the subsidiaries;
  - capturing all possible synergies, for the benefit of both ACTIA Group taken as a whole and within each of its subsidiaries, strengthening the Group's corporate image, supporting its growth, optimizing the services delivered to its customers, capitalizing on its experience and expertise, mobilizing the competencies of its employees and driving its development;
  - setting the general policy for external growth through the development of existing sites, the creation of new sites, acquiring stakes in existing or future companies;
  - setting guidelines in the area of human resources so that these accompany and support the strategies and performance of the subsidiaries;

- guiding and coordinating the Research & Development activities of the subsidiaries with a view to improving their performance and creating synergies, as a function of the expertise developed by each of the Group's member companies;
- and defining communications guidelines to ensure consistency across the subsidiaries.

Furthermore, it provides various services and support at Group level in the following areas:

- administrative, legal, accounting and financial;
- quality;
- communications;
- human resources;
- real estate;
- internal Group management and procedures;
- business development.

ACTIA Group completes this range of support services in the following areas:

- administrative, legal, accounting and financial assistance;
- communications support;
- human resources;
- information systems;
- purchasing;
- real estate;
- internal Group management and procedures;
- business development;
- technology.

These dealings result in related party agreements, the scope and financial details of which are set out in Subsection 5.11.10 "Special report of the Statutory Auditors on regulated agreements".

❖ **Two divisions** specialized respectively in:

- the design, manufacture and diagnostics for embedded electronic systems for small and medium-sized production runs for the **Automotive Division**;
- the design, manufacture and maintenance in operational condition of hyper-frequency professional equipment for the **Telecoms Division**.

5. MANAGEMENT REPORT OF THE EXECUTIVE BOARD INCLUDING THE GROUP'S MANAGEMENT REPORT

5.1 Presentation of resolutions

On May 27, 2020, we will call a Combined Ordinary and Extraordinary General Meeting as required by statute and pursuant to the provisions of the Company's Articles of Association, to report on the Company's activities during the financial year ended December 31, 2019 to present the reports of the Executive Board, the Supervisory Board and the Statutory Auditors, and to ask shareholders to approve the financial statements in respect of this financial year, the appropriation of earnings and the agreements covered by Articles L.225-86 et seq. of the French Commercial Code.

The following resolutions will be submitted to this Meeting.

5.1.1 Agenda

I. POWERS OF THE ORDINARY GENERAL MEETING

- Approval of the separate financial statements for the year ended December 31, 2019, approval of non-tax-deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2019;
- Appropriation of earnings for the financial year ended December 31, 2019 and setting the dividend;
- Special Report of the Statutory Auditors on regulated agreements and approval of same;
- Non-replacement and non-reappointment of Louis Pech as a member of the Supervisory Board;
- Non-replacement and non-reappointment of Henri-Paul Brochet as a member of the Supervisory Board;
- Reappointment of Carole Garcia as a member of the Supervisory Board;
- Appointment of Frédéric Thrum as the replacement for Günther Thrum as a member of the Supervisory Board;
- Approval of the compensation policy for the Chairman of the Executive Board;
- Approval of the compensation and benefits of the corporate officers and other information covered in Article L225-37-3 (1) of the French Commercial Code;
- Approval of the fixed, variable and exceptional elements comprising the total compensation and benefits of all kinds paid during the past financial year or due for the same financial year to Jean-Louis Pech, Chairman of the Executive Board;
- Grant of authority to the Executive Board for the purchase of Company shares in accordance with the procedures provided for under Article L225-209 of the French Commercial Code, duration of the authorization, purposes, procedures and maximum amount.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

- Amendment of Article 21 of the Articles of Association to enable the Supervisory Board to take certain decisions in writing;
- Harmonization of the Articles of Association with the regulations in effect;
- Legal references applicable in the event of a codification change;
- Powers for legal formalities.

5.1.2 Draft resolutions

I. POWERS OF THE ORDINARY GENERAL MEETING

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The General Meeting, having considered the reports of the Executive Board, the Supervisory Board and the Statutory Auditors on the financial year ended December 31, 2019, approves the separate financial statements adopted on said date, as presented, showing net earnings of €2,737,515.18.

The General Meeting also approves the transactions reflected in said financial statements or summarized in these reports.

As provided for in Article 39-4 of the French General Tax Code with respect to corporate income tax, the General Meeting approves the non-tax deductible expenses of €3,015 for this financial period relating to surplus depreciation on company cars.

RESOLUTION II: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The General Meeting, having considered the Reports of the Executive Board (including the Group's Management Report), the Supervisory Board and the Statutory Auditors with respect to the financial year ended December 31, 2019, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €8,604,196.

RESOLUTION III: APPROPRIATION OF EARNINGS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2019 as follows:

Source		
"Retained earnings" at December 31, 2019		€11,351,440.65
Profit for the period: appropriation		€2,737,515.18
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,073,964.68	
Dividends	€3,014,991.15	
TOTAL	**€14,088,955.83**	**€14,088,955.83**

The General Meeting notes that the total gross dividend per share is set at €0.15.

The ex-dividend date will be September 21, 2020 and the dividend will be paid on September 23, 2020.

When paid to individuals resident in France for tax purposes, the dividend is subject to a single withholding tax on the gross dividend set at either the flat rate of 12.8% (Article 200 A of the French General Tax Code), or the tax payer may choose the express, irrevocable and overall option of paying income tax according to the progressive schedule after a relief of 40% (Article 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social security contributions of 17.2%.

It is further stipulated that if the Company holds treasury shares on the ex-dividend date, the amount of the corresponding unpaid dividends on these shares shall be appropriated to retained earnings.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes the disclosure of dividends paid out by the Company over the past three financial years:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividends	Other income distributions	
2016	€3,014,991.15* i.e. €0.15 per share	-	-
2017	€2,411,992.92* i.e. €0.12 per share	-	-
2018	€2,009,994.10* i.e. €0.10 per share	-	-

***** Including the amount of the unpaid dividend corresponding to treasury shares and appropriated to retained earnings.

RESOLUTION IV: SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND APPROVAL OF THE AGREEMENTS

Voting on the Statutory Auditors' Special Report on regulated agreements presented to it, the General Shareholders' Meeting approved the new agreements it contains.

RESOLUTION V: NON-REPLACEMENT AND NON-RENEWAL OF LOUIS PECH AS A MEMBER OF THE SUPERVISORY BOARD

After confirming that the term of office of Louis Pech as a member of the Supervisory Board would expire at the end of the General Meeting, the latter decided not to proceed with his renewal or replacement.

RESOLUTION VI: NON-REPLACEMENT AND NON-RENEWAL OF HENRI-PAUL BROCHET AS A MEMBER OF THE SUPERVISORY BOARD

After confirming that the term of office of Henri-Paul Brochet as a member of the Supervisory Board would expire at the end of the General Meeting, the latter decided not to proceed with his renewal or replacement.

RESOLUTION VII: RENEWAL OF CAROLE GARCIA'S TERM OF OFFICE AS A MEMBER OF THE SUPERVISORY BOARD

The General Meeting decided to renew the term of office of Carole Garcia as a member of the Supervisory Board for six years. It will expire at the close of the General Meeting held in 2026 to approve the financial statements for the previous year.

RESOLUTION VIII: APPOINTMENT OF FREDERIC THRUM TO REPLACE GUNTHER THRUM AS A MEMBER OF THE SUPERVISORY BOARD

After confirming that the term of office of Gunther Thrum would expire at the close of the General Meeting, it decided to appoint Frédéric Thrum to replace him as a member of the Supervisory Board for a term of six years which will expire at the close of the General Meeting held in 2026 to approve the financial statements for the previous year.

RESOLUTION IX: APPROVAL OF THE COMPENSATION POLICY FOR THE CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-82-2 of the French Commercial Code, approved the compensation policy for the Chairman of the Executive Board presented in the corporate governance report included in the 2019 Universal Registration Document on Subsection 7.4.2 "Approval of compensation policy items (ex-ante say-on-pay)".

RESOLUTION X: APPROVAL OF THE COMPENSATION AND BENEFITS OF THE CORPORATE OFFICERS AND OTHER INFORMATION COVERED IN ARTICLE L225-37-3 (1) OF THE FRENCH COMMERCIAL CODE

The General Meeting, voting under the terms of Article L225-100 (2) of the French Commercial Code approved the information covered in Article L225-37-3 (1) of the French Commercial Code listed in the corporate governance report included in the 2019 Universal Registration Document in Subsection 7.4.3 “Compensation, Corporate Officer benefits and other information covered in Section I of Article L225-37-3 of the French Commercial Code (ex-post global say-on-pay)”.

RESOLUTION XI: APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ALL KINDS PAID DURING THE PAST FINANCIAL YEAR OR DUE FOR THE SAME FINANCIAL YEAR TO JEAN-LOUIS PECH, CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-100, (3) of the French Commercial Code, hereby approves the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid to Jean-Louis Pech as Chairman of the Executive Board during the past financial year or due for the same financial year, as presented in the report on corporate governance included in the 2019 Universal Registration Document in Subsection 7.4.4 “Compensation items submitted to a vote (ex-post individual say-on-pay)”.

RESOLUTION XII: GRANT OF AUTHORITY TO THE EXECUTIVE BOARD TO BUY BACK THE COMPANY'S OWN SHARES UNDER THE TERMS OF ARTICLE L225-209 OF THE FRENCH COMMERCIAL CODE

The General Meeting, having considered the report of the Executive Board, grants an authorization for 18 months in accordance with the provisions of Articles L225-209 et seq. of the French Commercial Code, to acquire, on one or more occasions at times of its choosing, up to 2% of the shares of the Company comprising the share capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

The transactions may be carried out to:

- stimulate the secondary market or liquidity of the ACTIA Group share via an investment services provider (ISP) through a legally permissible liquidity contract compliant with the practice admitted by regulations, it being specified that in this case the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares bought, minus the number of shares disposed of;
- retain the shares purchased and later exchange them or use them for payment for potential acquisition transactions;
- ensure cover for share purchase options and/or free bonus share plans (or similar plan) for the benefit of employees and/or Corporate Officers of the Group, as well as any grants of shares as part of a Company or Group Savings Plan (or similar plan), as part of the Company's profit sharing scheme or any other form of share allocation to employees and/or the Group's Corporate Officers;
- ensure hedging of transferable securities giving rights to grants of the Company's shares under the regulations in effect.

These purchases may be carried out by any means including through the acquisition of blocks of shares, at times of the Executive Board's choosing.

The Executive Board cannot, unless it receives prior approval from the General Meeting, use the authorization during a pending public offer initiated by a third party on the Company's shares, until the end of the offer period.

The Company does not intend to use alternative mechanisms or derivatives.

The maximum purchase price is €14 per share. In the case of equity transactions including stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (by the application of a multiplier factor equal to the ratio between the number of shares comprising the share capital before and after the transaction).

The maximum amount of the transaction is set at €5,627,983.48.

The shareholders grant all powers to the Executive Board to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

RESOLUTION XIII: AMENDMENT OF ARTICLE 21 OF THE ARTICLES OF ASSOCIATION TO ENABLE THE SUPERVISORY BOARD TO TAKE CERTAIN DECISIONS IN WRITING

The General Meeting, after considering the Executive Board's report, decided to amend Article 21 of the Articles of Association in order to harmonize the provisions of Article L225-82 of the French Commercial Code, amended by Law No. 2019-744 of July 19, 2019 as follows:

The following paragraph is inserted after the third paragraph of Article 21 of the Articles of Association, with the remainder of the article remaining unchanged:

"The decisions within the remit of the Supervisory Board provided for by regulations can be taken by the members of the Supervisory Board in writing."

RESOLUTION XIV: HARMONIZATION OF THE ARTICLES OF ASSOCIATION WITH THE REGULATIONS IN EFFECT

After reviewing the Executive Board's report, the General Meeting decided to:

With respect to the identifiable bearer shares:

- to harmonize Article 7 of the Articles of Association with the provisions of Article L228-2 of the French Commercial Code as amended by Law No. 2019-486 of May 22, 2019;
- change, as a result and as follows, paragraph 7 of Article 7 of the Articles of Association:

"In order to identify the owners of the bearer shares, the Company can, under the conditions provided for by the legal and regulatory provisions in effect, request at any time information about the owners of their shares and the securities providing immediate or later access to the right to vote at its own Shareholders' Meetings."

With respect to the threshold triggering the obligation to designate a second member of the Board representing the employees:

- to harmonize Article 17 of the Articles of Association with the provisions of Article L225-79-2 of the French Commercial Code as amended by Law No. 2019-486 of May 22, 2019;
- as a result, to amend as follows the fifth paragraph of Article 17 of the Articles of Association:

"The number of members of the Supervisory Board representing the employees must be at least equal to two in companies where the members of the Supervisory Board designated based on the procedures described in Article L225-75 of the French Commercial Code is greater than eight and at least to one if it is equal to or less than eight."

- as a result, to amend as follows the seventh and eighth paragraphs of Article 17 of the Articles of Association, with the remainder of the article remaining unchanged:

"In the event that the number of members of the Supervisory Board appointed by the General Meeting is greater than eight, a second member of the Supervisory Board representing the employees must be appointed in accordance with the provisions below within six months of the appointment by the Ordinary General Meeting of the new member of the Supervisory Board.

In the event that the number of Supervisory Board members appointed by the Ordinary General Meeting is eight or less, the decrease will have no effect on the term of office of the employee representatives on the Supervisory Board, which ends at the time of its normal expiry."

With respect to Supervisory Board member compensation:

- to harmonize Article 23 of the Articles of Association with the provisions of Article L225-83 of the French Commercial Code as amended by Law No. 2019-486 of May 22, 2019 and by Order No. 2019-1234 of November 27, 2019;
- as a result, to amend as follows Article 23 of the Articles of Association, with the remainder of the article remaining unchanged:

"The General Meeting can allocate to the members of the Supervisory Board as compensation for their activities, a fixed annual amount which the Meeting will determine without being bound by prior decisions. The amount of compensation is recorded in operating expenses and remains in effect until a decision to the contrary is taken. The Supervisory Board shares the amount allocated among its members under the conditions provided for by regulations."

With respect to deposits, backing or guarantees:

- to harmonize Article 25 of the Articles of Association with the provisions of Article L225-68 of the French Commercial Code as amended by Law No. 2019-744 of July 19, 2019;
- as a result, to amend as follows, Article 25 of the Articles of Association:

"The deposits, backing and guarantees granted on the property of the Company must receive special authorization from the Supervisory Board under the conditions set by regulations."

With respect to the electronic signature of the vote by mail form and the proxy given by a shareholder:

- to harmonize Article 31 of the Articles of Association with the provisions of Article R225-77 of the French Commercial Code as amended by Law No. 2011-1473 of November 9, 2011;
- as a result, to amend as follows the eighth paragraph of Article 31 of the Articles of Association:

"The vote by mail form and the proxy given by a shareholder must be signed by them, if applicable, via an electronic signature process under the conditions provided for the regulations."

With respect to the calculation of the Meeting majority:

- to harmonize Articles 35, 36 and 37 of the Articles of Association with the provisions of Article L225-98, L225-96 and L225-99 of the French Commercial Code as amended by Law No. 2019-744 of July 19, 2019;
- as a result, to amend as follows the last paragraph of Article 35 of the Articles of Association, with the remainder of the article remaining unchanged:

"It decides on the majority vote of the shareholders present or represented including those shareholders voting by mail (by post or by electronically) subject to the limitations described below."

- as a result, to amend as follows the last sentence of the second paragraph of Article 36 of the Articles of Association, with the remainder of the article remaining unchanged:

"Subject to the same conditions, it decides on the two-thirds majority of the shareholders present, voting by mail or represented (by post or electronically)."

- as a result, to amend as follows the last sentence of the last paragraph of Article 37 of the Articles of Association, with the remainder of the article remaining unchanged:

"The Meetings, deciding by a two-thirds majority of the shareholders present, voting by mail or represented (by post or electronically)."

RESOLUTION XV: LEGAL REFERENCES APPLICABLE IN THE EVENT OF A CODIFICATION CHANGE

The General Meeting recognizes that the legal references listed in the resolutions of this General Meeting, refer to the legal and regulatory provisions applicable on the day of their establishment and that in the event of a change in their codification within the framework of the authorization granted by Law No. 2019-486 of May 22, 2019 to the government to implement orders for measures intended to combine within a specific division of the French Commercial Code all of the provisions related to listed companies, the legal references corresponding to the new codification which would substitute for it.

RESOLUTION XVI: POWERS TO BE GRANTED

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of the minutes to this Meeting to carry out all the publication, filing and other formalities that may be required by law.

This General Meeting was called in the proper manner and the documentation provided for under applicable regulations was sent to shareholders or made available to them within the prescribed deadlines.

This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

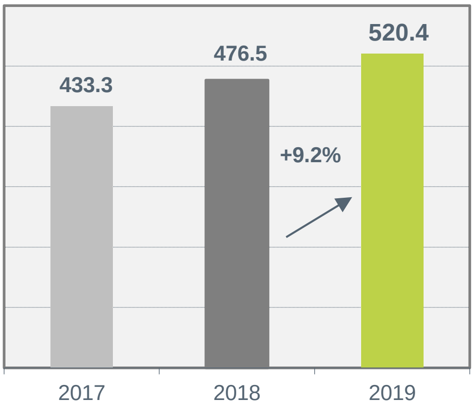
5.2 Selected financial information for the period

The following tables and charts represent audited figures. To facilitate the reader's understanding, in the presentation of data in the Management Report, we have given preference to figures for contributions by division as an alternative to the divisions' consolidated figures. The differences between these two approaches are minor, but this makes it possible to present consistent information throughout this Universal Registration Document.

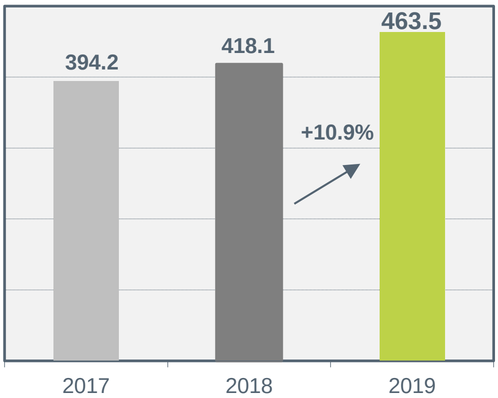
The Group's separate annual and consolidated financial statements as at December 31, 2019 were approved by the Executive Board on March 30, 2020 and submitted to the Supervisory Board on the same day.

5.2.1 Key figures

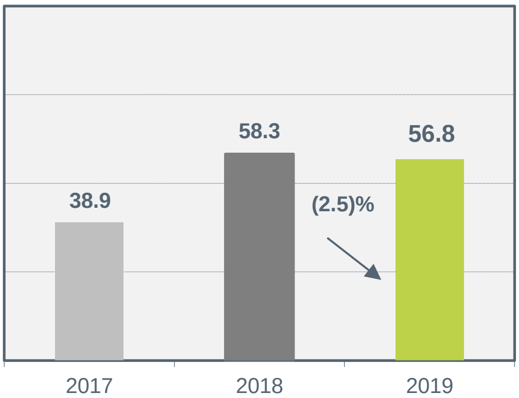
Consolidated revenue (€m)



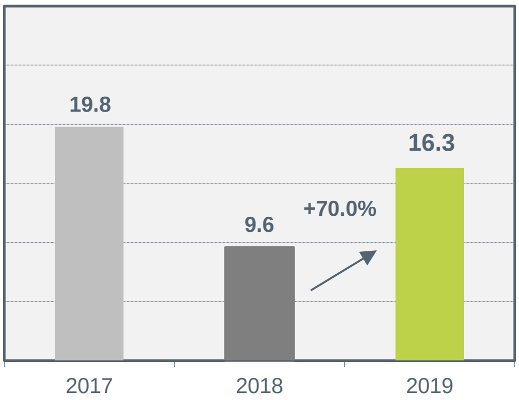
Revenue contribution
from the Automotive Division in €m



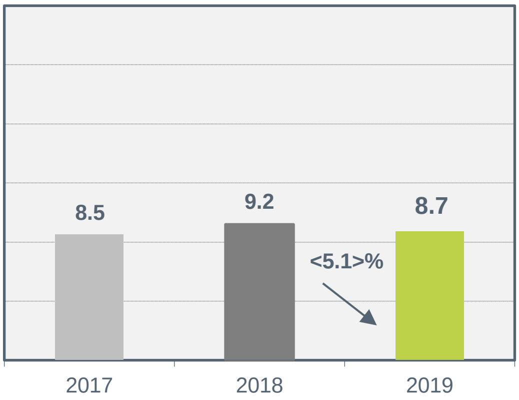
Revenue contribution
from the Telecommunications Division
in €m



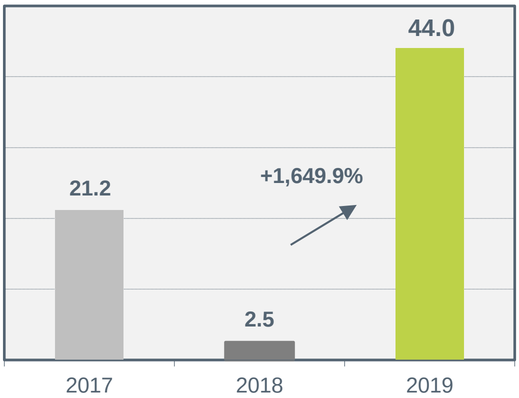
Operating income (€m)

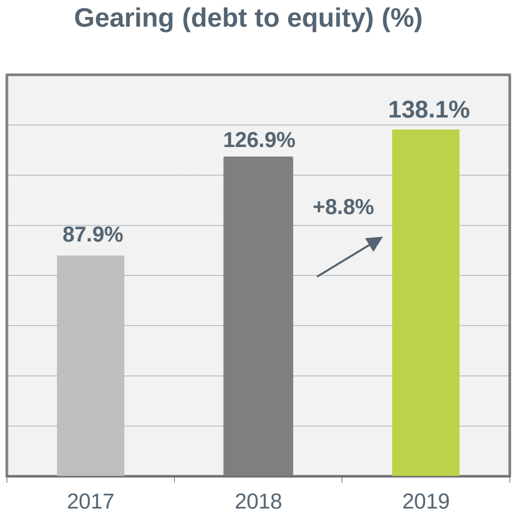


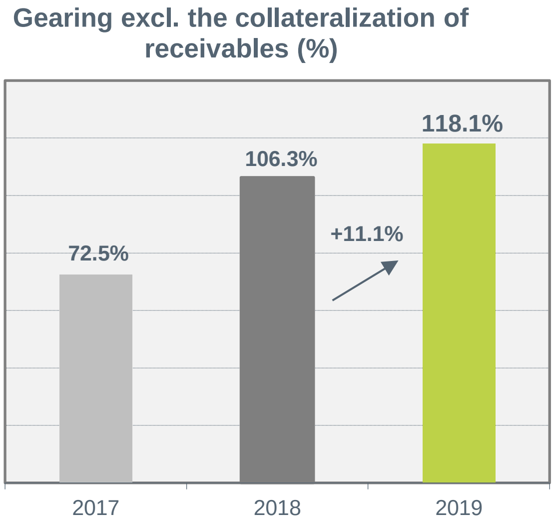
Net income for the period (€m)



Operating cash flow (€m)







Details on the calculation for gearing are set out in Note 14 "Financial liabilities" to the consolidated financial statements.

5.2.2 Consolidated results

The consolidated financial statements of the Group show sales up by 9.2% to €520.4 million, and profit attributable to the Group of €8.6 million compared to €9.0 million in 2018, a decrease of 4.7%.

Consolidated results for the 2019 financial year break down as follows:

Consolidated Group income (€k)	**2019**	**2018**	2017
Revenue	520,411	476,520	433,320
Current operating income *of which, IFRS 16*	15,406 *283*	8,667	18,967
Operating income *of which, IFRS 16*	16,276 *283*	9,575	19,803
Financial result *of which, IFRS 16*	(3,884) *(382)*	3,371	(8,988)
Net income for the period (A) *of which, IFRS 16*	8,724 *(84)*	9,194	8,510

Consolidated Group income (€k)	**2019**	**2018**	2017
✓ *attributable to Group shareholders*	*8,604*	*9,027*	*8,264*
✓ *attributable to non-controlling interests*	*120*	*167*	*246*
Tax (B) *of which, IFRS 16*	3,722 *(14)*	2,867	1,856
Impairment of goodwill (C)	0	0	0
Interest expense and other financial charges (D) *of which, IFRS 16*	3,940 *382*	3,260	2,626
Valuation of hedging instruments (E)	(7)	(6,505)	5,988
Depreciation (F) *of which, IFRS 16*	29,375 *4,317*	20,688	18,654
EBITDA (A+B+C+D+E+F) *of which, IFRS 16*	45,755 *4,601*	29,505	37,633

Note: data including the changes in IFRS 16 for the 2019 annual financial statements. The impacts are detailed in Note 2.4 “Change in method” in the notes to the consolidated financial statements.

We will ask shareholders to approve these consolidated financial statements.

5.2.3 Brief overview of the Group's position during the 2019 financial year

The information used to prepare the consolidated financial statements is provided in Note 2 “Accounting policies,” in the notes to the consolidated financial statements.

Revenue for 2019 was €520.4 million, up by €43.9 million (up 9.2%) compared to 2018, in line with the annual objective of €520 million. ACTIA Group revenues grew in a declining automotive market in 2019 thanks to the diversification of its Automotive business and it matched the level of business achieved in Telecommunications in 2018.

While completing the significant investment program begun at the end of 2017, and despite persistent tension in the components market, internal measures and the increase in new Automotive contracts generated a 70.0% increase in the Group's operating income.

In 2019, sustained international sales accounted for 75.7% of the Group's revenue which, in addition to Egypt (Telecommunications contract), continued to be buoyed by the growth in Automotive activities in the United States, where ACTIA opened an industrial site at the end of 2018, in Belgium and Germany and, in general, in Europe and China.

Automotive Division

The Automotive Division (89.1% of Group revenue) grew by 10.9%, reaching €463.5 million, with balanced growth in its three business segments “Original Equipment Manufacturer,” “Aftermarket” and “Manufacturing-Design and Services” despite the significant slowdown in the car and truck sectors at the end of the year.

In the Original Equipment Manufacturer segment, which accounted for 76.5% of the Automotive Division's revenue, up by 10.5% over the financial period, Telematics solutions performed well, growing by up 9.3%, and provided a better balance between the long-term light vehicles contract and the many successes achieved over the past years with special vehicles (off-road, buses & coaches, trucks). The Manufacturer Diagnostics business continued to see strong deliveries related to the seasonality of materials renewal campaigns and the success of the new software solutions. The Human Machine Interface (HMI) technologies and powertrains developed by the Group also performed well with, in particular, a slight recovery in sales of light electric vehicles.

The Aftermarket business, which accounts for 12.1% of the Automotive Division's revenue was up by 13.2% over the financial year. It had a good second half, led by technical inspection product sales resulting from the EquipAuto show (France) and a new contract in the Philippines, which more than offset the drop in garage equipment and the slow implementation of the sales success of aftermarket telematics.

The Manufacturing-Design & Services businesses, which account for 11.4% of the revenue of the Automotive Division, up by 10.7%, again benefited from ACTIA's strong development and production capacity with its loyal, high-quality clientele.

The regional distribution of sales was stable within the division with Europe once again experiencing strong sales growth in Belgium (trucks), Germany (diagnostics and batteries) and Spain. The American continent was boosted by sales in the United States and Asia was carried by the Chinese market which remained stable in the international breakdown, accounting for 78.4% of the division's sales compared to 77.2% in 2018.

The gradual increase in new contracts improved the product mix, gradually offsetting the long-term predominance of the light vehicle contract. Combined with the modernization of production tools and systems and other measures to optimize purchases and industrial processes, EBITDA[(1)] was up by 64.9% to €39.4 million, an 8.5% increase in Automotive Division revenue.

This positive result was obtained thanks to the action plans implemented to improve Group efficiency, despite the continued tension in the components market. Although prices did not increase as in 2018, longer supply times had a negative impact on the implementation of efficient production processes and resulted in large inventories. Furthermore, in 2019 and following on from 2017 and 2018, the Automotive Division experienced, with the pending end of the contract for telematics for light vehicles expected for end 2021 or early 2022, very robust growth thanks to the commercial successes achieved over the past three years, which will gradually enter production as of 2020.

Taking into account the investments to improve the Group's efficiency via the preparation and deployment of digital tools such as PLM (2019 launch) and ERP (2020 launch), the opening of the new industrial site in the United States whose cost impacted the income statement in the amount of €3.9 million, the extension/construction of buildings in France and Tunisia, the new production materials and in its Research & Development projects, the Automotive Division saw its operating income double to €12.5 million with 153.0% growth, reaching 2.7% of the Automotive Division's revenue compared to 1.2% in 2018. This result was obtained without being impacted by the valuation of the hedging instruments, which remained stable amounting to financial income of €6.5 million as of December 31, 2018.

It should be noted that the Automotive Division received its ISO 27001 certification this year for its production of electronic and software products.

Telecoms Division

The Telecommunications Division had revenue of €56.8 million, 10.9% of Group sales. Its business jumped in 2018, rising by 49.7% compared to 2017 and, in 2019, it was able to maintain this level with a slight drop of only 2.5%. It continued to be carried by the growth of sales in the SatCom field, up 13.6% with a major contract in Egypt, whereas development in the Energy and Rail businesses will only begin to produce in 2020. Lastly, the IRT business, which is not strategic or significant, accounted for only 2.8% of the division's revenue. It is currently being phased out.

The Telecommunications business is increasingly focused on international sales, which accounted for 53.6% of the division's revenue in 2019, compared to 43.2% in 2018 and 8.5% in 2017. In 2019, anticipating the end of deliveries in Egypt, the division consolidated its order book by extending the satellite program in the country and via a new contract with the French military. Other positive outcomes are expected in 2020.

In this context, the division recorded EBITDA[(1)] of €6.0 million, 10.5% of Telecommunications revenue compared to 12.0% in 2018, which remains a very acceptable level, and operating income of €3.6 million, or 6.3% of Telecommunications revenue compared to 8.9% in 2018.

Therefore, **at the Group** level, the initial objective to exceed the €500 million threshold was largely achieved by the strong growth of the Automotive Division in all of its markets.

In accordance with its market plan and its 2019 commitments, ACTIA has maintained its growth trajectory while activating several profitability improvement levers: Group EBITDA[(1)] was €45.8 million, up by 55.1% on an annual basis, equivalent to 8.8% of consolidated revenue compared to 6.2% in 2018.

At the end of 2017, ACTIA committed to a significant capital expenditure program for its industrial infrastructure, with €48.8 million in non-current assets in 2019 following €52.3 million in 2018, and for R&D development. These investments contribute to better management of the development and production cycles and are reflected in the 42.0% increase in its allocation to amortization and depreciation of €29.4 million, of which €4.3 million due to the application of the new IFRS 16 to lease contracts. They are completed by a new product life cycle management solution (PLM) in preparation for finalizing the deployment of the new ERP system, which is still planned for 2020.

[(1)] *EBITDA: Net income + taxes + goodwill depreciation + interest and financial expenses + depreciation and amortization +/- financial instruments)*.

The optimization of purchasing processes and logistics limited the increase in purchases consumed to 7.4%. Changes in the EUR/USD exchange rate, which are significant for our purchasing, generated an operating exchange gain of €3.1 million compared to (€0.4) million in 2018, attesting to the relevance of the exchange rate hedging policy in a highly fluctuating market.

Staff costs were €123.1 million, up by 11.7%: ACTIA continued to recruit and to ensure the loyalty of experts in Europe and Tunisia, as well as in the United States, to meet the needs of its new organization. The Group's workforce increased from 3,697 at the end of 2018 to 3,854 at the end of 2019, an increase of 4.2%. The restating of leases based on IFRS 16 resulted in a 1.9% decrease in external charges to €77.7 million. This hides the limited use of subcontracting, which rose by only 2.7%, made possible by recruitment and another decrease in transportation costs resulting from the gradual return to normal of the components market and the ongoing efforts of the Group. The cost of guarantees for high-volume contracts increased by €4.2 million.

The renewal of the business portfolio over the past two years, intended to increase diversification in the highest added value segments, is reflected in the progress made by the Research & Development programs where expenses only increased by 2.7% over the financial year and accounted for 16% of revenue, at €83.2 million in expenses. However, a slight decrease in the capitalization rate and the decrease in the rate of re-invoicing to customers to 32.9% compared to 36.2% in 2018, resulted in a 16.3% increase in charges entered in the income statement. This cycle was partially offset by the increase of 21.2% in the Research Tax Credit, at €4.7 million.

In a components market which continues to have under-capacity, and taking into account the gradual improvement in the product mix, the effectiveness of the measures and the optimization of tools, the Group's operating income increased by 70.0% to €16.3 million, equivalent to 3.1% of the Group's revenue compared to €9.6 million and 2.0% of Group revenue in 2018.

In 2019, the financial result of (€3.9) million consists primarily of interest and financial expenses. In 2018, it took into account a favorable valuation of currency hedging tools as of December 31, resulting in financial income of €6.5 million. The gross interest rate stabilized at 1.64% compared to 1.59% in 2018. The Group continued to benefit from medium-term financing at low rates, while taking on the higher cost of financing through bonds. With the gradual setting up of financing to extend several of its sites, the Group has acquired longer medium- and long-term debt, while retaining short-term facilities that are less called upon and significant levels of liquidity.

After taking into account a tax expense of €3.7 million, compared to €2.9 million at the end of 2018, net income for 2019 was €8.7 million compared to €9.2 million in 2018, a decline of 5.1%.

Net debt increased to €193.9 at the end of 2019 compared to €168.6 million at the end of 2018. This was primarily due to the impact of the application of IFRS 16 (+€16.0 million) and to the end of the real estate programs. Group operations generated €44.0 million in cash in 2019, covering its investments of €43.5 million over the financial period with a Free Cash Flow of €0.1 million compared to (€48.4) million in 2018. Despite an 18.4% increase in stocks to €161.1 million, the WCR improved slightly, notably thanks to the implementation of a deconsolidating factoring contract for the subsidiary in Sweden. Investments will decrease with the completion at the start of 2020 of the modernization and expansion program launched in 2017. Taking into account the new procedures implemented during 2019, bank covenants have been met. Excluding the capitalization of receivables, gearing was 118% compared to 106.3% at the end of 2018. The Group only mobilized 11.6% of its receivables and leverage was 4.24 compared to 5.71 as of December 31, 2018.

Subsidiaries and dealings in existing inter-company holdings

ACTIA created one new entity outside of France in 2019:

- ACTIA Japan, a company which contributes to the development of commercial relations with Japanese manufacturers, fleet managers and operators and suppliers, notably in the field of battery cells, while providing local support to its international customers.

This entity is wholly owned by the Group.

The other Group subsidiaries and holdings require no particular comments, and further information is provided in Note 3 "Group structure" in the notes to the consolidated financial statements.

5.2.4 Indebtedness

ACTIA Group S.A. did not take on any new medium-term financing for the 2019 financial year.
No commercial paper had been used as of December 31, 2019; ACTIA Group accessed an authorized overdraft of €1 million, which was repaid in early 2020 after the non-renewal of one of its term accounts. Furthermore, this structure does not benefit from the possibility of financing its receivables as it is entirely dedicated to the Group.

At **the Group** level, debt increased in line with business growth over the financial period and with the high level of investment in real estate and R&D to prepare the future. Debts and associated ratios changed as follows:

(€m)	2019	2018	2017
Net income	8.7	9.2	8.5
+ Income tax	3.7	2.9	1.9
+ Financial interest	3.9	3.3	2.6
+ Net depreciation	29.4	20.7	18.7
- Goodwill impairment	0.0	0,0	0.0
Impact JV financial instruments	0.0	(6.5)	6.0
EBITDA excluding financial instruments ***of which, IFRS 16***	**45.8** *4.6*	**29.5**	**37.6**
Gross liabilities ***of which, IFRS 16***	**240.5** *16.0*	**205.6**	**157.6**
Cash	46.6	37.0	45.6
Net liabilities	**193.9**	**168.6**	**112.1**
Shareholder equity	140.4	132.8	127.5
Leverage	**4.24**	**5.71**	**2.98**
Gearing	**1.38**	**1.27**	**0.88**
Real estate liabilities	24.1	16.1	3.7
Net liabilities excluding real estate	**169.9**	**152.4**	**108.4**
Leverage *excluding real estate*	**3.71**	**5.17**	**2.88**
Gearing *excluding real estate*	**1.21**	**1.15**	**0.85**
Liabilities related to the collateralization of receivables	28.1	27.4	19.6
Net liabilities excluding the collateralization of receivables	**165.8**	**141.2**	**92.4**
Leverage *excluding capitalization of receivables*	**3.62**	**4.79**	**2.46**
Gearing *excluding capitalization of receivables*	**1.18**	**1.06**	**0.73**
Net liabilities excluding real estate and capitalization of receivables	**141.8**	**125.1**	**88.8**
Leverage *excluding real estate and capitalization of receivables*	**3.10**	**4.24**	**2.36**
Gearing *excluding real estate and capitalization of receivables*	**1.01**	**0.94**	**0.70**

Note: data including the changes in IFRS 16 for the 2019 annual financial statements. The impacts are detailed in Note 2.4 "Change in method" in the notes to the consolidated financial statements.

This information is presented in Note 14 "Financial liabilities" in the notes to the consolidated financial statements.

However, it should be noted that the 2017-2019 real estate investment program launched by the Group is virtually entirely accounted as of December 31, 2019. The construction, extension and renovation program involves sites in Toulouse, Chartres, Dinard, Puy-Sainte-Réparade, Millau, Manosque, Madrid (Spain), Tunis (Tunisia) and Romulus (USA) and the acquisition of the offices of our Italian subsidiary and represents direct and indirect investment of €40.5 million over three years. Completion of the work, notably in Tunisia, and acceptance of the premises will impact the 2020 financial year for about €2.5 million. These investments have little impact on cash flows as the repayment of new borrowings replace old ones, fully repaid, or rents, with the exception of the United States, where a new production business was created, but they do involve an increase in medium- and long-term liabilities with financing over 10 or 15 years.

It is important to note that these investments are completed by the acquisition of production materials which are covered by finance leases, generally over five years and for a total of €3.3 million during the 2017-2019 program, of which €0.2 million in 2019.

A non-recourse factoring contract was implemented in the ACTIA Nordic subsidiary during the financial period. The impact of this transaction was €15 million on cash at bank and in hand at the close of the 2019 financial year.

Furthermore, it should be noted that cash in hand of €46.6 million as of December 31 and the limited use of short-term lines of credit (excluding CIR/Competitiveness and Employment Tax Credit Funding - CICE) at 39.3% of their full potential, gives the Group flexibility.

Lastly, it should also be noted that the balance sheet presentation does not take the valuation of the real estate assets into account. As presented in Subsection 5.9.1 "Existing or planned material items of property, plant and equipment" the appraised value in 2018 was €38.0 million (value weighted by the holding rate excluding equity-consolidated companies) whereas the net book value was €28.0 million, compared to €14.7 million as of 12/31/18, with growth of €14.1 million over the financial period for the acquisition of new, non-appraised, non-current assets in 2018.

The change in the financial position resulted in the non-compliance with covenants at end 2018, and waivers were requested on March 25, 2019 following the Supervisory Board meeting held to approve the annual financial statements accepted by all of the companies in question, prior to their submission to the General Meeting of May 28, 2019. During 2019, a new application methodology was implemented for new loans subject to covenants and for existing ones via the implementation of amendments. All of the covenants were complied with as of December 31, 2019.

5.2.5 Off-balance-sheet commitments

This information is detailed in Note 26 "Off-balance-sheet commitments" and 0 "Encumbered assets" in the notes to the consolidated financial statements.

5.3 Business overview

ACTIA Group remains organized around two sectors:

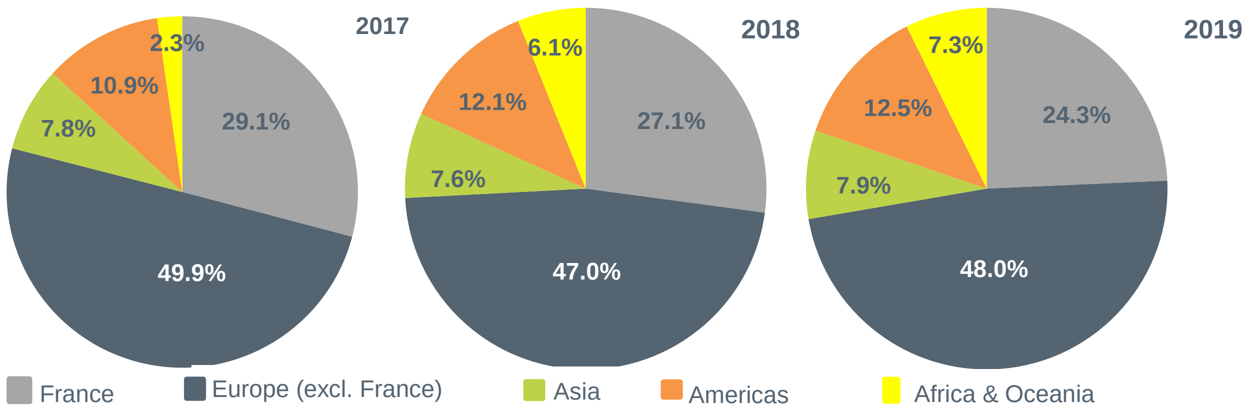
- Automotive Division;
- Telecommunications Division;

which are described below.

Over a number of years, the two divisions have developed their own technologies and specific know-how. We continue to implement synergies in the rail and public transport sectors to propose offerings common to the two divisions combining telecommunications equipment with different systems developed by the Automotive Division. These markets take time to develop, but the commercial successes so far support the strategy.

Furthermore, these synergies also provide benefits in the area of energy and satellites where the abilities of our two divisions make it possible to respond to the rapidly changing nature of these sectors.

With a strong international presence, the Automotive Division contributes to the widespread availability of products across all continents. However, thanks to its first significant export market, the Telecoms Division contributed to sales growth in Africa (Egypt).



As sales continue to grow on all continents, with the exception of South America, France's share in the Group's consolidated sales diminishes every year with less 1.5% in 2019, while Europe continues to grow with good levels of deliveries for European manufacturers to their European factories, (+17.4% in Belgium, +13.3% in Germany, +27.6% in Italy, +16.2% in Spain).

However, the United States has had the greatest impact with €8.7 million in additional revenue, up by 21.2%. China, which saw little growth in 2018, recorded a 32.8% increase, driven by the success of our automotive manufacturing customer in that country. Our direct sales suffered from a year of decreased investment in mass transit and from very strong competition from local players. Sales declined in South America in 2019 by 15.4%, primarily due to economic difficulties in Mexico and Brazil. However, the success of the buses & coaches segment this year will contribute to increased sales on the continent. Africa continued to grow in 2019 by 28.5% thanks to the Telecommunications Division's contract in the earth station segment in Egypt.

5.3.1 Automotive Division

The Automotive Division consists of three business units, for three different markets:

- the **OEM** (Original Equipment Manufacturers) business unit for vehicle manufacturers;
- the **Aftermarket** business unit;
- the design and production of circuit boards for third parties and associated services grouped together in the Manufacturing-Design & Services business unit (**MDS**).

Combining expertise in embedded electronics with know-how in electronic manufacturing, this division has been growing since its inception through business with automakers, manufacturers of heavy vehicles, buses and coaches, specialist vehicles (handling, agriculture, construction, etc.), and also in the fields of electric vehicles, aeronautical, and rail.

The Automotive Division's contribution to Group results was as follows:

Contribution of the Automotive Division (€k)	**2019**	**2018**	**2017**
Revenue	**463,516**	418,121	394,242
Current operating income *of which, IFRS 16*	**11,609** *265*	4,121	15,596
Operating income *of which, IFRS 16*	**12,505** *265*	4,942	16,388
Net income for the period (A) *of which, IFRS 16*	**5,964** *(83)*	6,438	6,132
Tax (B) *of which, IFRS 16*	**3,615** *(14)*	2,386	1,956
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D) *of which, IFRS 16*	**2,962** *361*	2,401	2,373
Valuation of hedging instruments (E)	**(19)**	(6,223)	5,712
Depreciation (F) *of which, IFRS 16*	**26,925** *4,157*	18,923	17,530
EBITDA[1] (A+B+C+D+E+F) *of which, IFRS 16*	**39,448** *4,422*	23,926	33,703

Note: data including the changes in IFRS 16 for the 2019 annual financial statements. The impacts are detailed in Note 2.4 "Change in method" in the notes to the consolidated financial statements.

These figures are presented in accordance with Note 19 "Operating segments" in the notes to the consolidated financial statements,

[1] *EBITDA: Net income + taxes + goodwill depreciation + interest and financial expenses + depreciation and amortization +/- financial instruments).*

Furthermore, the Group's management control reporting systems provide a breakdown for sales between the three business units:

Business activity (€k)	**2019**	**2018**	**2017**
OEM	354,759	320,969	301,646
Aftermarket	55,918	49,408	47,404
MDS	52,839	47,743	45,191
Total	**463,516**	**418,121**	**394,242**

OEM

- ACTIA® products and solutions

ACTIA's business is diversified in terms of its customer base, product portfolio and geographic coverage. In each of these cases, the Group is supported by cutting edge expertise to ensure its competitive position in all its target segments.

In the OEM market, the main products and services may be broken down as described below.

Electronic architecture and multiplexing

One of the Group's areas of excellence is designing and manufacturing electronic systems connecting all embedded electrical and electronic parts of a vehicle. These products consist of calculators generating a number of inputs and outputs to control all embedded components and supply them with electricity.

This type of system is referred to as multiplexed because the devices designed by ACTIA® constitute nerve centers compared to a design where all the electrical components are connected to the battery and their control system by individual wires. Multiplexing offers considerable benefits:

- for facilitating the design of new vehicles;
- for production savings;
- for facilitating diagnostics and reliability.

ACTIA® also provides software tools to customize and configure the systems. In addition, the sale of its equipment is accompanied by a significant level of support for customers who are not necessarily specialists in electronics.

The multiplexing range of ACTIA® is at the cutting edge of innovation in the world of vehicles for professionals. The commercial success of the Actimux range for buses and coaches continues and the range is still expanding. In the special vehicles segment, the Actiways range provides control solutions offering a high level of security.

Instrumentation and driver cockpit systems

This range includes instrument displays, dashboards and complete driver cockpit systems for all types of professional vehicles. PODIUM 2, the driver cockpit for buses and coaches, is fully integrated with the electronic architecture of the vehicle and plays the role of control center for the architecture.

PODIUM 2

Evolution of the technology has made it possible to offer the market new functions:

- more modular dashboards that can be configured as needed;
- dashboards made more flexible through the increasingly intensive use of the screens.

Audio and video systems

In this area, ACTIA® supplies professional solutions for:

- CCTV (video) surveillance;
- infotainment broadcasting systems for mass transit passengers to provide information and entertainment such as music, films, radio, Internet, and video-on-demand;
- radio and audio systems for vehicles, combining professional quality with specialized functions such as audio-guidance (passenger vehicles), multi-region broadcasting, etc.;

Telematics systems

ACTIA® has strong technological legacy know-how in the field of telematics based on over 15 years of experience in both professional and light vehicles. In addition, the Group's expertise covers specific safety requirements associated with legal constraints with respect to tachygraphy (certified records documenting driving hours and data).

On this basis, ACTIA® develops telematics platforms including global positioning systems (GPS) and telecommunications (GSM, GPRS), a calculator and memory, with the entire system connected to the electronics networks of the vehicle. These features make it possible to deploy a range of functionality for the driver or fleet manager:

TGU

- optimization of vehicle and driver performance, for example in terms of eco-driving;
- comfort, with remote services, Wi-Fi;
- safety, with automated emergency calls (E-call);
- diagnostics.

Electric motors

ACTIA® has expertise in electric and electronic power engineering which is applied to motors for light electric vehicles, utility vehicles and even buses. ACTIA® designs and produces complete electric powertrains starting from 50 kW for light vehicles and up to the 200 kW necessary for buses.

These powertrains are typically integrated into electric vehicle fleets for professionals (last mile delivery services) and rental companies or urban buses.

In addition, ACTIA® is also a designer and manufacturer of batteries for industrial vehicles. The Group is present in markets specialized in providing a high level of customization with batteries ranging from low-power fuel cells to 600V batteries for public transport vehicles, with electronics designed by ACTIA (Battery Management System or BMS) offering a longer useful life and improved cell performance making up the battery pack.

A historic player in power converters for trucks, ACTIA developed an auxiliary power converter for the rail segment in 2019 for which it obtained certification in January 2020.

Auxiliary power converter

Vehicle diagnostics

ACTIA® engineers possess expertise in electronic diagnostics. This covers the collection, preparation and exploitation of technical data for the electrical and electronic systems of a vehicle.

On this basis, we offer manufacturers three types of services:

- a *digital diagnostics chain*, making it possible to manage the data cycle from the engineering services firm that designed the vehicle right up to diagnostics systems that communicate with the vehicle in repair workshops. In addition to providing the necessary design tools, ACTIA® is also able to offer development services to create specific software systems, as well as provide assistance for creating, formatting and managing the data that the manufacturer needs;
- complete systems for vehicle diagnostics on assembly lines. These systems are known as "*End of Line.*" These include equipment for communicating with the vehicle incorporating specialized software contributing to the process of validating the proper functioning of the manufactured vehicle. Furthermore, the system's operation increasingly involves downloading software applications embedded in the vehicle. The service proposed by ACTIA® is not limited to the system but also covers installing and commissioning it on the automobile production line;
- "*After sales diagnostic*" systems for the brand's workshops consisting of vehicle connection interfaces (VCI) and a diagnostic tool for rugged PCs or tablets. This application includes a knowledge base provided by the automaker and may use model or case-based (experience) reasoning to diagnose a breakdown and assist in the repair. In addition, services may be proposed to support these products in the form of hotlines, training teams and monitoring equipment.



❖ The market

Each product targets a specific market with geographic boundaries characterized by regular expansion.

Multiplexing, initially focused on coaches and buses, is now used in all industrial vehicles, particularly high end and military vehicles, and rail.

With the driver cockpit products with which it can be combined and increased research on safety, respect for the environment and comfort, and the control and optimization of costs, growth areas are concentrated in the developed markets of Europe, the United States and Asia. ACTIA has also developed solutions better suited to the needs of emerging countries.

The telematics market covers all vehicle types including light vehicles which naturally involves very significant production volumes, but in more difficult conditions.

The audio and video products (Infotainment) address the needs of an important growth market in Latin America where travel by road is more widely used by people than air or rail.

Therefore, the market for the Group now stretches from automotive to rail, taking in trucks, buses and coaches, specialist vehicles (handling, agriculture, construction, etc.).

❖ Customers

OEM customers consist of companies who design and manufacture vehicles which always have specific requirements. Consequently, these markets are based on specifications created by the customers. These markets are generally subject to allocation by tender.

The vehicle manufacturers cover a very large range of customers:

- small production runs: planes, military vehicles, agricultural machinery, trains and tramways;
- medium-sized production runs: buses, coaches, specialist vehicles, boats;

- long production runs: light vehicles and trucks.

Business volumes vary significantly with runs ranging from dozens of parts for planes to several hundred thousand parts for light vehicles.

In the area of diagnostics, it is appropriate to note that the PSA Group has acknowledged ACTIA® as a "major supplier." This very close technical partnership is set to continue. ACTIA® supports the PSA Peugeot Citroën Group with a complete range of hardware and software solutions as well as services for both the industrial sites and the aftermarket network of the French automaker throughout the world.

In the field of telematics, ACTIA is the supplier of standard equipment to several major manufacturers including Volvo Cars, Volvo AB (Volvo Trucks, Renault Trucks, UD Trucks, Mac Trucks, etc.), CNH Industrial and Scania.

❖ The competition

ACTIA's competitors are the other electronic equipment manufacturers. Depending on the specific area, these might be specialized SMEs, such as Stoneridge in the field of embedded electronics or, on the contrary, large integrated groups such as Bosch, Continental, LG or Samsung.

In the field of diagnostics, various major service providers exist, including Bosch and DSA.

❖ Operating highlights

In 2019, OEM once again enjoyed growth with sales rising from €321.0 to €354.8 million, an increase of 10.5%. The business is strong and has grown in every segment.

Viewed by sector, all of the market segments increased over the financial period, including light vehicles (+16.9%), off-highway (+7.3%), buses & coaches (+4.1%) and trucks (+1.3%) which were, however, impacted by a drop in our customers' sales at the end of the year.

From a geographical standpoint, 2019 was a stable or growth year in nearly all countries in which ACTIA has significant business, with the exception of Brazil due to the overall unfavorable economic situation in the country. India grew again, as did China, despite the difficulties encountered by the automotive market in that country. ACTIA benefited from the commercial success of one of its customers in that country.

Revenue from electric vehicles was up by 5.6% compared to 2018. This growth was driven by the batteries business and powertrains. The new developments in the power converter field for the rail market will not generate new business before two years.

Lastly, the purpose of creating the ACTIA Japan subsidiary in 2019 was to develop existing relationships with manufacturers in the country and to prospect new business areas.

Aftermarket Business Unit

The Aftermarket business unit groups together the activities for automotive customers that are not manufacturers, i.e.:

- after-sales networks;
- garages;
- technical inspection centers;
- transport equipment lessors and operators.

❖ ACTIA® solutions

Certain products proposed in the Aftermarket sector are of the same type as those proposed to OEM manufacturers. These nevertheless consist of products distributed under the ACTIA® brand rather than specific systems developed within the framework of tenders according to the specifications of a given manufacturer. The equipment concerned includes:

- telematics systems (ACTIA® TGU2, iCan®)
- physically embedded systems (SAM ATOM, PES) and Intelligent or smart Human Machine Interaction (IHMI) screens;
- on- and off-board telecommunications products;
- on-board audio and video systems.

Some hardware and software is specific to the Aftermarket segment, corresponding to the needs of that segment.

Multi-make diagnostic systems

Technicians of the Aftermarket business unit maintain an up-to-date proprietary knowledge base for the electric and electronic configuration and operation of different car models. This knowledge base allows ACTIA® to market diagnostics systems covering different brands of vehicles to be used in repair workshops through its Multi-Diag® range.

This product covers nearly 90% of multi-make vehicles sold in Europe (internal sources). Considered by industry professionals to be one of the best products on the market, the Group has applied all its know-how to making a very complex tool simple. The Group also distributes a line of multi-make diagnostic tools specifically designed for trucks, buses and utility vehicles.

Multi-Diag 360

Workshop equipment

ACTIA® provides technical inspection and repair equipment for light vehicles, utility vehicles and trucks. The main tools for garages are equipment for the verification of wheel alignment (4G system, by 3D imaging analysis), wheel balancing, gas analyzers, car lifts and other garage equipment.

ACTIA® entered into the new field of the "connected workshop" a number of years ago, by developing solutions integrating diagnostics solutions within the garage's information system, making it possible to either improve interactions with other repair tools or optimize the management of the garage or network of garages. This technological development brings customers improvements in performance, productivity and quality for their workshops.

Technical inspection solutions

Opaci-Diag

For the technical inspection centers, the Group has developed a product line for the pre-inspection diagnostics segment as well as for technical inspections for distribution worldwide. These represent comprehensive solutions integrating precision equipment around a software package and secure communications channel. Equipment included covers break testers, suspension, tire scrubbing, headlamp control equipment and exhaust emission test units for all types of vehicles, (motorbikes, light vehicles and trucks). Paying close attention to local needs, ACTIA has been marketing for several years a mobile station for testing light vehicles or trucks ideally suited for regions with low population densities. Henceforth, the Group's multi-make diagnostic solutions are also for vehicle technical inspection operations for access to the pollution data – on-board diagnostic (OBD) systems – in several European countries.

As with all multi-make diagnostic systems and workshop equipment, service quality is decisive. The Group benefits from a very good image and always seeks to innovate: installation and on-site commissioning, training, software upgrades, hotline, tele-assistance, after sales service and maintenance. Innovative service offerings have met with a positive response from customers such as the online repair solution, the "ACTIA Connect" connected vehicle solution for owners of Multi-Diag®, or the "courtesy" service for tire changers.

Given the changing regulatory situation, the evolution of the automotive fleet and more complex vehicle diagnostics, ACTIA brings all of its know-how to bear to create innovative and reliable tools. In 2019, Opaci-Diag, its anti-pollution diagnostics and repair solution which combines the strength of technical inspection and the expertise of multi-make diagnostics, was preselected for the 2019 EquipAuto Innovation Grand Prix. ACTIA offers an exhaust fume opacity measurement tool based on its eco-responsible approach which complies with standards while providing step-by-step diagnostics support.

The area of technical inspection is in a state of constant change to meet the needs of society and deliver safer vehicles that are more respectful of the environment. After the emissions scandal that highlighted the inadequacy of certain tests, ACTIA® is one of the equipment manufacturers working on the future generation of testing equipment, by participating in various working groups in France and elsewhere in Europe. Against this background, the Group is at the cutting edge, able to offer equipment to test for emissions of pollutants in conditions that simulate the actual environment for engines.

Vehicle fleet management solutions

ACTIA® offers vehicle management and remote diagnostics systems and services. These are based on embedded equipment and cloud-based solutions.

The embedded equipment is an electronic unit connected to the on-board computer, which also provides for remote connection, sometimes by Wi-Fi, or more often by GSM. For buses and trucks, ACTIA® proposes SAMI and TGU gateway solutions.

For light vehicles, the iCAN product has had its first significant commercial successes. This compact box facilitates the management of fleets of light or utility vehicles of all sizes and all makes. This moderately priced, easy-to-install unit concentrates ACTIA's® expertise and features:

- a level of professional quality;
- recognition of the vehicle and an automatic configuration ensuring easy installation of the iCAN product;
- access to reliable operating data of the vehicle based on a multiple diagnostics approach.

In all cases the on-board communications unit relates to a management information system platform. For this cloud-based feature, ACTIA proposes several complementary solutions:

- the ACTIA Fleet management system;
- the ECOFleet system for buses, with a significant presence in the UK market;
- the DMT system for managing buses in China.

These systems provide multiple benefits for operators, passengers and the environment.

- For passenger transport, needs related to developing intermodal passenger transport solutions are multiplying with central transit hubs, real-time passenger information, single transit passes, internet or mobile phone ticketing and optimized connections. In this way, market position of ACTIA® is also as a provider of innovative solutions for measuring and reducing vehicle consumption, measuring and improving passenger comfort and preventive maintenance for vehicles.
- Freight transport is demanding both in terms of safety criteria and regulations governing driving times, traceability and deadlines. The number of projects to reduce CO^2 emissions is increasing. With personnel, fuel, the vehicle and maintenance representing the main costs, productivity is sought at every level. Connected systems offers solutions in these different areas.

Finally, the Group has developed an embedded information technology solution built around "EasyTach" services that has opened up the market of managers of transport fleets for goods.

❖ The market

The diagnostics market demands continuous adaptation to keep pace with the sustained growth in the amount of embedded electronic equipment in vehicles along with their constant renewal. With embedded electronics occupying an increasingly important place in the vehicle ecosystem, diagnostic functions are a strategic issue for manufacturers. They require the highest levels of quality and service to give their after-sales network a competitive edge.

Furthermore, express repair service networks and independent garages required to adapt to changes both with respect to vehicles and regulations, notably European, today represent a large market for the range of Multi-Diag 360® solutions.

The Group has taken steps to develop ergonomic tools with the right capacity to carry out general maintenance operations, while also offering a range of complementary services.

Technical inspections represent a growing worldwide market bolstered by the adoption of regulations in certain regions such as Africa, South America and the Middle East. Our global offering includes management software applications and fixed or mobile station solutions perfectly adapted to the needs of these countries to test their fleets of vehicles and thereby improve road safety.

Lastly, in the area of fleets for public transport, the rise in Europe of the ITxPT (Information Technology for Public Transport) Standard, of which ACTIA is a founding member, should be noted. The **ITxPT label** is awarded to equipment designed to be interoperable, which reduces design, installation and operating costs. The embedded AES.2 Ethernet switch was the first piece of equipment in Europe to be thus certified and certification of the full ACTIA range is well under way. This move is essential as transport operators are increasingly making it a pre-condition for purchasing new equipment.

- Customers

Multi-make diagnostics, heavy garage equipment and testing devices are marketed through some Group subsidiaries and a network of distributors and agents organized across 140 countries. This organization, combined with high quality products, has made it possible to meet the needs of express repair networks such as Feu Vert, Midas, Euromaster and EuroRepar Car Service, etc.

In the technical inspection segment, ACTIA® responds to calls for tenders in countries adopting regulations or expanding their service to better meet environmental and safety requirements, either directly, or in partnership with large international technical inspection groups operating in this area, tasked with managing the inspection centers.

For vehicle fleets, the customers may be the transport operators themselves (bus, coach and truck operators). They may also be integrators, i.e. companies that use ACTIA® solutions as complementary equipment and software applications to offer operators specialized functions. Finally, the iCAN product provides a way to approach the market for rental companies and managers of major fleets.

- The competition

Competition is divided into compartmentalized markets such as manufacturers, independent garages, repair service networks or networks dedicated to technical inspections.

In all cases, the main barrier to entry is the level of technological sophistication and in consequence the high cost of developing a new diagnostics system, which can run into millions of Euros. Sharing R&D for technological building blocks makes it possible to maintain the quality and performance of products at a lower cost. This gives ACTIA® Group a competitive advantage.

For repair workshop equipment, there is the additional requirement of access to a distribution network and the appropriate services along with brand name recognition.

The competition of ACTIA® include:

- for multi-make diagnostics, Swedish, German and Italian companies;
- for technical inspection, the major competitor is German;
- the fleet segment is highly competitive and ACTIA® occupies a position focusing on market niches. For equipment, key players include TomTom, Transics, Masternaut, etc. For data processing, numerous players coexist, including large generalists, data specialists, and small, opportunistic competitors.

- Operating highlights

In 2019, the Aftermarket business accounted for revenue of €55.9 million, up by 13.2% compared to 2018. The garage equipment sector grew by 25.1% after several years of decline then stagnation, in a highly concentrated market in western Europe.

Growth in the technical inspection segment decreased by 9.7%. This fluctuation reflects the pace of orders for international calls for tenders without the expected bump from changes in French regulations, the situation since the fall of 2018 having delayed decision-making.

Revenue from vehicle fleet managers increased by 19.7%, after a slight drop in 2018, thanks to attractive openings with major accounts in France and in Europe.

As part of this business is international, the department's fleet management market suffered due to the decrease in business in Mexico tied to the country's poor economy. However, the start of vehicle inspection deliveries for the Philippines has enabled Aftermarket to continue its international growth.

Manufacturing-Design & Services Business Unit

- Products

The MDS business unit designs and manufactures boards and electronics systems for third parties. ACTIA focuses on its expertise in segments for embedded electronics. The main customers naturally include manufacturing companies and systems manufacturers in the Rail and Aeronautics sectors, but also any manufacturer needing access to a cutting-edge circuit board production facility.

ACTIA® manufacturing capabilities meet the most stringent quality criteria both in the automotive sector (medium-sized and long production runs) and aeronautics, railway and healthcare sectors (small production runs), meeting its own needs while still being open to some customers, thus enabling it to stay closely in touch with the market.

Previously organized around the two sites in Tunisia and France, the Group has started up a new site in the United States, in Romulus in the outskirts of Detroit that, over time, will also be able to meet the needs of customers for whom quality is of strategic importance.

ACTIA therefore offers services ranging from the design to the manufacturing, testing and integration of circuit boards.

ACTIA® also has specific expertise in long-term maintenance for complex electronic systems with a team of experts which uses a platform for monitoring component obsolescence which enables it to:

- monitor systems;
- propose alternative solutions on a predictive basis;
- make any necessary changes;
- carry out functional validations;
- manage related documentation.

This business is built directly on expertise acquired from providing Operating Maintenance Services (OMS) for our own products, ranging from in-depth knowledge of systems that need to operate for many more years, to redesigning sub-assemblies in order to add new components, to repairing defective parts, and in-depth and constantly updated studies on the obsolescence of electronic components including the recommendations with respect to their eventual replacement.

With continued focus on improving industrial performances and best quality, the Group was rewarded for its efforts in 2008 by the first NADCAP certification (National Aerospace on Defense Contractors Accreditation Program) in Europe for special assembly processes for circuit boards for which certification has since been renewed. The Toulouse plant is also certified IRIS (railways) and ISO TS 16949 (automotive). The aircraft equipment activity has also received Part 145 certification for repair stations.

❖ The market

ACTIA addresses the market for small and medium-sized production runs, with facilities able to meet the most stringent quality criteria.

Focused on its own products, the Group is strengthening services to automotive, aeronautic, railway or even home automation and healthcare sector customers in order to satisfy their own requirements both in terms of cost and quality, and to apply these standards to its own products.

In the area of long-term maintenance, the market is concentrated on companies with products and equipment having very long-life cycles with replacement costs that are much higher than the cost of Operating Maintenance Services (OMS), notably for the nuclear and civil and military aeronautic sectors.

❖ Customers

Electronics manufacturing services are offered to all industrial operators looking for high quality, small, medium-sized and long production runs. The Toulouse site services in particular the aeronautics industry, railway and healthcare segments. The Tunisian sites produce medium-sized and long production runs and are more specifically focused on the automotive and home automation sectors.

In the field of long-term maintenance, our main customers are major industrial users of systems with very long-life cycles (up to 30 or more years).

❖ The competition

Apart from the major large-scale Asian manufacturers, there are fewer and fewer competitors in Europe.

❖ Operating highlights

ACTIA has gained the loyalty of its major customers thanks to its qualitative and quantitative investments over the past years.

The business grew alongside the Division's other activities (+10.7%) in 2019, increasing from €47.7 million in 2018 to €52.8 million

5.3.2 Telecoms Division

The Telecommunications Division operates in four markets:

- SatCom;
- Energy;
- Rail;
- Infrastructure Networks Telecom.

The Telecoms Division's contribution to Group results was as follows:

Revenue contribution from the Telecoms Division (€k)	2019	2018	2017
Revenue	**56,789**	58,264	38,921
Current operating income *of which, IFRS 16*	**3,574** *14*	5,011	3,641
Operating income *of which, IFRS 16*	**3,558** *14*	5,195	3,722
Net income for the period (A) *of which, IFRS 16*	**3,183** *1*	4,992	3,328
Tax (B) *of which, IFRS 16*	**79** *1*	443	60
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D) *of which, IFRS 16*	**288** *13*	63	63
Valuation of hedging instruments (E)	**11**	(282)	276
Depreciation (F) *of which, IFRS 16*	**2,405** *120*	1,759	1,318
EBITDA[1] (A+B+C+D+E+F) *of which, IFRS 16*	**5,966** *134*	6,975	5,044

Note: data including the changes in IFRS 16 for the 2019 annual financial statements. The impacts are detailed in Note 2.4 "Change in method" in the notes to the consolidated financial statements.

These figures are presented in accordance with Note 19 "Operating segments" in the notes to the consolidated financial statements,

The Group's management control reporting provides the following breakdown for sales between the four businesses:

Business activity (€K)	2019	2018	2017
SatCom	**37,572**	33,079	15,446
Energy	**8,932**	11,250	9,703
Rail	**8,720**	9,026	6,561
Infrastructure Networks Telecom	**1,565**	4,909	7,210
Total	**56,789**	58,264	38,921

The revenue of the Telecommunications Division (10.9% of Group sales) was down by 2.5% and its operating income and profit for the period were below 2018.

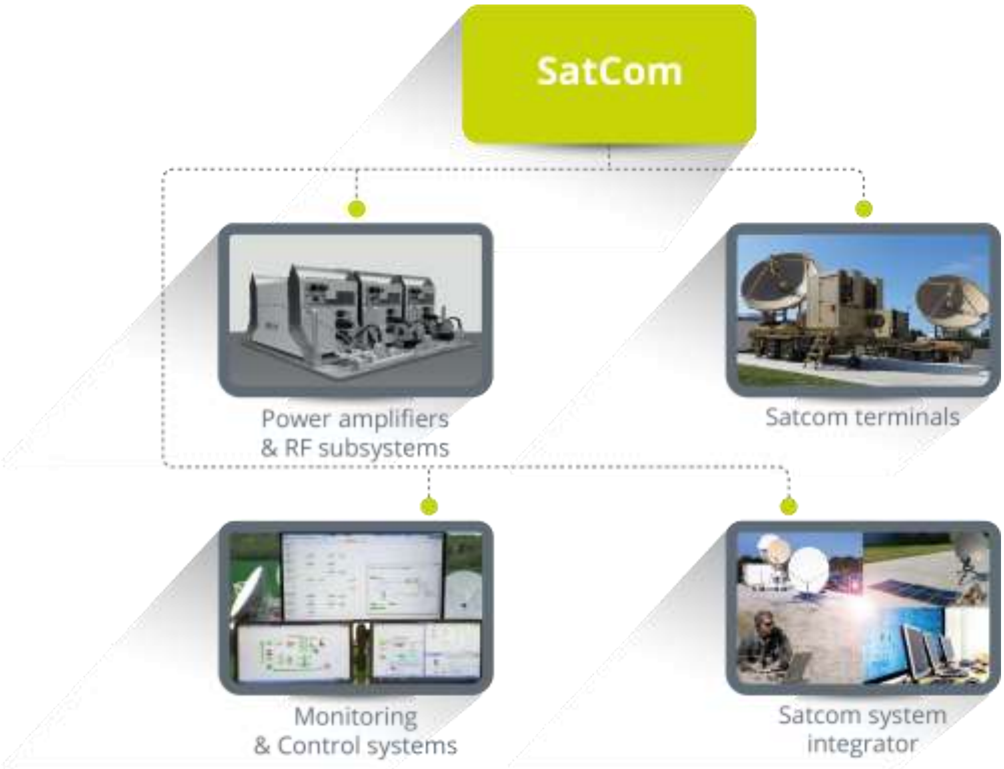
[1] *EBITDA: Net income + taxes + goodwill depreciation + interest and financial expenses + depreciation and amortization +/- financial instruments.*

SatCom Business Unit

- Products

Using technologies developed in the power amplifier and signal processing sector, the Telecommunications Division has established itself in the field of satellite telecommunications earth stations, creating complete, easily transportable systems that meet the needs primarily of the military sector for armed forces deployed in foreign theaters of operation but also of civilian telecommunications markets.

The Group also offers related products, such as amplifiers, transmission/reception sub-assemblies and supervision software for ground stations to various operators and systems manufacturers. The Group is therefore positioned as a leading systems manufacturer for the complete integration (hardware and software) of satellite communications systems.



- The market

The traditional market is domestic. For over 15 years, the Group has supported the different programs of the French defense procurement agency (DGA) relating to the military telecommunications segment, through multi-year contracts. These also include Operating Maintenance Services (OMS) for stations for periods of more than 10 or 15 years after delivery. To address the domestic market, the Group either chooses to enter into partnerships with the big French systems manufacturers (AIRBUS, THALES), or offers its services and products directly to the different departments within the Armed Forces Ministry (STAT, DIRISI).

Addressing these same telecommunications needs, the Group has also developed relations at the European level, winning its first contract with NATO in 2008, which has been regularly supplemented by annual amendments.

Based on its expertise, the Group is increasingly targeting international markets, with a particular commercial focus on North Africa and the Middle East, and negotiations in the United Arab Emirates and Egypt.

The market can open up to civilian applications from time to time when international events require strengthening local infrastructure to support mass dissemination or to support a country developing new infrastructure.

- Customers

In the field of military procurement, the customers are the armed forces of the countries in question, either through direct contracts (Egypt, NATO), or indirectly through other leading systems manufacturers (THALES, AIRBUS).

In the civilian, commercial or radio and TV fields, the customers are the telecoms operators (ORANGE, EUTELSAT, ARABSAT, NILESAT, YAHSAT) or integrators, both in France and abroad, but also the scientific agencies (CNES, ESA) or leading systems manufacturers.

The customers are approached based on the successes already achieved in France and export markets.

There are increasing numbers of opportunities with customers in Russia and the Middle East looking for an alternative to American products. The ability to deal with export license and 'dual-use item' classification issues has become an essential part of our drive for international growth.

- The competition

The competitive picture is very complex, especially in the satellite telecommunications sector, due to the size of the competing companies, the projects or political issues for a strategic sector.

In the area of integration of earth stations, competition is represented by major telecommunications groups. For example, THALES is a customer in France and is often also a competitor in export markets.

In the area of equipment, the main competitors are American (CPI, XICOM) and fluctuations in the EUR/USD rate can have a significant effect on these companies. Spain is also a new player as, with support from Europe, it has developed a highly competitive space telecommunications industry (ACCORDE for amplifiers, INDRA for stations).

In the area of the installation of fixed stations, the Group faces companies like Metracom in France, Vertex in Germany, Pals in Turkey, S3 in the United Kingdom, Datapath in Sweden and Indra in Spain.

- Operating highlights

In 2019, revenue from the military procurement business in France was limited to the annual income from tranches of Operating Maintenance Services contracts for stations delivered to the DGA, either under the COMCEPT programs (Ka band), or the SYRACUSE3 program (X band) with positive feedback about the operation of our stations. ACTIA also continued the development and production of prototypes for new-generation, compact, liquid-cooled power amplifiers for the French navy's ships via a contract with THALES.

More importantly, the Group was selected by THALES in August 2019 to supply future Flyaway dual-band X and Ka stations as part of the DGA SYRACUSE4 program for the delivery of terminals in 2021/2022. Therefore, the R&D investment for a X/Ka station, anticipated two years ago, paid off.

In addition, the Group won new amplifier markets with its updated product line and the R&D work carried out over the past years, notably for the future EUTELSAT satellite system following a highly competitive contest with American competitors (XICOM and CPI).

However, 2019 was, especially, the year in which Manpack, Flyaway and On The Pause telecommunications satellite stations and network operations centers (NOC) were delivered to Egypt. The Egyptian customer was very satisfied with the contract implementation. It contributed, in December 2019, to the successful conclusion of negotiations with the Egyptian navy for a contract to equip its ships with Ka-band satellite telecommunications stations, expected to be formally signed during the first half of 2020. Lastly, the Group beat out TAS and INDRA at the end of the year for the delivery and installation of a Gateway telecommunications station for the Egyptian group NCTS. NCTS is responsible for developing a satellite data services offering for the general public in Egypt.

As a result, the SatCom Division had revenue of €37.6 million, up by 13.6%, in 2019.

Energy

- Products

With experience of more than 40 years in control units and the supervision of electricity networks, the Group provides a full range of equipment for electrical power transmission and distribution operators.

The Group accordingly proposes a complete range of products and systems adapted to smart grid networks in France and international markets, including:

- remote control systems;
- digital command and control unit systems for HV/MV source substations;
- Advanced Network Functions (ANF) for source substations;
- high capacity managed stations (RTU);
- solutions for Microgrid networks (management of renewable energies and digitization of the networks)
- event recorders;

- communications gateways;
- boxes for managing low-voltage networks (smart substations);
- IP and radio modems, etc.;
- remote protection for renewable energies (photovoltaic, wind turbines);
- turnkey solutions: control rooms, telecommunications networks, etc.

❖ The market

The arrival of new digital technologies associated with smart grids, the integration of renewable energies, the use of the grid to ensure the operation of future electric vehicles, and the overall support needed to satisfy a growing demand for electricity, all require the ongoing reinforcement and digitization of source substations, the core business of the Energy business unit.

❖ Customers

Customers are primarily companies or operators in which the state, directly or indirectly, has a varying interest, and which manage national energy networks. ACTIA's customers are primarily present in French-speaking markets. They include:

- in the French market: ENEDIS, RTE, SNCF;
- in export markets: Electricité du Burundi, ONCF and ONE in Morocco, Togo, Benin, Luxembourg;
- a strong position in the segment for island networks (Tahiti, Mayotte, Reunion, etc.).

❖ Partners

As it operates in a technology niche, the Group works in partnerships to meet its customers' needs. The main partners are:

- Siemens for the PCCN contract for digital substation equipment (ENEDIS);
- ICE for the Electre (RTE) market.

❖ The competition

Our competitors are generally French or foreign companies that are considerably larger than our Group, such as ENGIE, General Electric Grid, Schneider, Cahors, etc.

Certain major groups may also be both competitors and partners as, for example, Siemens for the digital control center (PCCN) contract for digital substation equipment.

❖ Operating highlights

The business, which declined unexpectedly by 20.6% in 2019 with revenue of €8.9 million, is driven by the digitization market and the monitoring of electricity networks. We are at the heart of the energy transition and Smartgrids. Work to meet these new demands is ongoing, and ACTIA is designing new equipment lines.

In 2019, we strengthened our position with ENEDIS by qualifying new product families for the deployment, starting in 2020, of a protection range for the management of cells and transformers for source substations and by strengthening our services offering as our installation team was certified by ENEDIS at the end of the year.

Rail

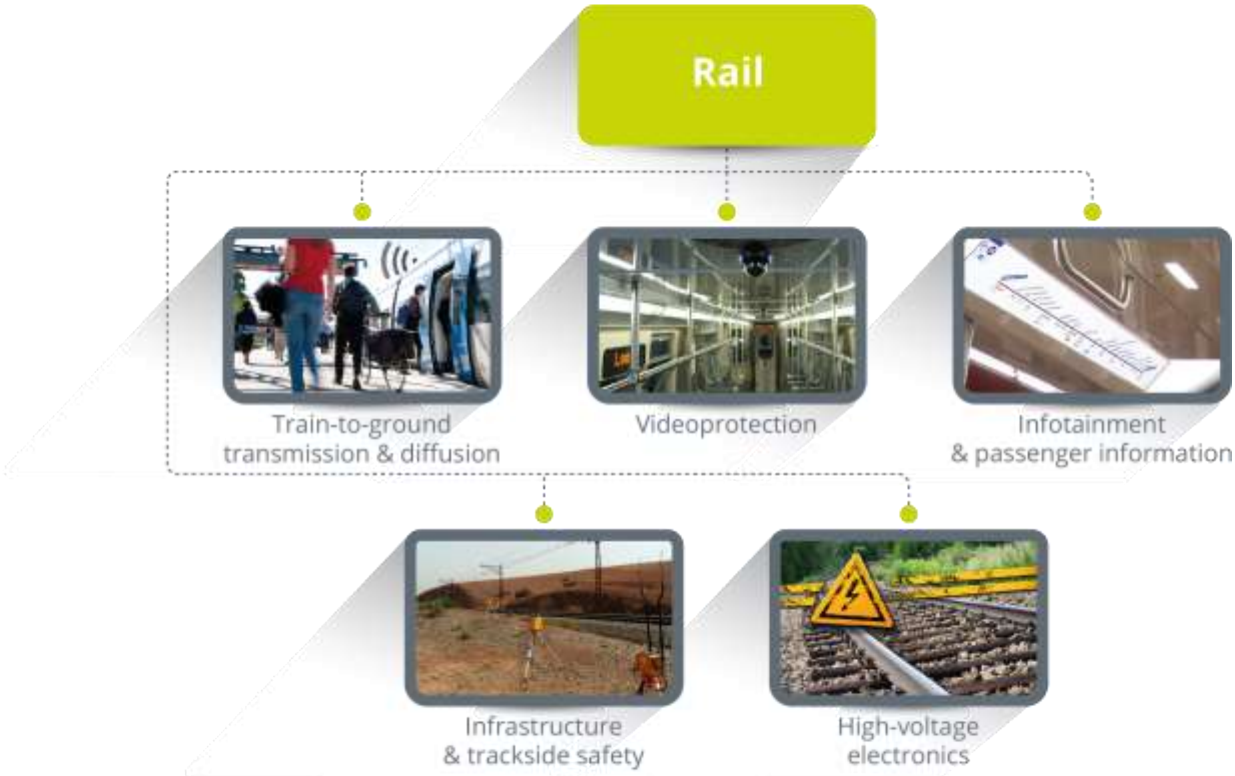
❖ Products

Based on its expertise in the development of rail safety products, its knowledge of radio- and high-frequency transmissions and thanks to its ability to produce and maintain high quality small production run products, ACTIA has concentrated its rail telecommunications business at the Millau site (Aveyron Department).

With a view to further developing the rail business, the Group decided to organize it around the dual French/Spanish hub, thus benefiting from an R&D team specializing in the rail sector with over 60 people, supported by the Group's Tunisian engineering services department, and a far larger sales force. As a result, ACTIA Telecom now designs and supplies electronic systems and equipment for trams, metros and trains and systems for trackside safety.

The various solutions consist of:

- on-board, real-time video-surveillance systems, either autonomous or managed from trackside, retrovision systems with analysis and video processing solutions;
- visual and audio information systems for passengers, including monitors, LEDS and LCD displays, intercom's, speaker systems, dynamic route maps, servers and ground applications, etc. jointly developed with ACTIA Systems in Spain;
- secure, wireless announcement systems (SIL4) for trackside workers;
- specific train to trackside transmission systems adapted to all types of transport environment;
- high-voltage detection equipment and relays.



❖ The market

The development of the rail market is driven by urban development and the resulting public transport challenges but also network repairs (aging infrastructure).

Evolving passenger needs, increasing safety challenges and the requirement for operators to optimize circulation flows is driving a growing demand for the systems proposed by ACTIA in terms of passenger information, high-definition video surveillance and associated security systems (retrovision, remote control systems and video analysis and processing). The functions and applications of these communicating systems extend from train to trackside in a single, coherent system.

Growing environmental challenges are driving electric traction solutions (H2, Hybrid, electric) using batteries, electric cabinets and intelligent energy management systems. The Group's offering in this area is expanding in rail with battery solutions developed by ACTIA's I+Me expert center (Germany) and auxiliary power conversion systems developed by ACTIA Systems (Spain).

For infrastructure, the need for network repairs, the challenges with respect to competitiveness and worksite safety, combined with the requirement to maintain traffic, result in demand for trackside safety systems. Within this framework, ACTIA Telecom provides innovative, rapid implementation and secure wireless announcement systems (SIL4 compliant).

- Customers

For equipment embedded in rolling stock, the customers are manufacturers and regional, national and urban transport operators.

For trackside safety, the customers are the transport operators and managers of the rail network and announcement systems or rail maintenance and works companies.

The manufacturers ALSTOM (metro, urban trains, trains) and SIEMENS (automatic metro) and the operators SNCF and RATP are currently the main customers of the Telecoms Division, but the opening up of the market to international competition with contracts for ONCF (Morocco) and the synergies with ACTIA Systems should make it possible to achieve stronger positions with manufacturers such as CAF, or even acquire new customers, such as Bombardier or other operators.

- The competition

There are several types of competitors for the supply of video-surveillance and passenger information systems:

- suppliers of products;
- suppliers from service companies (manufacturing, engineering);
- systems manufacturers focused more on the market for operators.

The competitors in the market for announcement systems are European. Barriers to entry are high in the European market with stringent requirements and rigorous standards such as SIL4 safety certification resulting in significant entry costs and approval delays.

- Operating highlights

The growth of the rail business in 2019 is seen in the increase in the order book, despite a slight drop of 3.4% in revenue to €8.7 million due to program planning. 2020 will benefit from the increased production pace of the Parisian MP14 and RERNG programs and the start-up of production for the SNCF's CCTV contracts.

The R&D effort continued unabated, both for the development and adaptation of current solutions, and the preparation of new solutions developed internally.

Telecom Network Infrastructure

- Products

ACTIA Telecom develops a range of solutions for telecommunications network infrastructure for mobile phone services, ADSL and Rail.

While proposing optimal solutions in terms of functional needs, ACTIA Telecom combines a production and logistics process adapted to rapid response and seasonal deployment requirements.

Today, this offer ranges from simple electrical powering products up to complex and comprehensive turnkey systems for the creation of a global broadcasting site incorporating significant innovations and an integrated ecological approach.

The range of products includes:

- outdoor units;
- low voltage power supply systems;
- continuous power supply systems;

- rapid deployment telecommunications sites;
- complementary solutions including: shelter in fixed and mobile versions, lightning protection systems, galvanic isolation systems, etc.

Indoor / Outdoor telecom systems integration

Mobile & temporary telecom infrastructures

❖ The market

The increasing demand for communications offers ACTIA recognition in the field thanks to its responsiveness, adaptability and the quality of service it offers. It is still primarily a national market due to the significant need for proximity, but it is challenging due to very competitive pricing by foreign companies.

The two main markets are:

- mobile telephony;
- higher Internet speeds.

❖ Customers

Concentrated on the French telephony market, the main customers are SFR, Bouygues and Orange.

We are now positioned in the very competitive 5G market with the deployment of the Outdoor BCUBE technology for Bouygues Telecom.

❖ The competition

Our main competitors are either integrators or sheet metal manufacturers based in France, or international telecommunications equipment producers (Asia and Eastern Europe) which offer "telecoms equipment + infrastructure" packages.

The super-fast broadband telephony market (4 and 5 G) with Bouygues Telecom is shared with our competitor TLTI.

❖ Operating highlights

ACTIA Telecom is currently delivering products to power GSM 4G and 5G telephony sites for Bouygues Telecom and Altice SFR.

We have been positioned on a new Fiber market with ORANGE (RIPOST project) since the end of 2019. This is a new solution which provides rapid deployment and higher Internet speeds.

5.3.3 General information about the subsidiaries

This information is presented in Note 3.2 "Consolidated companies" in the notes to the consolidated financial statements.

5.3.4 Competitive position

In general, and for the Group overall, regardless of the division, it should be noted that because of the niche strategy targeted and developed by ACTIA, it is not possible to provide a clear and precise presentation on overall competitive positioning as no official source exists that adequately fits our specific profile.

This strategy has made it possible to position ourselves in product niches that meet certain “specific” customer needs. For this reason, homogeneous segmentation for the purposes of peer group comparisons is difficult to achieve, since competitors cover only a portion of the products developed by ACTIA while the Group does not have the same offering as they do.

In general, market data is difficult to obtain. For example, in our OEM business, ACTIA Group has strong global penetration in the multiplexing field for buses and coaches, but specific data quantifying the “number of buses and coaches” likely to use this technology does not exist. The number of buses and coaches manufactured worldwide can be found but the multiplexing technology only targets top-of-the-range buses and coaches. In addition, certain countries such as China and India have begun to incorporate these technologies and the market share that they represent now and in the near future is not known, all the more so given that these are fast growing markets. Relevant statistics can be found but they are only partial. As such, they do not make it possible to produce quantitative data for the worldwide market in which the Group operates.

However, approximated responses by division are discussed in Subsections 5.3.1 “Automotive Division” and 5.3.2 “Telecom Division “

5.3.5 Factors materially affecting the operating results

The table presented below represents audited figures.

	2019			2018			2017
	First semester	Second semester	Total	First semester	Second semester	Total	Total
Revenue (excluding Group)	**264,181**	**256,230**	**520,411**	**226,551**	**249,969**	**476,520**	**433,320**
of which, Automotive	*232,274*	*231,242*	*463,516*	*208,481*	*209,640*	*418,121*	*394,242*
of which, Telecommunications	*31,859*	*24,930*	*56,789*	*18,003*	*40,261*	*58,264*	*38,921*
Current operating income	**8,231**	**7,175**	**15,406**	**1,025**	**7,642**	**8,667**	**18,967**
of which, Automotive	*4,371*	*7,238*	*11,609*	*1,240*	*2,881*	*4,121*	*15,596*
of which, Telecommunications	*3,330*	*244*	*3,574*	*39*	*4,972*	*5,011*	*3,641*
% Current operating income/Revenue	**3.1%**	**2.8%**	**3.0%**	**0.5%**	**3.1%**	**1.8%**	**4.4%**
of which, Automotive	*1.9%*	*3.1%*	*2.5%*	*0.6%*	*1.4%*	*1.0%*	*4.0%*
of which, Telecommunications	*10.5%*	*1.0%*	*6.3%*	*0.2%*	*12.3%*	*8.6%*	*9.4%*
Operating income	**8,504**	**7,772**	**16,276**	**957**	**8,619**	**9,575**	**19,803**
of which, Automotive	*3,353*	*9,152*	*12,505*	*1,102*	*3,840*	*4,942*	*16,388*
of which, Telecommunications	*120*	*3,438*	*3,558*	*120*	*5,075*	*5,195*	*3,722*
% Operating income/Revenue	**3.2%**	**3.0%**	**3.1%**	**0.4%**	**3.4%**	**2.0%**	**4.6%**
of which, Automotive	*1.4%*	*4.0%*	*2.7%*	*0.5%*	*1.8%*	*1.2%*	*4.2%*
of which, Telecommunications	*0.4%*	*13.8%*	*6.3%*	*0.7%*	*12.6%*	*8.9%*	*9.6%*
Net income	**5,763**	**2,961**	**8,724**	**2,052**	**7,142**	**9,194**	**8,510**
of which, Automotive	*1,971*	*3,993*	*5,965*	*2,043*	*4,396*	*6,438*	*6,132*
of which, Telecommunications	*3,640*	*(457)*	*3,183*	*723*	*4,270*	*4,992*	*3,328*

Note: data including the changes in IFRS 16 for the 2019 annual financial statements. The impacts are detailed in Note 2.4 “Change in method” in the notes to the consolidated financial statements.

Generally speaking, the profitability of the Automotive Division in the first half was below that of the second half as the price decreases granted to customers as of January 1 of the financial year affected the accounts immediately whereas rebuilding margins by bringing down the prices paid to purchase components, also applied as of January 1 by our suppliers, only became effective as of the middle of the first semester due to supply and production lead times.

However, after 2018, which was impacted by the components market crisis with the application of quotas, the lengthening of delivery times and price increases, in particular for so-called passive components, 2019 saw an improvement in the market, with the potential to negotiate prices downward again, which did not, however, offset the price increases of the previous year. The most sensitive components continued to have quotas and delivery times, although better, were often greater than 25 weeks and sometimes reached 50 weeks.

The Automotive Division was particularly affected by the change in market behavior in 2018 as the increases in materials prices could not be passed on to customers. They had a significant impact on medium-sized and long production run products. However, the division was able to rebuild part of its margins in 2019, thanks to a drop in component prices and to an increase in sales.

In addition, for the past three years, to support the arrival of new products and to prepare for those that will replace the telematic boxes contract for cars that will come to an end at the latest in 2022, the division had to outsource R&D due to recruitment difficulties in many subsidiaries. However, the use of outside support was limited in the end as the recruitment carried out and the stabilizing of the teams, in particular in our Tunisian engineering services department, were successful.

The division was able to rebuild its profitability while preparing its future although it was still impacted by the crisis in the supply of components to the factories, where production planning depends on component deliveries, by the launch of a new production facility in the United States which numerous teams worked on, by the extension of a number of buildings that required specific management, and by the digitization programs that took up a lot of manpower for the deployment of the new PLM system in 2019 and for the new ERP system planned for the division's main entities in the second half of 2020. The American production site was opened at the end of June. It impacted the accounts in the negative amount of €3.9 million. It is not expected to reach its breakeven point until the second half of 2021, with the increased pace of production.

Lastly, due to the stable hedging instrument valuation at the close of the financial period, Automotive did not benefit from the financial income of €6.2 million which had made a significant contribution to 2018 net income.

The Telecoms Division, less sensitive to volume effects and the requests for lower prices related to the long production runs of the Automotive Division, is more of a fixed cost structure. Therefore, the robust growth enjoyed by the business in the fourth quarter of 2018 resulted in a significant improvement in profitability, despite higher purchases and, above all, the outsourcing needed to support the growth. In 2019, the result was more consistent throughout the year given that business was more evenly spread over the financial period. The second half saw a slowdown in business during the summer and development efforts by the Energy and Rail departments.

The fluctuations in the EUR/USD exchange rate during 2019 did not have a material impact as the hedging instruments made it possible to work with an exchange rate that was very close to that of the previous year, with an average rate of 1.1654 vs. 1.1782 in 2018, thus protecting our margins against the market's significant fluctuations.

5.4 Trends

5.4.1 Material events after the end of the reporting period

Following an initial period during which the COVID-19 pandemic affected our Chinese subsidiary, and since Monday, March 16, 2020, in order to protect our employees from the arrival of the pandemic in Europe, followed by the United States, ACTIA implemented the measures most appropriate for its business activities, in line with the measures taken by a number of governments.

As a result, the production of circuit boards was suspended at the French plant, then at the Tunisian and American plants, based on the evolution of the situation and the government measures implemented in these countries.

At this time, most of the integration and research sites in other countries have limited their on-site activities and implemented the protection measures required for our employees via the extensive use of teleworking as most sites have shut down.

In the other countries in which health measures have been implemented, each subsidiary adapts their organization as required.

The Group's objective is to ensure maximum continuity of its business activities while protecting the teams and preparing for the end of the lockdown.

Activities in France ceased as of March 18, 2020, for a renewable period of 15 days. ACTIA intends to limit its expenses to a minimum during this period and has applied for the company support levers implemented both by the French and foreign governments.

The key functions of the Company remain operational via teleworking to ensure the continuity of projects, contact with customers and suppliers and Company management. The Management Committee is fully mobilized and meets daily.

ACTIA plans to restart its activities as soon as conditions enable it to. It will implement the appropriate measures to meet renewed commercial demand effectively.

The situation continues to evolve each day. A dedicated Internet site for customers, suppliers and employees is available at https://covid19.actia.com.

From a financial standpoint, the Group has requested a six-month payment grace period from its banks for the main debts subscribed by the entities established in France. It also plans to ask its partners for sufficient support to offset the decrease in business resulting from the crisis, which will impact the debt structure at the end of 2020. At this time, the Group has not identified any significant impact on the value of its assets and liabilities as of December 31, 2019.

From a commercial standpoint, we expect to see some R&D programs delayed by our customers and to record a drop in sales volumes as a result of the significant downturn some sectors will experience. However, the Group's strategic choices must enable it to position itself on the upcoming projects that will be launched as part of the recovery plans initiated by governments.

5.4.2 Targets – Performance and Outlook

Sales performance

Thanks to a solid base of multi-year contracts and the first effects of the growth drivers in rail, the electric plus vehicle, and telecommunications for satellites and energy, the Group is planning to continue to deploy its strategy to ensure diversification around complementary business lines and international positioning on high added value equipment and solutions.

However, with respect to the challenges created by the coronavirus, it is impossible at this time to quantify the impact that the economic slowdown will have on the sales of ACTIA's customers in 2020. We can only say that it will impact revenue, which will be down significantly compared to 2019 and that this will have a very significant impact on the Group's results.

Prior to the pandemic, given its order book and sales penetration, ACTIA's goal was to continue to grow in 2020, albeit at a less sustained rate than in 2019. Financial data will be provided during the course of the financial year based on the evolution of the pandemic.

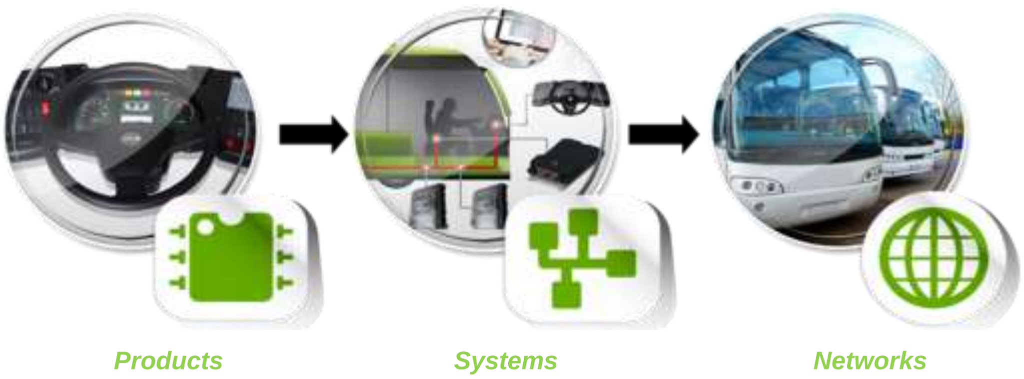
Outlook

Given its diverse customer/market mix, it is difficult to assess the ACTIA Group's prospects independently of the current COVID-19 crisis. However, the solid base provided by multi-year contracts should make it possible to maintain sales, with the end of the life cycle of certain products, especially the long production runs for automotive being offset by the ramping up of new families of products. The current pandemic will result in a very atypical 2020. However, the Group should return to growth in 2021 thanks to the diversity of its product/markets/country mix.

The challenge for the Group is to replace one quarter of its revenues by ramping up a number of customer/market combinations, in order to once again be in a position whereby no customer represents more than 10% of consolidated revenue, with the exception of telematic products for light vehicles, whose high volumes will still represent a large part of the business until the end of the contract.

- Automotive Division

  ACTIA is pursuing its strategy based on know-how developed over a period of more than 30 years during which it has gradually expanded across the value chain. This is a niche strategy in which ACTIA focuses on specialized applications, for example, diagnostics, vehicle power management, vehicle communications inside vehicles and with the outside, electromobility, etc.



Thanks to its dual expertise in IT and micro-electronics, ACTIA also provides complete data-based solutions, from physical collection in the vehicle through to processing and visualization on IT platforms.

- OEM

  ACTIA's strategy for automakers is based on supplying advanced systems, built on the Group's technological platforms and adapted to customer specifications. These systems integrate equipment and software on an open architecture and modular basis in order to better address all the constraints faced by users. By developing a partnership approach with customers, ACTIA will continue to promote its capacity to tailoring products and/or systems to their specific needs.

  In 2019, ACTIA continued to develop its strong points in the truck, agricultural machinery and rail markets. ACTIA has a solid customer base, with all customers including the Group in their lists for consultation. Against this background, ACTIA continues to respond actively to tenders by manufacturers, while at the same time pursuing its ongoing efforts in R&D to maintain the technological appeal of its ranges, with every tender also helping to stay in touch with market expectations.

  While the near future is hard to predict, ACTIA will maintain its diversification to continue to identify and operate in profitable niches.

- Aftermarket:

  The Aftermarket business offers little visibility as sales do not have the benefit of multi-year contracts, unlike OEM. In the absence of regulatory changes for technical inspection, which can help to ensure a good level of activity, turnover can broadly expect to be repeated year on year. The strategy is nevertheless to develop sales activities for the services associated with equipment and fleet management in order to achieve a greater proportion of repeat business and occupy more of the value chain.

- Manufacturing-Design & Services or "MDS:"

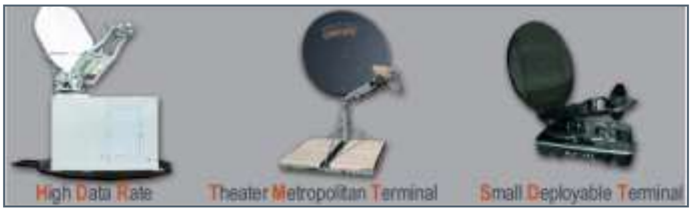
  This sector remains a Group cornerstone. The design, industrialization and production of systems on behalf of third parties helps to ensure that the industrial facilities remain at the cutting edge of technology with the right costs for the market. This part of the business is expected to remain stable and continue to represent around 10% of consolidated revenue, with the arrival of new customers to replace some contracts that are nearing their end.

❖ Telecommunications

Having achieved very strong sales growth in 2019 in the domestic and international markets, the Telecoms Division expects to consolidate this growth in 2020.

- SatCom:

  With the Operating Maintenance Services for ground systems and networks for the DGA, this business unit should see good recurrent business in its traditional markets. The growth seen in 2019 with the SAKARA contract (Egypt) will be consolidated by the deliveries of this program and its extensions in 2020. Ongoing tenders are expected to consolidate this level for the following years.



- Energy

  Thanks to the transition towards digital energy networks, which is forecast to continue over the coming years, ACTIA expects to see the business consolidate in 2020. In the medium-term, technological progress will continue and ACTIA expects fresh growth thanks to its efforts in R&D.

- Rail

  Continuation of the sustained sales activity of 2019, combined with the first commercial successes of past years gradually moving into production, should result in considerable growth in this market, thanks also to the trusting relationships developed with major manufacturers and operators within the framework of public tenders for investments or renewals in Europe.

- Infrastructure Networks Telecom

  Given the end of the roll-out of 4G in France, and the very strong competition, this mature business should not grow in 2020, pending the development of new telecommunications operator markets.

Priorities for 2020

The Group's main areas of focus remain unchanged, as they are long-term in nature.

ACTIA confirms its positioning as a high-technology company in some very competitive areas. As a consequence, the Group will maintain its efforts in R&D, in order to remain technologically relevant, and its commercial efforts to enlarge the customer base and markets, while supporting the transformation of its businesses through innovation, mobility, regulatory constraints, the energy transition and the environment. The definite importance of the development of software and services as items integrated into the electronic equipment produced by ACTIA should be noted, and it is also a source of revenue in its own right.

Given that the real estate investment cycle will end in the first half of 2020 and that it will have little impact on this financial year, the teams will continue to focus on the major structuring digitization project with the implementation of a new ERP (2020) for the main organizations of the Automotive Division, as the deployment of the PLM tool was completed in 2019.

Lastly, after 2018, a year which was significantly impacted by the crisis in the components market, and despite the recovery in 2019, the Group intends to pursue its actions to further improvement and operating profitability. They include:

- joint actions by the sales/purchasing/legal departments to better secure future changes in component prices;
- managing and tracking Group Human Resources in order to improve the appeal of, and ensure the durability, of employment in all of the subsidiaries (training, career management, employer brands, etc.), facilitate the hiring process and reduce the use of R&D subcontractors;
- implementing new tools to increase team effectiveness while providing customers with the best possible quality.

5.5 Strategy

ACTIA wants to pool all of its energy in a shared and dynamic framework via:

- Our positioning
- Our mission, vision and values
- Our analysis of our strengths/weaknesses and opportunities/risks
- Our quantitative and qualitative strategic goals
- Our key success factors
- Our strategies implemented in the Strategic Business Areas (SBAs)

ACTIA has been experiencing sustained growth for a number of years in a difficult environment, linked to its size in relation to its customers, competitors and suppliers.

ACTIA's external context takes into account the challenges of several fields: international, domestic, regional and local:

- The legal environment. e.g.: regulations governing inspection centers for vehicle pollution, etc.
- The technological environment: e.g.: the arrival of 5G, the available power of Smartphones, battery technology, etc.
- The competitive environment. e.g.: mergers/acquisitions of competitors (Wabco, Bosch, etc.), new business models, start-ups, etc.
- The social and economic environment. e.g.: the social climate in Tunisia, changes in China, etc.

ACTIA's strategic positioning reflects a very precise mission:

Design and manufacture electronics for systems meeting uncompromising quality requirements for international customers.

It corresponds to a strategic vision:

- to be the leader or benchmark player internationally in the desired Strategic Business Areas (SBAs) and improve the awareness of a strong brand;
- to expand across the value chain to maintain our margins and reinforce the consistency and competitiveness of our offers;
- to be opportunistic and smart in a changing world;
- to remain independent in our strategic choices.

Based on our values:

- a company that is proud of its roots (history, origins, etc.) and focused on the future;
- a company driven by strong values: ethics, respect, commitment, agility, proximity.

Thanks to its values and innovation abilities, ACTIA has established itself despite very strong competition from international groups.

5.5.1 Key success factors

Our key success factors can be summarized into four groups. They help to define our action plans:

- **efficiency,** an essential component of our competitiveness;
- **quality**, the essential cornerstone underlying all Group development;
- **innovation**, an essential component of our strategic approach;
- **safety** of our activities, against a difficult competitive backdrop.

- Key success factors – **EFFICIENCY**
  - pursuing the efforts undertaken and improving our productivity and profitability;
  - optimizing costs thanks to our vertical integration in the way we use our production facilities;
  - pursuing our investment policy: high performance, competitive and international industrial capacity, R&D based on selected technological bricks, human capital, etc.;
  - digitization of the business and improvements to our organization in support of growth, progressing in terms of maturity, enhancing our agility and simplicity;
  - protecting and motivating human resources to obtain even greater efficiency and develop teamwork;
  - training and developing our internal resources;
  - improving our purchasing performance:
    - seeking value from our positions in the markets,
    - better coordination of purchasing and technologies,
    - better integration of risk analysis.
- Key success factors – **QUALITY**
  - improving total quality;
  - satisfying the requirements of the targeted fields;
  - adapting to changes in ever more demanding certifications;
  - improving our dashboards to assist management;
  - improving customer quality.

ACTIA is in a process of continuous improvement with a lean approach that favors formalized and applied processes.

For the Group's specialization in electronic equipment a total quality approach has been implemented, recognized by several certifications:

- ISO 9001: quality management systems;
- ISO TS 16949: quality management systems – automotive industry;
- ISO 14001: environmental management systems;
- EN 9100 and EN 9110: quality management systems – aeronautics/space and defense;
- ISO TS 22163 (IRIS): quality management systems – rail;
- NADCAP: production processes for electronic printed circuit boards - aeronautics;
- PART 145 - FAA - TCAA: maintenance and repair approval;
- ISO 13485: medical devices - requirements for regulatory purposes;
- ISO 27001: quality management systems - Information Security.

Management is consequently based on the principle of a learning organization open to new technologies, managing technological advances and ongoing training throughout the careers of employees.

- Key success factors - **INNOVATION**
    - creating and developing the conditions for innovation and teamwork;
    - selecting the key programs, business intelligence in strategic areas;
    - contributing to making our offers the best;
    - strengthening the industrial property policy, particularly for patents;
    - building a portfolio of key technologies and securing into key strategic partnerships.
- Key success factors - **SAFETY**
    - pursuing our efforts to strengthen safety and our risk management culture:
        - legal;
        - technical;
        - organizational and IT.
    - Guarantee the safety, security and resilience of products and systems.

Despite increased complexity and threats that could potentially affect the use of different products and systems ACTIA must guarantee a very high level of safety and security through intelligent connected systems, while participating in the process of building confidence between the consumer, manufacturers and the networks.

5.5.2 Strategic priorities

ACTIA's core business is designing and manufacturing **embedded systems**. Such systems are divided into four constituent parts:

- an electronic part produced on a printed circuit board on which electronic components are mounted (on-board computers, memories, resistors, inductors, capacitors, etc.);
- a software application installed on the electronic memory board;
- an electrical energy power supply source;
- a mechanical assembly comprised as a minimum of a box and sometimes screens, controls or other control instruments.

To design and produce its offers, ACTIA is therefore organized around:

- an engineering services department staffed by engineers and highly qualified technicians to design the software, electronic, electrical and mechanical systems making up the embedded systems;
- manufacturing facilities for producing all equipment, downloading software and monitoring the quality of the corresponding system.

The embedded systems make it possible to process external data obtained from sensors, analyze and synthesize the data and provide instructions to the actuators (for example electrical engines, valves, etc.).

ACTIA uses raw materials in the form of electronic components (on-board computers, memories, resistors, inductors, capacitors, etc.) mechanical units (base, top, front) making up the boxes and items capable of providing electrical power at the desired current and voltage levels and the parts used as interfaces (screens, buttons, etc.).

ACTIA also uses intangible materials, and namely software.

The products thus sold are generally mounted on-board vehicles, whether these are cars, industrial vehicles (trucks, buses, coaches, tractors, construction machinery, etc.), boats, military vehicles, trains, planes, etc. Embedded systems are present in all of our vehicles and a car today has much more computing power than most passenger aircraft which were, for the most part, designed in the early 1980s.

The aim is therefore to "embed smartness" in vehicles, via four challenges that constitute the major strategic thrusts of the Group:

- **CONNECTIVITY**: as an expert in embedded systems designed for demanding environments, ACTIA ensures the connectivity of all types of vehicles thus providing access to a large number of connected services;
- **SAFETY**: both within and outside the Company, safety is built into our processes, our quality standards and our products;
- **MOBILITY:** the transportation of people and goods lies at the heart of the technological challenges that ACTIA rises to on a daily basis. We are committed to connected, sustainable and safe mobility;
- **THE ENVIRONMENT**: ACTIA works consistently to ensure the development of sustainable mobility – anti-pollution systems, electric powertrains, eco-driving – and encourages eco-responsible behavior: carpooling, the use of electric vehicles, etc. The objective is to reduce the environmental footprint of products and services (reducing consumption of resources, particle emissions, sound emissions, dismantling aircraft, etc.), developing new approaches for monitoring and managing the environment, taking into account new applications;
- Our markets & know-how:

Lastly, concerning these strategic issues, ACTIA strives to provide solutions for the full lifecycle of the vehicle.

Design a new vehicle → Build a new vehicle → Selling the vehicle → Life on board → Car sharing/ Service → Maintenance → Resale vehicle → Recycling vehicle

5.5.3 Strategic Business Areas

Faced with existing competition and up and coming players in low-cost countries like China and Korea, the challenge for a French mid-cap is to improve the economic performance of its products: purchasing costs, operating costs, etc., to improve technical performance and to reduce costs and cycle times: development, time to market, redesign, etc.

On the strength of its strategy based on technological innovation, quality and competitiveness, ACTIA must ensure its sustainability over the long-term by pursuing its diversification to maintain its growth trajectory and focus on higher profit markets.

Our growth priorities to become a LEADER or BENCHMARK PLAYER are managed through Strategic Business Areas (SBAs):

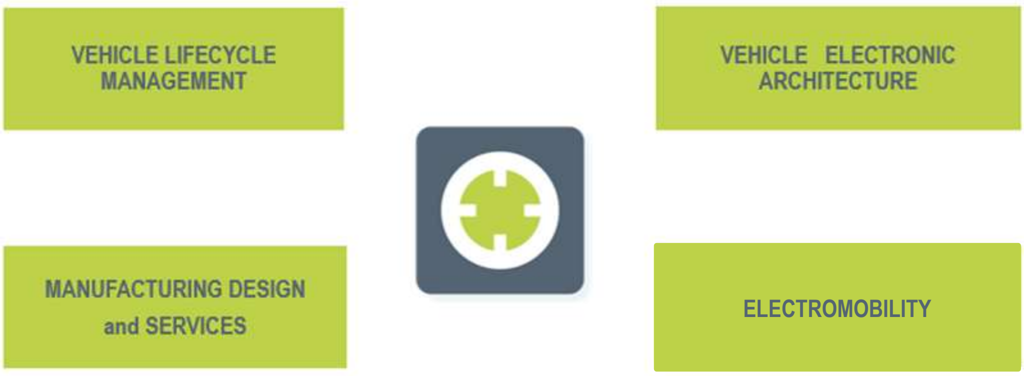
SBA = product line x market segment.

The main subsidiary, ACTIA Automotive, is therefore structured around the four strategic activity business units, responsible for ensuring that supply matches demand internationally. Each department is organized around product lines (PLC or Product Line Centers) which can also be managed and/or sold by our other subsidiaries. This organization will be deployed in the Group gradually.

The missions and responsibilities of the **Strategic Business Areas** (SBAs) are:

- To implement the strategy and associated challenges;
- To define the product road maps, their series lives and sales action plans and region sales.

The four Strategic Business Areas guarantee the match between offer and demand at the international level. Each department includes Product Groups which can be labeled as PLCs at the Group level:



The **Product Line Centers** are created at the Group level. Their missions and responsibilities are to:

- Manage the PLC business plan at the Group level;
- Express requirements, coordinate the development of the products and services;
- Establish the road map for its products lines;
- Provide a competition watch (benchmarking);
- Be responsible for and lead the global marketing plan and sales effort (international) with all Group companies;
- Manage the products from cradle to grave (marketing, sales, development, series life, after-sales).

The four SBAs are client-focused and work with the business line support departments via a matrix organization:

- The Technology and Innovation Department: TID;
- The Services Department;
- The Industrial Operations Department;
- The Purchasing Department.

The rest of the Company is managed by traditional support departments:

- Human Resources, Finance, Information Systems, Legal Affairs, Strategy, Communications, International Affairs;
- Quality.

The strategic plan is implemented in all of the departments based on this organization:

- Product/Market (SBA):
  - Sales development and action plan,
  - Coordination with Group development plans (Group coordination, PLC, front office, AKAM, etc.),
- Technology and means of production
  - Technology road map (key technologies and skills),
  - Production road map (to ensure production performance),
  - Shared tools, methods, etc. to work together effectively,
- Support services:
  - Human resources development and management,
  - purchasing,
  - quality,
  - Contracts, Legal Protection

Vehicle Electronic Architecture (VEA) SBA

This department addresses the vehicle manufacturer market (OEM), regardless of the strategic products we are selling to it. This structure corresponds to a product line-oriented approach:

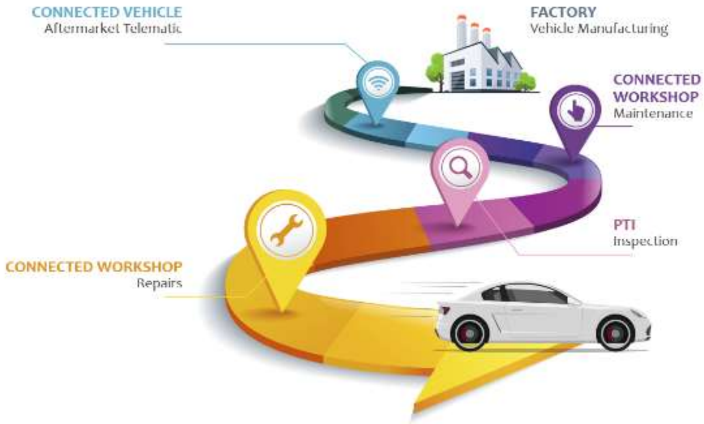
The VEA SBA must meet the main strategic challenges and drivers. A number of these challenges will require breaking down new technological barriers or increasing the scope of innovation initiatives focusing on selected priority areas, and namely:

- developing new applications and associated services; New applications have already been identified in the areas of mobility, particularly urban mobility, agriculture, the digital divide, etc.
- improving the efficiency and attractiveness of transportation systems;
- improving the performance of industrial vehicles: Multiplexing - Smart Power - ARM - Linux;
- designing new architectures and innovative configurations: Standardization - Openness - Flexible solutions - Ethernet;
- optimizing and improving the driver's working environment: Driver cockpits - Eco-driving - Operating support systems - Embedded climate control systems;
- exploiting new technologies to develop new applications: Understanding behavior – Multimodal (combining several types of transport) - ITS (Intelligent Transport System) – GIS (Geographical Information Systems).

Vehicle Lifecycle Management (VLM) SBA

This department captures the potential of the VLM market through the synergies created by our expertise:

Connected diagnostics / Connected workshop / Connected vehicle / Technical inspection



The VLM SBA must meet the main strategic challenges and drivers in this field. This SBA guides innovation for new priority services such as:

- developing new applications and associated services; new applications have already been identified in the area of connected vehicles;
- enhancing the performance of on-board diagnostics in industrial vehicles: ExVE, OBD, etc.;
- designing new architectures and innovative configurations: Standardization - Openness - Cloud;
- optimizing and improving the working environment in garages: Diagnostics tools - Communicating garage - Mechatronics;
- rolling out and automating supervision, diagnostics and maintenance: Safety - Operating security - Autonomous behavior – Management of electric vehicles;
- exploiting new technologies to develop new applications: Multimodal (combining several types of interface) - ITS (Intelligent Transport System) – IS (Information Systems).

Electromobility SBA

It is capable of deploying a sales drive to sell an "off-the-shelf" range of power electronics for commercial and light vehicles (niches/opportunities).

The Electromobility SBA must meet the main strategic challenges and drivers in this field. This SBA manages innovation for power electronics and electrotechnology (new electric motor) and some new services, namely:

- Efficient and dynamic vehicle power management: power electronics, powertrains, support for hybrid solutions;
- rolling out and automating vehicle supervision and maintenance: Safety – Operating security – Power management.

Manufacturing – Design & Services (MDS) SBA

The department's goal is to increase production capacity and quality.

The MDS SBA relies on a production system that meets the most stringent quality criteria, both in the automotive field (medium-sized and long production runs) and in aeronautics and rail (small, complex production runs).

Organized around three production centers (France, Tunisia and the United States), the Group is able to meet all internal production needs in line with the highest quality standards, as well as the needs of customers for whom quality control is a strategic factor.

The MDS SBA can also call upon the new production facility in America, which has reached a sufficient level of maturity to support the Group's external customers.

In this way the SBA offers a series of services ranging from the design to the manufacturing of circuit boards, not to mention testing and integration.

Additional assistance may also be proposed for the long-term maintenance of complex electronic systems. Indeed, a team of experts manages an observatory for the obsolescence of components.

5.5.4 Production control

ACTIA organizes the industrialization of its products around electronics factories, integration workshops and factories managed on a global scale, particularly in France, Tunisia, Germany, China and the United States.

To guarantee the capacity of its engineering departments for innovation while maintaining optimal productivity, its tools are supported by an engineering laboratory for Group proprietary processes.

By regularly investing in new production capabilities over the past few years, ACTIA Group has been able to support its recent revenue growth. Ever aware of the latest technological advances, the production equipment is regularly replaced, thus ensuring a high level of performance and increases in capacity.

2019 saw enhanced performance levels, improved technological control, the further maturity and competitiveness of the sites in question and the deployment of the Industrial Control Management system.

Exchanges at Group level have been ramped up with a view to:

- deploying standards and best practices, mainly in Automotive;
- putting in place a Group industrialization team.

These actions have made it possible to support the customers and achieve growth in new markets.

To be able to better respond to local constraints and with a view to significantly developing its business, the Group is investing (2019 and 2020) in a new factory in the United States. A building in Romulus (Michigan) has been bought for the purpose of setting up a production facility for circuit boards.

ACTIA Electronics for the American market

5.5.5 Research & Development in very high technology

Since its creation, ACTIA Group's strategy has been focused on research and development to develop innovative solutions and sources of differentiation for its customers.

ACTIA has a growth strategy based above all on intelligence with work organized around lines of action such as:

- acquiring and maintaining expertise with new development tools, systematic validations, widespread adoption of management and design tools, knowledge management, a network of outside experts, an expanded engineering services department, etc.;
- focusing on a modular and scalable design with technological building blocks structured around:
  - a modular architecture in terms of mechanics, electronics, information technology and energy;
  - modules having been validated and able to be reused;
  - taking into account changes in customer needs, changing market demand and the emergence of new technologies.
- thinking globally to express an innovative vision of systems and services by:
  - imagining and validating the systems of tomorrow for garages and technical inspection service centers, vehicles and vehicle fleets;
  - designing specifications for and developing new products;

- developing and selling related services.

❖ Relying on the local environment in all countries where ACTIA is present.

The Group structure has made it possible to put in place centers of excellence in specific fields which ACTIA can rely on to respond to its customers' expectations with such centers being located in Germany, Sweden, Spain and Tunisia.

The Group is capable of implementing local strategies in support of its R&D, for example:

❖ in France, with the use of innovation support: the research tax credit (CIR), public aid, participation in IRT Saint-Exupéry in Toulouse, as well as in local competitiveness hubs;

❖ in Tunisia, the close relationship with engineering schools and research laboratories;

❖ in China, the establishing of partnerships with the ecosystem constituted by the public authorities, vehicle manufacturers and technological partners, making use of support for innovation;

❖ By being agile and capable of moving fast thanks to its industrial integration;

❖ By providing a high level of safety in the solutions it offers;

❖ By having sufficient financial resources to undertake joint investments.

The Group invests heavily in R&D with nearly 1,100 engineers and technicians employed throughout the organization.

Through a procedure that revolves around Executive Committee decisions, the corporate governance body comprised of the executive officers of the most important subsidiaries and department managers, and validated by the Supervisory Board, major R&D programs are selected that will provide the foundations, by business line, of tomorrow's strategy.

5.5.6 Technological environment

In response to these growing markets and the challenges, in particular technological challenges, of the sectors in question, the Occitania region today occupies a specific, original and key position both at the European and the global levels.

In this unique local context, ACTIA is integrated within this remarkably dynamic process of structuring and organizing players engaged in the Occitania region and on a national scale.

This active engagement as a stakeholder is exemplified in particular by our participation in the following:

Type of relation	Designation
Relationship by market segment	Aeronautics – Space – Embedded systems TOMPASSE: regional strategy committee for the industry
	Rail: MipyRail, FIF, CS2F
	CNPA: French National Federation of Automotive Industry Professionals
	Automotive: Automotech (ARIA - PFA), SIA
	Workshop and diagnostic equipment: GIEG
	Electronic manufacturing: PLEIADE (WE Network)
	Digital: La Mêlée, IOT Valley, Digitalplace
Relations with clusters	Aerospace Valley, a world-class competitiveness cluster (aeronautics, space and embedded systems)
	Agri Sud-Ouest Innovation – Agricultural, agro-food and agro-industry competitiveness cluster, RobAgri on the market for innovative robots
	Energy: Capénergie, Smart Occitania
	CARA, European Cluster for Mobility Solutions (formerly LUTB)
Relations and technology	IRT Saint-Exupéry in Toulouse (aeronautics and space)
	Institut 3IA ANITI - Artificial and Natural Intelligence Toulouse Institute
	INSA Foundation
	Projects with CEA-Tech in Toulouse, CEA Leti and CEA Liten in Grenoble
	Group Obsolescence: AFNOR/UTE, PRECONOB

In 2019, ACTIA supervised three CIFRE theses with the laboratories presents in the Occitania region.

ACTIA has submitted several applications within the framework of the program for future investments (PIAVE), including PSPC, ANR, Region-FEDER and Horizon 2020.

2019 saw the continuation and completion of a number of programs corresponding to our know-how:

- Telematics and Telecommunications
  - Institute for Technological Research **IRT Saint-Exupéry**: the positioning of ACTIA is consistent with the challenges and research programs of Saint-Exupéry Institute for Technological Research;
  - ACTIA is a member of the Board of Directors of IRT Saint-Exupéry; several platforms have been selected and ACTIA is involved in a number of projects.
- Artificial Intelligence
  - In the context of an Interdisciplinary Artificial Intelligence Institute (3IA), ACTIA is involved in the 3IA ANITI project - Artificial and Natural Intelligence Toulouse Institute;
  - This project focuses its research activities on hybrid artificial intelligence which combines different methods and technologies. The ecosystem in Toulouse has been studying and experimenting with it for a number of years, especially in autonomous transport and smart agriculture.
- Electronic architecture
  - EBSF-2 (European Bus System of the Future): a European research program for terrestrial transport that takes a comprehensive approach to the bus system;

- EMS – process engineering for electronics manufacturing
  - Factory of the future: industrial excellence project, Colomiers (France);
  - Flexicube: integration of flexible robotics in factories;
  - FUI Vision 4.0 project covering the issue of interconnection between automated machines.

5.5.7 Patents and protection of industrial property

In order to protect the intellectual property of its products, ACTIA has a legal department responsible for taking all measures required related to patents, makes and models. In addition, the Group has recourse on a periodic basis to an outside firm specialized in this area.

To date, a number of patents have been filed by the Group both at the national and international levels.

Concerning software, ACTIA regularly files source code with the French agency for program protection (APP).

5.6 Investments

The total capital expenditure for property, plant and equipment and intangible assets capitalized by the Group amounted to €48.8 million in 2018 compared to €52.3 million in 2018.

5.6.1 Property, plant and equipment

The details of the capital expenditure on property, plant and equipment during the period are set out in Note 5 "Property, Plant and Equipment" in the notes to the consolidated financial statements.

In 2019, the Group continued to invest in production resources, including in the replacement of aging equipment, the acquisition of complementary equipment to increase the capacity of production lines in Tunisia and in France, all of this accompanied at both sites by different types of equipment to help improve the productivity and flexibility of the means of production. As happens every year, equipment was purchased for specific programs such as test rigs and interfaces, as well as tooling.

To meet production needs in the United States, the Group purchased a building in Romulus (Michigan) in March 2018. The building has been renovated and fitted out with production equipment similar to that used at our other sites. The new subsidiary created to host this activity, ACTIA Electronics, inaugurated its site on June 27, 2019, in the presence of the local authorities. Series production began in the summer with the manufacturing of a first board for the truck sector, after receiving all of the certifications needed and meeting all Group requirements.

An average of one quarter of all IT resources is also renewed by the Group every financial year. Launched in 2017, the digitization investment program continued with a new ERP system (deployment planned for the second half of 2020) and PLM system (launched in 2019). It is organized around the main entities of the Automotive Division in terms of flows and involves the Group's business lines and support services.

Lastly, the real estate program launched in 2017 for a total amount of €40.5 million, with some of the financing coming from the property companies, or SCIs, accounted for by the Group under the equity method, continued in 2019 with:

- the renovation of part of the building at the Colomiers (France) plant and the extension by nearly 900 m² of the workshop space delivered in February 2020;
- the delivery of an 8,500 m² building including offices, workshops and storage facilities in Chartres, to replace the existing lease – delivered in May 2019;
- the delivery of a 6,000 m² building (land already purchased) housing offices and laboratories in Tunis (engineering services - Tunisia), to replace the current, leased property in June 2019;
- the construction of a 6,700 m² factory (land already purchased) in Tunis (Tunisia), to replace the current, leased property – delivery delayed to the end of the first half of 2020.
- the new plant in the United States, inaugurated on 06/27/19.
- the implementation of an extension and renovation program for the sites of the Telecoms Division:
  - extension (+1,140 m²) and refitting of the Dinard (SatCom) site delivered in the second half of 2019;
  - demolition, redevelopment and extension (2,000 m²) of the Puy-Sainte-Réparade site (Energy), delivered in the second half of 2019;
  - renovation and refitting of the site in Millau (Rail).

5.6.2 Intangible assets

The details of capital expenditure on intangible assets over the period are set out in Note 4 "Intangible assets" in the notes to the financial statements. These items relate mainly to research and development.

In 2019, R&D expenditure reached €83.2 million, an increase of 2.7% corresponding mainly to the need for more support for customer programs related to the commercial successes achieved since 2017 and the first production start-ups at end 2019, especially in the areas of rail, batteries and human/machine interfaces. As a result, the rate of reinvoicing of R&D costs was 32.9%, compared to 36.2% in 2018, evidence of the underlying trend among customers wishing the majority of specific development costs to be paid for by ACTIA.

This area continues to be of strategic importance, since it enables the Group to maintain a high level of technical sophistication. Information provided by the Group's management control function and presented below summarizes trends in this area:

(€k)	2019	2018	2017
Total cost of R&D	**83,193**	80,985	66,950
Cost of R&D services sold	**27,399**	29,302	24,579
R&D capitalized during the financial year	**19,225**	20,240	14,967
Expensed during the period (A)	**36,568**	31,442	27,403
Amortization during the period of capitalized R&D (B)	**15,287**	12,677	12,839
Research tax credit recognized under income in the period and grants (C)	**5,575**	4,935	4,342
Impact of R&D on the income statement (A) +(B) – (C)	**46,280**	39,185	35,901
Headcount	**1,091**	1,044	939

Note: data including the changes in IFRS 16 for the 2019 annual financial statements

Total R&D costs include payroll costs of the engineers and technicians that work on R&D projects as well as costs that may be incurred for services subcontracted.

It should be noted that the Group invests heavily in R&D. In 2019, R&D expenditure amounted to 16.0% of total consolidated sales. Offering specific solutions to its customers, based on recognized expertise and innovation, a portion of certain specific developments may be carried out by customers.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. In 2019, expenses were for the implementation of new innovative solutions for customers and state aid decreased by 9.0% after an increase of 24.4% in 2018, reflecting a period of new product development for our customers.

The portion of capitalized R&D costs in 2019 was 23.1%, down compared to 2018, for the many programs to prepare for the replacement of the light vehicle telematics business due to come to an end in 2021/early 2022, with the end of the manufacturer contract. This year again, this high level of activity resulted in a capitalization level in excess of depreciation, which amounted to €15.3 million in 2019, up by 20.6%. Therefore, the portion of R&D costs borne by the Group in its income statement, apart from the portion invoiced to customers and State aid, represented 8.9% of revenue in 2019 compared to 8.2% in 2018, evidence of an ongoing major effort by the Group to remain at the top of its game.

At the divisional level, the breakdown is as follows:

Automotive Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2019 totaled €69.5 million compared to €66.5 million in 2018, breaking down as follows:

(€k)	2019	2018	2017
Cost of R&D services sold	**22,597**	19,560	18,588
R&D capitalized during the financial year	**16,529**	17,748	13,112
Expensed during the period	**30,398**	29,239	25,255
Headcount	**1,019**	980	882

The portion of the cost of R&D services sold rose by 4.5% and represented 32.5% of expenses. Maintaining the practice of partially taking on R&D expenditure constitutes a major strength of the Group in developing partnership relations with our customers. However, due to the economic context, customers have reduced the amount of R&D costs immediately expensed in favor of amortizing this cost in the price of the finished product.

Telecoms Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2019 totaled €13.7 million compared to €14.4 million in 2018, breaking down as follows:

(€k)	2019	2018	2017
Cost of R&D services sold	**4,802**	9,742	5,991
R&D capitalized during the financial year	**2,696**	2,492	1,855
Expensed during the period	**6,170**	2,203	2,149
Headcount	**72**	64	57

In addition to multi-year programs, the Telecoms Division has also launched the development of products within the framework of new commercial successes. The level of re-invoicing in this division rose, benefiting from support for export markets, the military telecommunications and energy programs and a higher degree of customer involvement.

5.6.3 Committed future investments

On the date this document was issued, the Group had budgeted a certain number of investments relating to its normal operating activities.

The R&D projects undertaken by the Group are multi-year and are intended to maintain the products thus developed at optimal levels by anticipating market needs. The capital expenditure program also includes the telematic boxes for both the OEM market (manufacturers) and the Aftermarket (manufacturers, fleet managers, etc.), dashboard display units, on-board computers, adaptations to the specific needs of customers for powertrains, batteries for specific market niches, auxiliary power converters, technical inspection equipment to keep up with the regulatory changes in France and internationally, digital control centers for power grids, trackside safety equipment, etc.

Three years ago, the Group also committed to undertaking work to change the PLM (implemented in 2019) and ERP systems, which will continue in 2020. As usual, the computer equipment will continue to be renewed this year.

Concerning the means of production, the level of commitment will return to normal with the purchasing of complementary or replacement equipment to increase capacity and productivity, and meet the production needs for new products in France, Tunisia and the United States.

Lastly, the real estate program started in 2017, completed in 2018 and described in Subsection 5.6.1 "Property, plant and equipment" was continued and mainly finished during the 2019 financial year. It will come to a close with the delivery of the building for our ACTIA Tunisia subsidiary.

5.7 Sustainable development

5.7.1 ACTIA's business model

From products to systems and systems to networks, ACTIA's strategy is to expand across the value chain by offering its customers an increasingly comprehensive range of fully developed solutions based on clearly identified niche markets in which ACTIA then builds a leadership position.

As a family owned mid-cap, the co-founders directly or indirectly hold more than 50% of the Group's share capital and 62% of the voting rights, which ensures the long-term nature of the Company and a consistency of approach, both in terms of company culture and strategy.

The ACTIA business model is based on the goal of making a positive contribution to the world, externally in the fields of mobility, energy and telecommunications, and internally through the development of the wealth of talent that comprises it, based on its expertise in its two main areas of focus: design and production.

To retain and develop its human and industrial capital, ACTIA's strategy revolves around two pillars that form the drivers of its growth:

- Clearly identified positioning and key success factors:
  - entrepreneurial spirit and a sense of responsibility that drive the Group and underpin its culture;
  - the pursuit of operational excellence both in terms of manufacturing facilities and the design process, which is evidenced by very large numbers of certifications in France and internationally;

- the ability to adapt and act faced with rapidly changing markets and technologies;
- risk management which is expressed, in particular, by addressing very diverse market segments using the same technology with different life cycles.

❖ A growth strategy based on:

- niches in which ACTIA is either acknowledged as a market leader or has the means to become one;
- rising in the value chain to gradually deploy a more comprehensive range of systems and complete solutions;
- a high capacity for innovation and Research & Development.

The Group's stakeholders are presented in the management report and are described in Subsection 5.3 "Business overview" in the Universal Registration Document.

5.7.2 Main risks

In accordance with Articles L225-102-1 and R225-104 of the French Commercial Code, the Company reviews its main non-financial risks annually based on an analysis of their current materiality, their relevance and the seriousness of their possible repercussions in financial terms.

Therefore, risk mapping is updated jointly by the Group's executive management, the Group's Legal Compliance Committee which is responsible for monitoring CSR and the Risk Management Committee in order to review the major risks for the Group's main subsidiaries, including ACTIA Automotive, the production sites, the Tunisian engineering services office and the Swedish subsidiary.

The deployment of the mapping to all of the Group's subsidiary is one of the goals for 2020.

To date, the mapping has highlighted the following **risks and challenges** for the Group, with the key points to be monitored, i.e.:

- The **ability** to **attract** and **retain talent**: in countries with a flexible job market like China and the United States, once trained, employees do not always show a great deal of loyalty to the Company and move on to the best offer. This trend is also present in Europe in certain professions, such as software engineering, where demand for these skills has increased significantly due to digitization. The same holds true in Tunisia where major groups have headhunted and hired employees of our Tunisian engineering services department. In addition to the induction and training costs covered by the Group, the situation can lead to problems in terms of sharing key know-how and impact the Group's business and, therefore, its results, in a more or less permanent way;
- The **safety of our employees**, notably through monitoring of accidents within the Group, particularly, during the development of new production processes such as batteries or power converters;
- The **fight against absenteeism**, with monitoring of the associated indicators and policies;
- **Skills management**, via training monitoring and employee career management tools: in countries where there is full employment, as in the United States and China, or where there are skills shortages, for example software engineers, the recruiting of employees can be difficult, all the more so because the Group is often on the lookout for skills that are in high demand;
- **Vigilance in terms of the fight against pollution**, mainly through the management of waste and water consumption;
- **Climate change**, with tracking and preventive measures in terms of energy consumption.

5.7.3 Scope of consolidation

CSR disclosures on social, societal and environmental data are based on the financial consolidation reporting scope as stated in Note 3.2 "Consolidated companies" in the notes to the consolidated financial statements.

- The reporting scope is systematically updated to reflect changes in the Group structure.

Therefore, ACTIA Electronics and ACTIA Africa, companies created in 2018 in the United States and Tunisia, respectively, are now included in the Sustainable Development report, contrary to the previous financial year.

The data covers all of the Group's subsidiaries, with the exception of those that have no activities requiring resources and have no (or very few) employees of their own, as shown in the following table:

Name	Country	Activity	Comments
SCI Los Olivos	Spain	Real estate	No headcount
KARFA	Mexico	Administration of holdings	No headcount
ACTIA NL *(in liquidation)*	Netherlands	Electronics research & manufacturing	No headcount
SCI Sodimob	France	Real estate	No headcount
SCI de l'Oratoire	France	Real estate	No headcount
ACTIA Japan	Japan	Electronics research & manufacturing	Non-significant headcount
COOVIA *(in liquidation)*	France	Mobility consulting	No headcount
SCI Les Coteaux de Pouvourville	France	Real estate	No headcount

It should be noted that these companies may benefit from resources shared with other Group companies, and that the data in question is included in the figures for the latter.

In the interest of clarity, the information in the report is aggregated by segment:

- Automotive France;
- Automotive Europe (outside France);
- Automotive Tunisia;
- Automotive Rest of World;
- Total Automotive;
- Telecommunications (France);
- Total France;
- Total Group.

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
	①	②	③	④	⑤	⑥	⑦	⑧
Total					①+②+ ③+④		①+⑥ + ACTIA Group S.A.	②+③+ ④+⑦

Note that in all of the tables and charts:

- the "Europe" information does not include France, as the information is detailed apart;
- the numbers in the following tables and charts are derived from the management control system.

5.7.4 Talent recruitment and retention

Given that ACTIA operates in a global environment which is constantly changing, its on-going growth depends on its ability to attract and retain the best talent, notably to meet the new technology challenges arising within the Group's business lines.

The Group has increased its presence on social networks to take into account the increasing digitization of practices and to provide better visibility for its employer brand.

In order to further the Group's appeal, work is being done to manage turnover, which was brought down in 2019. The regions with the highest turnover, as was the case during the last financial period, are Tunisia and the United States, where competition is strong and employees have many career opportunities.

In addition, emphasis is now being put on structuring the induction and training process for new employees. Support tools for the employees have been implemented in several Group subsidiaries with, notably, a new employee induction program and actions to address quality of life at work, the fight against all forms of discrimination and the promotion of gender equality.

Headcount

Headcount has increased consistently for a number of years in support of the Group's growth. The changes in headcount over the past three financial years are as follows as of December 31:

- 2017 3,459 employees (+5.8%);
- 2018 3,697 employees (+6.9%);
- 2019 3,854 employees (+4.2%).

The breakdown in staff at year-end for the last three financial years is presented below:

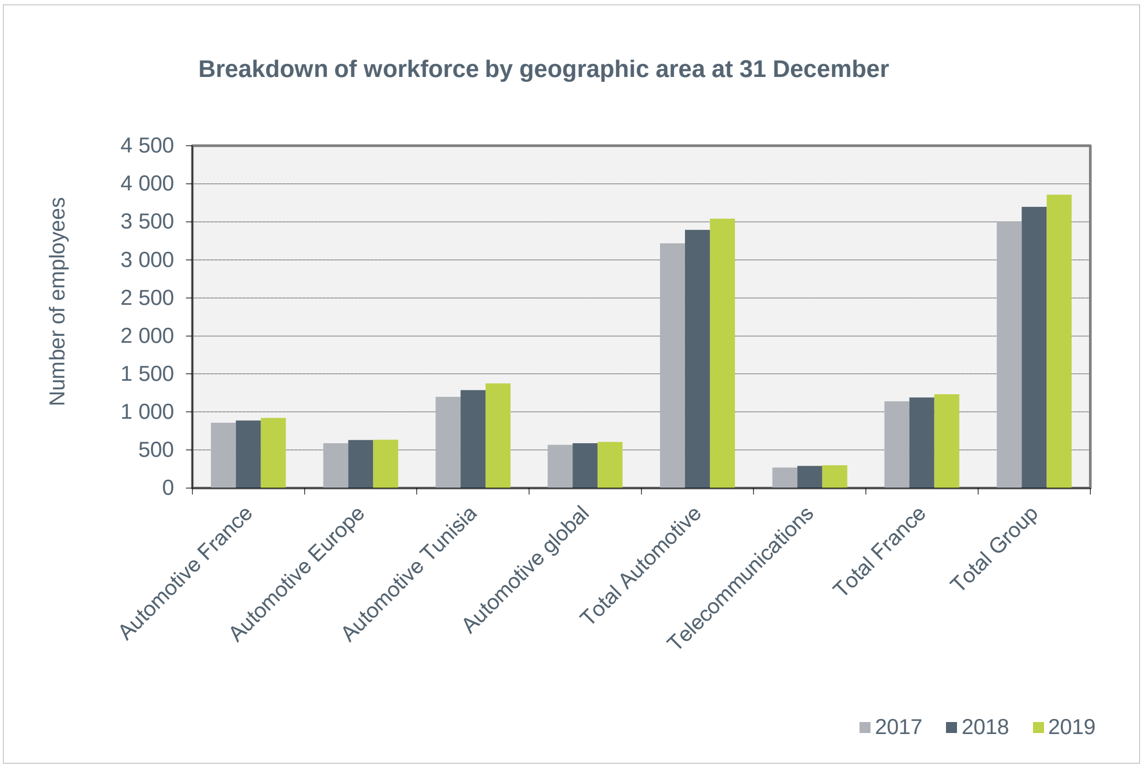
	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
2017	860	589	1,199	569	3,217	270	1,140	3,497
2018	889	631	1,286	589	3,395	293	1,191	3,697
2019	**922**	**638**	**1,377**	**605**	**3,542**	**301**	**1,234**	**3,854**
% change	+ 3.7%	+ 1.1%	+ 7.1%	+ 2.7%	+ 4.3%	+ 2.7%	+ 3.6%	+ 4.2%

These numbers include open-ended employment contracts (CDI: contract with no fixed term that can only be terminated by dismissal, resignation, retirement, an amicable departure or any other voluntary departure by the employee), the fixed-term employment contracts (CDD: contract entered into for a pre-determined period), and apprenticeship contracts and work-study contracts that are included in fixed-term contracts.

This increase mainly concerns:

- Men: an increase of 4.9% compared to the previous financial year;
- The number of employees on open-ended contracts increased by 199 over the financial year;
- Non-management staff, which accounted for 7.6% of the overall change in headcount, a total of 179 people, all type of contracts included.

The breakdown is as follows:

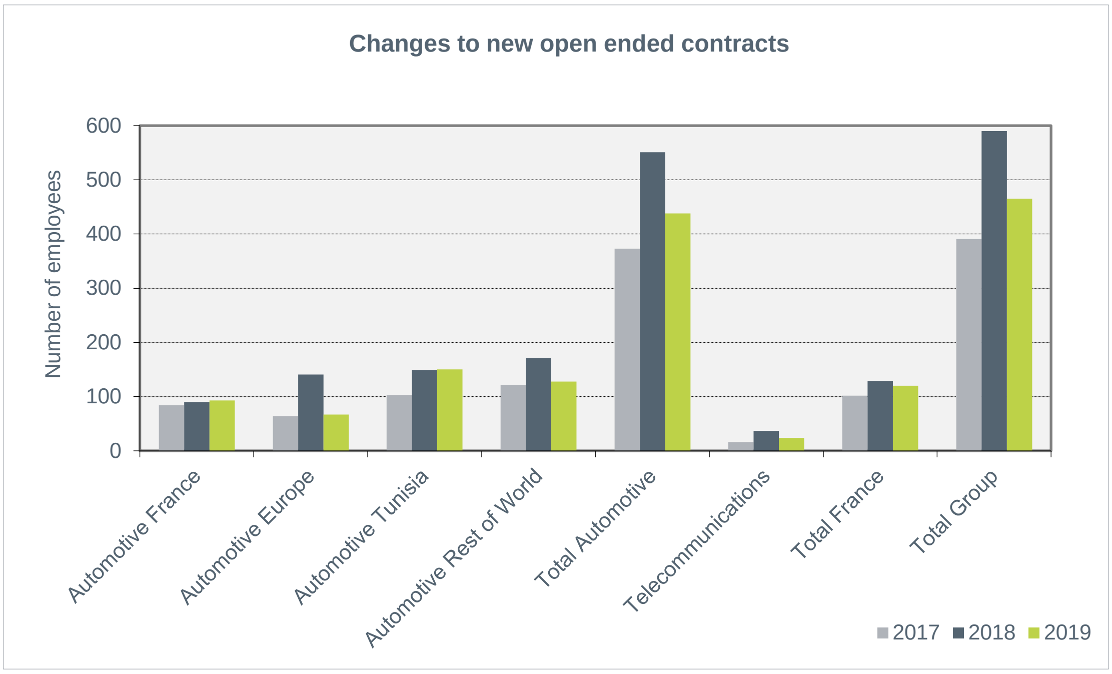


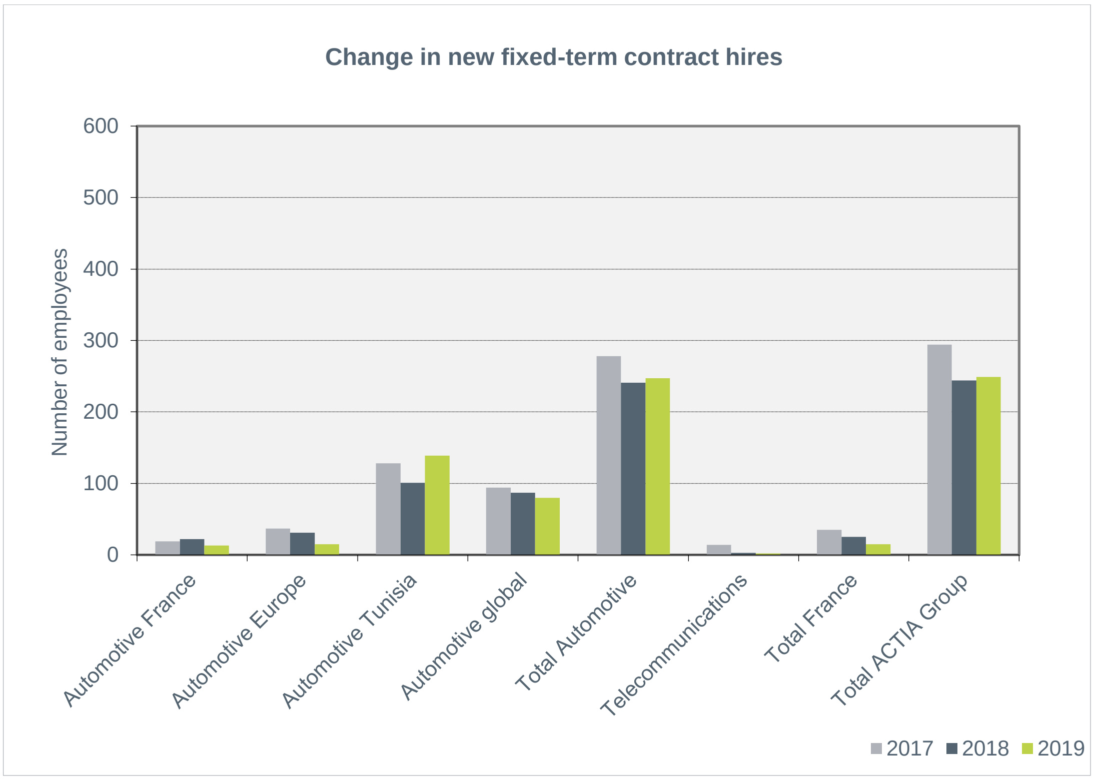
Hires

Hiring was sustained in 2019 with 714 new staff. This figure does not include fixed-term contracts for subsidized contracts such as apprenticeships and work-study contracts which are included elsewhere.

As in 2019, the bulk of hiring was in Tunisia, France and the United States to adapt resources to the changes in the Group's business.

The tight labor market in certain regions, and particularly in the United States which has full employment, is such that there is significant turnover.





The use of fixed-term employment contracts accounted for 34.9% of hires, up compared to the previous financial year. The increase is primarily due to hiring in Tunisia and China at, respectively, 55.8% and 20.1%, whereas fixed-term hires in France decreased from 16.2% in 2018 to 11.1% in 2019. The share of fixed-term contracts in the Group's overall workforce remains limited at 13.3%, down consistently since 2017.

Furthermore, 153 fixed-term employment contracts signed before 2019 were converted into open-ended contracts during the year and 219 fixed-term employment contracts predating the financial year were renewed in 2019.

The Group continued to experience difficulty hiring. There are several recurring reasons: compensation compared to the local market, high levels of recruiting, a shortage of candidates with the skills specifically sought after, the location of the sites outside of big urban areas, lack of mobility, etc.

The use of part-time staff, accounting for 8.2% of Group jobs, was down over the financial period with 207 part-time staff compared to 256 last year. France, Sweden and Germany were the main countries using this type of contract, which accounted together for 83.6% of part-time staff employed over the period. The average length of temporary assignments varied from thirty-six days to less than two years, depending on the subsidiary. It should be noted, however, that not all offers to convert temporary positions into open-ended employment contracts are accepted by the persons in question, especially in France.

ACTIA makes use of subsidized contracts (apprenticeships, work-study contracts, etc.) in those countries where they are permitted by local regulations. In 2019, the Group employed 107 people on subsidized contracts, a figure that declined by 6.1% compared to the previous period. France accounted for 86.9% of the Group's subsidized contracts, followed by Tunisia, with 10.3%. In 2019, these contracts resulted in 7 hires, compared to 25 in 2018.

Finally, the Group took in 181 students on work placements as part of training with a formal qualification. Internships ranged from 45 to 180 days with an average duration for the Group of 77 days, a slight increase compared to the previous year. In addition, it should be noted that 39 of interns were hired following their internship, compared to 42 in 2018. Contrary to the previous two years, Tunisia was the major contributor with 82 interns. France was second with 73 interns. The strong tie with schools, and notably engineering schools, continues to provide future hires while providing for a prior immersion training period.

Leavers

608 people left the company during the financial year.

There were 52 dismissals, essentially internationally (71.2%). This figure was down considerably (24.6%) for the second consecutive year and mainly concerned Mexico and the United States.

The main reasons were as follows:

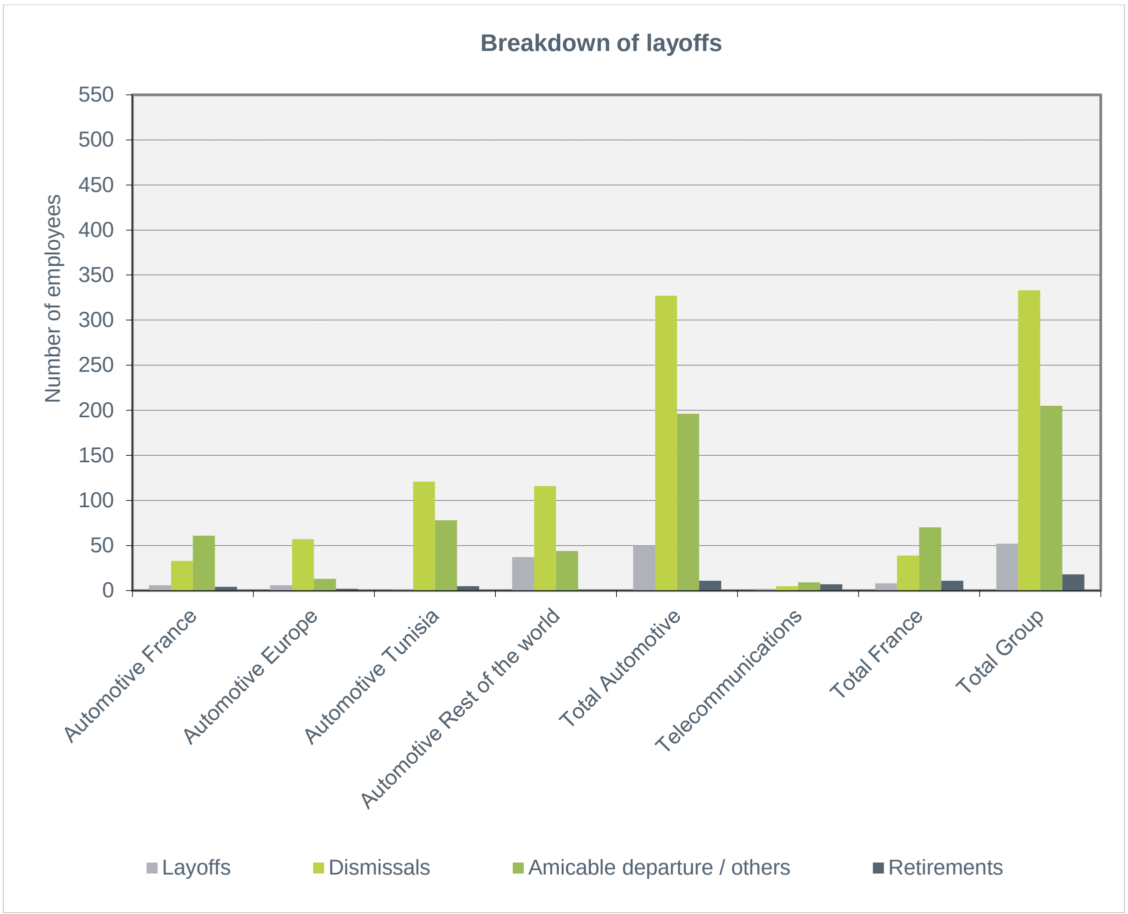
- Termination for cause: 51.9%;
- Unemployability: 23.1%.

Resignations declined by 17.4% over the financial year and involved 333 breaches of contract. The areas most affected by this type of departure were Tunisia (36.3%) and the United States (14.1%), as a result of high mobility in these countries. A breakdown by professional category shows that more non-management employees resigned, with 199 resignations compared to 134 among managers.

There were 18 amicable departures over the period: six non-management employees and 12 management staff, of which 72.2% in France.

In addition, 18 people retired, of which 14 non-management employees in France, which accounted for 61.1% of these departures. Tunisia accounted for 16.7%.

Lastly, the other reasons for departure including amicable departures during the trial period, position changes and intra-group transfers involved 65 people.



Turnover

ACTIA uses the following definition to account for turnover:

[number of open-ended contract departures during year N + number of new employees with open-ended contracts during year N)/2]

Headcount on open-ended contracts as of December 31 of year N-1.

The turnover rate decreased by 5.1% in 2019 compared to the previous financial year. It breaks down as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
2017	9.3%	18.6%	15.1%	40.2%	18.8%	6.7%	8.8%	17.9%
2018	9.9%	21.8%	15.2%	43.0%	19.9%	10.4%	10.0%	19.1%
2019	**9.0%**	**11.5%**	**14.8%**	**26.2%**	**14.6%**	**7.5%**	**8.7%**	**14.1%**
Change/2018	- 0.9%	- 10.3%	- 0.4%	- 16.7%	- 5.3%	- 2.9%	- 1.3%	- 5.1%

This improvement is the result of the efforts made by ACTIA to retain talent, notably via the strengthening of career management within the Group.

However, the number is up substantially in the United States as a result of hiring by ACTIA Electronics and the difficulty of hiring qualified people to ramp up production at the plant, in Mexico (economic crisis) and, to a lesser extent, in Brazil and India (hiring). Lastly, turnover continues to be high in Tunisia, notably in the engineering services department which has found it difficult to retain employees over the past several years.

In order to provide a consistent analysis compared to the previous financial period, we provide the results below as they appear when the fixed-term contracts are kept in the turnover calculation base as in 2018 and 2017.

Former method	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Tele-communications**	**Total France**	**Total Group**
2017	9.3%	18.6%	15.1%	40.2%	18.8%	6.7%	8.8%	17.9%
2018	9.9%	21.8%	15.2%	43.0%	19.9%	10.4%	10.0%	19.1%
2019	**10.1%**	**12.7%**	**22.0%**	**26.2%**	**19.2%**	**7.8%**	**9.7%**	**18.3%**
Change/2018	0.2%	-9.1%	6.8%	-16.7%	-0.7%	-2.5%	-0.4%	-0.8%

Regardless of the calculation method used, the data shows a drop in overall turnover during the 2019 financial year.

Training

An annual training plan is in place in most the Group's entities.

These plans are developed based on:

- annual employee performance assessment meetings;
- strategic workforce planning;
- discussions with employee representatives or the site manager.

65,414 training hours were provided for the entire Group in 2019, compared to 60,984 hours in 2018.

As in 2018, the total budget devoted by the Group to training was up and totaled €1,496 k. This was primarily the result of the increase in the budget allocated to the main ACTIA Automotive subsidiary. Only the new American subsidiary was unable to provide the amount devoted to training given that plant start up requires training people on the production tool and this does not appear on a separate line. The tracking indicator will be implemented.

These indicators are evidence of the ACTIA's desire to be proactive about the performance level of its employees in order to maintain a high level of expertise within the Group.

The number of training hours in relation to the average 2019 headcount expressed in Full-Time Equivalent jobs (FTE) was 17 hours per employee, the same as in 2018.

The training policy for the main French subsidiary, ACTIA Automotive, and at Group level, is primarily implemented based on the strategic priorities set out by management through:

- upskilling to be able to follow the technological roadmap of all the core functions in electronics and software;
- the development of projects and skills: project management, change management;
- support for industrialization and production: lean, new equipment, testing tools, MSA methods;
- continuity in support for customer certifications and quality standards, as well as in safety and risk prevention.

Skills management

ACTIA has gradually implemented skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. ACTIA created the ACTIA Academy training tool which works hand in hand with career management. Originally implemented in Tunisia in the engineering services department, the tool will be gradually rolled out across the Group to help retain the teams.

At the same time, in-depth work is also being done on the employer brand to illustrate the family company values ACTIA has implemented since its creation.

The fight against discrimination

The Group is present in 16 countries and diversity is a reality, part of the daily life of the teams via the collaborative work environment developed by the Group and, therefore, during meetings and joint actions, in a range of areas including research, sales, management, and inter-departmental functions. The breakdown of the Group's 3,854 employees in terms of country is as follows:

- 96.7% are of the same nationality as the subsidiary,

- For employees who do not have the same nationality as the subsidiary:
  - 1.3% are EU nationals,
  - 2.0% comes from other countries.

This breakdown varies very little country by country and remains relatively stable from one year to the next.

Equal opportunity is ensured within each organization and internal mobility within the Group and internationally is gradually being put in place, particularly for the ACTIA Engineering Services office. The Group reinforced support for internal mobility, especially through communication; opportunities for mobility are henceforth monitored at the time of performance appraisals and the Group would like to see an increase in the figures, along with specific support for individuals. In 2019, only two people were transferred within the Group. This information is still only partial at this time, but it reflects the regulatory and social difficulties which need to be overcome to promote mobility.

Gender equality

ACTIA has had a proactive policy in place for many years to ensure gender equality, particularly in terms of compensation. An annual survey is carried out to remedy any gaps.

The results of the French Gender Equality survey, available on the ACTIA corporate website at https://www.actia.com/fr/groupe/engagements/egalite-femmes-hommes, are deemed satisfactory. The goal is to ensure that the results improve over time even though in France, in particular, it is difficult to find female candidates for a significant number of the open positions. Action plans have been put in place to address this.

ACTIA is taking action in four priority areas with respect to promoting diversity and career equality.

- Recruiting: to ensure that all candidates are treated equally;
- Compensation: to ensure equal treatment throughout careers;
- Vocational training: to provide skills development opportunities equally to all;
- Promotions: to provide men and women with the same career and promotion opportunities and the same access to positions of increased responsibility.

Visible actions in favor of gender equality are implemented, notably by promoting the work-life balance. The Group provides employees with many opportunities including flex-time (one or several days a month), teleworking (for longer periods, for special situations) on a case-by-case basis, in-depth study of requests to work part-time, work schedule flexibility, and special absence authorizations for doctor's visits paid by the Company.

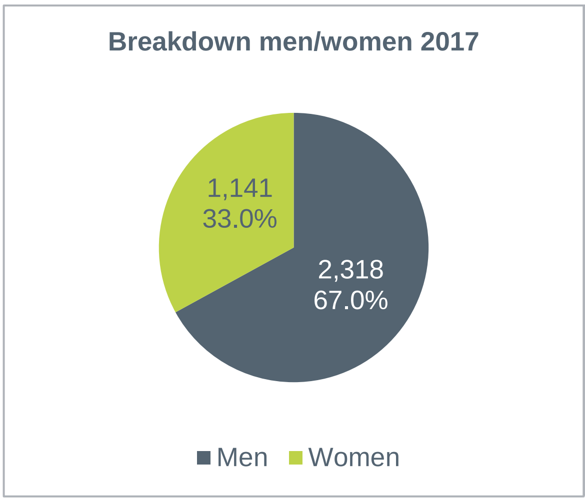
Work groups have also been created to promote a collaborative approach to well-being and work-life balance. Therefore, to enable employees to meet their family obligations, a policy to provide short holiday periods in addition to regular holidays is currently in effect. In addition, the right to disconnect and the workday are reviewed during the annual performance assessment meetings.

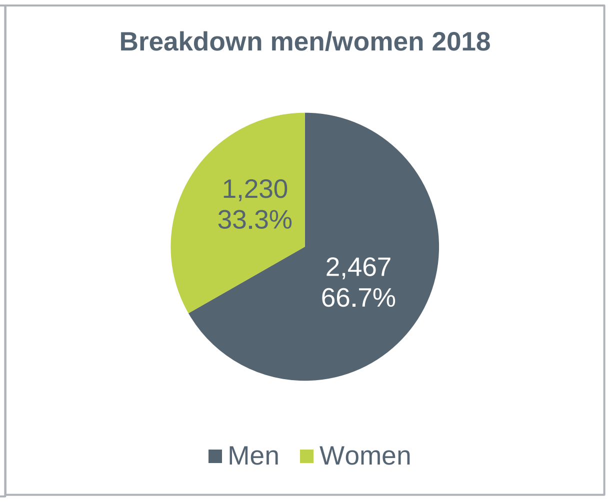
The implementation of the work-life balance also includes concierge services, implemented three years ago for the employees of ACTIA Automotive, the main Group subsidiary. The offering was expanded in 2019 to include services ranging from dry-cleaning to vehicle maintenance to parcel handling and including administrative formalities, deliveries of local products, shoe repair, shopping and well-being services such as massages and osteopathy.

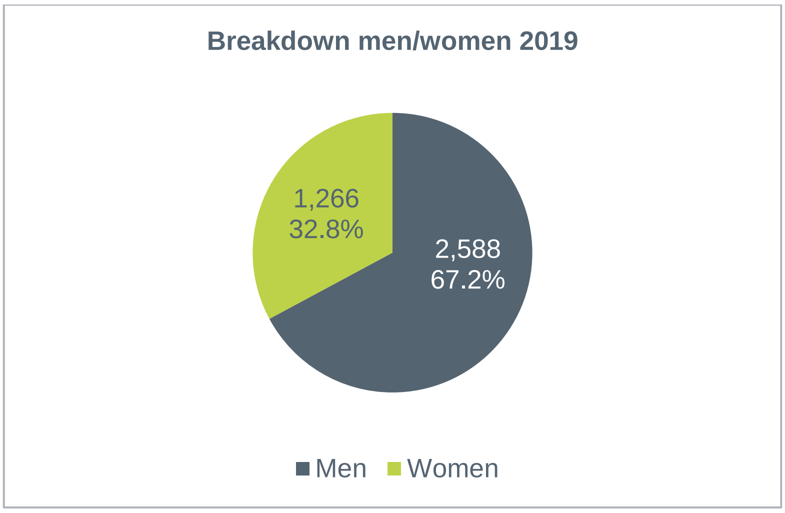
In 2019, women accounted for 32.8% of employees, down slightly from the previous year by 1.3%, except in France where the number of women increased by 4.3%. The low percentage of women employees at ACTIA is due to the difficulty of finding candidates who have the technical skills required by the Group.

Percentage of male employees	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecommunications**	**Total France**	**Total Group**
2017	72.4%	80.6%	55.1%	67.1%	66.6%	77.4%	73.5%	67.4%
2018	72.4%	78.8%	54.7%	65.5%	65.7%	78.2%	73.9%	66.7%
2019	**71.1%**	**79.0%**	**56.4%**	**67.6%**	**66.2%**	**77.7%**	**72.8%**	**67.2%**
% change	+1.9%	+1.4%	+10.4%	+6.0%	+5.2%	+2.2%	+2.0%	+4.9%

Percentage of female employees	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2017	27.6%	19.4%	44.9%	32.9%	33.4%	22.6%	26.5%	32.6%
2018	27.6%	21.2%	45.3%	34.5%	34.3%	21.8%	26.1%	33.3%
2019	**28.9%**	**21.0%**	**43.6%**	**32.4%**	**33.8%**	**22.3%**	**27.2%**	**32.8%**
% change	+8.6%	+0.0%	+3.1%	(3.4%)	+2.7%	+4.7%	+8.0%	+2.9%
% of women/head-count change	+4.7%	(1.1%)	(3.7%)	(6.0%)	(1.5%)	+1.9%	+4.3%	(1.3%)



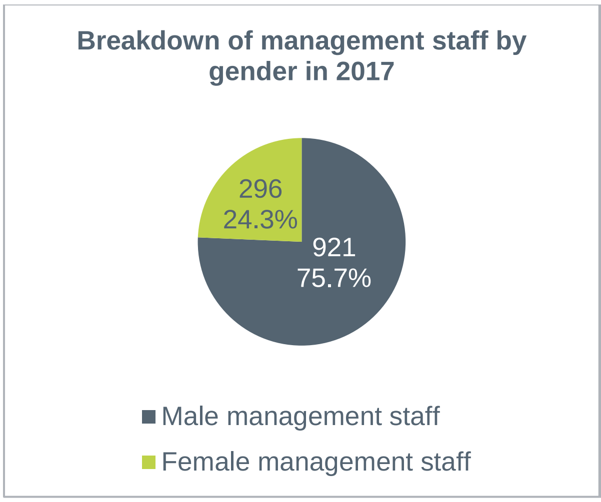


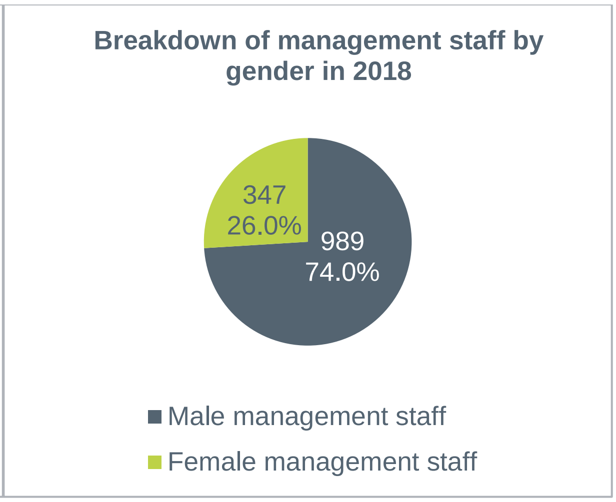


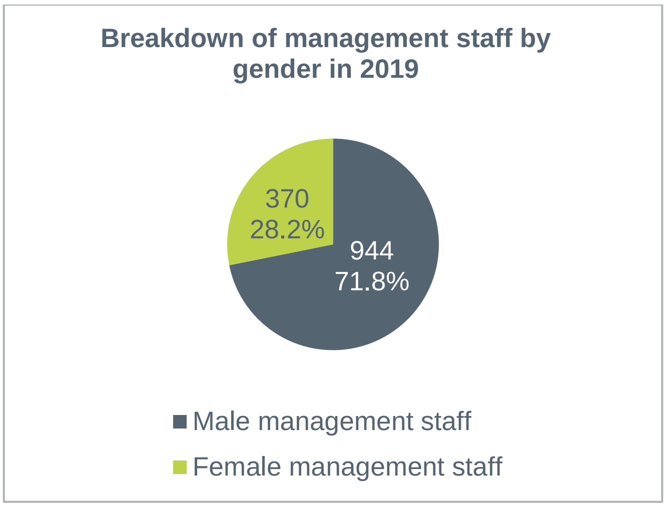
The tables below present the breakdown of management and non-management staff by gender.

Male managers	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2017	326	51	261	158	796	118	450	920
2018	347	51	288	163	849	133	487	989
2019	**350**	**47**	**306**	**99**	**802**	**134**	**492**	**944**
% change	+0.9%	(7.8%)	+6.3%	(39.3%)	(5.5%)	+0.8%	+1.0%	(4.6%)

Female managers	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2017	80	8	155	31	274	20	102	296
2018	84	7	201	30	322	24	109	347
2019	**96**	**8**	**211**	**27**	**342**	**26**	**124**	**370**
% change	+14.3%	+14.3%	+5.0%	(10.0%)	+6.2%	+8.3%	+13.8%	+6.6%

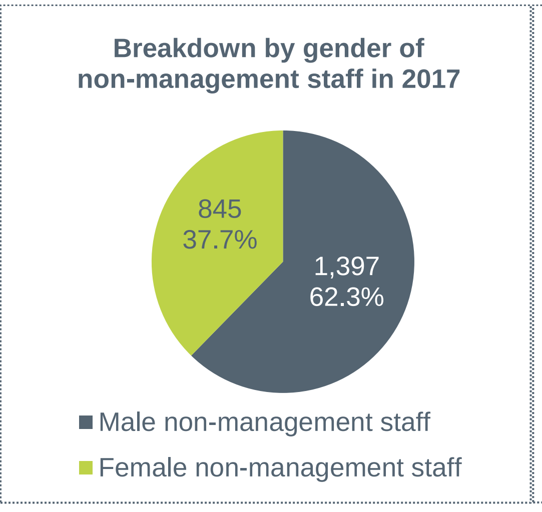


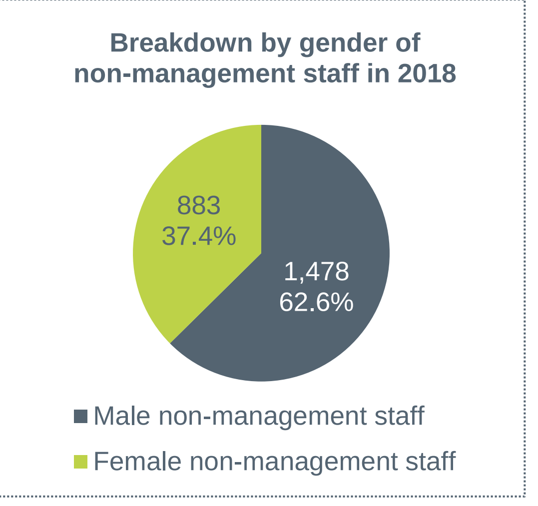


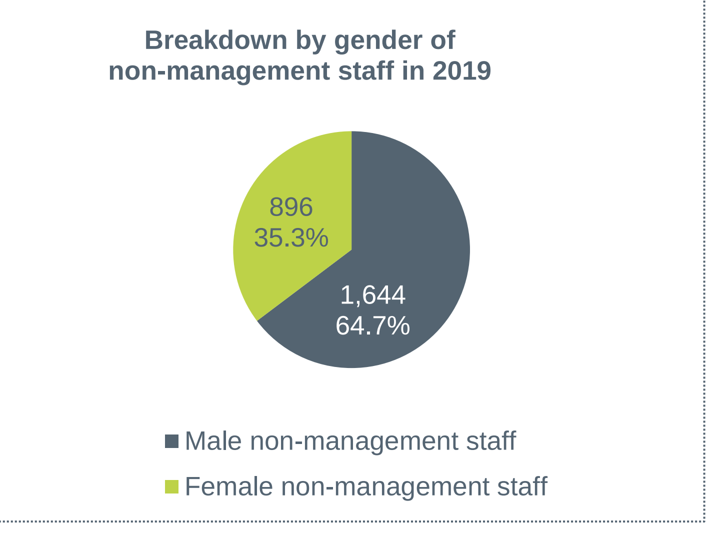


Male non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2017	297	424	400	224	1,345	91	388	1,436
2018	297	446	416	223	1,382	96	393	1,478
2019	**306**	**457**	**471**	**310**	**1,544**	**100**	**406**	**1,644**
% change	+3.0%	+2.5%	+13.2%	+39.0%	+11.7%	+4.2%	+3.3%	+11.2%

Female non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total Group
2017	157	106	383	156	802	41	200	845
2018	161	127	381	173	842	40	202	883
2019	**170**	**126**	**389**	**169**	**854**	**41**	**212**	**896**
Change/2018	+9	(1)	+8	(4)	+12	+1	+10	+13
% change	+5.6%	(0.8%)	+2.1%	(2.3%)	+1.4%	+2.5%	+5.0%	+1.5%







This year again, the percentage of women in management positions is lower than that of women in non-management positions. However, the number of women continues to increase: women currently account for 28.2% of all management positions, an increase of 6.6% compared to 2018. Given the lack of women candidates for these types of positions, the Group finds it difficult to hire women managers.

Within the Group's governance bodies, women account for 20.9% of board members, all subsidiaries included, and for 35.5% in France. They account for 31.9% of the members of Group executive committees and for 35.7% in France. Women are better represented on French executive bodies and on Group executive committees than in the management category.

In conclusion, ACTIA continues to be committed to the principles of equal opportunity both through its fixed-term contract hiring and the training it provides to employees throughout their careers.

However, strong competition from international groups and full employment in some countries contribute to the high turnover in some regions. Other European and American subsidiaries are also having difficulty finding qualified candidates.

5.7.5 Health and safety

As a real priority for the Group, personal safety is managed through the following actions:

- Detailed identification, analysis and management of risks;
- Implementation of prevention, surveillance, protection and first aid systems;
- Training of first aiders;
- Raising awareness of personnel.

Given the current situation of the **global COVID-19 health crisis**, the Group has put in place a number of measures in order to guarantee the health and safety of all its employees, namely:

- a major reduction in all business travel at the very start of the crisis,
- shutdown of all sites if it was not possible to take adequate measures to protect health in compliance with the lockdown instructions issued by various governments, and making use of technical lay-offs wherever such schemes were available,
- the targeted use of teleworking to ensure management of the Group, key functions, the continuity of the most sensitive projects and the interface with customers and suppliers,
- the setting up of specific prevention plans.

The shortage of Personal Protective Equipment (PPE) encountered at the start of the crisis mobilized all our facilities and our Chinese subsidiary, with its experience of being the first country affected, did and continues to do everything possible to find sources to procure such equipment (masks, hydro-alcoholic gel, thermometers, etc.) and is providing the logistics to meet the needs of all our facilities, which will make it possible to gradually resume the activities at some sites depending on the other factors to be taken into consideration, including customer needs, while ensuring the personal safety of employees.

Lastly, communications tools have been developed as part of the management of this crisis in order to help maintain links with the managers and all the employees, so that none are left isolated, and with third parties via a special website https://covid19.actia.com.

The main subsidiary, ACTIA Automotive, has a safety manual describing the measures necessary to protect assets and people; this manual has led to certification by the French customs services as an approved economic operator (OEA).

Fire safety and electrical installation standards are met by all subsidiaries. Subsidiaries that do not perform the inspections themselves benefit from this service specifically provided for under their leases.

At end 2019, with changing regulations in France, the Health, Safety and Working Conditions Committees (CHSCT) disappeared and were replaced by Social and Economic Committees (CSE). The Group therefore now has 101 people playing an active role in prevention and the protection of the physical and mental health of employees, as well as their safety and the improvement of working conditions, especially with a view to facilitating access for women to all jobs while addressing problems related to maternity, adapting and refitting work stations to facilitate access for the disabled to all jobs and to help ensure that they remain in employment throughout their working lives.

In 2019, 22 occupational accidents occurred resulting in lost working days; accidents occurring while commuting have been excluded from this figure in order to be in full compliance with the indicators used in France and thus report reliable information. These accidents represented 214 lost working days. In addition, five lost working days were recorded in 2019 due to occupational accidents that occurred in previous periods, the consequences of which continued into the new financial year.

The Company has put in place monitoring of the following indicators based on current standards:

- **frequency**, which corresponds to the number of occupational accidents, excluding while commuting, occurring over the year and resulting in lost working days x 1,000,000/the total number of hours worked during the year;
- **severity**, which includes the total number of lost working days resulting from accidents occurring during the year or in prior years, excluding while commuting, x 1,000/total number of hours worked during the year;

- **frequency index**, which corresponds to the number of occupational accidents, excluding while commuting, occurring during the year resulting in a lost working day x 1,000/average Group headcount.

Changes to these indicators over the period in question were as follows:

Frequency	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	9.1	4.9	7.6	1.7	6.3	4.3	7.8	**6.1**
2018	5.5	8.1	4.4	4.2	5.3	0.0	4.1	**4.9**
2019	**10.4**	**0.8**	**1.9**	**0.9**	**3.2**	**5.7**	**8.9**	**3.4**

Severity	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	0.1	0.1	0.1	0.1	0.1	0.3	0.2	**0.1**
2018	0.1	0.2	0.0	0.0	0.1	0.0	0.1	**0.1**
2019	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.0**

Frequency index	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	14,6	9,4	13,9	3,5	11,4	7,6	12,8	**11,1**
2018	9,2	15,3	8,0	9,0	9,8	0,0	7,0	**9,0**
2019	**14,4**	**1,6**	**3,7**	**1,7**	**5,7**	**10,3**	**13,3**	**6,1**

As in the previous period, all indicators once again improved in 2019.

The Group recorded no cases of occupational illness.

Ever mindful of the health of its employees, our subsidiary ACTIA Engineering Services in Tunisia has even put in place an ambitious health-related action plan covering:

- the fight against cancer through World Cancer Day;
- well-being and quality of life in the workplace with the International Day of Happiness;
- healthy eating with dietary advice before Ramadan;
- giving blood on World Blood Donor Day;
- the fight against obesity with World Obesity Day;
- the fight against tobacco use with World Chronic Obstructive Pulmonary Disease Day;
- encouragement to practice sport by holding football tournaments and the creation of an athletics team.

5.7.6 Fight against absenteeism

Sick leave accounted for 23,918 lost working days in 2019, 7,723 of which were in France. As in 2018, these results, compared to the average number of employees, show a decline in days of sick leave per employee. The breakdown by division and by employee is given in the following table:

Days of sick leave per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Automotive average	Telecom-munications	Average France	Average Group
2017	7.4	7.3	8.6	1.6	6.8	5.0	6.8	**6.6**
2018	7.3	6.5	7.4	1.9	6.3	7.1	7.2	**6.3**
2019	**7.1**	**7.8**	**7.7**	**1.2**	**6.5**	**4.4**	**6.4**	**6.3**
% change	(2.3%)	+18.7%	+4.4%	(37.2%)	+2.9%	(38.1%)	(11.1%)	(0.8%)

Within the Group, there is a return to work policy, even if it is not systematically documented. The policy means a close working relationship with the occupational health department on issues such as workstation design, the examination of specific jobs and pre-return to work visits, the organization of meetings during sick leave to prepare for the return, a formal interview to identify the causes and characteristics of the illness and how best to prevent the recurrence of sick leave.

A listening and training line to help manage psychosocial risks exists within ACTIA Automotive.

Improving the quality of life in the workplace is an important issue for ACTIA. The concierge service made available to the employees is one of the tools that facilitates the work-life balance and its range of services is being added to all the time. There are also many other initiatives underway at other sites that aim to facilitate quality food service, organize on- or off-site sporting activities or provide relaxation rooms for the employees.

5.7.7 Circular economy

The Group is not subject to any specific environmental regulatory constraints with regard to its activities.

The environmental management systems put in place at the certified facilities, regulatory monitoring and the resulting follow-up processes ensure that they remain in compliance with regulations.

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA I+Me (Germany), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisie (Tunisia), ACTIA India (India) and ACTIA China (China) are ISO 14001 certified. Therefore, 76.9% of the Group workforce is covered by a clearly defined and fully validated environmental policy. Companies certified under ISO 14001 follow all the regulations applicable to their businesses and their facilities, including national and local rules (for example, in France the French local urban planning rules or PLU).

Through its proactive policy, the Group has been taking this aspect into account for many years and is making every effort to progress in this area by managing the end of the lifecycle of this potentially polluting waste.

The new factory in Detroit (United States) has put in place systems to help protect the environment during production: these include using holding and storage tanks for chemical products and HVAC filtration.

Managing water resources

Apart from the production sites, water consumption is mainly for domestic purposes. In the factories, water is used in a number of ways:

- humidification of the air in workshops where circuit boards are produced, in order to reduce the risk of electrostatic discharges (ESD), combined with permanent control of the temperature;
- washing machines made available to the maintenance service to clean equipment.

The Group has already implemented a number of measures to ensure the responsible use of water resources:

- an end to pumping from wells on the sites where this used to be standard practice (mainly Colomiers, France and Tunis, Tunisia);
- working on equipment in a closed circuit;
- recycling water for the washing machines to avoid any risk of pollution.

The Group's total water consumption was 31,609 m³, down by 1.1% compared to 2018. Average daily consumption per employee was 23 liters, down by 2 liters.

In Tunisia, the leak repaired in 2018, the move to a new building and the daily monitoring of indicators helped to improve control of consumption. The result was that the country achieved a significant decline of 16.4% of its consumption.

The Mexican subsidiary, victim of a water leak during the period, recorded consumption of 758 m³ over the year, an increase of 23.9%.

ACTIA Automotive also saw its consumption significantly increase in 2019 by 31.4% due to the construction of its new building intended to accommodate new employees and an internal, better quality restaurant service that saw an increase of more than 25% in the meals served.

Overall, water consumption is regularly monitored by the Group, which makes it possible to analyze all variances and contributes to improved awareness.

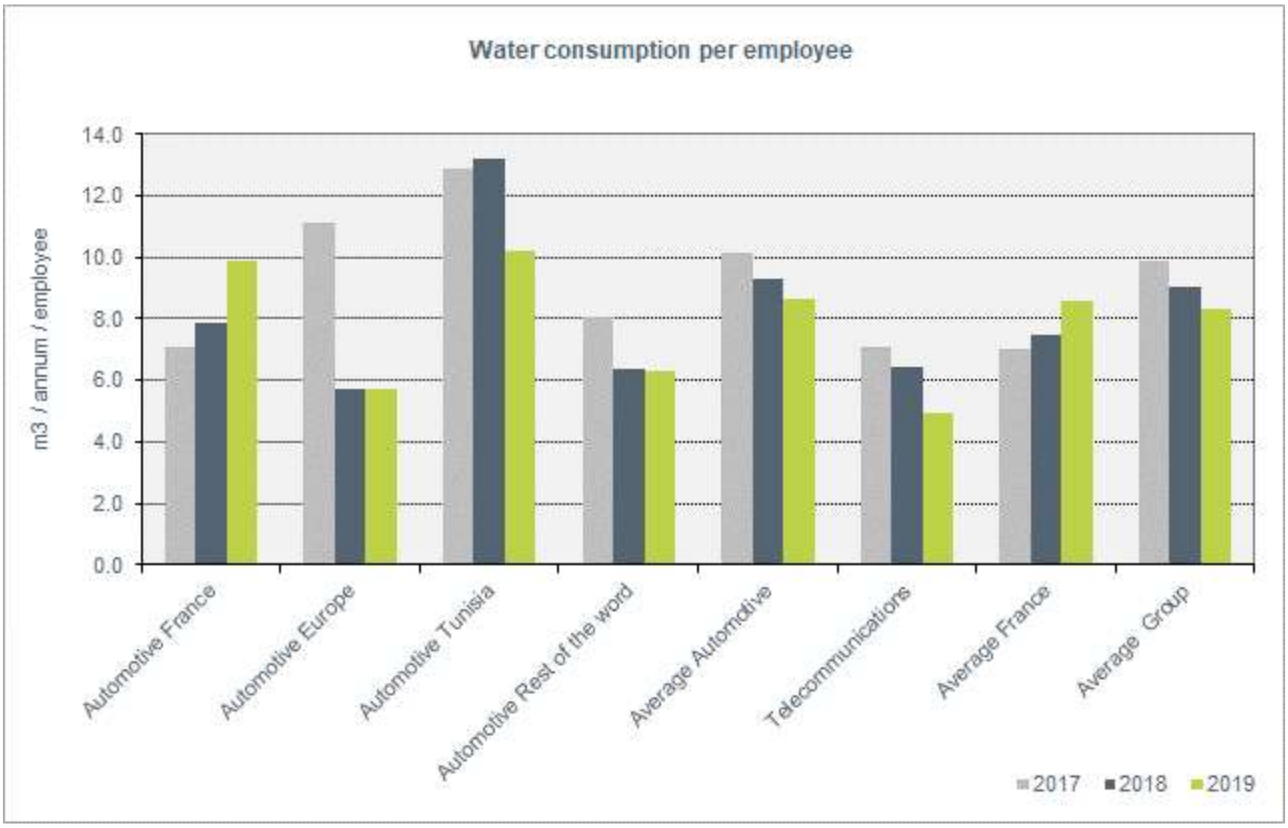
It should be noted that certain subsidiaries still do not have access to their water consumption figures, as the information is included in local rental costs: for these entities, the Group continues to take into account estimated water consumption based on the national or industry average, depending on the available information. This includes two French subsidiaries (26 people) and the Swedish subsidiary with 123 people, representing 3.9% of the Group's workforce.

Water consumption at all facilities is drawn from the drinking water system.

In relation to the number of employees, water consumption across all sites in 2019 was close to 8.3 m³ per annum per employee, down by 7.9% on 2018, with the following changes:

m³ per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Auto-motive average**	**Telecom-munications**	**Average France**	**Average Group**
2017	7.1	11.1	12.9	8.1	10.1	7.1	7.0	9.9
2018	7.8	5.7	13.2	6.4	9.3	6.4	7.5	9.0
2019	**9.9**	**5.7**	**10.2**	**6.3**	**8.6**	**4.9**	**8.6**	**8.3**
% change	+26.0%	(0.5%)	(22.8%)	(1.3%)	(7.0%)	(23.6%)	+15.4%	(7.9%)

The following graph highlights shows changes in water consumption per employee since 2017:



The graph shows changes to water consumption in Tunisia and France. This corresponds to the consumption of the Group's two production sites, as the American facility was not yet fully operational: it further reflects the fact that each of these two countries represents a third of the Group's headcount. Other consumption remains representative of a "services – design" business.

Waste management

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 8.20% falling under the category of "hazardous industrial waste" or HIW. This waste is not eliminated or treated on-site. Instead, it is temporarily stored in areas designated and equipped for each type of waste (skips, compactors, holding tanks, etc.) before being properly removed to approved disposal facilities for recycling, recovery or treatment.

Existing recycling arrangements at the sites concerns all types of packaging: cardboard, paper, plastics as well as metals; batteries are also recovered through a specific waste separation collection process at several facilities. For the sites with waste separation and collection, a recovery strategy is encouraged, as opposed to energy recovery, whenever possible.

The following actions have been taken to reduce and recycle waste:

- installation and rental of waste storage containers and equipment destined for processing waste, and compacting certain categories of waste;
- production methods taking into account environmental considerations, by recovering and reusing raw materials in the process, seeking to reduce the use of plastic packaging, waste, reducing the environmental impact of the product, and incorporating environmental requirements in the manufacturing documentation;
- reducing and recovering waste from production, recycling and treatment of electrical and electronic waste;
- recycling and reprocessing cardboard, paper and soiled packaging;
- increasing the recovery rate and waste management;
- setting up a "zero paper" objective;
    - By the Toulouse production facility, with a gradual roll-out since 2016. Several steps have already been taken with the centralization of the databases, an action to open up the ranges, routing sheets and the gradual deployment of screens in the workshop;
    - In Spain, where all the workshops are now paperless; to achieve the objective, screens have been installed to make it possible to monitor the steps in the manufacturing process, with actions having been taken on the portal, the skills matrices and the control units in the factory to reach "zero paper."
    - The program continued in 2019, with the possibility of extending the deployment of the objective being looked into for CIPI ACTIA and ACTIA Electronics;
- incentivizing employees with the possibility of recycling their batteries on-site, compliance with the instructions for paper (reasonable usage, sorting of paper, recycling, incentives not to print out emails, etc.);
- maintaining the level of raw material recycling at an annual average cost of €50,000.

Also, the active waste separation collection policy is already in place at most facilities and covers 95.2% of all employees worldwide. The rate of coverage for French sites remained at 100% in 2019.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2019, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste represented 83.0% of the Group's workforce. Based on assessments performed, it is possible to provide the following summary on recycling, which even though still partial, highlights an improvement:

Type of treatment/ Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
Recovery	178.7	51.5	100.3	38.5	369.0	12.1	190.9	381.1
Energy recovery	131.5	16.1	0.4	0.0	148	0.0	131.5	148
Controlled disposal	8.1	0.0	66.1	0.0	74.2	0.0	8.1	74.2

Type of treatment/ Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
Special treatment*	6.5	0.1	4.8	0.0	11.4	0.6	7.1	12.0
Total	**324.7**	**67.7**	**171.6**	**38.5**	**602.5**	**12.8**	**337.5**	**615.3**
% HIW** /waste	6.0%	21.5%	8.8%	0.0%	8.2%	8.4%	6.1%	8.2%

* Special treatment means either a chemical process or incineration.

** HIW: Hazardous Industrial Waste

The 2019 financial year generated a slightly greater amount of waste than in the previous period by 7 tons, including 50 tons of HIW, which is lower than the 2018 production of HIW which stood at 69 tons.

Some subsidiaries are still not in a position to be able to report the data concerning quantities of waste insofar as it is treated by external service providers, such as municipalities, in accordance with local practices. In this case, estimates are provided and then analyzed at Group level in order to validate the consistency of the data.

Insofar as the Group remains focused on putting in place the means to sort and recycle waste, every possible resource is allocated to the subsidiaries in support of a local policy wherever this is feasible.

Finally, to allow for a comparison between waste from one financial year to the next and maintain consistency in the figures in relation to the business, the Group has decided to monitor only the waste directly linked to its own activities. Therefore, building sites generating one-off waste are not included in the figures.

5.7.8 Climate change

Energy

Throughout the Group the priority of limiting energy consumption is reflected through a range of actions implemented at local levels for identified targets:

- buildings: by installing presence detectors, air-conditioning controls, timers, programmers, automatically closing doors to insulate heated areas, and replacing doors and windows to improve the insulation of the premises, by automatic shutdowns at night and replacing gas-powered boilers by heat pumps;
- equipment: by changing over to low energy consumption equipment, buying LED lighting and other energy-efficient equipment, new low consumption servers, the replacement of aging computer equipment and the replacement of air-conditioning systems;
- individual behavior: awareness-raising campaigns on shutting down equipment in the evening, the use of heating and air-conditioning units, a centralized switch to shut off electricity, and installing presence detectors and timers, and putting in place indicators to further raise awareness and motivate personnel;
- organization: with the control of air-conditioning in the summer and the organization of working hours (through leave management), in order to avoid summer consumption peaks, general awareness-raising for staff, conducting an energy audit through a third party in order to examine areas for improvement;
- eco-design: designing and developing our products to limit the effects of the manufacturing processes used and attempt to reduce the number of components and the amount of materials consumed, encouraging dual sourcing and local origins where possible, favoring eco-responsible components and suppliers, organizing traceability and working with the customer to prepare the end of the useful life of the products through recyclability;
- strategy in favor of sustainable mobility: developing products and software that can help to bring about a reduction in the consumption of fuel and energy in general, thanks to monitoring the consumption of vehicles and the performance of drivers as described in the Management Report and discussed under Section 5.3.1 "Automotive Division" of this Universal Registration Document, but also through designing eco-mobility systems as deployed in public transport in particular.

These measures supplement those already undertaken in previous periods and highlight a strong commitment to environmental responsibility.

The two types of energy used on all sites are:

- electricity: 16,645.0 MWh, up by 7.4% compared to 2018. This increase reflects the growth of the business, and the increases in headcount and surface areas;
- natural gas: the 1,979.5 MWh represents a decrease of 26.4% from 2018, due to this type of energy no longer being used at the Lucé site in France, following the move made in July 2018.

An exception to the rule, the consumption of fuel oil, normally used very little within the Group, increased considerably over the period going from 61,328 kwh to 307,577 kwh as one of the Tunisian subsidiaries had to use this type of energy when moving, pending connection to the electricity grid.

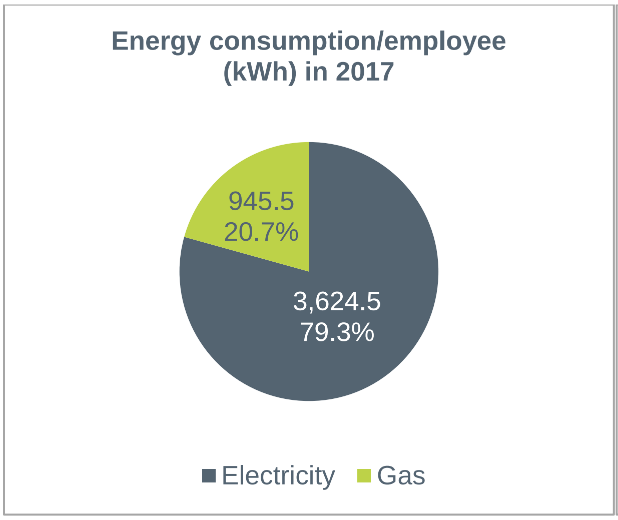
Total energy consumption reached 20,609.3 MWh in 2019, compared to 19,925.0 MWh in 2018, a limited increase of 3.4% in view of the growth in the Group's business of 9.2%.

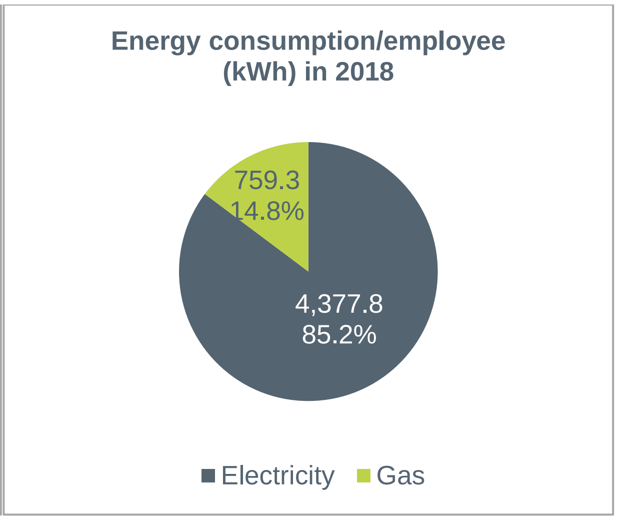
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. Certain subsidiaries thus saw increases due to an increase in headcount, the surface area used, and the growth of the business: others experienced decreased consumption thanks to the efforts made internally by raising the awareness of staff to energy savings and the more reasonable behavior of the latter: turning off equipment at night, control of heating and air-conditioning, etc.

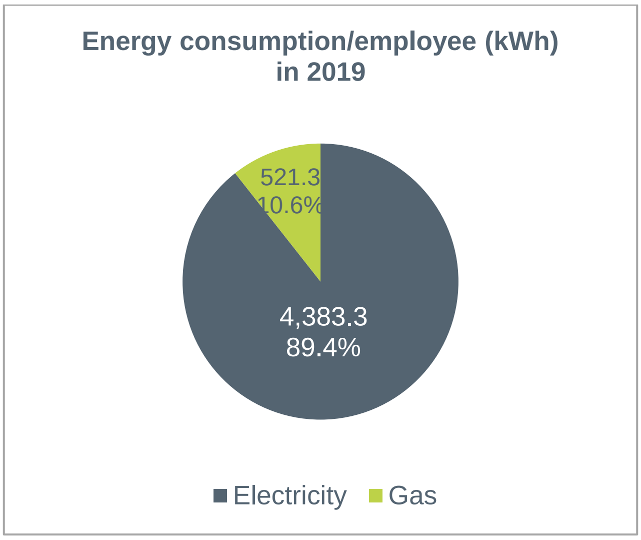
Energy consumption can be summarized as follows:

kWh per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Auto-motive average**	**Telecommu-nications**	**Average France**	**Average Group**
2017	6,749.3	4,511.2	5,453.2	3,283.9	5,240.6	7,660.0	6,927.9	**5,421.9**
2018	6,598.7	5,991.7	5,448.1	3,539.7	5,527.4	6,987.5	6,645.4	**5,627.9**
2019	**6,233.6**	**5,613.5**	**5,007.3**	**4,608.8**	**5,367.1**	**6,315.5**	**6,206.8**	**5,427.3**
% change	(5.5%)	(6.3%)	(8.1%)	+30.2%	(2.9%)	(9.6%)	(6.6%)	(3.6%)

The graph below illustrates the changes in energy consumption per employee:







In 2019, the energy consumption figure per annum per employee across the entire Group fell from 5,627.9 kWh in 2018 to 5,427.3 kWh in 2019, a decrease of 3.6%.

This favorable variance in the figures, combined with the overall limited increase in the Group's energy consumption, shows the effectiveness of the internal policies adopted to control the consumptions necessary for ACTIA Group's business.

Total energy consumption	Production	Non-production	Total Group
2017	8,860,019	9,180,031	18,040,050
2018	10,213,408	9,710,789	19,924,197
2019	**10,690,182**	**9,748,903**	**20,439,085**
% change	+4.7%	+0.4%	+2.6%

This spreadsheet clearly shows a certain stability of non-production consumption by the subsidiaries, slightly up by 0.4%, whereas at the same time there is a regular, but controlled increase of production-related consumption linked to the Group's business, with revenue growing by 9.2% in 2019 and consumption by just 4.7%, despite the highlight of the year being the opening of the factory in Detroit (United States) and the launch of the first production runs in summer 2019.

Renewable energy consumption has remained stable and concerns Tunisia where hot water is provided by solar energy (four 2 m² panels producing 2,200 watts) and in Sweden where all electricity consumption is supplied by wind turbines (51.1 MWh) and tidal power (162.2 MWh). Accordingly, 213 MWh, without counting solar-heated water for which we do not have any equivalent consumption, originate from renewable energy sources that account for 1.0% of the Group's total energy consumption.

Furthermore, the premises of our Swedish subsidiary are heated by hot water supplied by a waste incineration facility and this corresponded to an estimated consumption of 224 MWh, compared to 211 MWh in 2018. Our German subsidiary also uses energy for heating originating entirely from energy recovery. This consumption represents a total of 1,283 MWh, compared to 1,465 MWh in 2018, equivalent to 6.3% of the Group's total consumption.

Lastly, the Belgian subsidiary ACTIA Telematics Services, formerly Market IP, continued to use geothermal energy, but still has no means of measuring the corresponding consumption.

Air emissions and greenhouse gases

As part of the ongoing development of the Company's mobility plans, the sites in Toulouse continue to make available electric vehicles for business travel over short distances (light and utility vehicles).

For the third consecutive year, "operation eco-mobility," which gives employees the possibility of receiving a company subsidy when buying a bicycle, electric or not, was organized. New in 2019, electric scooters were added to the list of clean means of locomotion and, therefore, became eligible for the subsidy from ACTIA.

In 2019, the subsidiary in Spain acquired two electric vehicles for employees' business travel.

In Tunisia, the production facility continued to offer a collective transport solution for the personnel, outsourced to an external service provider, and the engineering services firm provides a 50-seater shuttle bus for employees to use when commuting.

In Sweden, rail is the preferred form of transport for travel between sites.

Finally, in Belgium, carpooling and bicycles are encouraged whenever possible.

The operations carried on at the facilities do not generate any significant air emissions. However, some sites voluntary conduct quantitative and qualitative tests on their air emissions, including two of the three production facilities: the results remain satisfactory.

ACTIA Automotive, a subsidiary based in Toulouse, in accordance with its regulatory obligations, adopted procedures for conducting a greenhouse gas emission assessment.

In addition, as part of an initial global approach, we sought to identify greenhouse gas emissions originating from energy consumption of the different Group entities using electricity for industrial purposes (ovens, soldering machines, environmental test chambers, etc.) and gas used exclusively for heating premises. The emissions factors taken into account are based on ADEME (the French environmental agency) data on www.basecarbone.fr. Emissions expressed in tons CO^2eq. reflect a rigorous policy for monitoring energy consumption through the ISO 14001 certified Environmental Management System implemented in more than 76.9% of Group entities.

In tons $CO_2eq.$	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecommunications**	**Total France**	**Total Group**
2017	545	394	2,008	907	**3,854**	268	**813**	**4,122**
2018	453	542	3,146	936	**5,076**	234	**687**	**5,310**
2019	**335**	**565**	**3,111**	**956**	**4,967**	**220**	**556**	**5,188**

Since 2016, the Group has also sought to include a new factor, by taking into account emissions from operated vehicles. To make the calculation, we started with the fleet of vehicles, their mileage for the year and/or the fuel consumption whenever this figure was available. The emission factors are taken from the ADEME carbon data base; as only the emission factors in France were available, they were used by default for the whole ACTIA Group.

In 2019, the Group achieved the following results covering 91% of the scope in question, with some subsidiaries unable to report the information needed for the calculation:

In tons $CO_2eq.$	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
Emissions from operated vehicles	755	431	13	138	**1,336**	132	**887**	**1,468**
Emissions from operations	335	617	3,111	956	**5,019**	220	**556**	**5,240**
% operated vehicles/ operations	225.3%	69.8%	0.4%	14.4%	**26.6%**	59.8%	**159.6%**	**28.0%**

In 2018, the following amounts were recorded:

In tons $CO_2eq.$	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
Emissions from operated vehicles	852	267	14	112	**1,245**	132	**984**	**1,377**
Emissions from operations	453	542	3,146	936	**5,076**	234	**687**	**5,310**
% operated vehicles/ operations	187.6%	49.3%	0.4%	12.0%	**24.5%**	56.4%	**143.0%**	**25.9%**

In 2017, the following amounts were recorded:

In tons $CO_2eq.$	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	**Telecom-munications**	**Total France**	**Total Group**
Emissions from operated vehicles	975	196	9	236	**1,415**	138	**1,112**	**1,553**
Emissions from operations	545	394	2,008	907	**3,854**	268	**813**	**4,122**
% operated vehicles/ operations	179.0%	49.7%	0.4%	26.0%	**36.7%**	51.3%	**136.9%**	**37.7%**

The vehicles provided to the sales force, of which there are many in some subsidiaries, explains the ratios seen between emissions from operated vehicles and those related to the business.

It should be noted that since 2017, ACTIA Automotive S.A. has provided two electric vehicles and an electric van for travel between its two sites in Toulouse and that in 2019 ACTIA System España acquired two electric vehicles for employees' business travel.

Furthermore, CIPI ACTIA (Tunisia) has equipped its manufacturing facility with an electric shuttle to transport different products, packaging, parcels, components and other items around its site.

Climate change and biodiversity

As can be seen from the information presented above, the Group's activities have little impact on the environment and everything possible is done to take into account the climate change we are experiencing, both in terms of the measures taken to limit the consumption of water and energy, and to raise the awareness of employees, who are informed by:

- brochures;
- regularly displaying objectives, plans for improvement and the results of audits;
- certification audits;
- intranet and emails;
- promoting environmental days and weeks in France and abroad;
- meetings when employees are hired and/or during the year; annual, quarterly and bi-monthly meetings depending on the site; instructions for working on energy savings;

In Brazil, for example, new employees benefit from environmental awareness programs while existing employees participate in a training program entitled "environmental balance" covering the main items and results linked to environmental issues. Also, during the country's environmental month organized each year, one day per week is devoted to environmental training, including conferences and films.

Taking into account the environment and biodiversity has also contributed to the design and development process of products in the following areas:

- adopting a different approach in terms of the choice of materials and certain components;
- taking into account the notion of eco-design for new products;
- certification criteria or the environmental approach integrated within the system for evaluating suppliers, developing a manual defining requirements for their classification, verification of ISO 14001 certification, supplier audits and/or annual evaluations, developing environmental initiatives with key suppliers;
- Locally, in Brazil for example, a supplier manual has been developed to set out the requirements for classification: every supplier classified as having an activity with an environmental impact must present their operating license issued by the relevant environmental authority. The objective is to develop environmental measures with key suppliers.

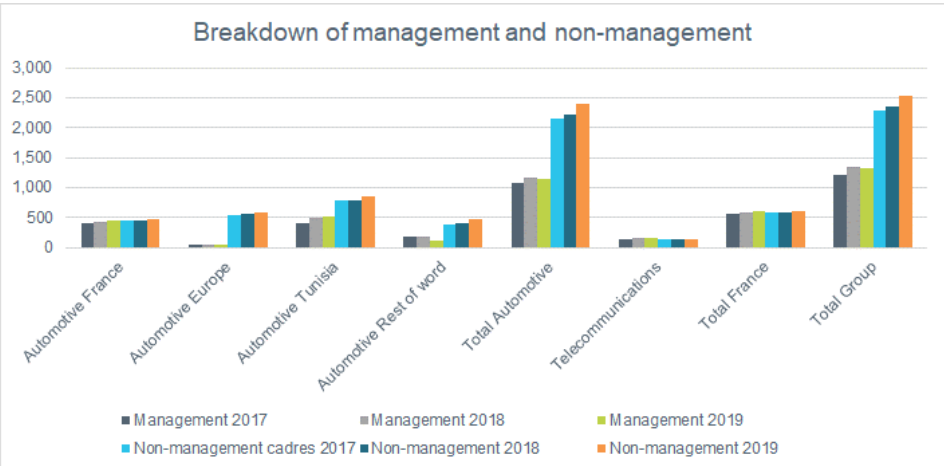
At the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We would remind you that all the risks faced by the Group are discussed in Section 6 "Risk factors" of this Universal Registration Document.

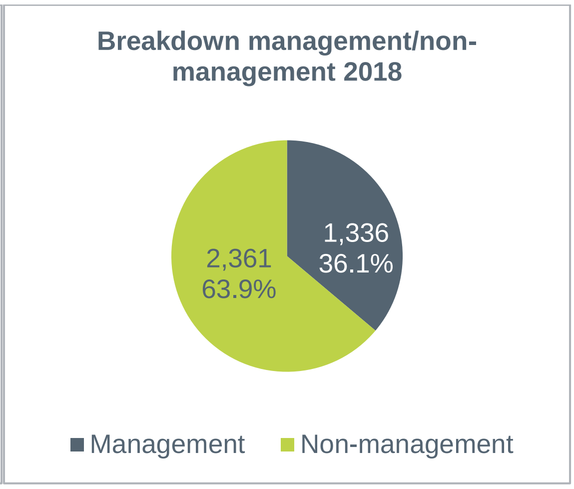
5.7.9 Other challenges

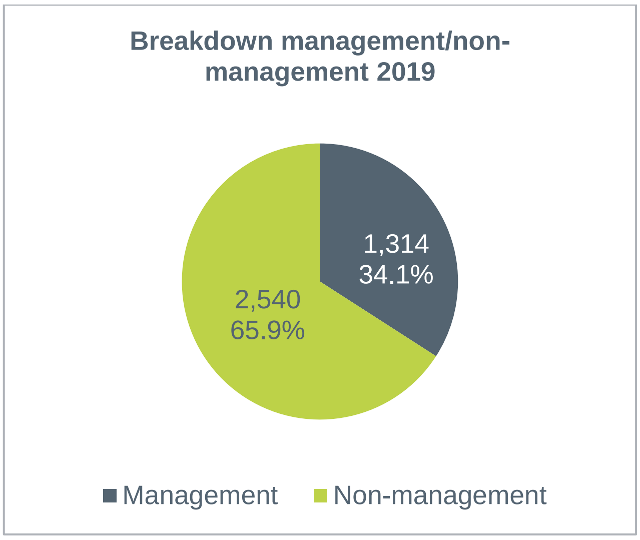
To ensure transparency, ACTIA has decided to continue providing information on all of the indicators normally monitored by the Group.

Human resources

The changes in the management/non-management staff break down were as follows:







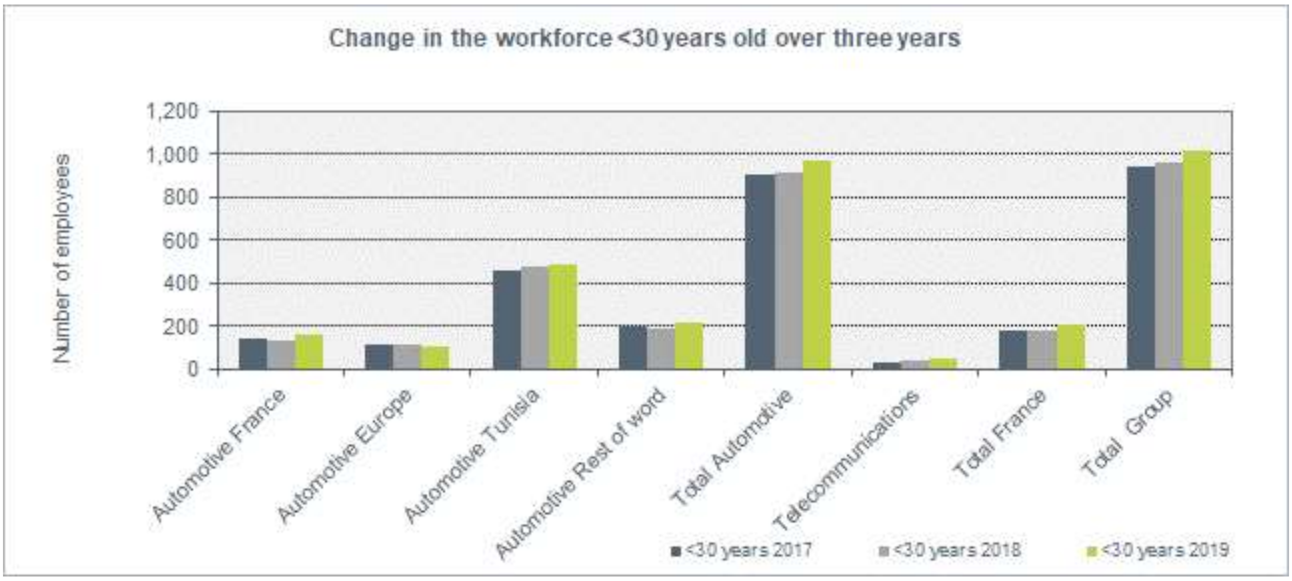
Over the period, changes to management and non-management headcount show an increase in the non-management category of 179 people and a decrease in the management category of 22 people compared to the previous year.

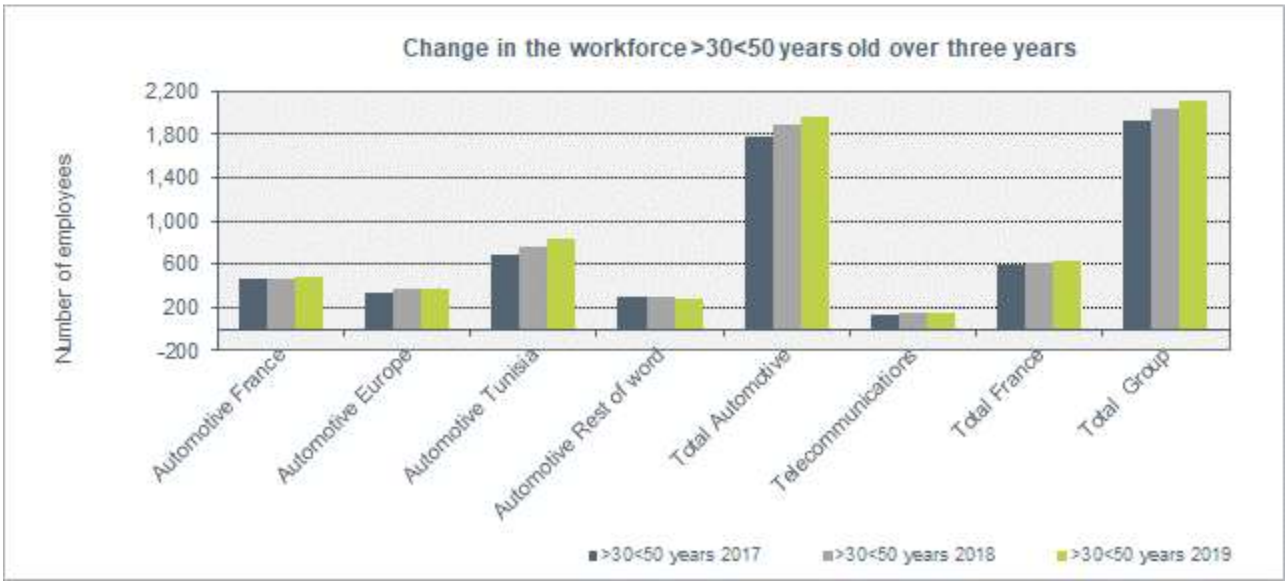
Most of the decrease in management staff was in the European subsidiaries, excluding France, and in Mexico, with a drop of 34.2% compared to 2018. However, the figure in Mexico is related to a change in the method of calculation used in this subsidiary to bring it in line with Group practices. In fact, due to a lack of an equivalent criterion in the country, the management/non-management breakdown was previously not comparable.

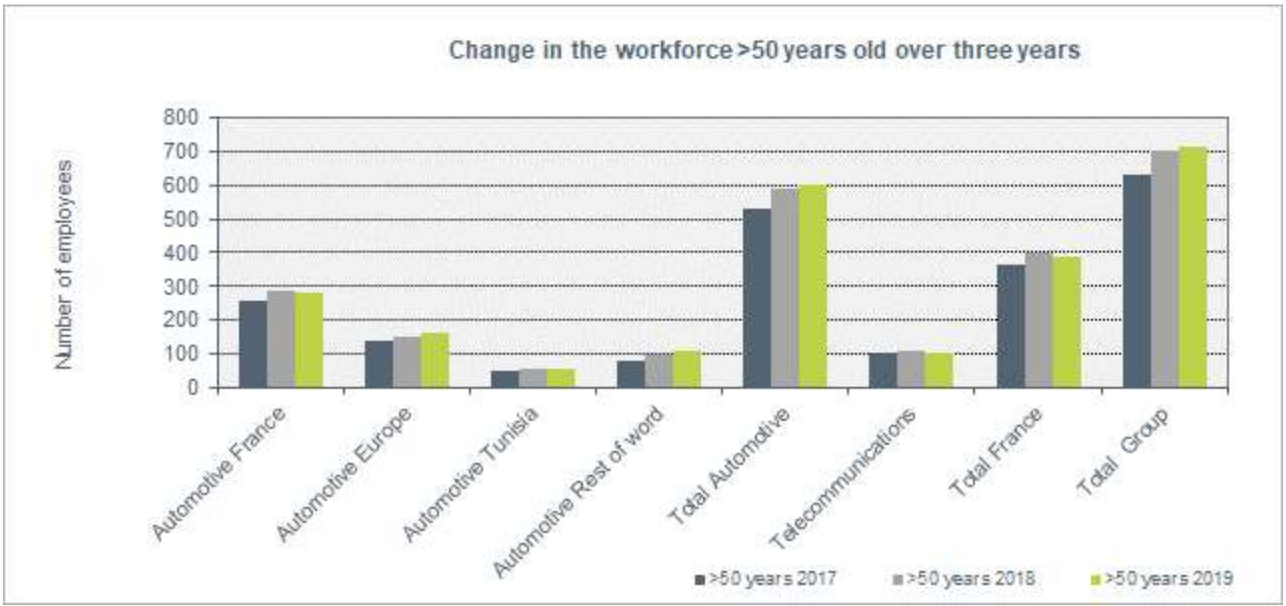
At the end of the financial year, management represented 34.1% of Group headcount, in decline in contrast to the two preceding years. The creation of the new factory in Detroit, with the corresponding recruitment of production staff explains the reversal of the trend in 2019.

Nevertheless, in France management still represented 49.9% of the headcount, which is similar to the previous year.

Breakdown by age: this changed as shown below:





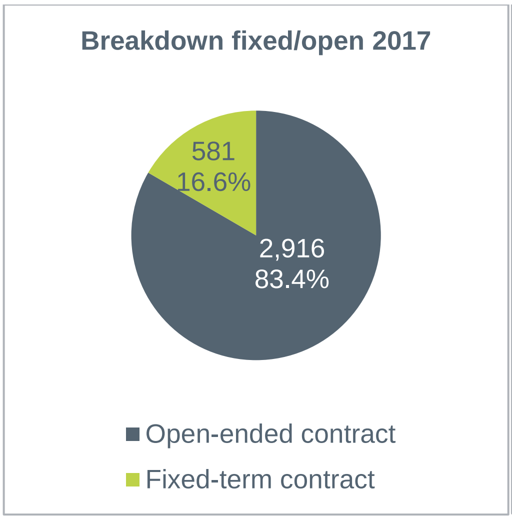


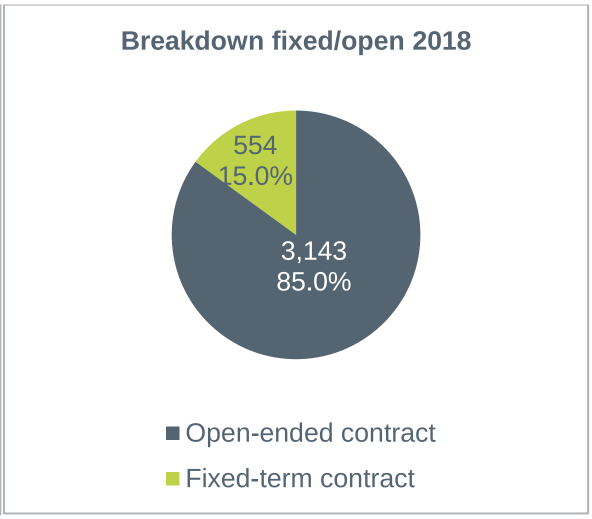
Once again, the increase in headcount was inconsistent from one region to the next and from one financial year to the next.

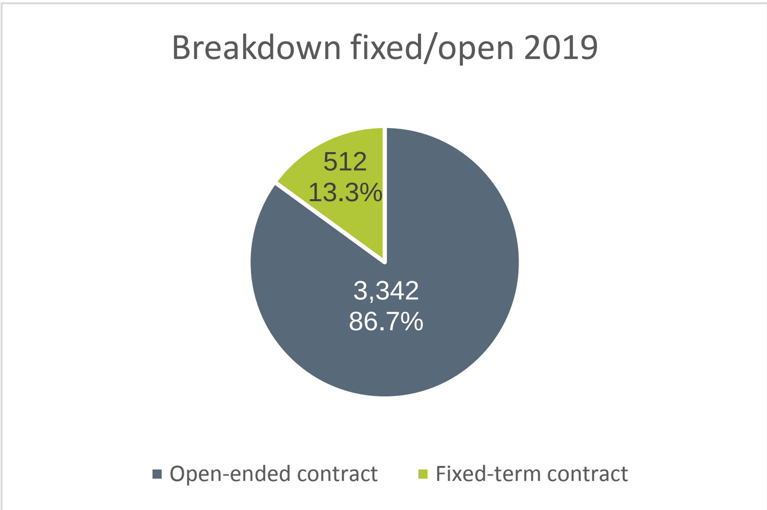
Over three years, those under 30 consistently represent a quarter of the numbers; those over 50 represent roughly 18.5%, and those between 30 to 50 years old represent more than half of the workforce.

Breakdown between open-ended and fixed-term employment contracts: with 65.4% of hires being given open-ended contracts, the Group continues to favor mostly long-term recruitments in order to develop the skills needed for its business. However, the proportion of fixed-term hires increased in the 2019 financial year due to the significant use of this type of contract in Tunisia where these contracts represented 55.8% of Group hires, compared to 41.4% in 2018. We should bear in mind that the length of a fixed-term contract in Tunisia can be as much as four years, thus allowing for adequate coverage of needs depending on the programs.

The breakdown between fixed-term and an open-ended contract is as follows:



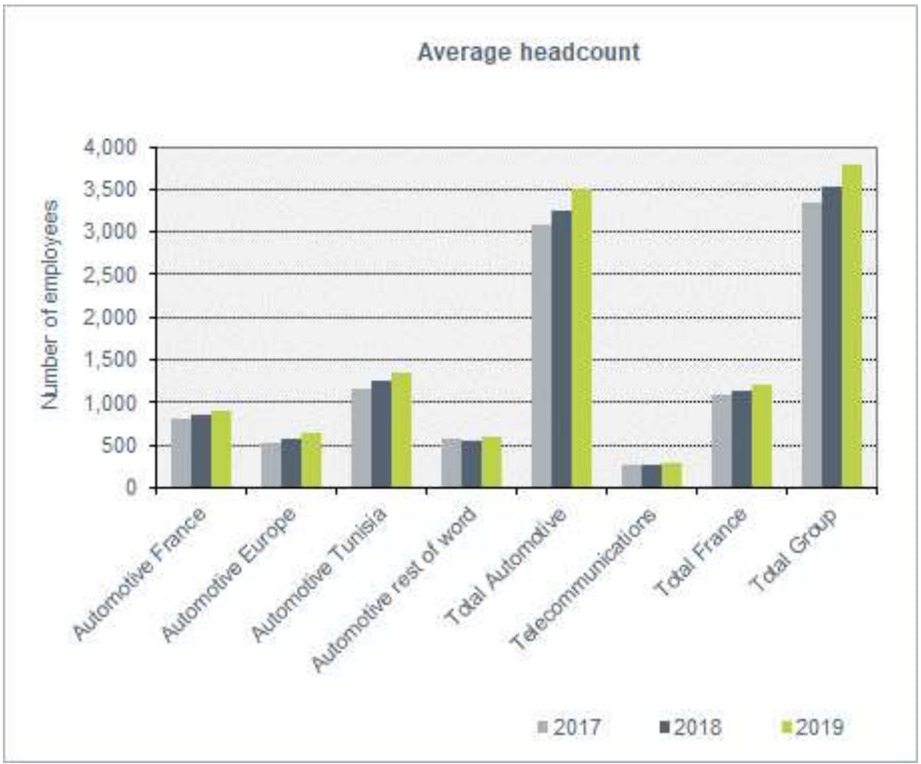




Overall, employees on fixed-term contracts now account for 13.3%, compared to 15.0% in 2018 and 16.8% in 2017, which confirms the trend towards long-term employment.

Furthermore, the Group has also observed changes with respect to its average headcount. This indicator enables the establishment of profitability analysis ratios for the companies.

Average headcount	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommun-ications	Total France	Total Group
2017	821	532	1,155	567	3,074	264	1,092	3,345
2018	868	586	1,249	555	3,258	274	1,150	3,540
2019	**902**	**644**	**1,353**	**598**	**3,496**	**292**	**1,203**	**3,797**
% change	+3.9%	+9.7%	+8.3%	+7.8%	+7.3%	+6.7%	+4.6%	+7.3%



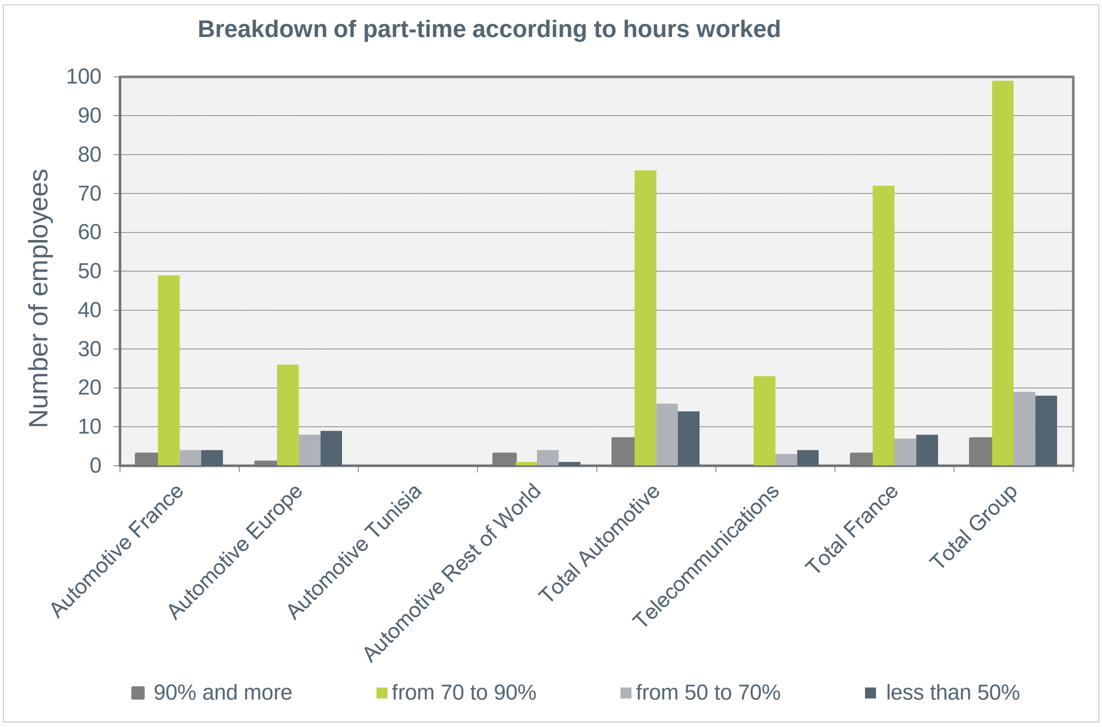
Working hours

In the majority of countries where the Group is present, the working week consists of five days. Only the Indian and Mexican subsidiaries, in accordance with local regulations, operate according to six-day working weeks.

It should be noted that in France, management and equivalent positions are employed on the basis of an annual 218 working days, which corresponds to the maximum legally authorized in France; the other employees benefit from the full-time, legally applicable 35 hour working week on an annualized basis.

As for manufacturing plants for circuit boards, the Colomiers site in France generally operates according to two 8-hour shifts and, if required to meet specific production demand, can operate on three 8-hour shifts. With respect to the Tunisian site of CIPI ACTIA, a significant number of production lines are organized on a shift work basis (three or four 8-hour shifts) depending on production volumes, performance and/or the workload for production units. These production sites have a six-day working week.

Group-wide, there were 143 part-time employees, which was up on 2018 with 133. Of these, 72.7% were women. The part-time breakdown is shown in the graph below:



The total number of overtime hours was 107,091, down against 2018: 97.7% involved non-management staff. 53.9% of total overtime hours were worked in the production sites in Tunisia, a distinct increase over previous years.

In 2019, 58 disabled workers were employed within ACTIA, which corresponded to an increase of 20.8% over 2018. As some local regulations impose quotas, legally 94 jobs should be held by disabled workers across the Group. In order to make up for the balance, the sites in France continue to make use of outsourcing to vocational support centers (CAT). This outsourcing represented the equivalent of 13 people and, unfortunately, was not sufficient to cover the shortfall in 2019. The Group was obliged to pay a total fine of €108,000 for non-compliance with its obligations in this area. The Group has still only partially reached its goals, but the indicators show an improvement and are evidence that the Group is making efforts to ensure that it gradually makes up the lost ground.

Some people in France still refuse to benefit from the status of disabled worker, and that is why ACTIA continues to raise the awareness of its employees to the need to accept disabilities.

Our engineering services firm in Tunisia, ACTIA Engineering Services, formerly ARDIA, has been incubating the start-up HAWKAR for two years; the ambitious plan driven by this start-up is to build a compact and ecological electric vehicle that is economic to buy and run in order to enable people with reduced mobility to travel more easily and independently, thus mitigating the shortfalls of existing infrastructure and public transport. This small vehicle is expected to:

- facilitate parking and make it easier to safely stow and remove a wheelchair;
- be rechargeable directly by connecting to the standard grid;
- protect the environment, be silent, more economic than a petrol model, with low maintenance costs, and adaptable to different types of physical disability.

From the outset, ACTIA Engineering Services has provided HAWKAR with advice, technical support and finance to enable it to produce the first prototype.

This project is now entering the second phase of development, with the following objectives:

- finalization of a working prototype for approval for on-road use;
- creation of a partnership between the founders of the start-up and ACTIA;
- provision of open hardware models to help disabled people around the world;
- industrialization of the vehicle so that it can adapted to being manufactured by disabled people;
- setting up of a production unit devoted to the integration of disabled people, a concept that could be rolled out in other countries depending on demand.

Furthermore, ACTIA Engineering Services is also taking part in an operation to collect bottle tops called "Bouchons d'amour" (or "tops for love") for the benefit of a charity that sells them to the recycling plant to:

- fund purchases of wheelchairs for people with reduced mobility;
- reduce the impact of the activity on the environment.

Respect for human rights

All entities within the Group actively promote the application of and compliance with the core conventions of the International Labor Organization, namely respecting the right of freedom of association and collective bargaining, eliminating discrimination in employment and professional life, abolishing forced labor and the effective abolition of child labor.

Within this framework, CIPI ACTIA, the Tunisian subsidiary, has been a partner of the United Nations Global Compact since 2006. The purpose of the Global Compact is to encourage companies right around the world to adopt a socially responsible attitude by committing to taking on board and promoting a number of principles regarding human rights, international labor standards and the fight against corruption. Signing the Global Compact is a deliberate act by the Company. In fact, the member companies commit to making progress every year in each of the four areas covered by the Global Compact and must submit an annual report called Communication on Progress (COP) explaining the progress they have made.

Finally, 90.3% of the entities using the services of subcontractors declare that the latter take care to comply with the core conventions of the International Labor Organization.

Labor relations

All the Group's French facilities are subject to the national metallurgy industry collective bargaining agreement. The two Tunisian circuit board production sites are covered by the collective bargaining agreement for the electricity and electronics industry. It should be noted that this notion of collective bargaining does not exist in all countries where the Group operates.

58.6% of the Group's staff work in entities where labor unions are present.

There are 128 employee representatives.

All ACTIA employees periodically receive information from management via different media depending on the subsidiary. Bulletin boards are systematically used, along with email, meetings and internal newsletters. Employees at all facilities are informed of Company results and targets. Since 2014, measures have focused on intra-group communications with the deployment of video screens in each subsidiary to strengthen synergies and foster Group cohesion across international operations, as well as the feeling of belonging to the Group. Since February 2017, the information for ACTIA Automotive can also be viewed at workstations (PC), to ensure that everyone, notably travelling staff, can have secure access (VPN). Lastly, the latter has also set up an intranet and Yammer groups to enable communication either in a specific, or a broader, context.

In addition to measures imposed by local legal obligations, the following benefits are offered:

- health: supplementary pension scheme for 89.6% of employees [(1)];
- restaurant vouchers for 55.78% of employees;
- maternity (maternity bonus) for 26.4% of employees;
- supplementary pension scheme for 18.0% of employees.

(1) *Data excluding France where supplementary health insurance has now become mandatory*.

Depending on the entity, 72.5% of employees are eligible for various bonuses including a "13th month" bonus, one-off bonuses, funeral expenses, marriage allowances, travel insurance benefits, supra-legal bonuses for quality, attendance, behavior, productivity and other bonuses.

With respect to annual compensation, trends for the last three financial periods are presented below:

Average salary expense	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	58,729	54,813	9,162	21,699	**32,608**	62,795	**60,223**	**35,207**
2018	59,794	56,297	9,847	22,996	**33,754**	69,502	**62,845**	**36,816**
2019	**60,643**	**56,741**	**10,542**	**26,617**	**34,721**	**66,487**	**62,676**	**37,420**
% change	1.4%	0.8%	7.1%	15.7%	**2.9%**	**(4.3%)**	**(0.3%)**	**1.6%**

The average salary expense corresponds to gross payroll, increased by social charges as presented in the accounting of each subsidiary, divided by average headcount.

Furthermore, the percentage of social charges in relation to the gross salary breaks down as follows:

Social security/ Payroll	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	46.3%	30.2%	14.7%	28.6%	35.2%	56.7%	48.7%	37.9%
2018	42.4%	30.9%	14.1%	32.1%	33.9%	61.9%	47.0%	37.5%
2019	**49.4%**	**29.6%**	**14.7%**	**27.4%**	**35.3%**	**51.9%**	**50.0%**	**37.5%**

In terms of payroll charges/payroll, despite the existence of the French competitiveness and employment tax credit scheme (CICE), payroll charges in France remain particularly high and up on 2018.

Profit sharing

The following table summarizes amounts expensed by the Group in connection with profit sharing and/or incentive scheme agreements signed by the different subsidiaries:

Profit sharing (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	0	198	0	108	**306**	0	**0**	**306**
2018	**0**	**285**	**0**	**110**	**395**	**0**	**0**	**395**
2019		**319**	**0**	**177**	**496**	**0**	**0**	**496**

Incentive scheme (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecom-munications	Total France	Total Group
2017	1,328	362	0	193	**1,884**	1,280	**2,609**	**3,164**
2018	**1,086**	**195**	**0**	**330**	**1,612**	**1,742**	**2,829**	**3,354**
2019	**0**	**416**	**0**	**216**	**632**	**854**	**854**	**1,487**

During the 2019 financial year, the subsidiary ACTIA Automotive was not able to pay incentives to its employees due to its poorer results.

For both profit sharing and incentive schemes, procedures of application vary from one company and country to the next, according to local regulations.

Internal organization of environmental management

ACTIA's Executive Management is responsible for coordinating all environmental actions.

Implementation of environmental management actions is managed by an Environment Manager reporting to the Systems - Quality/Environment Department of ACTIA Automotive S.A. for the two Toulouse sites. He shares his experience with the Group by assisting on a needs-be basis.

The Environment Manager has taken environmental management training.

In line with the implementation of the ISO 14001 standard, the general awareness session to train and inform employees on environmental matters was carried out for the sites concerned. A training plan and a timetable to raise awareness have been drawn up as part of the Environmental Management System (EMS). ACTIA Automotive S.A. also holds awareness sessions for all new employees on their day of induction. Staff are informed of actions taken and the channels are available to them to report all relevant information.

The in-house organization of risk management concerning accidents has been put in place at the ACTIA Automotive S.A. sites. The latter has embarked on the setting up of an Environmental Management System using the AMDEC method, a system that requires potential emergency situations, including incidences of pollution, to be identified and assessed in order to remedy them with an obligation to document a "response to emergency situations" procedure, having identified them.

The Group companies with a department devoted to the environment, such as ACTIA Automotive and ACTIA Telecom (France), CIPI ACTIA and ACTIA Tunisie (Tunisia), ACTIA Nordic (Sweden), ACTIA India (India), ACTIA I + Me (Germany) and ACTIA China (China), have a total full-time equivalent staff of more than 12 people. This means that 76.9% of the Group's employees have access to environmental assistance.

Furthermore, these sites also take into account environmental impacts when designing new products and vendor/supplier procedures and gather regulatory intelligence.

Consumption and waste

Consumption of raw materials and packaging

The Group's operations do not directly consume raw materials drawn from the natural environment since it uses only manufactured products (electronic components, electrical wiring, etc.), primarily consisting of metals and plastic. Most facilities have had waste separation systems in place for a number of years notably for packaging (cardboard, wood, packing fill materials, plastics, and pallets) and procedures providing for the reuse of wooden crates, plastics and cardboard boxes and promote the recovery of materials from these items. Measures in favor of standardization and reducing the number of packaging items remain in place.

Concerning packaging, the Group uses different types of products: cardboard, wooden filling materials, plastic films, paper, extruded foam. It remains very difficult to obtain quantitative reporting data on the consumption of these materials as there is no specific monitoring tool in place. Certain data is today reported in units, tons or m^3.

In line with its increasing commitment to environmental monitoring of its activities, ACTIA has developed reporting on data relating to its consumption of chemical products. The study shows that the Group used roughly 30.0 m^3 of various chemical products, compared to 27.4 m^3 in 2018 and 28.1 m^3 in 2017. These were mainly varnishes, solvents, diluents, solder paste and isopropyl alcohol. It should be noted that these figures only concern the main products used at the Group's major production facilities in order to be consistent and effectively track any changes. The increase in the past financial year is linked to the growth of the business, especially due to the opening of the new factory in America.

Ground use

None of our facilities uses the ground as such, other than to serve as sites for buildings.

The facilities taken together cover a total of 32 hectares. Of this surface area, 39.0% is covered by landscaped green areas (51.9% in France). Wooded areas represent 0.6% of these green spaces.

Water and ground discharges

The operations carried on at the facilities do not generate significant water or ground discharges:

- wastewater is of the "domestic" type and is discharged into the public sewage system to be treated; several alternatives exist: wastewater system, septic tank, drainage or, in China, a sewage farm;
- potential pollutants (varnishes, solvents, etc.) are not stored on the ground but rather in ad hoc storage containers prior to treatment in compliance with the regulations in force (see Waste management).

Noise and odor pollution

Our activities are not noisy and are odorless. Particular attention has been paid in Tunisia, where the move to the new site in 2019 made it possible to put an end to the bad smells affecting the staff in the engineering services firm due to the proximity of an old sewage works site.

Excluding these reported items, no incident has been recorded by the various facilities and there were no complaints from neighbors in 2019 or indeed before that.

Amount of provisions and guarantees

Given that the Group's operations do not present any material environmental risk, no provision or guarantee was put in place in 2019, or in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2019 no indemnity had to be paid for any environmental problem or accident and no environmental remediation work was required.

Societal commitments in favor of sustainable development

Food waste

The Group overall is not impacted by this indicator. However, some subsidiaries have decided to question their subcontractors and include this issue, as far as possible, in negotiations with the various service providers responsible for supplying the different sites. It should be noted that at the time of service provider renewal, ACTIA Automotive (France) selected a service provider who is very involved in the subject. Among other things, they have proposed many initiatives to reduce waste and improve recycling, along with a short supply cycle for food. They also track their environmental (social and societal) indicators on a regular basis. A change which had an immediately measurable effect consisted in allowing every employee to help themselves. This reduced waste on the trays to virtually zero.

This option, which was promoted by employee representatives, was also intended to offer healthier food. The immediate result was to increase traffic in the restaurant which led to:

- a positive impact on well-being at work: employees say that they are more alert in the afternoon. Eating on-site is less stressful because wait times are shorter, and the premises are more agreeable and quieter;
- an ecological impact by limiting travel by car: the employees leave the site less often to eat;
- an impact on relationships between employees: i.e. increased conviviality and the opportunity to meet and talk with new people.

The Company promotes many benefits:

- local or regional purchasing, with no central purchasing; the manager is free to select the suppliers;
- employee training is their primary concern;
- all new hires meet the Chairman and CEO during a Company discovery day;
- every employee becomes a shareholder of the Company when they reach ten years seniority;
- the food delivered to the site is fresh. There can be more waste (peels, crates), but it is easy to recycle (composting, recycling) and the process is well understood; the facility manager is a cook;
- they are, therefore, a stakeholder in any improvements and the satisfaction level of the users of the services provided;
- charitable activities are organized on a regular basis, including bake sales for the benefit of an association for the disabled and the operation “Dessert Solidaire” (“solidarity dessert”) at the end of the year for the benefit of the NGO “Action against hunger.”

The other challenges of food waste, i.e. the fight against food poverty, respect for the well-being of animals, and responsible, fair and sustainable food are not relevant for the Group.

Outsourcing

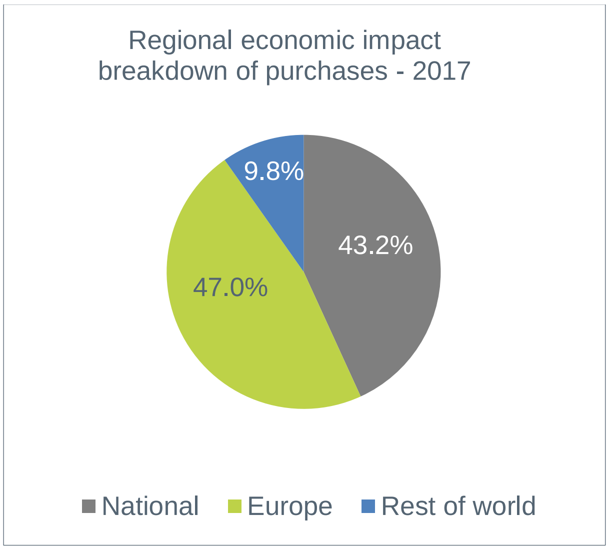
Most of the sites covered outsource different tasks of which there are two main types:

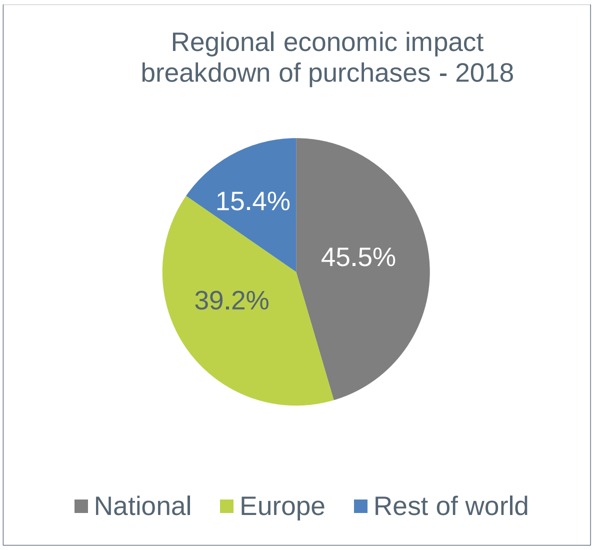
- in manufacturing, some sub-assemblies, such as embedded audio and video systems, may be outsourced by certain subsidiaries. This production is performed directly at the sites of subcontractors approved by the Group;
- for R&D, depending on the specific nature of the requests, the subcontractors may intervene directly on the Company's premises, on our customers' sites or from their offices.

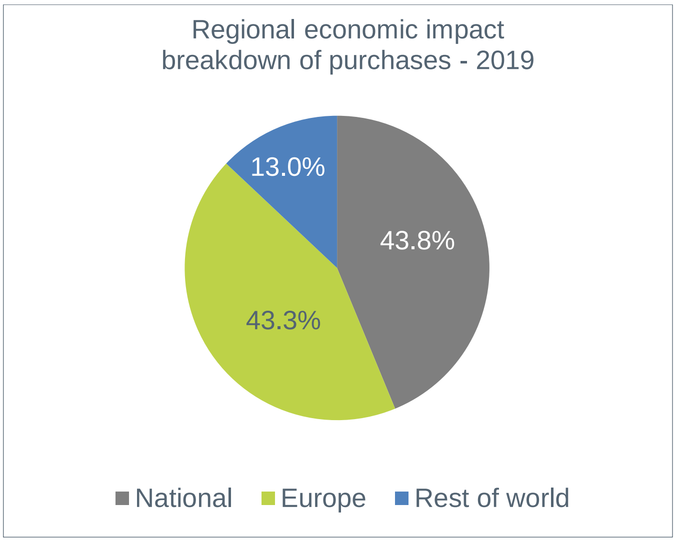
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

Relations with the local environment

The economic impact of the Group's operations is calculated on the basis of the breakdown of production related purchases, as follows:







Changes in the breakdown of purchases were minimal in 2019, as in previous years, and the Group's longer term prospects, thanks to international growth, make it possible to maintain a positive impact in economic terms over the national territory.

However, for electronics, with the global manufacturing of basic products (components, printed circuits, etc.) being mainly concentrated in Asia and North America, it is impossible to favor local supply chains as the sought after resources are just not available.

Relations with stakeholders and social works

Some Group entities belong to trade bodies: in France, Union des Industries et Métiers de la Métallurgie (UIMM), MEDEF (employers' union), the movement for mid-market companies (METI), scientific bodies such as ANRT, Aerospace Valley, Tompasse and social bodies such as Action Logement, a body that collects the tax for the construction of housing, financing construction and helping employees to find housing. Elsewhere, with the CIPI ACTIA membership in the United Nations Global Compact for human rights and the environment, ANFIA (Italian automotive industry association), the metal industry employers' union in Madrid, MAFEX (the railways association in Spain), SMMT (local union in England), and the Chinese Bus and Coach Association.

The Group also has good relations with post-secondary educational institutions with which it participates in research activities and has end-of-studies internship program partnerships.

In France, ACTIA Group has signed a partnership agreement with six major educational establishments ("Grandes Écoles"): Ecole des Mines Albi-Carmaux (engineering), the Toulouse Business School, ENSEEIHT (electro-technical, electronics, IT, hydraulics and telecommunications), ENSIL (engineering in Limoges), INSA (applied sciences in Toulouse) and ISAE (aeronautics and space).

On the international front, partnerships have been entered into with Politecnico in Turin and Milan, the Universita di Bari (Italy), the Monterrey Technological Institute (Mexico), the University of Shanghai and the engineering college of Nanjing (China), and in Tunisia a number of engineering schools.

As for ACTIA Engineering Services, it is a partner in the Elife program launched by the Tunisia Foundation for development, for the following activities:

- opening of technological centers specifically for young Tunisians in the most marginal and underprivileged regions;
- selection of young ISET graduates mainly on the criterion of motivation;
- upskilling to improve their chances of finding a profession thanks to a 180-hour training program including language, communications and preparation for digital professions.

Some subsidiaries provide support to local non-profit organizations, as in Toulouse "Nos Quartiers ont du Talent" ("our neighborhoods have talent') which provides job search assistance to young people from underprivileged neighborhoods (coaching) and "Espérance Banlieue Toulouse" ("hope for the suburbs of Toulouse"), which develops local schools for underprivileged children (kindergarten and primary). We are also active in Spain via membership of the "Fundacion Creality," whose mission is to tangibly improve and make progress in the quality of life for the vulnerable, at-risk and/or socially excluded, helping them to achieve independence thanks to activities assisted by animals. The association acts through programs including activities assisted by dogs who actually visit the institutions (hospitals, clinics, rehabilitation centers. etc.) to be with the people concerned and their families.

The Group's contributions also consist of donations of equipment, as with computer equipment for "La Compagnie du Code," which runs workshops to raise awareness of, and training for, young people in computer coding, of team involvement (Nos Quartiers ont du Talent) and of financial assistance for selected non-profits. ACTIA Group also supports the INSA Foundation, the purpose of which is to provide long-term support in terms of equal opportunities for student engineers who find themselves in financial straits by offering them the possibility of obtaining a grant. Jean-Louis Pech, Chairman of ACTIA Group's Executive Board, has been Chairman of the foundation since the end of 2016 and the Group also supports it financially. The association also works in fields as diverse as support for diversity, innovation, gender equality and disability.

In Tunisia, ACTIA Engineering Services, formerly ARDIA, continues to support the Sidi Ammar primary school in the region of Fernana (Governorate of Jendouba) by sponsoring the renovation of the premises and improving the circumstances in which the students study. In 2019, there was a back to school campaign to renew the computer equipment and a "Daffini" action to supply heating, coats and woolen sweaters. In the future, there are visits planned to a museum, ACTIA Engineering Services and the library, as well as end of year prizes for the best three in the class. These activities are 50% financed by the employees and 50% by the Company.

In France, ACTIA Automotive has also set up a charitable program. The employees were asked to choose an association they would like to support. The choice was:

- ENOREV, an association that promotes alternative rehabilitation methods to help children affected by cerebral palsy to learn to walk. So, all the donations made at the ACTIA Pouvourville site by the employees during the fundraising campaign organized in the fall of 2019, will go towards funding training for neuro-pediatric rehabilitation professionals;
- Les Ailes, an association that saw the light of day following the 2004 tsunami, whose volunteers work for orphaned children in Sri Lanka where they help to finance schooling. A summer and fall clothing and school supplies collection was organized by the ACTIA Colomiers site.

Finally, ACTIA Systems, our Spanish subsidiary, has developed a corporate volunteer scheme. As part of the scheme, sessions with up to ten people were organized with Down's syndrome children to help build the social fabric.

Fair practices and tax evasion

Since 2014, ACTIA has had a **code of ethics** that reflects the values of respect and integrity so strongly held by the founding families. The code has been rolled out internationally since 2016.

In 2018, the Group adopted an **anti-corruption code** and an internal whistleblower scheme. E-training was carried out in 2019 to raise the awareness of the issue and inform employees who are exposed to the risk of corruption. The training program is intended to be accessible to all Group employees. The Group's internal control function has also been reinforced with the creation and implementation of procedures in sensitive areas such as conflict of interest. Lastly, a gifts policy is currently being finalized and will soon be issued.

Concerning the measures taken for the health and safety of consumers, products developed by the Group are subject to the safety concerns and the improvement of respect for the environment, particularly in the field of the mobility of goods and people.

ACTIA in most cases intervenes in one of the components of a more complex product that may subsequently be used by the end customer. On this basis, the Group respects the requirements established to this purpose set by the manufacturer of the end product.

With respect to tax evasion, it should be noted that the Group does not have any facilities in countries on the tax haven blacklist. ACTIA has no structures that could be used for such purposes. The Group opened facilities in Tunisia between 1997 and 2005 to develop its board production and R&D sites at a lesser cost to ensure that they would remain competitive for international calls for tender. In accordance with the legislation on foreign capital in effect at the time, the companies have offshore status. The growth of the Group's business has enabled the creation of many local jobs. The Group remained committed to supporting the business during the Tunisian crisis of 2011, although many customers requested that production in Tunisia be closed down. Group management believes that the Company's role is essential due to local employment, training and investment to support the economy it provides.

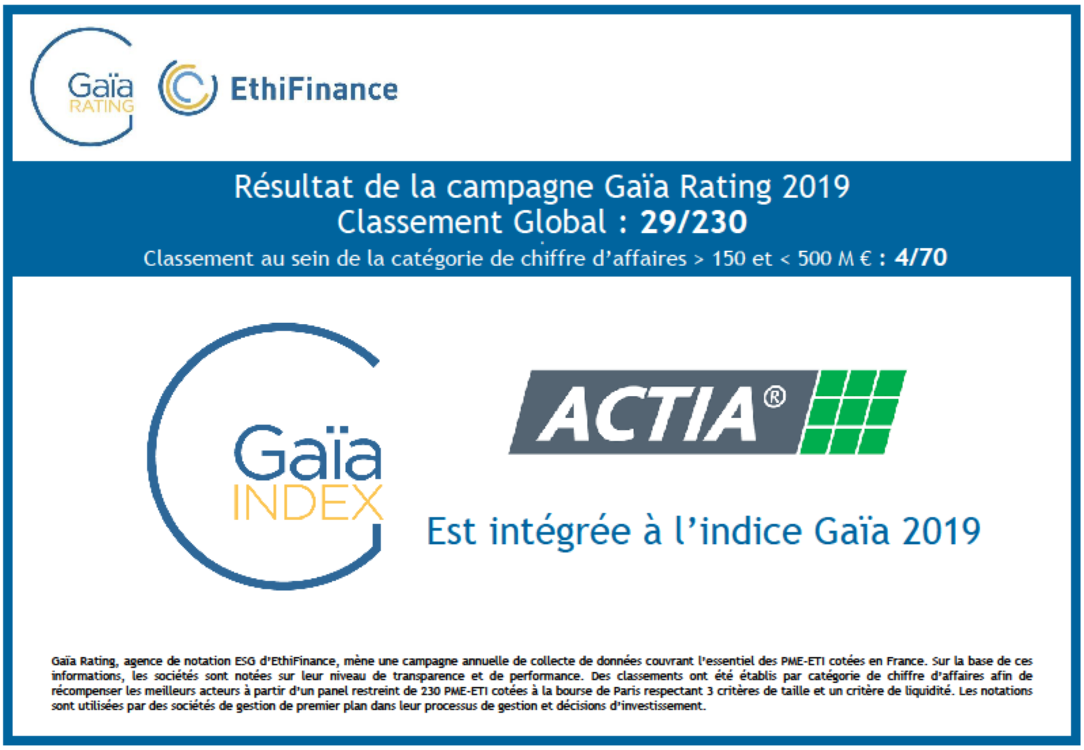
ACTIA's price transfer policy is based on split profits which is, in turn, based on the added value of each company. They are set based on the operational environment of the transactions, the location of intangibles and economic circumstances.

Summary

Committed to sustainable development and making a positive contribution to the world, ACTIA was once again recognized and rewarded in 2019. Specifically, ACTIA Group moved up the ranking of the 70 companies that make up the GAÏA Index, the benchmark index for mid-caps in terms of sustainable development and is now fourth in its category. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 French SMEs and mid-market companies assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environmental relations with stakeholders). With more and more companies are becoming sensitive to these issues, moving up the ranking is a real reward for the efforts made by ACTIA.

In addition, the Group has been monitored by ECOVADIS since 2014, through ACTIA Automotive and all of ACTIA Telecom's subsidiaries. ECOVADIS is responsible for analyzing the Group's results in terms of its policies and their deployment with respect to the environment, social and human rights, ethics and responsible purchasing.

There has been consistent progress in this area too. The 2019 results are encouraging, namely:



5.8 Report of one of the Statutory Auditors', designated an independent third party, on the consolidated non-financial performance statement in the Management Report

To the General Meeting,

As the Statutory Auditors of your Company (hereinafter the "Entity"), designated an independent third party and accredited by COFRAC under number 3-1049,[1] we hereby present our report on the consolidated social, environmental and societal information (hereinafter referred to as the "Statement") provided in the Group's Management Report for the financial year ended December 31, 2019 pursuant to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Executive Board to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a presentation of the main non-financial risks, a presentation of the policies implemented with respect to the risks and the results of the policies, including performance indicators.

The Statement was prepared in application of the procedures of the entity (hereinafter the "Standards"), the material elements of which are presented in the Statement and are available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the code of ethics of the profession. We also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the rules of ethics, professional auditing standards and the applicable laws and regulations.

Responsibility of the Statutory Auditors designated an independent third party

It is our responsibility, on the basis of our work, to provide a reasoned opinion expressing moderate assurance regarding:

- the conformity of the Statement to the provisions of Article R.225-105 of the French Commercial Code;
- the truthfulness of the information provided in application of Paragraph 3 of Sections I and II of Article R.225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions taken with respect to the main risks, hereinafter the "Information."

It is not, however, within our remit to voice an opinion on compliance by the entity with other applicable legal and regulatory provisions, particularly concerning the fight against corruption and tax evasion, nor on the conformity of products and services with the applicable regulations.

Nature and scope of our work

Our work as described below has been conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes), and the ISAE 3000:[2]

- we have noted the activities of all entities included in the scope of consolidation and the principal risks;
- we also reviewed the appropriateness of the Standards with respect to their relevance, completeness, reliability, neutrality and comprehensive nature, taking into consideration, as required, the best practices of the industry;
- we verified that the Statement covers each information category provided for in Section III of Article L.225-102-1 with respect to social and environmental matters and compliance with human rights and the prevention of corruption and tax evasion;
- we verified that the Statement presents the information provided for under Section II of Article R.225-105 where relevant with regard to the principal risks and includes, as appropriate, an explanation of the reasons justifying the absence of the information required under the second paragraph of Section III of Article L.225-102-1;

[1] For which the scope of accreditation is available on the site www.cofrac.fr
[2] ISAE 3000 – *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 principal risks related to the activities of all the entities included in the scope of consolidation, including, when relevant and proportional, the risks created by business relationships, products or services and policies, actions and results, including key performance indicators for the principal risks;
- We consulted documentary sources and conducted interviews in order to:
  - understand the selection and validation process for the principal risks and the consistency of the results, including the key performance indicators chosen with regard to the principal risks and policies presented;
  - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For certain risks (respect for human rights and the fight against corruption and tax evasion), our work was conducted at the level of the consolidating entity. For the other risks, the work was conducted both at the level of the consolidating entity and a selection of other entities.[3]
- we verified that the Statement covers the scope of consolidation, namely all of the entities included in the scope of consolidation, in accordance with Article L.233-16, with the limitations described in the Statement;
- we noted the internal control and risk management procedures put in place by the entity and assessed the data gathering process intended to reflect the completeness and truthfulness of the information;
- we implemented the following for the key performance indicators and other quantitative results we deemed most important:
  - analytical procedures consisting of verifying the correct consolidation of the data collected and the consistency of changes,
  - detailed tests based on sampling, to verify the correct application of definitions and procedures and to reconcile the data with the supporting documentation. This work was carried out for a selection of contributing entities[3] and covered between 23% and 53% of the consolidated data selected for the tests;
- we assessed the overall consistency of the Statement compared to our knowledge of the companies included in the scope of consolidation.

We believe that the work we carried out exercising our professional judgment enables us to provide a moderate assurance. A higher level of assurance would have required more extensive verification work.

Means and resources

Our work drew upon the expertise of six people. It was conducted between September 2019 and April 2020 over a total period of approximately two working weeks.

We were assisted in our work by our sustainable development and social responsibility experts. We interviewed a dozen people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial performance statement does not comply with the regulatory provisions in effect or that the Information, taken as a whole, has not been presented sincerely, in accordance with the Standards.

Paris La Défense, April 24, 2020

KPMG S.A.

Fanny Houlliot Partner Sustainability Services	Philippe Saint-Pierre Partner	Mathieu Leruste Partner

[3] ACTIA Automotive, ACTIA de Mexico.

Appendix

Qualitative information (actions and results) considered most important
Training budget
Safety manual describing the measures taken to protect the safety of people and assets
Actions taken to raise the awareness of employees to health and well-being at work
Actions taken to reduce the use of paper
Design of eco-mobility products and solutions
Energy audits and emissions generated by the fleet of vehicles operated
Anti-corruption code of conduct
Policies for the fight against tax evasion
Procedures for raising awareness of the core conventions of the International Labor Organization

Key performance indicators and other quantitative results deemed most important
Headcount at year end
Turnover
Training hours per average headcount
Percentage of women on the Board of Directors
Percentage of women on the Management Committee
Frequency of occupational accidents with lost working days
Severity of occupational accidents
Number of days of sick leave per employee
Energy consumption
CO^2 emissions resulting from business-related energy consumption
Water consumption
Amount of waste generated
Proportion of waste recycled

5.9 Property, plant and Equipment

5.9.1 Existing or planned material items of property, plant and equipment

O: Direct or indirect owner (SCI wholly-owned by the Group); T: Tenant; t: tenant of an SCI partially owned by the Group.

Name	Site	Business activity	Type of interest
ACTIA Group	Toulouse	Holding company	t (1)
Automotive			
ACTIA Automotive	Toulouse	Electronic studies and marketing	t (1)
	Colomiers	Electronics manufacturing	O (2)
	Chartres	Manufacturing and distribution of mechanical equipment for garages and inspection centers	O (2)
	Toulouse	Logistics	T
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	T
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	T
ACTIA UK	Newtown *(United Kingdom)*	Electronics research & manufacturing	O
ACTIA Systems	Getafe, Madrid *(Spain)* Getafe, Madrid *(Spain)*	Research and manufacturing of audio and video equipment Research and power electronics	t (3) T
ACTIA de Mexico	Mexico City *(Mexico)*	Manufacturing and distribution of audio and video equipment	T
ACTIA do Brasil	Porto Alegre *(Brazil)*	Electronics research & manufacturing	T
ACTIA Inc.	Dearborn - Michigan *(USA)*	Electronics research & manufacturing	T
ACTIA CZ	Tabor *(Czech Republic)*	Electronics research & manufacturing	O
ACTIA Italia	Torino *(Italy)*	Electronics research & manufacturing	O
ACTIA I + Me	Braunschweig *(Germany)* Salzgitter *(Germany)*	Electronics research & manufacturing Battery production	O/T T
ACTIA Corp.	Elkhart - Indiana *(USA)*	Electronics research & manufacturing	O
ACTIA Electronics	Romulus - Michigan *(USA)*	Electronics manufacturing	O
ACTIA Polska	Piaseczno *(Poland)*	Electronic studies and marketing	T
CIPI ACTIA	Tunis *(Tunisia)*	Electronics manufacturing	O
ACTIA Tunisie	Tunis *(Tunisia)*	Electronics manufacturing	T
ACTIA India	New Delhi *(India)*	Electronics research & manufacturing	T
ACTIA China	Shanghai *(China)*	Electronics research & manufacturing	T
	Wuhan *(China)*	Electronics research & design	T
ACTIA Nordic	Sollentuna *(Sweden)*	Electronics research & manufacturing	T
	Linköping *(Sweden)*	Electronics research & design	T
	Göteborg *(Sweden)*	Electronics research & design	T
Telecoms			
ACTIA Telecom	Saint-Georges-de-Luzençon	Electronics research & manufacturing	O (4)
	Dinard	Electronics research & manufacturing	O/T
	Puy-Sainte-Réparade	Electronics research & manufacturing	O
	Manosque	Electronics research & manufacturing	O
Other			
ACTIA Engineering Services	Tunis (*Tunisia*) Sfax *(Tunisia)*	Electronics research & design Electronics research & design	O T
ACTIA Africa	Tunis *(Tunisia)*	Marketing, sales and technical support	T (5)
ACTIA Telematics Services	Namur *(Belgium)*	Electronics research & design	T

(1) SCI des Coteaux de Pouvourville (2) SCI de l'Oratoire (3) SCI Los Olivos
(4) SCI Sodimob (5) ACTIA Engineering Services

It should be noted that the core assets are owned by the Group. As these assets were not measured at the time of the adoption of IFRS at the end of 2004, they continue to be carried at their historic cost in the consolidated financial statements.

For the purpose of improving the disclosure of information, it has been decided to retain the services of independent firms of appraisers to measure the value of these assets on a regular basis. The Group's real estate assets were valued at the end of the 2018 financial year. Their total assessed value was €61.3 million gross on average. When weighted for ownership, the average value was €43.8 million. This valuation did not take into account the ongoing construction of new buildings or extensions, whose gross value was close to €14.1 million.

Independently of the equity accounted companies and therefore in comparison to an assessed value of €38.0 million, the net carrying amount of the assets directly owned by the Group was €28.0 million, up by €13.3 million, which corresponds mainly to the latest works carried out by the Group.

In accordance with the option adopted by the Group, in order to ensure that its accounts would not be impacted by fluctuations in the real estate market, which does not represent its core business, and in accordance with IFRS, ACTIA Group will not perform accounting procedures to re-measure these assets in the consolidated financial statements. From a strategic standpoint, the Group has always considered that real estate assets constitute tools made available to it within the framework of its industrial activities.

Property assets considered strategic relate to, above all, manufacturing activities. The French production sites of ACTIA Automotive S.A., located in Colomiers and Chartres (new building delivered end May 2019), are thus 100% owned by the Group through SCI de l'Oratoire. The second circuit board production site located in Tunis (Tunisia) is entered in the assets of our CIPI ACTIA subsidiary, which is 65.8% owned by the Group. With respect to the integration site, which is also located in Tunis, ACTIA Tunisie is still a tenant. However, it should be able to move into the new building, which is under construction and which it will own, in mid-2020. Finally, the last production site, located in Romulus (Michigan, USA) belongs to its parent company ACTIA Corp. which is wholly owned by the Group.

The heavy industrial equipment at the French site is generally financed through finance leases, whereas equipment in Tunisia and the United States is either financed through medium-term bank loans or is self-funded, because this solution for the financing of plant is not available through the local banks.

The Group's production is now organized around the three facilities in France, Tunisia and the United States. As a result, the Group benefits from greater flexibility in the way it organizes its production using the same types of equipment, testing tools and procedures. Capital expenditure is coordinated between the different sites in order to increase capacity while improving quality and reducing the length of production cycles.

In 2019, the **Colomiers facility** (France) had the following activities:

- electronics manufacturing;
- a repair center;
- support services.

These activities made it possible to produce for over 330,000 hours, or 15% more compared to 2018, and facility usage averaged over 75%. This progression is related to the increased volumes from long production runs in the Automotive Division and the launch of new products in Rail and Telecommunications, as well as sustained activity in Aeronautics and the start-up of Space. During summer 2019, the factory modernized its range of SMD Complex Production lines with the replacement of a line bought in 2012 by a Panasonic flexible line that now makes it possible to have two fully identical, redundant and qualified lines on the site.

This infrastructure also continued to evolve in order to optimize production areas while improving the working environment for our teams. The works conducted including the enhanced safety of the site (access for pedestrians, two-wheelers, cars and trucks), the renovation of the roads and enlargement of the area devoted to complex production runs with new construction and extensions of more than 900 m².

The Toulouse site is continuing its robot, co-robotics and data modernization with the arrival of new resources while continuing to develop its operational excellence in long and medium-sized production runs.

The decision to invest in digitization tools such as NPI Tool by Siemens will help the site to dematerialize production documentation and also to generate certain programs for the production machinery automatically.

Overall, activity at our sites in Tunisia remained stable in 2019 due to a final quarter that was slightly down for Truck and Off-Highway. In total, the cumulative activities made it possible to maintain around 550,000 man-hours of production.

The master plan for our **Tunisian sites** is as follows:

- *CIPI ACTIA*: medium-sized and long production runs of boards and electronic equipment, mainly for the automobile sector or heavy vehicles;
- *ACTIA Tunisie:* assembly and integration of medium-sized and large production runs for all types of markets.

In 2019, the CIPI ACTIA and ACTIA Tunisie production centers together reached over 550,000 hours of activity. Facility usage was 90%, with four eight-hour shifts over 6.5 days, for half the equipment. During 2019, CIPI ACTIA reinforced and secured its varnishing process with the arrival of a new line for acrylic varnish.

The infrastructure of our CIPI ACTIA site continued to be improved with the complete renovation of the offices and the façade, while the logistics center was finished at the end of the third quarter 2019.

Concerning the ACTIA Tunisie factory, construction of the building on the future site fell behind schedule and the move is now planned for the second quarter 2020 to avoid disruptions to production and customer deliveries.

Our new site in the **United States**, belonging to the subsidiary ACTIA Electronics, started operations in April 2019 with the production of boards for usage in Marine by our subsidiary ACTIA Corp., supplemented in July 2019 by telematics for our customer Volvo Trucks in the United States. The infrastructure remains to be finalized with slight adjustments to be made to the works already carried out. The next products to begin working on in the first semester 2020 will be for ACTIA Corp., especially for Marine, and CNH Industrial.

The desire to develop the American market is as strong as ever and it will require coordination with all Group companies, but particularly with France and Germany, through the recruitment of a Business Development Engineer. The site achieved compliance following all the audits undertaken since February 2019 and has embarked upon its certification roadmap, the first step being completed by obtaining the IATF Letter of Conformance in December 2019.

The site currently has 50 people and a complete SMD line. The role of this factory is to support the Group's growth, especially in North America and so it is capable of accommodating up to four SMD lines, with all workstations leading to the integration of complete products, and so employing about 250 people.

The coming financial year will focus on areas to improve the plants in terms of:

- the competitiveness of our factories' products, particularly as supplied by France (Colomiers), and our industrialization,
- preparing the Colomiers factory for the end of the long production contract for telematics for light vehicles,
- perfecting the processes used to track the technological changes to our products and anticipate customer requirements in terms of miniaturization,
- increasing the volume of business for our site in the United States,
- preparing for and migrating to the new ERP M3 system (during 2020),
- increasing global coordination of production and qualification procedures,
- robotization and co-robotization to improve our production efficiency and flexibility,
- obtaining ISO 27001 certification for the sites in Tunisia and the USA,
- strengthening the interconnectivity of the three industrial sites to improve management of product, test and production data,
- improving processes upstream of production to simplify and accelerate data preparation for production (coding, MES, etc.).

It should be noted that the UK, US, Czech, Italian and German subsidiaries own their own premises, offices and workshops.

The Telecoms Division sites are owned by ACTIA Telecom directly or via SCI Sodimob which is 100% held by the Group.

Two sites, considered non-strategic, are partly owned by the Group, partly by management and partly by non-controlling shareholders. These consist of buildings (offices and workshops) used by our Spanish subsidiary, held via SCI Los Olivos, for which the breakdown of capital is as follows:

Breakdown of the share capital of SCI Los Olivos	%
SCI Les Coteaux de Pouvourville	50.0%
ACTIA Systems	40.0%
Individuals	10.0%
Total	**100.0%**

In France, the office buildings housing the head offices of ACTIA Group S.A. and ACTIA Automotive S.A. are fully owned by SCI Les Coteaux de Pouvourville, the shareholding structure of which is as follows:

Breakdown in the share capital of SCI les Coteaux de Pouvourville	%
ACTIA Group	30.0%
LP2C	50.1%
Individuals	19.9%
Total	**100.0%**

The Group has made sure that the rents applied by these last two structures correspond to market rates with the intervention of an expert from outside the Group upon signature of the leases. The latter are reviewed in accordance with the rental cost index published by the French office of statistics (INSEE) and its Spanish equivalent.

5.9.2 Environmental impact resulting from their use

This information is further detailed under 5.7.9 "Other challenges", in the Executive Board's Management Report.

5.10 Internal control procedures established by the Company

Our Group has established internal control procedures to ensure financial management and risk control and draw up the information provided to shareholders on the financial position and the financial statements. The Executive Board has decided to refer to the internal control reference framework, an implementation guide for small and mid-caps published by the French securities market regulator, the AMF. To date, the Group has not carried out an evaluation of its internal control procedures.

The procedures implemented constitute a framework to prevent and control risks stemming from our activities and the risk of error or fraud, in particular in accounting and financial matters, so as to safeguard the Group's assets and sustainability.

Internal control, implemented by the Group's Executive Board, management and employees at the level of the parent company and all consolidated subsidiaries is designed to provide us with assurance that the financial information is accurate, comprehensive and reliable, drawn up in compliance with the general rules applicable in this regard, and that applicable laws and regulations are respected. This process is subject to regular adjustments by management, to ensure ongoing improvements and its suitability to the Group's organizational structure.

Control of operating related risks

ACTIA is an electronics equipment manufacturer operating in two business segments:

- the Automotive Division through ACTIA Automotive S.A. and its subsidiaries;
- the Telecoms Division through ACTIA Telecom S.A.

Referring to the recommendations issued as part of the business coordination role exercised by the holding, LP2C, the Company's Executive Board decides general policy, strategy and the markets in which it wishes to develop.

Business monitoring is structured by business unit. It should be recalled that this means:

- For the Automotive Division:
  - OEM (Original Equipment Manufacturers): telematics systems, electronic architecture and multiplexing, instrumentation, audio and video systems, power electronics, electric motors, diagnostics and associated services;

- Aftermarket: multi-make diagnostics, workshop equipment, technical inspection and fleet management solutions, telematics systems and associated services;
- MDS (Manufacturing-Design & Services): electronic production and associated services, lifecycle optimization.

❖ For the Telecoms Division:

- SatCom: equipment and systems for ground stations and Operating Maintenance Services (OMS);
- Energy: control-command equipment for energy transmission and distribution systems, special transmission systems, Operating Maintenance Services (OMS);
- Rail: equipment for railway applications;
- Infrastructure Networks Telecommunications (IRT): equipment and systems for telecommunications destined for carriers.

In all these areas, the Group has obtained the certifications necessary to exercise its activities, including ISO 9001. Information on Group certifications is provided in 5.10.2 "Certification of Group company quality systems at December 31, 2019". The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing, product control and after sales support processes. Quality standards are subject to an annual external audit by several authorities and independent certification agencies as well as multiple customer audits at each of our sites. Many customer audits and internal cross-division audits (ACTIA Automotive, ACTIA Telecom) also contribute to improving the quality management system.

Several other certifications both specific to the different fields/markets (automotive, aeronautics, rail, etc.) and related to special challenges like the environment (ISO 14001) or IT security (ISO 27001) obtained and/or in the process of being obtained attest to the Group's desire to continue improving quality levels in line with customer demand.

❖ Stakeholders

The Executive Board of the ACTIA Group holding company, the Boards of Directors, the Management Committees and their related teams in the subsidiaries play an essential role in internal control. In addition, the Group has recourse, as necessary, to specialists, including for example in the field of insurance, research tax credits, social security taxes and fiscal matters.

❖ Their role

At their regular meetings, the Executive Board of ACTIA Group, the Boards of Directors and the Management Committees of the subsidiaries track the risks already identified, and continually monitor the markets, technological developments and the competition in order to identify possible new risks that may arise.

They are responsible for establishing and regularly checking indicators in various fields under the supervision of the CFO, the Corporate Secretary and the Chairman of the Executive Board, taking appropriate preventive and/or corrective measures and exercising a key role in risk prevention.

They also coordinate the process of developing budget forecasts at the divisions and monitor actual performance.

❖ The main areas of intervention identified are related to:

- financial, technological, industrial and commercial risks;
- risks relating to the main design, development, industrialization, purchasing, procurement, manufacturing and product control processes;
- environmental risks;
- inventory risks (turnover, shortages, supply delays, etc.);
- interest rate and exchange rate risks;
- overhead and other expenses;
- R&D goals and monitoring;
- legal and litigation risks;
- risks of fraud and cyber fraud.

An analysis of potential implications and the estimated degree of control over the principal risks identified is conducted in accordance with the information provided in Section 6 "Risk factors."

Depending on their nature, internal discussions about risks are primarily conducted at Management Committee meetings, Budget meetings, Executive Committee meetings, etc. and each time a sensitive event occurs (fake president fraud attempts, for example). Email and the various digital means of communication available within the Group, ACTIA Flash, Intranet, are also used when communicating as widely as possible.

Internal control

With respect to accounting and financial matters, management control and internal audit are organized by the two divisions for each strategic business department and/or operating department/business unit.

Internal control is carried out by a dedicated management control team recently reinforced or by the financial manager of the subsidiary, depending on the size of the latter.

Accounting procedures are in place and specifically adapted to the business activity, identified risks, computer systems and the size of the different subsidiaries concerned.

With respect to Group financial control, a dedicated team provides financial control for the Group at the international level. Control is implemented via reporting procedures which are revised on a regular basis. It is backed by visits to the subsidiaries as well as occasional meetings of the accounting and financial teams, notably when a specific topic must be addressed. The main areas of work cover:

- supervising, organizing and coordinating the supply and control of financial information by the Group's administrative, accounting and finance departments; ensuring the consistency of the accounting methods applied;
- collecting all the necessary information from line managers and the Statutory Auditors;
- structuring the information representative of the Group's performance for decision-making purposes (balance sheets, income statements, dashboards);
- advising senior management on short- and medium-term forecasts and in crisis situations, providing operational support, particularly in terms of cash flow forecasts and sourcing financing;
- coordinating the monitoring of internal control procedures and the implementation of the recommendations made by the Statutory Auditors;
- making proposals regarding the Group's management systems, developments and their implementation;
- carrying out the necessary financial and economic analyses (selection of capital expenditure programs, M&A activity, etc.).

The Group's reporting procedure consists of:

- monthly reporting using computer applications developed in-house and regularly adapted to changing conditions;
- a quarterly update on the financial statements;
- the consolidation of the financial statements.

In addition, the Finance Committee, chaired by the Group's Corporate Secretary, is responsible for monitoring the main subsidiaries to ensure the consistency of the various accounting and financial systems and the reliability of the financial and economic summaries drawn up. The Finance Committee addresses the following areas at its weekly meetings:

- budget and cost accounting monitoring;
- improving existing reporting procedures;
- the time taken to draft the financial statements;
- monitoring the Group's accounting rules and methods, and in particular those relating to development costs, capitalized and inventoried, revenue recognition;
- monitoring local rules on drawing up the separate financial statements;
- monitoring IFRS developments for the purpose of preparing consolidated financial statements;
- monitoring of working capital requirements, and of changes in inventories and customer payment times;
- monitoring of investments, related financing and the resulting banking relationships.

The accounting principles used by Group companies are those required under local GAAP (for example in France, Regulation No. 2014-03 of the CRC, the national standards setting body) for producing separate financial statements (statutory accounts). The accounting policies and IFRS restatements are centralized at the parent company at the time of consolidation.

In light of the regulatory compliance required for all listed companies, a schedule of recurring obligations has been drawn up both with regard to disclosure issues and other regulatory matters (legal, fiscal, etc.). Regulatory monitoring is the responsibility of the consolidation unit and the Group's Finance Department.

Prior to its disclosure, information from the consolidation unit is submitted to management control and approved by the CFO and the Corporate Secretary. All of the information to be published is then approved by Executive Management and the Supervisory Board.

Information system development is designed to meet the requirements for reliability, availability, effectiveness, security and relevant accounting and financial information.

The rationalization of servers and ERP software used (MOVEX, SAP Business One and AX-dynamix-Microsoft) in the main ACTIA Group structures of both France and foreign operations is ongoing, with the ERP software supporting operating activities. IT investments have been focused on system robustness, the deployment of recent developments in terms of networks and software solutions for project management and scientific applications. The replacement of the MOVEX ERP by the M3 business software from the same publisher (Infor) is ongoing. The operational deployment of the new ERP M3 system is planned for the second semester 2020.

System access (technical IT systems, ERP, human resources, finance, messaging, etc.) is only possible after the user has identified him/herself via a password with a restrictive procedure in place for changing it.

The tools used are off-the-shelf software packages. The way they process information is checked when brought online on-site and over the course of their utilization.

Our servers are managed externally on a facilities management basis with third parties or internally by the Group's IT teams. For facilities management, we have service level agreements with our IT service providers that guarantee daily and weekly data back-ups and the physical integrity of the data on the data servers.

The first audits for IT security certification were performed in 2015. ISO 27001 certification was thus obtained by our subsidiary ACTIA Engineering Services in Tunisia in 2015, then by ACTIA Automotive and ACTIA Telematics Services in 2018; ACTIA Telecom will apply for certification in 2021.

In accordance with the strategies defined, the Group has strengthened its teams with high-level, specialized talent in the field of Information Systems Security, which is responsible for the ongoing selection of measures to be taken in terms of:

- prevention, training, information for management and for all staff involved;
- processes, procedures and provisions applicable to the different types of data and IT resources (network architecture, personal workstations, etc.) with the goal of reducing risk and, should any occur, minimizing the consequences of any incidents.

It should also be noted that the cybersecurity risk generated by products for our customers' systems is now covered by our Group civil liability insurance policy.

Areas for improvement - Monitoring execution of actions

Certification monitoring audits were successfully performed at the end of 2019 and on that basis the certifications were confirmed, with selected areas for improvement identified, but above all with a positive assessment regarding the maturity of the system.

Detailed information on current certifications in force in the Group is provided in 5.10.2 "Certification of Group company quality systems at December 31, 2019".

With regard to IT systems, the following main actions were taken:

- office automation services: continuing renewal of office automation equipment (25%) and standardization;
- communications services: development of private international networks – improvements to physical and virtual networks (security and Wi-Fi);
- management services: operation and improvements to productivity and reporting tools for financial functions, integrated configuration management, CRM, EDI contract management database, HRIS;
- software development services: project management software upgrade – software development and validation tools;
- security services: improved Disaster Recovery Plan – improved archiving systems.

A new RFID badge identification and access control system for secure and protected areas will be deployed in all of the main French companies of the Group in 2020. This system is already in place in the new office building for our engineering services firm in Tunisia, ACTIA Engineering Services.

Lastly, video surveillance systems will also be deployed in order to reinforce the surveillance at our French sites.

5.10.1 Financial risks related to the effects of climate change

The Group has not identified any major risks related to possible climate changes that could affect its activity. Note that the information about climate change is expanded on in Subsection 5.7.8 "Climate change" in the Executive Board's Management report. The Group's risks are further discussed under Section 6 "Risk factors."

5.10.2 Certification of Group company quality systems at December 31, 2019

Company	ISO 9001	ISO TS 16949	ISO 14001	EN 9100	IRIS	NADCAP
	Quality management systems	Quality management systems – automotive industry	Environmental management systems	Quality management systems – aeronautics/ space and defense	Quality management systems – railway industry standard	Aerospace standard for suppliers of electronics printed circuit boards
ACTIA Automotive S.A.	Certified	Certification of the Toulouse sites	Certified	Certification of the Toulouse sites	Certification of the Toulouse sites	Certification of the Toulouse sites
ACTIA PCs	Certified					
ACTIA Italia	Certified					
ACTIA I+Me	Certified		Certified			
ACTIA Systems	Certified					
ACTIA Nordic		Certified	Certified			
ACTIA UK	Certified					
ACTIA Telematics Services	Certified					
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Certified					
ACTIA China	Certified	Certified	Certified			
ACTIA do Brasil	Certified					
ACTIA Corp.	Certified					
CIPI ACTIA	Certified	Certified	Certified			
ACTIA Engineering Services	Certified					
ACTIA Tunisie	Certified	Certified	Certified			
ACTIA Telecom	Certified		Certified		Certified	

- Other certifications:
  - ACTIA Telecom: ISO 450001, Total Quality according to Appendix V of the R&TTE directive (Telecom) for the Millau and Dinard sites - PART 21 G + PART 145 (aeronautic requirements for the Provence site);
  - ACTIA CZ: approval of the QMS;
  - ACTIA Automotive:

    in Chartres: certification of the quality system by LNE (legal metrology, gas analyzer and opacimeter repairs and authorization delivered by the DRIRE for the inspection of pollution measurement devices);

    in Toulouse: EN 9110 (aeronautical repairs); PART 145 (aeronautics); ISO 27001: (information security management);
  - ACTIA Telematics Services: ISO 27001;
  - ACTIA Engineering Services: ISO 17025, ISO 27001 and CMMI DEV V1.2.

- Certifications pending official approval:
  - ACTIA 3E: ISO 9001;
  - ACTIA Electronics: ISO 9001, ISO TS 16949, ISO 14001;
  - CIPI ACTIA: ISO 45001;
  - ACTIA India: OHSAS 18001-2007.

5.11 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €2.3 million, an increase of 34.3% in relation to 2018. This increase is related to billing against service agreements entered into with the subsidiaries, with ACTIA Group having made available its internal resources in line with its international strategy: reinvoicing has thus increased by €588,000. Furthermore, invoicing by LP2C to ACTIA Group dropped by 82.9% and stood at €64,800 for the period. The resulting net income improved to €2,737,000, compared to €2,219,000 for the previous financial year.

ACTIA Group S.A. does not have its own operating activities and all functions exercised on behalf of its subsidiaries or the investment holding company are invoiced to these entities on the basis of actual cost plus a margin of 15% corresponding to management fees. These amounts invoiced do not cover all statutory auditing expenses, communications, tax and legal consulting services, and other expenses related to the Company's status as a listed company that cannot be allocated to all subsidiaries under existing legal and regulatory provisions. Only services specified in support agreements and described in Subsection 4.3 "Brief overview of the Group" are invoiced.

The Company's operating loss accordingly stems from costs incurred as a publicly traded company and its role as a holding company involving external interventions in legal and tax matters, communications, statutory auditing for separate and consolidated financial statements, etc. that by themselves represented a cost of €325.1 k for the financial year, compared to €306.4 k in 2018. The increase was due primarily to Statutory Auditors' fees for changes in IFRS standards.

Highlights of the 2019 separate financial statements are presented below:

Net income (€k)	**2019**	2018	2017
Net sales	**2,301**	1,713	2,777
Operating revenue	**3,280**	2,573	3,563
Operating expenses	**3,972**	3,590	4,574
Operating income	**(692)**	(1,017)	(1,011)
Financial result	**3,456**	3,275	6,611
Non-recurring items	**0**	3	10
Net income	**2,737**	2,219	5,767

We will ask shareholders to approve these separate financial statements.

5.11.1 Highlights

No significant events affected the holding company during the year.

5.11.2 Appropriation of earnings

In accordance with the law and our Articles of Association, the following appropriation of earnings for the period ended December 31, 2019 will be proposed at the General Meeting:

Source		
"Retained earnings" at December 31, 2019		€11,351,440.65
Profit for the period: appropriation		€2,737,515.18
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,073,964.68	
Dividends	€3,014,991.15	
TOTALS	**€14,088,955.83**	**€14,088,955.83**

Amount - Payment - Tax regime for dividends

The General Meeting notes that the total gross dividend per share is set at €0.15.

The ex-dividend date will be September 21, 2020 and the dividend will be paid on September 23, 2020.

When paid to individuals resident in France for tax purposes, the dividend is subject to a single withholding tax on the gross dividend set at either the flat rate of 12.8% (Article 200 A of the French General Tax Code), or the tax payer may choose the express, irrevocable and overall option of paying income tax according to the progressive schedule after relief of 40% (Articles 200 A, 13, and 158 of the French General Tax Code). The dividend is also subject to social security contributions of 17.2%.

5.11.3 Previous dividend distributions

Pursuant to the provisions of Article 243 bis of the French General Tax Code, dividends paid out by the Company over the past three financial years are disclosed below:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2016	€3,014,991.15* i.e. €0.15 per share		
2017	€2,411,992.92* i.e. €0.12 per share		
2018	€2,009,994.10* i.e. €0.10 per share		

* Including the amount of the unpaid dividend corresponding to treasury shares and appropriated to retained earnings.

5.11.4 Indebtedness

For the 2019 financial year, ACTIA Group took on no new medium-term financing.

At December 31, 2019, no commercial paper had been used; ACTIA Group had access to an authorized overdraft of €1 million, which was repaid in early 2020 after the non-renewal of one of the term accounts. Furthermore, this structure does not benefit from the possibility of financing its receivables as it is entirely dedicated to the Group.

5.11.5 Non-tax deductible expenses (Article 39-4 of the French General Tax Code)

The General Meeting will be asked to approve the total amount of expenses covered by Article 39-4 of the French General Tax Code, namely the sum of €3,015, relating to surplus depreciation on company cars.

No taxes are due for the 2019 financial year.

5.11.6 Equal opportunity employment

ACTIA Group S.A. is the Group's holding company. As of December 31, 2019, it had 11 employees to handle its holding company functions.

To date, as indicated in Subsection 5.7.4 “Talent recruitment and retention” no feeling of discrimination was recorded either in the Group or in the holding company and no cases of gender inequality were reported.

5.11.7 Analysis of accounts payable

At year end, the balance of accounts payable of ACTIA Group S.A. (excluding amounts accrued for invoices not yet received from suppliers) by maturity broke down as follows:

Invoices due and received but not paid on 12/31/2019						
In €	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day and more)**
(A) Aging buckets						
Number of invoices	50					9
Total of all invoices, excluding VAT	422,208	0	29,916	20,834	80,195	127,946
% of the total amount of purchases for the financial year, excluding VAT	14.77%		0.94%	0.73%	2.81%	4.48%
(B) Invoices not included in (A) for debts and receivables in dispute or not recognized						
Number of invoices excluded	0					
Total amount of invoices excluded	0					
(C) Reference payment terms used (contractual or legal terms)						
Payment terms used to calculate late payments	☒ Contractual terms: based on the general terms and conditions of sale of our suppliers ☐ Legal terms					

5.11.8 Analysis of accounts receivable

At year end, the aged trial balance for accounts receivable was as follows:

Invoices due and issued but not paid on 12/31/2019						
In €	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day and more)**
(A) Aging buckets						
Number of invoices	82					28
Total of all invoices, excluding VAT	1,226,277			10,687	415,361	426,048
% of the total amount of purchases for the financial year, excluding VAT	53.28%			0.46%	18.05%	18.51%
(B) Invoices not included in (A) for debts and receivables in dispute or not recognized						
Number of invoices excluded	0					
Total amount of invoices excluded	0					
(C) Reference payment terms used (contractual or legal terms)						
Payment terms used to calculate late payments	☐ Contractual terms ☒ Legal terms: 30 days end of month					

5.11.9 Financial results over the past five years

In Euros	2019	2018	2017	2016	2015
Financial position at year end					
Share capital	**15,074,956**	15,074,956	15,074,956	15,074,956	15,074,956
Number of shares issued	**20,099,941**	20,099,941	20,099,941	20,099,941	20,099,941
Number of convertible bonds		0	0	0	0
Results from operations					
Sales excluding tax	**2,301,500**	1,712,968	2,777,018	2,394,764	2,527,501
Earnings before tax, depreciation, amortization and provisions	**2,772,682**	3,093,994	5,818,496	2,345,915	4,120,084
Income tax	**27,391**	40,722	(156,586)	82,566	70,465
Earnings after tax, depreciation, amortization and provisions	**2,737,515**	2,219,272	5,766,829	2,262,529	4,353,577
Earnings distributed	**2,009,994**	2,411,993	3,014,991	2,009,994	2,009,994
Earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.14**	0.15	0.30	0.11	0.20
Earnings after tax, depreciation, amortization and provisions	**0.14**	0.11	0.29	0.11	0.22
Dividends allocated to each share	**0.10**	0.12	0.15	0.10	0.10
Staff					
Number of employees (average workforce)	**9**	8	7	5	5
Payroll for the financial year	**891,360**	953,523	667,535	595,203	564,687
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**393,098**	375,186	283,796	258,119	244,267

5.11.10 Special report of the Statutory Auditors on regulated agreements

To the Annual General Meeting of ACTIA Group S.A.,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements.

The terms of our assignment do not require us to identify such other transactions, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or discovered in the performance of our assignment and the interests thereof for the Company, without expressing an opinion on their merits. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article L.225-58 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments previously approved by the General Meeting of Shareholders.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements submitted for approval to the Shareholders' Meeting

Agreements approved and signed in the financial year ended

We hereby inform you that we have not been made aware of any agreement approved and signed in the past financial year that would need to be submitted for the approval of the General Meeting under the terms of Article L.225-86 of the French Commercial Code.

Agreements from prior periods not approved by the General Meeting

We would draw your attention to the following agreements, authorized and signed during the 2017 financial year, which were mentioned in our special report on regulated agreements for that year, but not approved by the General Meeting called to approve the financial statements for the 2017 financial year, nor were they submitted for the approval of the General Meeting called to approve the financial statements for the 2018 financial year.

With ACTIA Automotive S.A.

- Persons concerned: Marine Candelon-Bonnemaison, Laura Pech and Louis Pech, Jean-Louis Pech and Pierre Calmels.
- Nature and purpose: assistance and services agreement between ACTIA Automotive, as service provider, and ACTIA Group companies (hereinafter the "Beneficiaries"), concerning recurring services provided by ACTIA Automotive to ACTIA Group companies
- Terms and conditions

  The recurring services provided by ACTIA Automotive S.A. to ACTIA Group companies include:

  - Administrative, legal, accounting and financial assistance;
  - Quality support;
  - Communications support;
  - Human resources support;
  - Information systems support;
  - Purchasing support;
  - Real estate support;
  - Support for Group management and internal procedures;
  - Business development support;
  - Technology support.

  The arrangements for setting the remuneration excluding VAT of the services provided are as follows: ACTIA Automotive S.A. receives remuneration on the basis of a provisional budget drawn up at the start of the year, which is adjustable at the end of the period. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group S.A., plus a margin of 15%.

  Any reinvoicing of services provided by external parties is subject to a margin of 3% as a contribution to ACTIA Automotive S.A.'s overheads as a service provider.

  The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

- Reasons justifying the benefits for the Company:

  ACTIA Automotive's interests coincide with those of Group companies and the latter can, therefore, improve their effectiveness and profitability through these arrangements. At the ACTIA Group level, the arrangements result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries benefit from the reduced costs, therefore enabling them to focus their energies on their core business and improve their economic performance.

- Sum invoiced for the past financial year: at December 31, 2019, the amount invoiced by ACTIA Automotive S.A. to ACTIA Group S.A. was €3,328 excl. VAT.

Agreements previously approved by the General Meeting

Agreements approved in prior years

In accordance with Article R.225-57 of the French Commercial Code, we have been informed that the following agreements, already approved by the Annual General Meetings in prior years, remained in effect during the period under review.

With LP2C S.A.

- **Nature and purpose**: Coordination agreement.
- **Persons concerned**: Marine Candelon-Bonnemaison, Catherine Mallet, Louis Pech, Jean-Louis Pech and Pierre Calmels.
- Reasons justifying the benefits for the company/procedures:

  LP2C participates actively in the implementation of ACTIA Group policy. It sets the strategic priorities and the growth areas and coordinates and implements the various actions between the different companies of ACTIA Group.

- LP2C S.A. Group Promotion agreement for each of the subsidiaries and sub-subsidiaries of LP2C, for the role it plays alone and exclusively in the definition of the general ACTIA Group strategy and which it coordinates for the benefit of all ACTIA Group companies.
- In this respect, LP2C S.A. invoices an annual total of €370,000 to all Group companies, spread across the latter on the basis of the added value from the previous year.
- The promotion agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

❖ Sum invoiced for the past financial year: at December 31, 2019, the amount invoiced by LP2C to ACTIA Group was €1,000 excl. VAT.

❖ **Nature and purpose**: Assistance and service agreements.

❖ **Persons concerned**: Marine Candelon, Catherine Mallet, Louis Pech, Jean-Louis Pech and Pierre Calmels

❖ Reasons justifying the benefits for the company/procedures:

The shared interest of the LP2C/ACTIA Group intersects with those of each of the subsidiaries which can, therefore, increase their effectiveness and profitability via these operations. At the LP2C/ACTIA Group level, the arrangements result in a reduction in overall management costs and economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries and sub-subsidiaries benefit from the reduced costs, therefore enabling them to focus their energies on their core businesses and improve their economic performance.

LP2C S.A. assistance and services agreement for each of the LP2C S.A. subsidiaries and sub-subsidiaries for the recurring services LP2C S.A. provides to the Group, including:

- Administrative, legal, accounting and financial assistance,
- Quality support,
- Communications support,
- Human resources support,
- Real estate support,
- Support for Group management and internal procedures,
- Business development support.

The arrangements for setting the remuneration excluding VAT of the services provided are as follows: LP2C S.A. receives a fee set on the basis of a provisional budget drawn up at the start of the year. The amount is set based on the direct and indirect costs actually incurred by LP2C S.A., plus a margin of 15%.

The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

❖ Sum invoiced for the past financial year: at December 31, 2019, the amount invoiced by LP2C S.A. to ACTIA Group S.A. was €63,794 excl. VAT.

❖ **Nature and purpose**: Assistance and specific services agreement.

❖ **Persons concerned**: Marine Candelon, Catherine Mallet, Louis Pech, Jean-Louis Pech and Pierre Calmels

❖ Reasons justifying the benefits for the company/procedures:

This agreement is in the common interest of LP2C S.A. and ACTIA Group S.A. and will enable LP2C to increase its effectiveness and profitability through these operations. At the LP2C S.A. and ACTIA Group S.A. level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability.

The specific services which ACTIA Group S.A. provides to LP2C S.A. are for accounting and executive secretarial services.

The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group S.A. are as follows: in exchange for the services provided, ACTIA Group S.A. receives from LP2C S.A. a fee set on the basis of a provisional budget established at the start of the financial year. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group S.A., plus a margin of 15%.

The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

- Sum invoiced for the past financial year: at December 31, 2019, the amount invoiced by ACTIA Group S.A.to LP2C S.A. was €47,498 excl. VAT.

For all of its subsidiaries

- **Nature and purpose**: Assistance and service agreements.
- **Parties concerned**:
  - ACTIA Automotive S.A.: Marine Candelon, Laura Pech and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA 3E S.A.: Catherine Mallet, Marine Candelon and Louis Pech and Jean-Louis Pech
  - ACTIA Telecom S.A.: Marine Candelon and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA PCs S.A.: Catherine Mallet and Jean-Louis Pech
  - SCI les Coteaux de Pouvourville: Pierre Calmels
  - SCI de l'Oratoire: Pierre Calmels and Louis Pech
  - SCI Sodimob: Jean-Louis Pech
  - ACTIA CZ: Jean-Louis Pech
  - ACTIA I+Me: Jean-Louis Pech
  - ACTIA Systems: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - SCI los Olivos: Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA UK: Catherine Mallet and Jean-Louis Pech and Louis Pech
  - ACTIA Systems: Catherine Mallet and Louis Pech, Jean-Louis Pech and Pierre Calmels
  - ACTIA Polska: Jean-Louis Pech
  - ACTIA Nordic: Louis Pech, Pierre Calmels and Jean-Louis Pech
  - KARFA: Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA do Brazil: Catherine Mallet and Louis Pech and Jean-Louis Pech
  - ACTIA de Mexico: Catherine Mallet and Louis Pech and Jean-Louis Pech
  - ACTIA Inc: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA Corp: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA China: Catherine Mallet and Louis Pech
  - ACTIA India: Catherine Mallet, Pierre Calmels and Jean-Louis Pech
  - Cipi ACTIA: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA Engineering Services (formerly ARDIA): Louis Pech, Jean-Louis Pech and Pierre Calmels
  - ACTIA Tunisie: Louis Pech and Jean-Louis Pech
  - ACTIA Telematics Services (formerly Market IP): Jean-Louis Pech
- Reasons justifying the benefits to the company/procedures:

  As part of the overall reorganization, this ACTIA Group assistance and services agreement is implemented for each of the subsidiaries and sub-subsidiaries to cover the ongoing services ACTIA Group S.A. provides to the Group. The interests of ACTIA Group S.A. are shared by the subsidiaries which, therefore, increase their effectiveness and profitability through these operations. At the ACTIA Group level, the arrangements result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries benefit from the reduced costs, therefore enabling them to focus their energies on their core business and improve their economic performance.

  The services provided by ACTIA Group S.A. to the Group on an ongoing basis are:

  - Administrative, legal, accounting and financial assistance, as well as the provision of current account advances,
  - Communications support,
  - Human resources support,
  - Information systems support,

- Purchasing support,
- Real estate support,
- Support for Group management and internal procedures,
- Business development support,
- Technology support.

The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group S.A. are as follows: in exchange for the services provided, ACTIA Group S.A. receives from each of the subsidiaries and sub-subsidiaries a fee based on a provisional budget established at the start of the financial year. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group S.A., plus a margin of 15%.

The assistance agreement is agreed for a period of five years as of January 1, 2018 and is automatically renewable for consecutive twelve-month periods.

As of December 31, 2019, the amounts invoiced by ACTIA Group, excluding tax were as follows:

Companies	Assistance and service agreement	Current account interest	Current account debit balance
Actia Automotive SA	€ 1,161,805	€ 235,757	€. 14,387,507
Actia 3E SA	€. 2,294		
Actia Telecom SA	€. 259,918	€ 3,458	€. 2,705,956
Actia PCs S.A	€. 5,212		
SCI les Coteaux de Pouvourville	€. 61,759		
SCI de l'Oratoire	€. 26,117		
Actia CZ	€. 7,456		
Actia I+ME	€. 148,162		
Actia Systems	€. 4,568		
Actia UK	€. (946)		
Actia Italia	€. 30,671		
Actia Polska	€. 34		
Actia Nordic	€. 138,662		
Actia do Brasil	€. 40,265		
Actia de Mexico	€. 75,165		
Actia Corp	€. 61,170		
Actia China	€. 8,538		
Actia India	€. (3,208)		
Cipi Actia	€. 20,038		
Actia Tunisie	€. 1,076		
Actia Engineering Services	€. 197,136	€. 1,334	€. 263,053
Actia Telematics Services	€. 8,110		

With ACTIA Automotive S.A.

- **Nature and purpose**: guarantee for an Airbus contract.
- **Persons concerned**: Marine Candelon, Laura Pech and Louis Pech, Pierre Calmels and Jean-Louis Pech.
- Reasons justifying the benefit for the company/procedures:

Airbus requested a first-demand full guarantee for all ACTIA Automotive S.A. rights and obligations from ACTIA Group in 2017. The guarantee covers financial, judicial, legal and civil responsibility.

Under the contract, ACTIA Automotive S.A. can be held liable up to the amount of the contract which, in 2019, was close to €17,000,000. ACTIA Automotive S.A. has a specific insurance policy for aeronautical products with cover of €200 million per claim, while ACTIA Group may not be held liable above this amount. With respect to civil liability, ACTIA Group will be required to activate the insurance in the event of the failure of its ACTIA Automotive S.A. subsidiary.

If ACTIA Automotive S.A. activates its insurance in the event of an accident, the guarantee granted to our subsidiary will be outside of the normal framework of the guarantees invoiced by the Company as the insurance charge for the policy is entirely paid for by ACTIA Automotive S.A.

- Amount invoiced during the past year: this guarantee did not result in any invoicing by your Company during the financial year.
- **Nature and purpose**: guarantee for an Airbus contract.
- **Persons concerned**: Marine Candelon, Laura Pech and Louis Pech, Pierre Calmels and Jean-Louis Pech.
- Reasons justifying the benefits to the company/procedures:

ACTIA Automotive S.A. signed a major contract with Airbus for the design, development, manufacturing, supply and maintenance of avionics equipment. As part of the contract, Airbus requested that ACTIA Group S.A. provide a full first demand guarantee for all ACTIA Automotive S.A. rights and obligation. The guarantee covers financial, judicial, legal and civil responsibility.

Under the contract, ACTIA Automotive S.A. can be held liable up to €200 million. ACTIA Automotive S.A. has a specific insurance policy for aeronautical products with cover of €200 million per claim, while ACTIA Group may not be held liable above this amount. With respect to civil liability, ACTIA Group will be required to activate the insurance in the event of the failure of its ACTIA Automotive S.A. subsidiary.

If ACTIA Automotive S.A. activates its insurance in the event of an accident, the guarantee granted to our subsidiary since 2007 will be outside of the normal framework of the guarantees invoiced by the Company as the insurance charge for the policy is entirely paid for by ACTIA Automotive S.A.

- Amount invoiced during the past year: this guarantee did not result in any invoicing by your Company during the financial year.

With Coovia S.A.S.

- **Nature and purpose**: current account advance agreement.
- **Persons concerned**: Jean-Louis Pech
- Reasons justifying the benefits to the company/procedures:

The Group wanted to support a start-up in order to have a presence in carpooling for urban mobility.

ACTIA Group S.A. can provide Coovia S.A.S. with current account advances. For these current account advances of treasury, your Company will invoice charges according to the origin of the amounts made available, and namely:

- if the Company has not sought financing on the market, at the Euribor 3-month rate plus 50 basis points;
- if the Company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

The agreement was signed for a period of six years as of July 22, 2016.

- Amount invoiced over the past year: at December 31, 2019, the balance of the current account of Coovia S.A.S was €805,000, fully depreciated in the accounts.

With ACTIA Telecom S.A.

- **Nature and purpose**: Authorization to pledge securities.
- **Persons concerned**: Marine Candelon, Louis Pech, Pierre Calmels and Jean-Louis Pech
- Reasons justifying the benefits to the company/procedures:

As part of the granting of a loan to your subsidiary in the amount of €3.5 million for seven years by a French bank in 2016, your Board authorized as collateral the pledging of ACTIA Telecom S.A. shares held by your Company up to 120% of the financing based on the minority buyback value, i.e., €12.20 per share, for a total of 344,262 shares. This authorization is valid until July 21, 2023.

- Amount invoiced during the past year: this authorization did not result in any invoicing by your Company during the financial year.
- **Nature and purpose:** Treasury agreement.
- **Persons concerned**: Marine Candelon, Louis Pech, Pierre Calmels and Jean-Louis Pech
- Reasons justifying the benefits to the company/procedures:

For the purpose of streamlining and optimizing Group cash management, your Company concluded a treasury agreement with ACTIA Telecom S.A. in 2014 in order to optimize the use of this subsidiary's surplus cash.

The ceiling for the treasury agreement is €3 million paying interest at the intermediary rate between the borrowing rate and the interest rate on short-term investments.

- Amount invoiced over the past year: this guarantee was not implemented in 2019.

With S.C.I. de L'Oratoire

- **Nature and purpose**: Treasury agreement.
- **Persons concerned**: Louis Pech and Pierre Calmels
- Reasons justifying their interest in the company/procedures:

SCI de l'Oratoire sold its real estate as part of a leaseback transaction to improve the Group's cash flow.

The leaseback contract was signed on February 4, 2005 in the amount of €3 million. As SCI de l'Oratoire has no use for this cash, it could make available to ACTIA Group S.A. the sum of €2 million, being the remaining balance after repayment of bank loans. An initial payment of €1.5 million was made on February 11, 2005.

The cash management agreement signed complies with the terms and conditions of the cash management agreements in effect in the Group, i.e. the average monthly money market rate plus 50 basis points.

- Amount invoiced over the past year: this authorization was not implemented in 2019.

Labège, April 24, 2020

KPMG S.A.

Philippe Saint-Pierre
Partner

Mathieu Leruste
Partner

Paris, April 24, 2020

BM&A

Eric Seyvos
Partner

5.12 Major Shareholders

5.12.1 Breakdown of the share capital and voting rights

The identity of those persons directly or indirectly holding 5% - 10% - 15% - 20% - 25% - 30% - 33.33% - 50% - 66.66% - 90% and 95% of the share capital or voting rights at General Meetings on the dates cited are given below.

Share capital and voting rights at December 31, 2019

	Number of shares % of share capital		Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	19,857,065	61.63%	19,857,065	61.66%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.42%	134,392	0.42%
Subtotal families Pech and Calmels	**10,083,362**	**50.17%**	**19,991,457**	**62.05%**	**19,991,457**	**62.08%**
SIDMIA International	1,171,848	5.83%	2,330,434	7.23%	2,330,434	7.24%
Individuals - Thrum family	213	0.0%	426	0.0%	426	0.0%
Thrum family subtotal	**1,172,061**	**5.83%**	**2,330,860**	**7.23%**	**2,330,860**	**7.24%**
Total concert agreement	**11,255,423**	**56.0%**	**22,322,317**	**69.28%**	**22,322,317**	**69.31%**
SGPFEC	1,037,141	5.16%	2,074,282	6.44%	2,074,282	6.44%
Public	7,792,619	38.77%	7,808,158	24.23%	7,808,158	24.25%
Treasury shares	14,758	0.07%	14,758	0.05%	0	0.0%
Total	**20,099,941**	**100.0%**	**32,219,515**	**100.0%**	**32,204,757**	**100.0%**

Share capital and voting rights at December 31, 2018

	Number of shares % of share capital		Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	19,857,065	61.63%	19,857,065	61.67%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.42%	134,392	0.42%
Subtotal families Pech and Calmels	**10,083,362**	**50.17%**	**19,991,457**	**62.05%**	**19,991,457**	**62.08%**
SIDMIA International	1,171,848	5.83%	2,330,434	7.23%	2,330,434	7.24%
Individuals - Thrum family	213	0.0%	426	0.0%	426	0.0%
Thrum family subtotal	**1,172,061**	**5.83%**	**2,330,860**	**7.23%**	**2,330,860**	**7.24%**
Total concert agreement	**11,255,423**	**56.0%**	**22,322,317**	**69.28%**	**22,322,317**	**69.32%**
SGPFEC	1,037,141	5.16%	2,074,282	6.44%	2,074,282	6.44%
Public	7,788,583	38.75%	7,804,578	24.22%	7,804,578	24.24%
Treasury shares	18,794	0.09%	18,794	0.06%	0	0.0%
Total	**20,099,941**	**100.0%**	**32,219,971**	**100.0%**	**32,201,177**	**100.0%**

Share capital and voting rights at December 31, 2017

	Number of shares % of share capital		Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	19,837,695	61.62%	19,837,695	61.65%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.42%	134,392	0.42%
Subtotal families Pech and Calmels	10,083,362	50.17%	19,972,087	62.04%	19,972,087	62.07%
SIDMIA International	1,171,848	5.83%	2,328,750	7.23%	2,328,750	7.24%
Individuals - Thrum family	213	0.0%	426	0.0%	426	0.0%
Thrum family subtotal	1,172,061	5.83%	2,329,176	7.24%	2,329,176	7.24%
Total concert agreement	11,255,423	56.0%	22,301,263	69.28%	22,301,263	69.3%
SGPFEC	1,037,141	5.16%	2,074,282	6.44%	2,074,282	6.45%
Public	7,795,163	38.78%	7,803,503	24.24%	7,803,503	24.25%
Treasury shares	12,214	0.06%	12,214	0.04%	0	0.0%
Total	20,099,941	100.0%	32,191,262	100.0%	32,179,048	100.0%

Gross or theoretical voting rights: this is the total number of voting rights, including those attached to shares deprived of voting rights, namely those held in treasury.

Net voting rights or rights exercisable in General Meetings: shares held in treasury are not recorded.

LP2C is equally owned by the Pech and Calmels families.

SIDMIA International is held by the Thrum family.

The concert agreement between the Pech, Calmels and Thrum family shareholder groups covers all the shares held by the companies and virtually all the shares held by individuals. The shares not included at the outset of the agreement do not represent a sufficiently material percentage to be detailed. It should be noted that the agreement does not have an expiry date. The main provisions of this agreement are described in 5.12.3 "Shareholders' agreement.

To the best of the Company's knowledge, there are no other shareholders not mentioned in the above table that hold 5% or more of the share capital or voting rights of ACTIA Group S.A.

Information on voting rights is presented in Subsection 9.2.3 "Rights, preferences and restrictions in respect of shares".

Crossing of thresholds

Note that ACTIA Group S.A. was informed that it had crossed the following ownership thresholds in the past three years:

- The simplified joint-stock company SGPFEC exceeded the 5% voting rights threshold (AMF Notice 217C1550) on June 5, 2017.

Other securities granting entitlement to the share capital

There are no other shares or securities of any nature convertible or exchangeable for shares.

Adjustment of the conversion bases of securities granting rights to the share capital, subscription and purchase options and bonus shares

In 2019, there were no adjustments made to the conversion bases of securities.

Market in ACTIA Group shares

ACTIA Group S.A. is traded on Euronext Paris (Segment C), ISIN Code FR0000076655.

During 2019, total volume of ACTIA Group shares traded was 5,277,576 compared to 5,403,055 in 2018 and 8,500,146 in 2017, representing average daily trading volume of 20,696 shares over 255 trading days compared to 21,188 shares in 2018 and 33,334 in 2017.

In 2019, the share price trading range was as follows:

- highest: €5.01 on July 29, 2019;
- lowest: €2.99 on February 8, 2019;
- and a close on 12/31/2019 of €4.31.

As in 2018, the ACTIA Group share saw less trading than in the previous financial year. With a rebound in the last month of the year the share price ended up by 27.5% compared to December 31, 2018, while the CAC Small index rose by 15.2%. Whereas the share outperformed the CAC Small index across the full 2019 financial year, as well as at the start of 2020, it should be noted that this trend was reversed in February 2020, with a drop of 5.4% in the ACTIA Group share price whereas the Mid & Small rose by 1.8% compared to January 1, 2019.

More than 213,508 shares were purchased through the liquidity contract in 2019 and 217,544 sold over the full year. These daily interventions contributed to optimizing the day-to-day and intra-day trading activity for the share by reducing sharp fluctuations.

It should be noted that ACTIA Group was among the 70 companies forming the **GAÏA Index**, the benchmark Sustainable Development Index for mid-caps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 French SMEs and mid-market companies assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment relations with stakeholders). After joining the ranking in 2015, ACTIA Group once again progressed in 2019 over 2018 by finishing 29th out of 230 in the overall ranking and 4th out of 78 in the category "revenue between €150 and 500 million."

On March 26, 2020, ACTIA Group was included in the following indices:

INDEX	ACTIA Group weighting in the index
CAC ALL SHARES	0.00%
CAC ALL-TRADABLE	0.00%
CAC INDUSTRIALS	0.01%
CAS MID&SMALL	0.02%
CAC SMALL	0.11%
ENT PEA-PME 150	0.20%

The following table summarizes trading activity and trends for the ACTIA Group share for the last three years:

	Performance		Volatility	
	ACTIA Group	CAC MID & SMALL	ACTIA Group	CAC MID & SMALL
2017	(7.55%)	22.01%	30.87%	9.67%
2018	(51.58%)	(21.57%)	41.70%	13.74%
2019	**27.51%**	**19.03%**	**38.38%**	**13.39%**
past six months	2.33%	11.34%	29.93%	10.93%

Closing prices and trading volumes from January 1, 2018 to March 26, 2020 (closing price in euros)

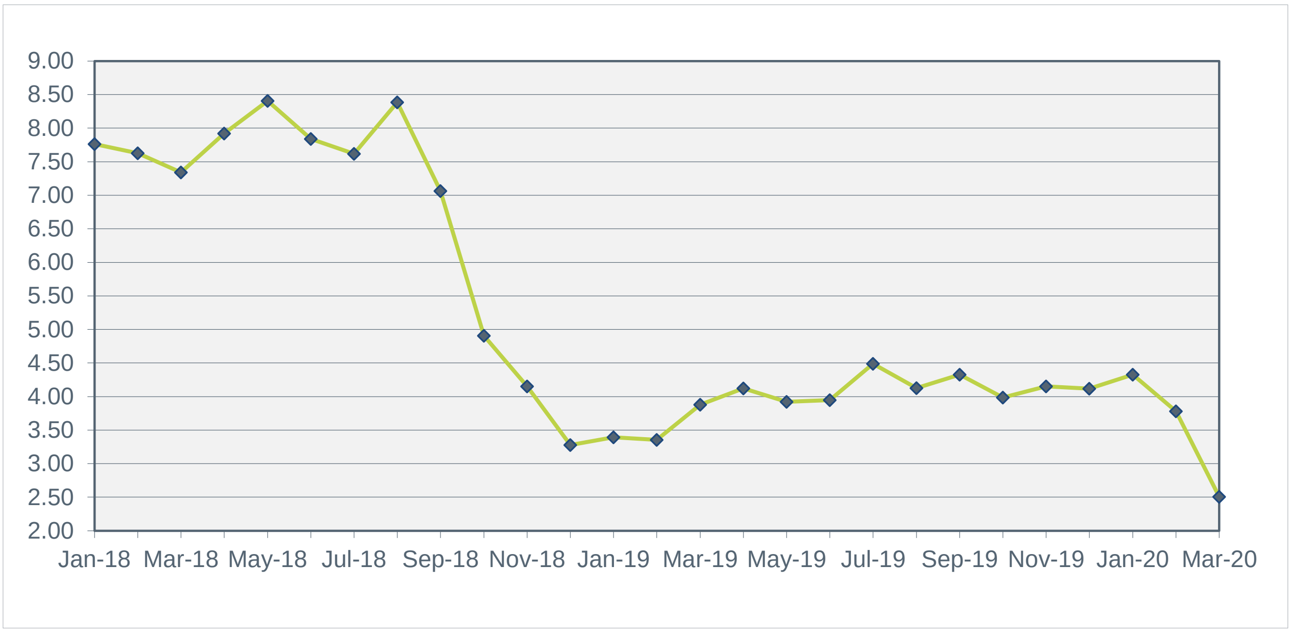
2020	High	Low	Average	Trading volume
Jan-20	4.58	4.04	4.33	296,325
Feb-20	4.17	3.14	3.78	597,113
Mar-20	3.33	1.96	2.50	749,810

2019	High	Low	Average	Trading volume
Jan-19	3.49	3.30	3.39	596,210
Feb-19	4.05	2.99	3.35	1,041,963
Mar-19	4.24	3.62	3.88	692,833
Apr-19	4.33	3.95	4.12	445,816
May-19	4.24	3.64	3.92	366,200
Jun-19	4.22	3.63	3.95	313,608

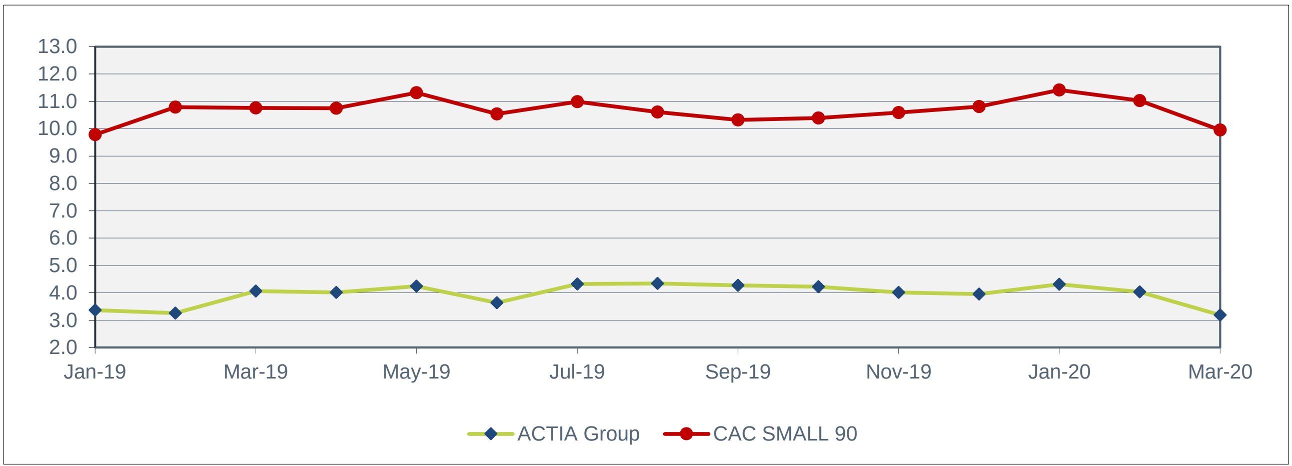
2019	High	Low	Average	Trading volume
Jul-19	5.01	4.30	4.49	445,034
Aug-19	4.34	4.02	4.12	262,193
Sep-19	4.54	4.20	4.33	293,377
Oct-19	4.22	3.73	3.98	282,101
Nov-19	4.38	3.94	4.15	296,833
Dec-19	4.31	3.85	4.12	241,408

2018	High	Low	Average	Trading volume
Jan-18	7.96	7.19	7.76	473,241
Feb-18	7.89	7.27	7.63	430,377
Mar-18	7.84	7.07	7.34	353,382
Apr-18	8.15	7.55	7.92	325,298
May-18	9.07	8.00	8.41	518,671
Jun-18	8.05	7.21	7.84	196,395
Jul-18	7.91	6.89	7.62	360,060
Aug-18	8.58	8.00	8.39	211,388
Sep-18	8.58	6.10	7.06	362,031
Oct-18	5.96	3.76	4.91	671,671
Nov-18	4.85	3.76	4.29	851,695
Dec-18	3.99	2.93	3.28	648,846

Share price trends (average monthly closing price in euros)



Share price trends since January 1, 2019 (closing price on first day of the month)



5.12.2 Control and ownership

Information about holding and voting rights is provided in Subsection 5.12.1 "Breakdown of the share capital and voting rights". It shows that the Group is majority owned and controlled, directly and indirectly, by the Pech and Calmels families, founders of the Group, via LP2C.

To ensure that control is not exercised unfairly and guarantee good corporate governance, the Group has adopted a dual system of governance combining a Supervisory Board with an Executive Board which is presented in Subsection 7.1.4 "Executive Board members". The Pech and Calmels families hold the positions of Chairman (Louis Pech) and Vice-Chairman (Pierre Calmels) of the Supervisory Board. Among the eight members of the Board, another member Laura Pech, daughter of Jean-Louis Pech and granddaughter of Louis Pech, belongs to the family of one of the founders, while the others have no family ties. Four are completely independent, ensuring the good governance of the Group. A member has represented the employees of the French companies since the election of November 6, 2018.

The two families Pech and Calmels are also present on the Executive Board along with Marine Candelon and Jean-François Calmels, children of Pierre Calmels, and Catherine Mallet and Jean-Louis Pech, children of Louis Pech, the latter being the Chairman of the Executive Board.

The founding families have in this way ensured the continuity of the Group while maintaining independent governance within the Board.

5.12.3 Shareholders' agreement

A shareholders' agreement was signed by Louis Pech and Pierre Calmels, on the one hand, and Günther Thrum, on the other hand, on December 11, 2000.

The parties agreed to act in concert with respect to ACTIA Group S.A. primarily with regards to:

- a commitment to consult prior to all Board Meetings and all General Meetings;
- a commitment to maintain the division of seats on the Board;
- a commitment to maintain their interests so that the parties to the agreement may hold a minimum voting rights percentage in the Company;
- a commitment to consult prior to any disposal by any of the signatories of all or part of their interest (including unregistered holdings);
- a reciprocal preemptive right between the two groups of shareholders;
- in the event of a tender offer that either party wishes to accept, all the parties undertake to consult for the purpose of making decisions by mutual agreement in order to be able to carry out the proposed transaction without jeopardizing the basis of this agreement with respect to maintaining control of ACTIA Group and the pursuit of its industrial strategy;

- in the event that for whatever reason ACTIA Group shares are no longer listed on a regulated market, and the "Pech and Calmels" shareholder group wishes to dispose of all or part of its ACTIA Group shares and such disposal is likely to cause it to lose control (40% of the voting rights) of ACTIA Group, it must offer the shareholders of the "Thrum" group the option of disposing of all their ACTIA Group shares at the same price and on the same payment terms as those obtained from the buyer.

As of December 31, 2019, this agreement covered a total of 11,225,423 shares (56.0% interest) and 22,322,317 voting rights (69.32% control).

5.12.4 Commitments to retain shares

With the exception of the above-cited shareholders' agreement, there are to the best of our knowledge no lock-up arrangements on ACTIA Group S.A. shares.

5.12.5 Share or asset pledges

Name of registered shareholder	Beneficiary	Date pledge was established	Date pledge expires	Exercise conditions	Number of Company shares pledged	% of Company's share capital pledged
LP2C	LCL	9/22/16	9/22/21	Loan repayment	230,770	1.1%
TOTAL SHARES PLEDGED					**230,770**	**1.1%**

To the best of the Company's knowledge, 230,770 shares were thus pledged in favor of financial institutions on December 31, 2019, representing 1.1% of the Company's share capital.

5.12.6 Treasury shares

Information about this topic is presented in Note 3.7 "Treasury shares" of the notes to the separate annual financial statements.

5.12.7 Trading in Company shares

To the knowledge of the Company, the Corporate Officers did not carry out any transactions on the Company's shares during the 2019 financial year.

5.12.8 Share buyback program under way

The liquidity contract managed by Portzamparc changed as follows over the financial year:

- number of shares purchased during the financial year: 213,508;
- number of shares sold during the financial year: 217,544;
- average purchase price €3.86;
- average sales price: €3.85;
- trading costs: €12,057.80;
- number of shares registered in the Company's name at the close of the financial year: 11,430;
- value of the securities at the average purchase price: €44,141.41;
- par value for each purpose: the totality of the share buyback program was used to support the secondary market or the liquidity of the stock through a market maker (French PSI) under a liquidity agreement complying with the French Financial Markets Association (AMAFI) Code of Ethics as recognized by the AMF;
- number of shares used: none;
- re-allocations: none;
- portion of the share capital they represent: 0.06%.

5.12.9 Authorization to implement a share buyback program

Under the 12th resolution, we propose that the Executive Board be granted an authorization for 18 months to purchase, on one or more occasions at times of its choosing, up to 2% of the shares of the Company comprising the share capital, where applicable adjusted to take into account subsequent increases or reductions in the share capital that may be carried out during the period the program is in force.

This authorization will cancel the authorization granted to the Executive Board in the ordinary 10th resolution of the General Meeting held on May 28, 2019.

The transactions may be carried out to:

- to stimulate the secondary market or liquidity per share via an investment services provider (French PSI) through a legally permissible liquidity contract, it being specified that in this case the number of shares taken into account to calculate the above-mentioned limit corresponds to the number of shares bought, minus the number of shares disposed of;
- the retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company's share capital;
- to ensure cover for share purchase options and/or free bonus share plans (or similar plan) for the benefit of employees and/or Corporate Officers of the Group, as well as any grants of shares as part of a Company or Group Savings Plan (or similar plan), as part of the Company's profit sharing scheme or any other form of share allocation to employees and/or the Group's Corporate Officers;
- set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These purchases may be carried out by any means including through the acquisition of blocks of shares and at times of the Executive Board's choosing. However, these transactions may not be carried out while public tender offers are pending, initiated by a third party for the Company's shares and until the end of the period of the offer.

The Company does not intend to use alternative mechanisms or derivatives.

We propose that the maximum purchase price be set at €14 per share with the maximum amount for the share buyback program to be set at €5,627,983.

These transactions may not be carried out during periods when public tender offers are in effect.

The Executive Board shall be vested with all powers to take all actions required for said purpose.

5.12.10 Group Savings Plan (PEG) and International Group Savings Plan (PEGI)

There is no PEG or PEGI.

5.12.11 Percentage of share capital held at the end of the reporting period

As of the balance sheet date, there was no employee ownership in the share capital of ACTIA Group S.A. as per the terms of Article L225-102 of the French Commercial Code.

5.13 Conclusion

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

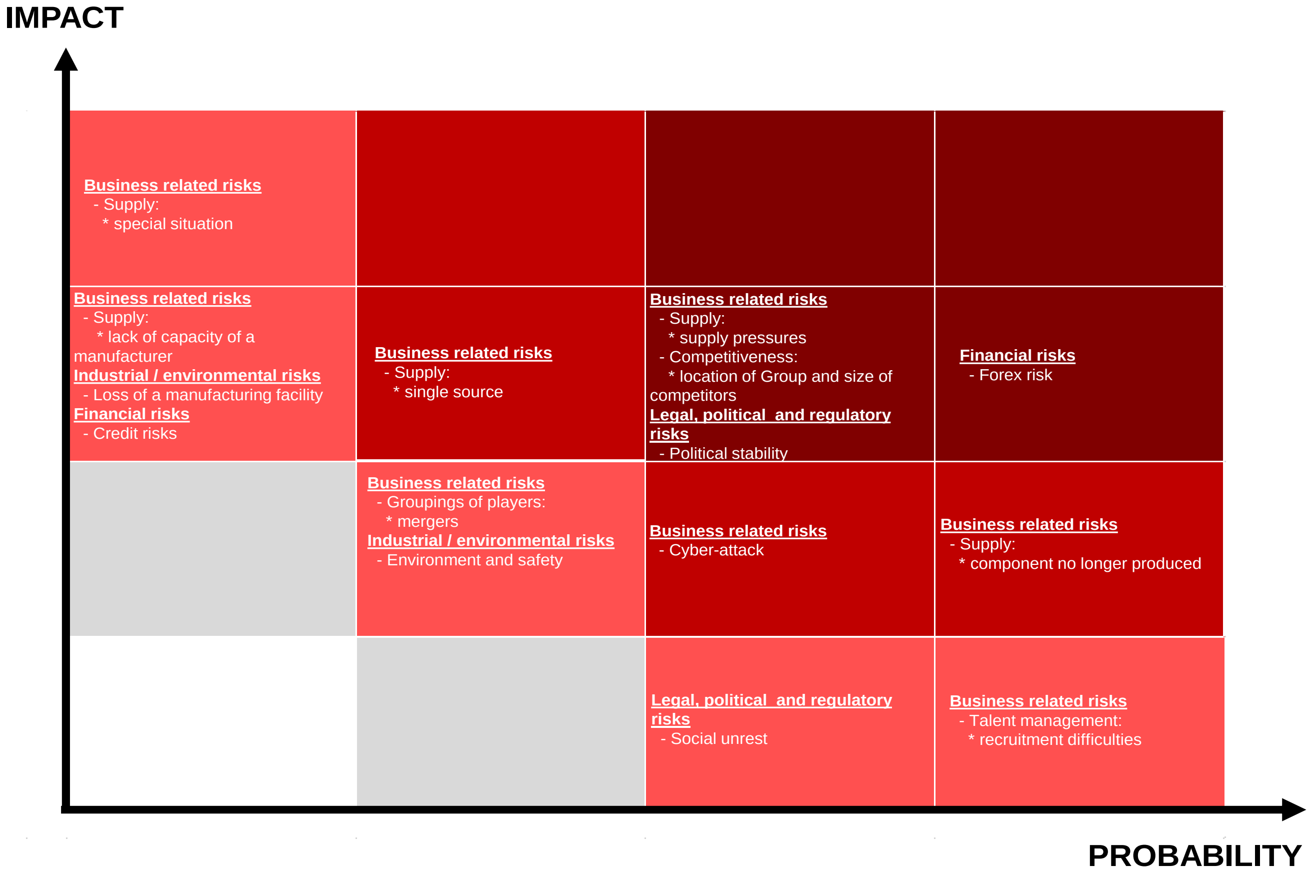
6. RISK FACTORS

6.1 Summary of risk factors

ACTIA conducts reviews of the risks that could have a materially adverse effect on its business, its financial situation, its results and its ability to achieve its objectives, in accordance with the regulations in force since July 21, 2019.

The relevant material risk factors identified are described as of the date of publication of this Universal Registration Document. The Group does not consider that there exist material risks other than those presented in this subsection.

The risk mapping undertaken by senior Group management and the Group Steering Committee for Risks, resulted in the following matrix that positions each risk as a function of its probability and impact. The mapping includes the measures put in place within the Group to limit the likelihood of them occurring and their impact.



Key Major risk High risk Medium risk Low risk

To facilitate understanding, ACTIA has decided to communicate on a limited number of categories with, in each category, a ranking in descending order starting with the more major risks.

6.2 Description of significant risks

6.2.1 Operating risks

6.2.1.1 Competitiveness

This risk takes into account:

- the global market situation with regard to the Group's footprint, with 43.5% of sales being made by the French companies, resulting in relatively high production costs;
- the size of the Group - mid-market (ETI or Entreprise de Taille Intermédiaire) - compared to major accounts;

- and the responses to their tenders that may not necessarily be aligned with those of the big competitors in the market.

The Group's footprint and the size of its competitors

- Risk level: **major**
- Description of the risk

On the one hand, the Group has made the choice of keeping its major resources in France, both for its engineering design services and its production capacity (Colomiers factory).

And yet it is well known that employment costs in France are among the highest in Europe and the world; levels of taxation in France are also among the highest in the world, thus automatically affecting the competitiveness of French companies.

On the other hand, it is often difficult to simply position ACTIA according to an academic approach based on a dominant products/markets analysis or differentiating technologies, given the great breadth of its areas of activity. There again, a definition based solely on a typical mid-market positioning in the area of embedded systems in the mobility market would be quite insufficient as it would be shallow and over simplistic.

The Group has developed its families of products and its range of services by systematically seeking to enhance its technological know-how in readily accessible markets. This is why the Group frequently finds itself confronted by far more powerful competitors whose purchasing volumes give them access to far lower costs.

The risk of an overall lack of economic competitiveness is therefore always present and has existed practically since the creation of ACTIA.

For example, thanks to its superior technology, ACTIA was entrusted by two automakers with the exclusive supply of telematic portals, in contrast to its traditional positioning. Consequently, the Group saw robust growth in its revenues with the volumes generated by these contracts over recent years, bringing with it a major increase in its production capacity (investments in a number of lines for long production runs of circuit boards) and more purchasing power. It was therefore not surprising to see, when it came to tenders for the next generation of these products, that ACTIA was outdone by major players with such purchasing power that ACTIA did not win the tender for financial reasons, despite a technologically competitive offer.

- Consequences envisaged for the Group

The consequences of such situations can be a relatively rapid drop in sales and overcapacity with lower depreciation of structural and fixed costs resulting in considerably lower profitability, even if the margins on these high-volume contracts are generally low. Furthermore, the costs generated by the location of a part of the Group's teams also reduces the competitiveness of the offers.

- Management of the risk by the Group

To counterbalance the strategic choice of keeping the Group within France, ACTIA has developed its international organization in order to have production capacity and engineering services in areas more competitive than France.

In addition, the Group has always addressed the risk arising from its size by focusing on a variety of niche markets, admittedly smaller but less exposed.

Faced with such situations, ACTIA has always shown great responsiveness, being able to take into account the often specific requirements of its customers. The significant financial resources devoted every year to innovation (roughly 15% of consolidated revenue) helps to maintain a high-level technological positioning acknowledged by its customers. The deliberate strategic choice of having its own means of production gives the Group great responsiveness and flexibility in view of the changing needs of its customers.

Lastly, the proportion of the international business (over 75% of sales) and a presence in the various major, global economic hubs contributes towards strengthening the long-term position and development of the Group, faced with much more powerful competitors.

6.2.1.2 Supplies

This is an operational risk linked to supply difficulties for electronic components, their end-of-life and obsolescence, and the imposition of quotas with possible out-of-stock situations for products, particularly when technological considerations restrict the choice to a single supplier and given the health crisis in Asia. All these risks can cause tension in the market and ACTIA is not a priority customer compared to other, players better positioned due to their purchasing power.

Given the growing worldwide demand for electronics, a number of different events can disrupt the supply of a component or family of components.

Market tensions

- Risk level: **major**
- Description of the risk

Without creating a specific shortage, increased demand (telephony, connected objects, etc.) can chiefly result in market shortages for a component and lead to increased lead times and/or delivery by quota. Market launches of consumer goods, such as a new generation tablet, can seriously affect all families of components.

- Consequences envisaged for the Group

This type of tension (lead times, pricing pressure, etc.) is not easy to manage.

Measures to anticipate and protect supplies are complex: diversification of sources, increased orders and anticipation of requirements, modifications of products, etc.

In any case, they cause additional costs and increase inventory, including:

- logistics and transport costs can be significant in order to avoid delays in production and customer deliveries;
- a loss of efficient industrial organization leading to higher production costs;
- exceptional spikes in component prices (2018) that can significantly increase at short notice;
- temporary increases in inventory due to a missing item, thus stopping production and the removal from stock of other items;
- a structured increase with the constitution of buffer stocks.

The repercussions in terms of increased operating costs (higher raw materials prices, delivery costs, etc.), out-of-stocks of supplies that can even result in production stoppages and customer penalties, and therefore affect the Group's net income.

- Management of the risk by the Group

The organization of purchasing around different manufacturers and distributors, and even recourse to brokers enable the Group to address this risk.

This led to an increase in the price of components in 2018 in a market which is normally bearish. In 2019, as a consequence of the trade war between the United States and China and a stabilization of demand for telephony, prices for certain families of components came down.

End of production of a component

- Risk level: **high**
- Description of the risk

When a manufacturer decides to stop producing a component, it will inform its customers and ask them to put in a last order covering all of their needs (Last Buy Order).

In reality, the average life of a component is seven years. This lifetime is currently tending to diminish due to planned obsolescence, technological breakthroughs, etc. It is therefore essential to anticipate and plan.

- Consequences envisaged for the Group

This situation penalizes inventories with a need to plan for the quantity of components required for production, but only represents a minor risk over time, since needs must be anticipated as nearly as possible to ensure that there are no shortages or obsolete stocks.

At December 31, 2019, the percentage of stocks corresponding to a Last Buy Order represented 2% of all inventory.

- Management of the risk by the Group

With an internal team dedicated to "Perpetuation," which monitors regulatory changes affecting sensitive components (ITAR, EAR), other regulatory changes in France, Europe and the world, and any announcements of a planned end to production, the Group has the means of managing the issue, which can occasionally be sizeable.

Indeed, ACTIA has set up an "Observatory of Obsolescence," working both for its customers and internally to ensure ongoing intelligence on components through access to specific databases. The team at ACTIA is therefore able to plan for the consequences of the end of production of a component, even leading occasionally to the redesign of products to include newly available components.

Single supplier situations

- Risk level: high
- Description of the risk

Such situations are the result of a single supplier supplying a component or family of components, often due to a technological choice.

- Consequences envisaged for the Group

The consequences can be potentially very complex to manage with a considerable financial impact (the case of a supplier of batteries in 2017 with a major impact in terms of exceptional transport costs).

In fact, the Group had to manage supply difficulties for a component (a battery for telematic boxes), the growing and very strong international demand of which had created difficulties for the supplier. While avoiding any stoppage of our customers' production lines, the difficulties encountered nevertheless caused exceptional transport costs of an extra €5.5 million, before finding, validating and certifying a different component that was accepted by our customers.

- Management of the risk by the Group

ACTIA attempts to identify these risks very early on in the product development process, through the Preliminary Design Review, in order to avoid a single supplier situation. If this is not possible, due mainly to the technical specifications required by the customer, the supplier is then closely monitored: financial health, production capacity, advanced orders, etc.

In any event, even after a product has gone into production, the search for alternative solutions continues.

Special situations such as epidemics

- Risk level: medium
- Description of the risk

Such unforeseeable situations, such as coronavirus, can lead, depending on their size (geography) and duration, to disruptions of the supply chain and even a more or less complete shutdown of the Group's activity depending on the number of subsidiaries affected, but also the duration that can vary as a function of employee protection and the government measures specific to each country.

- Consequences envisaged for the Group

Such a situation could lead to a disruption of the supply chain causing a stoppage to the production of some of our products, or even increased purchasing costs.

With the Group's absolute priority being to protect its employees, the consequences of a crisis such as the COVID-19 pandemic will mainly affect revenue, operating margins and cash management.

To date, the Group does not foresee any problems in raising financing as previously planned, as part of normal operations, and specific financing as put in place by governments to help manage the current crisis.

At the time of writing of this document, it is impossible to estimate the cost of such a health crisis, insofar as the duration and its geographic spread are unknown. However, even if the probability of such a global crisis very low, its financial impact could be very severe for the entire global economy.

- Management of the risk by the Group

Unfortunately, the production of electronic components is concentrated in Asia. However, several countries share this market and some manufacturers also have production facilities in North America, which helps to mitigate the risk. ACTIA sources almost all of its components through specialized distributor networks that are themselves organized in such a way as to mitigate the risks of this type of situation.

The volumes purchased by ACTIA are admittedly often marginal for the big components manufacturers, but using the distribution networks makes it perfectly possible to manage this type of risk, as ACTIA can be a significant customer for a distributor.

Concerning COVID-19, based on the experience of the Chinese subsidiary, the first to be affected by the epidemic, ACTIA very quickly set up a crisis management group as soon as Europe was affected. This group meets on a daily basis to manage this exceptional situation as best it can and to very quickly plan and put into practice any measures that might be useful to get through it.

While the absolute priority is keeping our employees safe, the Group has also taken a number of measures to respond effectively to the recovery in demand and safeguard its future, including:

- a major reduction in all business travel at the very start of the crisis,
- technical lay-offs wherever this was possible,
- the targeted use of teleworking to ensure management of the Group, key functions, the continuity of the most sensitive projects and the interface with customers and suppliers,
- the closure of all of our production facilities,
- daily monitoring of our customers' revised forecasts, in order to stop or defer supplies,
- in France, the suspension of repayment of all borrowings for a six-month period.

Lack of capacity of a manufacturer

- Risk level: **medium**
- Description of the risk

The strong emergence of connected objects, combined with global growth, even at a slower pace, can affect purchasing as the quantities produced by a supplier can be insufficient to meet market demand.

- Consequences envisaged for the Group

As a general rule, thanks to the "Perpetuation" team, a substitute component can be rapidly found if it is not already listed by the Purchasing Department.

If this corresponds to a specific component, as was the case for the Group in 2017, the specifications required by the customer make supply from another source more difficult with reasonable costs and lead times. In this case, it took ACTIA nine months from the time the supplier announced that they were no longer able to meet demand to identify, test, certify and have the replacement component validated by the customer and supply it to them.

As a result, significant exceptional transport costs were incurred in 2017 to obtain product and deliver customers to ensure that their production lines would not shut down;

- Management of the risk by the Group

Management of the risk of supply chain breakdown is taken into account by ACTIA and it systematically identifies alternative sources and seeks alternative solutions.

6.2.1.3 Cyber-attack

- Risk level: **high**
- Description of the risk

The risks covered in this section concern everyday attacks, the hacking of information systems and the slowing down or even stopping of the business with repercussions for deliverables. Other risks include the possible failure of computer systems, or even telecommunications, at a time when these tools are of everyday importance for the management of the Group.

- Consequences envisaged for the Group

This type of risk is without doubt the one that has become the most acute over the past few years. The financial consequences of the systems shutting down could be significant.

The risk could the affect the Group's business, its financial and operational results and harm its corporate image.

- Management of the risk by the Group

For many years, ACTIA has been reinforcing the human resources allocated to preventing this risk and has taken numerous precautions in organizing its IT architecture and infrastructure.

This organization takes into account the activities of the different Group companies, their maturity and their level of integration. There is not, for example, a unified network that might represent a risk of the rapid spread of a cyber-attack. The protective measures taken are regularly updated to state-of-the-art level. Vulnerability tests are regularly conducted.

A special effort is made to raise employee awareness. There is regular communication with all employees from recruitment onwards and more specific feedback is sought in case of any incidents occurring.

In case of an incident, there are various mechanisms to replicate, back up and ensure business recovery and these have been shown to be effective. ACTIA Automotive, ACTIA Telematics Services and ACTIA Engineering Services all now have ISO 27001 certification, which represents 35% of Group headcount, as well as more than 55% of the engineers working in the design and services offices.

Furthermore, and due to the very nature of certain Group products and services that may be vectors for the spread of a virus, the Group decided to take out an insurance for professional liability for the cyber risk involved in its products and services.

6.2.1.4 Talent management

ACTIA, is facing recruitment difficulties mainly in France and Tunisia, but also in all the international subsidiaries present in countries enjoying growth and therefore full employment, as well as high turnover.

Recruitment difficulties

- Risk level: medium
- Description of the risk

A point of vigilance for the Group concerns skills management. The issue is to be able to take a global approach without having the organizational and financial resources of a big group.

- Consequences envisaged for the Group

The recruitment of employees can prove to be complicated in countries where there is full employment, as in the United States and China, or where there are skills shortages such as in Europe for the field of digitization, whereas the Group is often on the lookout for just these skills.

- Management of the risk by the Group

The Group has gradually implemented skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. ACTIA is addressing the issue of turnover thanks to the ACTIA Academy training tool, which is devoted to career management. Originally implemented in Tunisia within the engineering services firm, the tool will be gradually rolled out across the Group to help retain employees.

In-depth work is also being done on the employer brand to enrich our approach to promoting ACTIA's family company values.

6.2.1.5 Industry consolidation

- Risk level: medium
- Description of the risk

The potential merger of our corporate customers, and also suppliers, could endanger the existing commercial relationships.

- Consequences envisaged for the Group

ACTIA, a supplier of vehicle manufacturers, could be exposed to the consequences of groupings and mergers between some of them, particularly in the field of diagnostics for light vehicles. Such mergers could lead to lost markets over time.

From the financial point of view, the cumulative sales generated, for example, by two global manufacturers that have recently started discussions, represent only 3% of the Group's revenue. At the current time, this type of risk would not have a material impact, but everything depends on rapprochements authorized by the competition authorities.

- Management of the risk by the Group

The products and services in question concern the ranges or models of vehicles sold, for which it would be necessary to provide ongoing after sales services for many years. Consequently, the strategy adopted for the technologies and services in the field of diagnostics and after-sales, could not be replaced very quickly. ACTIA has a proven track record in this type of market.

6.2.2 Financial risks

6.2.2.1 Exchange rate risk

- Risk level: **major**
- Description of the risk

The Group's international footprint exposes it to exchange rate risks related to fluctuations in foreign currencies, both for actual transactions and the conversion of its assets and results.

- Consequences envisaged for the Group

With purchases of over €280 million, including almost €130 million in US dollars (excluding purchases made by our American entities that benefit from natural coverage), a change in the EUR/USD exchange rate has a very rapid effect on the Group's profitability.

- Management of the risk by the Group

For transactions denominated in foreign currencies, for example, purchases or sales by Eurozone entities denominated in US Dollars (USD) or Japanese Yen (JPY), the companies involved manage their exchange rate risks independently, putting in place exchange rate hedges when the volumes involved allow for it.

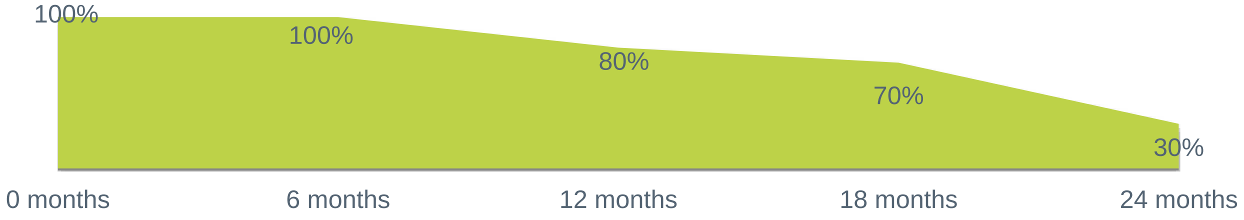
ACTIA Automotive, the French subsidiary that manages a very significant proportion of the Group's purchases of components, finds itself particularly exposed. It subscribes to foreign exchange hedging contracts on a regular basis. Their characteristics are described in Note 11.2 "Financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements. The purpose of these hedging tools is to secure the cost of acquiring USD in relationship to the selling price to our customers. These prices are set at the time of the tenders and our customers do not allow them to change as a function of fluctuations in the EUR/USD exchange rate or the components market. The goal is not to speculate on the markets, but to ensure reasonable levels of exchange rates for the coming weeks and months.

A significant shift in the EUR/USD rate had very different outcomes based on short-term and medium-term approaches for the Group:

- in the <u>short-term</u>, it represents a major risk for our component purchases, about half of which are made in Dollars and which are primarily manufactured in a dollar-dominated region. The hedging instruments limit the impact of changes in the ratio and protect purchases when there is a significant drop. However, they do not enable the benefit of increases to be felt immediately as they must wait for the implementation of new tools following the expiration of the current ones. It is also noted that, despite very significant variations, the Group has been able to work at a virtually constant exchange rate for the past three years. However, actions are being carried out to identify the adjustments required for pricing for both suppliers and customers. Note that in both cases, given our size, few products have benefited from price adjustments in our favor in the past;
- in the <u>medium-term</u>, changes in exchange rates may impact the Group's competitiveness in international calls for tender, but with a time lag of 18 months to three years in the business, reflecting the development (R&D) and industrialization cycle.

The Group was thus able to acquire USD at an average exchange rate over the period of 1.165, as compared to 1.178 in 2018, thus generating a gain of €4,115 k compared to the money markets, where the average exchange rate was 1.112, as compared to 1.181 in 2018.

For information, the hedging tools are part of a policy, which can be expressed in terms of the level of coverage achieved for dollar-denominated purchasing needs, and can be shown as follows:



The Company has conducted an analysis of its **foreign exchange risk**, after hedging for accounts receivable and payable. Figures obtained from this analysis are provided below:

(€k)	Trade receivables - gross amounts (a)	Trade payables (b)	Off-balance-sheet commitments (c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	92,112	(59,256)	3,189	36,046		36,046
USD	34,770	(17,947)	18,507	35,330	12,036	47,366
Other currencies	16,760	(8,079)	49	8,730		8,730
Total	**143,643**	**(85,282)**	**21,745**	**80,106**	**12,036**	**92,142**

The majority of transactions are accordingly in Euros. An analysis of the sensitivity of a 1% variance in the US Dollar exchange rate has been done. It is the second most widely used currency by the Group, with the nine other currencies grouped together in the following table under the heading "Other currencies" presenting no material risk, even if certain currencies tend to fluctuate considerably, such as the Brazilian Real.

The sensitivity to a 1% increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€K)		Impact on pretax earnings		Impact on shareholders' equity before tax	
		Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Net position after hedging in USD		47,366	47,366	47,366	47,366
USD	0.89015	0.89906	0.88125	0.89906	0.88125
Estimated risk		**+ 422**	**- 422**	**+ 422**	**- 422**

Lastly, given the particularly strong negative impact on the 2019 year-end of €7.0 k compared to €6.5 million in 2018, the valuation of hedging instruments required by IAS 39 can fluctuate significantly from one financial year to the next. The use of accumulator-type tools managed with an accumulation capacity limited by regular early exercises and a double accumulation threshold providing a bonus compared to forward purchases, adds a degree of risk to the valuation calculation which bids up the calculation. Note that the purpose of these instruments is to protect purchases in foreign currencies. There is a risk that technical entries with no link to the business may have to be made.

Assets and liabilities outside of the Eurozone account for a small share of 25.3%, and are generally only linked to the business activity. Moveable assets and real estate are depreciating or are already entirely depreciated. Only the latest investments in the United States, with the new production facility for circuit boards, are accompanied by a debt in foreign currency, with the construction of the two buildings in Tunisia being locally financed in Euros. An analysis of the two long-term investments compared to the currency risk was carried out, but the real estate opportunity they represent compared to the cost of leasing properties for electronics printed circuit board production and its specific requirements weighs considerably on the exchange rate risk. Heavy equipment required for production is depreciated rapidly and the homogeneity of the equipment on our sites enables the recovery and use of the goods on any of the sites. Furthermore, the creation of an industrial site on American soil will also help to generate Group sales in foreign currency, allowing it to benefit from a "natural hedge" on part of its business.

Finally, given that we did not choose to value the real estate assets, the net asset value is significantly below the market value and would cover the exchange rate differential if we needed to sell equipment.

The exchange rate risk for subsidiaries outside of the Eurozone is primarily limited to the contribution to the Group's results. The Group invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

6.2.2.2 Credit and/or counterparty risk

- Risk level: medium
- Description of the risk

Credit and/or counterparty risk could arise from the failure of a customer in financial difficulties or going into receivership. In reality, it would reflect the dependency of the Group on certain major customers.

❖ Consequences envisaged for the Group

The ten largest customers account for 58.7% of total sales. The largest customer in terms of sales accounts for 21.6% of total Group revenue. This is an exceptional level given the deployment of a one-off contract with an automotive manufacturer (high volume), the withdrawal of which has been announced and will help to return to a desirable situation in which none of the Group's customers account for more than 10% of revenue within two years. However, it is important to note that the leading customers are in most cases international groups with many subsidiaries operating in differentiated markets both in terms of legal form (subsidiaries/divisions) and of products addressing the needs of independent segments.

The next nine customers account for percentages of between 7.4% and 2.0% of consolidated revenue. This situation changed very little in 2019.

Because of both the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group's exposure to credit risk is limited.

❖ Management of the risk by the Group

The Group does not anticipate any material risks relating to customer default with respect to amounts not provisioned (see Note 9 in the notes to the consolidated financial statements, "Trade and other receivables").

Furthermore, the Group may have recourse to credit insurers in certain cases.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognized tools such as documentary credit facilities.

6.2.3 Industrial and environmental risks

6.2.3.1 Environment and safety

❖ Risk level: medium

❖ Description of the risk

The batteries business, with ongoing deployment, generates specific risks. These risks must be looked at across the full lifecycle of the product, from design onwards, to ensure a production process that is as safe as possible, followed by stable functioning in the operational phase and, lastly, safe withdrawal from service and dismantling.

The potential risks are:

- electrical risk during production and maintenance; this is the main risk as, at these times, high voltage is used;
- human risk in terms of injuries during handling (a battery weighs between 1 and 5 tons);
- fire risk due to overheating or explosion;
- the issue of recycling cells at the end of their useful life.

❖ Consequences envisaged for the Group

Whereas Lithium Titanium Oxide (LTO) batteries have excellent security features, for Nickel Manganese Cobalt (NMC) applications, the level of risk is higher and must be made safer in future designs.

We have equipped our production site in Germany with a high capacity "C20" extinguisher, a configuration approved by the local authorities. However, this is not yet the case for our production site located in the United States, which is setting up to also produce on American soil.

Using a faulty electrical battery can cause a fire, or even personal injury. The Group could therefore be faced with human risks during handling, but also damage to equipment and buildings, or even accidents when our batteries are being used by customers.

Lastly, the dismantling of batteries and cells at the end of their useful life is possible. The recycling of Li-Ion cells is as yet at the prototype stage as there is not yet a dedicated industrial solution.

❖ Management of the risk by the Group

The majority of our sales concern LTO technology batteries designed to avoid the risks of fire, overheating and explosion.

Our products for the rail market are all subjected to a specific, 15-minute fire resistance test.

Electric product risk is validated by design and corresponds to standards, such as the regulation UNECE R100, which are met by all our products and is addressed by using appropriate means of protection (insulating films, insulating shoes and floors, etc.).

6.2.3.2 Loss of an industrial site – Business closure

- Risk level: medium
- Description of the risk

The main risks concern fire, explosion, earthquake, with the highest level risk being an airplane accident, as certain sites are located near airports.

- Consequences envisaged for the Group

In case of a major accident on one of the two main circuit board production sites in France or Tunisia, with the United States still ramping up and for the moment only representing a small part of total production, there could be a business closure for a more or less long period depending on the extent of the damage, with production and delivery delays and a negative financial impact.

- Management of the risk by the Group

The Group's industrial resources now consist of three major facilities (Colomiers in France, Tunis in Tunisia and Detroit in the United States) for the production of circuit boards. Several other Group companies have their own production facilities for the integration and testing of products, or with close relations to local industrial partners or subcontractors.

As the organization of production and supply is managed by the same ERP system, this means that is relatively easy to redirect flows of supplies from one facility to one or more others. With just the time needed to machine specific tools for each product (6 to 12 weeks) and for any training needed for operators (four to six weeks), production can be transferred from a site to one or more others. The means of production at the different sites are either identical or compatible, so that the processes can be rapidly replicated. Capacity, however, is not identical across the sites (60% in Tunisia, 30% in France and 10% in the United States).

Naturally, if a major disaster were to occur with the total destruction of a site (an airplane accident for example), the time necessary to restore the production capacity of a site would be several months. Maintaining our commitments to customers in the best possible conditions would then mean using outside subcontractors for manufacturing.

The Group also has a property damage insurance policy that reflects its activities in terms of cover. Regular inspections by the insurer (at least once per year) identify any risks or sensitive points and areas for improvement. During the past ten years, the claims ratio across the entire Group, with regard to property damage is well below 50%. Only the social upheaval in Tunisia in 2011 has ever led to a production stoppage, which lasted for a cumulative total of less than ten working days in the Tunisian factories.

The recent opening of the third production facility in Detroit, apart from the fact that it is intended to expand the business in North America, clearly helps to reduce the sort of risk represented, for example, by the disturbances in Tunisia, but also in France (blockaded ports, various strikes, etc.).

6.2.4 Legal, political and regulatory risks

6.2.4.1 Political stability

- Risk level: major
- Description of the risk

Some Group operations, such as in Mexico, Tunisia and Brazil, are located in countries where political and economic upheaval cannot be discounted. Apart from these considerations, the trade war between the United States and China and, to a lesser extent, Brexit, could also affect ACTIA's business and therefore its results.

- Consequences envisaged for the Group

Persistent political unrest could result in lost sales and difficulties for our employees getting to work, or even the destruction of certain assets, thus directly affecting the Group's margins and end results. Other political decisions can result in increased customs duties and, therefore, an erosion of the Group's margins.

- Management of the risk by the Group

Here again, the best way to mitigate the risk lies in the Group's diversification strategy, in terms of both the geographic footprint and its target markets.

6.2.4.2 Social unrest

- Risk level: medium
- Description of the risk

The Group's presence in France is important because it represents almost one third of total headcount, hence a correspondingly high payroll representing 46.0% of the Group's wage bill. The same goes for Tunisia, which represents another third of headcount, but only represents 13.7% of payroll.

And yet France has been confronted for several months by social unrest; blocked roads, ports, airports, etc. cannot be excluded. In the past, Tunisia has also experienced worrying social unrest.

- Consequences envisaged for the Group

A blockage of infrastructures could cause delays in the shipping of supplies and/or deliveries, which would have consequences in terms of organizing our production systems and may even result in penalties imposed by our customers. The impact on the Group's margins would thus be immediate.

- Management of the risk by the Group

The best way to mitigate the risk lies in the Group's diversification strategy, in terms of both the geographic footprint and its target markets.

6.2.4.3 Intellectual property

- Risk level: medium
- Description of the risk

For several years, many applications have depended on communication technologies developed by the telecommunications industry, such as 2G, 3G and 4G. ACTIA is one of the players in this value chain as it supplies telematic computers that include these technologies.

The telematics market is currently facing, for our manufacturer customers, a legal and financial risk related to the need to obtain licenses for the use of Standard Essential Patents (SEPs) – patents included in the international standards ETSI, 3GPP, etc. – from companies that manage portfolios of patents, as mandated by the holders of those patents.

- Consequences envisaged for the Group

These applications for licenses create a major economic risk for our customers who have to respond to the approaches made by the companies that manage these portfolios of patents. ACTIA runs the risk of legal proceedings taken by its customers.

- Management of the risk by the Group

ACTIA works actively with the support of its suppliers to meet the conditions required by its manufacturer customers and to negotiate with them in the most favorable way possible to strike a legal and financial balance.

7. CORPORATE GOVERNANCE REPORT

This report on corporate governance was approved by the Supervisory Board on March 30, 2020 and forwarded to the Statutory Auditors.

7.1 Corporate governance

Our Company uses the September 2016 code of corporate governance for listed companies issued by Middlenext (the French association of mid-cap companies) available for consultation on the Middlenext website (hereinafter the “Reference Code”).

7.1.1 Membership of the Supervisory Board

The Supervisory Board consists of ten members, including one who represents the employees. During the past financial year there were no changes to the composition of the Supervisory Board.

At December 31, 2019, the Supervisory Board thus consisted of:

Last name, first name and position	Year of first appointment	End of term*
Louis Pech, Chairman of the Supervisory Board father of Jean-Louis Pech and Catherine Mallet, grandfather of Laura Pech	2002	2020
Pierre Calmels, Vice-Chairman of the Supervisory Board father of Marine Candelon-Bonnemaison and Jean-François Calmels	2003	2021
Henri-Paul Brochet, Supervisory Board member	2008	2020
Catherine Casamatta, Supervisory Board member	2017	2023
Alain Costes, Supervisory Board member	2003	2021
Carole Garcia, Supervisory Board member	2014	2020
Laura Pech, Supervisory Board member granddaughter of Louis Pech Daughter of Jean-Louis Pech	2017	2023
Günther Thrum, Supervisory Board member	2002	2020
Véronique Védrine, Supervisory Board member	2004	2021
Michel Damiani, member of the Supervisory Board representing the employees	2018	2022

* Following the General Meeting called to approve the financial statements for the past financial year

Supervisory Board members are appointed for six years. The members of the Supervisory Board were all appointed or approved by the General Meeting with the exception of the member of the Board representing the employees who was elected by the employees of the Company and of its direct and indirect subsidiaries impacted by the conditions set out in Article L225-28 of the French Commercial Code.

With respect to the principle of balanced representation of women and men on the Supervisory Board, it should be noted that the Board has four female members and five male members for a total of nine members. The member of the Supervisory Board representing the employees is not included in this total. The proportion of members of each gender is at least equal to 40%, in line with the applicable legislation.

OBSERVERS

There were three non-voting observers as of December 31, 2019:

Last name, first name	Year of first appointment	End of term*
Christian Desmoulins	2014	2022
Frédéric Thrum	2017	2021
Stanislas Bailly	2019	2023

* Following the General Meeting called to approve the financial statements for the past financial year

INDEPENDENT OFFICERS

Criteria applied: to be considered an independent officer, the member of the Supervisory Board must meet the following criteria:

1. not be, or have been, an employee or Executive Corporate Officer of the Company or of a company of the Group in the last five years (C1);
2. not be, or have been, in a significant business relationship with the Company or the Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the last two years; (C2);
3. not be a majority shareholder of the Company or hold a significant percentage of voting rights (C3);
4. not be in a close relationship or have a close family tie with a Corporate Officer or a majority shareholder (C4);
5. not have been a Statutory Auditor of the Company in the past six years (C5).

The following definition of the term “Group” is used for the application of these criteria: any company controlled or controlling the ACTIA Group as meant by Article L233-3 of the French Commercial Code.

The summary table below shows whether or not the members of the Supervisory Board conform to each Reference Code criterion:

Last name, first name and position	C1	C2	C3	C4	C5	Conclusion
Louis Pech, Chairman of the Supervisory Board	NO	YES	NO	NO	YES	**NO**
Pierre Calmels, Vice-Chairman of the Supervisory Board	NO	YES	NO	NO	YES	**NO**
Henri-Paul Brochet, Supervisory Board member	YES	YES	YES	YES	YES	**YES**
Catherine Casamatta, Supervisory Board member	YES	YES	YES	YES	YES	**YES**
Alain Costes, Supervisory Board member	YES	YES	YES	YES	YES	**YES**
Carole Garcia, Supervisory Board member	YES	YES	YES	YES	YES	**YES**
Laura Pech, Supervisory Board member	YES	YES	YES	NO	YES	**NO**
Günther Thrum, Supervisory Board member	YES	YES	NO	NO	YES	**NO**
Véronique Védrine, Supervisory Board member	YES	NO	YES	YES	YES	**NO**
Michel Damiani, member of the Supervisory Board representing the employees	Not applicable					

Therefore, the independent Corporate Officers are:

- Alain Costes — Supervisory Board member
- Henri-Paul Brochet — Supervisory Board member
- Catherine Casamatta — Supervisory Board member
- Carole Garcia — Supervisory Board member

7.1.2 Compliance with the Middlenext Code of Corporate Governance

The Company complies with all of the recommendations of the Reference Code with the exception of the following provisions which the Group has waived:

- Compensation of the Supervisory Board members (R10)

In accordance with the policy adopted by the Group since its inception, no compensation has to date been attributed to members of the Supervisory Board, contrary to the recommendations of the Reference Code concerning compensation for independent members. Nevertheless, the issue remains under examination.

In addition, the following provisions of the Reference Code have been adapted to the Group's structure in line with the options specifically provided for by it.

- Audit Committee (R6)

The Supervisory Board decided not to create an ad hoc Audit Committee, but to carry out the duties entrusted to that committee. In compliance with Article L823-20 of the French Commercial Code, the Company is accordingly exempted from the obligation to form a specific specialized committee.

In line with the Code's recommendations, a study was undertaken of this subject. On that basis, it was considered that such a committee would not make any material contribution to our Company notably as regards to the monitoring and preparation of financial information or the efficiency of internal control and risk management systems.

The Supervisory Board, meeting as an Audit Committee is called based on the same rules applicable to the Supervisory Board. It meets as often as necessary and at least four times per year, to examine the annual and half-yearly financial statements prior to the Supervisory Board meeting convened to approve said statements or to review the internal anti-corruption whistleblower scheme.

It is responsible for:

- monitoring the financial information preparation process and, if required, for making recommendations to ensure its integrity;
- monitoring the effectiveness of internal control, risk management and, if required, internal audit procedures for the preparation and processing of financial and accounting information, without impacting its independence;
- issuing a recommendation to the Supervisory Board regarding the Statutory Auditors whose appointment or renewal will be submitted to the General Meeting;
- ensuring that the Statutory Auditors complete their mission;
- approving the supply of services other than certification of the financial statements, and generally monitoring all assignments and prerogatives in accordance with legal provisions;
- reporting on a regular basis to the Supervisory Board on the accomplishment of its assignments and the results of financial statement certification and for informing it immediately of any difficulties encountered;
- generally, carrying out any assignments and/or exercising any prerogative defined in legal provisions.

The Supervisory Board, meeting as an Audit Committee, is entitled to request advice from external parties, lawyers and consultants.

During 2019, the Supervisory Board, meeting in the form of an Audit Committee, met four times mainly for the presentation of the annual 2018 results, the results of the first semester 2019 and to review the internal anti-corruption whistleblower scheme.

- Compensation and Appointments Committee (R6)

No such committee has been created to date. Decisions concerning appointments and compensation are made on a collegial basis. Because the percentage of Independent Members serving on the Board is in line with the recommendations of the Code and the Company's shareholder base, it is not deemed necessary to create such a committee in the immediate future.

7.1.3 Preparation and organization of the work of the Supervisory Board

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

The annual financial statements approved by the Executive Board, and the draft Management Report, were submitted to the members of the Supervisory Board electronically in the week preceding the meeting called for the purpose of reviewing them.

Whenever a Board Member so requested, the Chairman has provided, to the extent possible, him/her with the additional information and documents she/he wished to receive.

In compliance with the Articles of Association, the agenda of the meeting is set by the Chairman of the Supervisory Board.

Frequency of meetings

The rules governing the calling, holding, quorum and majority of Supervisory Board meetings are set out in the Company's Articles of Association and the Internal Rules of the Supervisory Board.

The Supervisory Board met four times during the past financial year, in line with legal requirements and the Articles of Association, notably to:

- Review the quarterly revenue figures and the separate and consolidated annual and half-year results;
- Review the strategy defined by LP2C, approve it and deploy it in the Group;
- Review the agenda and the draft resolutions submitted to the General Meeting and complete them concerning the choice of candidates for Statutory Auditors and the say-on-pay;
- Approve the terms of the Corporate Governance Report;
- Appoint a new member of the Executive Board;
- Appoint a new non-voting observer;
- Review the related party agreements and the financial and interim information documents;
- Analyze and authorize external growth operations;
- Authorize loans and guarantees;
- Authorize current account advances and guarantees for the financing of Company subsidiaries;
- Adopt the procedure for the current agreements entered into under normal conditions;
- Update the Supervisory Board's internal rules.

The Supervisory Board meets as often as is required for the management of any ordinary business within the remit of this body. It is duly convened to review financial statements on the basis of intermediate positions or at the end of periods, according to a policy of systematic quarterly, six monthly and annual analysis, and the positions and strategies to be put in place. It analyzes and votes on each agenda point. A vote by show of hands is held for each decision.

Financing issues, either involving the holding or the subsidiaries, are also looked at together with the related guarantees.

At these meetings, the Supervisory Board hears presentations on:

- Accounting principles and methods and main accounting options used;
- The impact of any changes in method;
- Changes in the scope of consolidation;
- Key figures published relative to the separate and consolidated financial statements (breakdown of net income, presentation of the balance sheet and of the financial position).

It also hears the report of the Statutory Auditors on the scope, progress and conclusions of their work when audits or limited reviews of financial statements are called for by applicable regulations.

Calling Board meetings

In line with applicable regulations, our Articles of Association and the Company's practices, members of the Supervisory Board were invited to meetings by telephone, email and/or post sufficiently in advance to enable the attendance of the largest possible number at all meetings. The date is normally set two months prior to the meeting and the agenda is communicated within the week preceding the meeting.

In addition, in accordance with the provisions of Article L823-17 and R823-9 Paragraph 2 of the French Commercial Code, the Statutory Auditors were invited to all meetings that reviewed and approved the annual and interim financial statements, by email and by registered letter with acknowledgment of receipt.

To enable the Board members to properly prepare for the meetings, the Chairman makes a point to send them all the necessary information or documentation a reasonable time in advance.

Holding of meetings

Supervisory Board meetings were all held at the registered office. In accordance with the Internal Rules, Supervisory Board members may attend meetings through videoconferencing and any other means of telecommunication. This attendance method is not applicable for the decisions related to the review of the financial statements of the period and the Management Report.

The attendance rate of Supervisory Board members may vary from one meeting to the next, while remaining in compliance with the rules on the necessary quorum and majority. The members of the Board showed great diligence with low rates of absenteeism. Attendance rates of members at all Board meetings reached 85%.

Resolutions adopted

All resolutions put to the Supervisory Board were unanimously approved.

Meeting minutes

Minutes of Supervisory Board meetings are drawn up at the end of each meeting and immediately given to all members, so that they can be checked. The approval of these minutes takes place at the subsequent Board meeting.

Number of shares that must be held by Supervisory Board members

As of the Extraordinary General Meeting of May 28, 2015, the Company's Articles of Association provide that the requirement to hold one share in the Company is no longer necessary in order to be a Supervisory Board member.

The number of shares personally held by each Corporate Officer at December 31, 2019 is presented below:

Corporate Officer	Number of shares and percentage of share capital		Number and percentage of gross voting rights	
Supervisory Board				
Louis Pech	61,344	0.31%	122,688	0.39%
Pierre Calmels	273	0.0%	546	0.0%
Henri-Paul Brochet,	100	0.0%	200	0.0%
Catherine Casamatta,	0	0.0%	0	0.0%
Alain Costes,	5	0.0%	10	0.0%
Michel Damiani	26	0.0%	52	0.0%
Carole Garcia (1)	1	0.0%	1	0.0%
Laura Pech	0	0.0%	0	0.0%
Günther Thrum	213	0.0%	426	0.0%
Véronique Védrine	20	0.0%	40	0.0%
Executive Board				
Jean-Louis Pech	2,996	0.01%	5,992	0.02%
Jean-François Calmels	0	0.0%	0	0.0%
Marine Candelon	74	0.0%	148	0.0%
Catherine Mallet	796	0.0%	1,592	0.01%

(1) This concerns the loan of one share (qualifying share) by ACTIA Group, in connection with her corporate office.

To ensure accurate information about holdings, details at the period close are provided in 5.12.1" Breakdown of the share capital and voting rights". Note that the Pech and Calmels families and Günther Thrum have indirect holdings via LP2C and SIDMIA International.

The situation had not changed as of the date this Universal Registration Document was issued.

Number of Supervisory Board members elected by employees

The Supervisory Board includes one member representing the employees, Michel Damiani, elected in 2018 for a term of four years in accordance with the provisions of Article L225-79-2 of the French Commercial Code.

Number of observers appointed

On the date this document was issued, there were three (see Subsection 7.1.1 "Membership of the Supervisory Board").

Internal Rules

The Supervisory Board has adopted Internal Rules which can be consulted at the registered office of the Company or obtained upon request. The Internal Rules were updated in 2019 to take into account the changes that have taken place since their approval in December 2009. The main provisions of these Rules cover:

- Role of the Supervisory Board;
- Supervisory Board membership;
- Duties and code of conduct of members;
- Supervisory Board meetings;
- Member compensation;
- Evaluation of the Board's performance;
- Adaptations, modifications and public notifications of the Internal Rules.

Evaluation of the Board's work

In accordance with the Reference Code adopted by the Supervisory Board, its members were invited to express an opinion on its ways of working at the meeting held on March 30, 2020. No issues were reported.

7.1.4 Executive Board members

The membership of the Executive Board is as follows:

- Jean-Louis Pech — Chairman of the Executive Board, son of Louis Pech and father of Laura Pech;
- Marine Candelon-Bonnemaison — Executive Board member, daughter of Pierre Calmels;
- Jean-François Calmels — Executive Board member, son of Pierre Calmels;
- Catherine Mallet — Executive Board member, daughter of Louis Pech.

Other than the above, there are no family ties between the Corporate Officers.

7.1.5 Powers of the Executive Board

The limits of the powers of the Executive Board were laid down by the Supervisory Board at its meeting of February 3, 2004, on the following terms:

"In line with the provisions of Article 16 of the Articles of Association, the Supervisory Board resolved to change the limits it had set at its meeting of November 12, 2002 and accordingly authorized the Executive Board to carry out, without prior authorization from the Supervisory Board, the following transactions within the following limits:

- purchase of buildings worth under €1,000,000 excluding VAT;
- purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth under €1,000,000, excluding VAT;
- establishment of all entities, both in France and abroad, representing capital expenditure of under €1,000,000 with an obligation to inform the Supervisory Board;
- borrowings even unsecured for an amount under €1,000,000 per borrowing with a term of less than seven years. The total annual amount of these borrowings may not exceed €3,000,000 and will be reviewed annually;
- establishment of companies and taking of interests of all forms in any company or entity, involving less than €1,000,000 per transaction, with an obligation to inform the Supervisory Board;
- loans, credits or advances granted by the Company with a term of duration greater than one year and a principal of under €500,000 per transaction and €2,000,000 per annum for all transactions taken together;
- renting, leasing of all buildings or business assets, for a period of up to nine years representing annual lease payments of under €500,000, excluding VAT, per year;
- commercial contracts with terms of less than three years and involving amounts under €2,000,000, excluding VAT;
- direct commitments even without guarantees, involving amounts under €2,000,000;
- taking on and laying off Company employees with annual salaries of under €300,000.

All transactions exceeding the limits set out above must be authorized in advance by the Supervisory Board. In addition, the Executive Board may not provide deposits, backing or guarantees without the prior authorization of the Supervisory Board."

In addition to the above transactions in excess of the amounts indicated, the following transactions must also be submitted for prior approval by the Supervisory Board, in accordance with the provisions of Article 16 of the Internal Rules of the Board:

- membership of an economic interest grouping or any form of venture or company that may give rise to joint and/or indefinite liability for the Company;
- representation of the Company in all amicable liquidation transactions, bankruptcy and court supervised liquidation procedures;
- calling an Ordinary General Meeting where the agenda includes:
  - the appointment of candidates for membership of the Supervisory Board,
  - the dismissal of one or more members of the Supervisory Board,
  - the reappointment of one or more members of the Supervisory Board.
- calling an Extraordinary General Meeting where the agenda includes:
  - the total or partial contribution of corporate assets, to one or more, existing or future, companies, by way of merger, spin-off or partial asset contribution,
  - the reduction, increase, whether directly or indirectly, immediately or over time, or redemption of the share capital,
  - the amending of one or more provisions of the Articles of Association;
- the exceeding of the budget for the current financial year, previously approved by the Supervisory Board.

7.1.6 Participation in Shareholders' General Meetings

The procedures for participating in Shareholders' General Meetings are set out in Article 31 of the Articles of Association.

The right to participate in General Meetings is evidenced by the registration of shares in the name of the shareholder or of their authorized intermediary by midnight (Paris time) on the second business day preceding the meeting either:

- in the account for registered shares maintained by the Company;
- in the account for bearer shares maintained by the authorized intermediary.

The registration of bearer shares is evidenced by a special certificate ("attestation de participation") issued by the authorized intermediary.

If not personally participating in the meeting, shareholders may choose one of the following three options:

- grant a proxy to any individual or legal entity of his or her choice;
- send a proxy to the Company;
- vote by post.

Requests by shareholders to add points or draft resolutions to the agenda must be sent to the registered office by registered letter with acknowledgment of receipt no later than 25 days prior to the General Meeting.

7.2 Factors that might have an impact in the event of public offerings

Pursuant to Articles L225-68 and L225-37-5 of the French Commercial Code, items with the potential to have an impact on a tender offer are duly noted:

- the structure of the share capital as well as all known direct and indirect interests in the Company and all other related information are detailed in Subsection 5.12 "Major Shareholders";
- there is no restriction on the exercise of voting rights in the Articles of Association;
- to the best of the Company's knowledge, a shareholders' agreement was signed by the families of the senior executives (Louis Pech and Pierre Calmels) and SIDMIA International. It is described herein in 5.12.3 "Shareholders' agreement";
- there are no shares with special control rights; nevertheless, it is noted that in accordance with Article 10 of the Articles of Association, voting rights double those granted to other ordinary shares, with regard to the portion of the share capital they represent, are granted to all fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years;
- there are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees. The Company does not have an Employee Savings Plan (PEE) or a collective employee shareholding plan (FCPE);
- the rules for appointing and removing members of the Executive Board and of the Supervisory Board are the legal and statutory rules covered in Articles 13 and 17. A summary of the statutory provisions for the corporate bodies 9.2.2 "Members of Administrative, Management and Supervisory bodies";
- with regard to the powers of the Executive Board, the current authorizations are set out in the capital increase authorizations table in Subsection 7.5 "Authorizations granted in respect of capital increases". In addition, the powers of the Executive Board with respect to the purchase of shares 5.12.9 "Authorization to implement a share buyback program";
- amendments to the Company's Articles of Association are made in accordance with provisions provided for by statute and regulations;
- there are no agreements (sales contracts, financial contracts, etc.) signed by the Company that would be amended or terminated in the event of a change in control at the Company;
- there are no agreements providing for severance payments for members of the Supervisory Board or the Executive Board or for employees if they resign or are dismissed without due reason or cause or if their employment ends due to a public purchase or exchange offer.

7.3 Administrative, management and supervisory bodies

7.3.1 Information about the members of the Company's administrative, management and supervisory bodies

❖ **Louis Pech**, founder of the Group, (father of Jean-Louis Pech and of Catherine Mallet and grandfather of Laura Pech) is the Chairman of the Supervisory Board of the Company. He was appointed by the Extraordinary General Meeting of November 12, 2002. His term of office was renewed at the Annual General Meetings of May 6, 2008 and May 28, 2014 and it will expire on the date of the Annual General Meeting held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the Companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Executive Board	LP2C	France
Honorary Chairman of the Board of Directors	ACTIA Automotive	France
Director	ACTIA de Mexico	Mexico
	KARFA	Mexico
	ACTIA Italia	Italy
	ACTIA China	China
	SCI Los Olivos	Spain
	ACTIA UK	England
	ACTIA Nordic	Sweden
	ACTIA Inc.	USA
	ACTIA Corp.	USA
	ACTIA do Brasil	Brazil
Permanent Representative of LP2C	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ACTIA Engineering Services	Tunisia
	ACTIA Telecom	France
	ACTIA Systems	Spain
Co-Manager	SCI de l'Oratoire	France
Honorary Advisor	Banque de France de Toulouse	France
	French foreign trade adviser	France
Honorary Chairman	CCI de Toulouse	France
	Le Cercle D'oc	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Chairman of the Board of Directors and Director	ACTIA Automotive	France	2019
Permanent Representative of ACTIA Automotive	ACTIA Muller	France	2015
	ACTIA 3E	France	2019
Chairman	Midi Capital investment committee	France	2016
Member of the Comité des Sages	Muséum d'Histoire Naturelle	France	2016
Regional Advisory Board member	Société Générale	France	2016
	NATIXIS	France	2016
Vice-Chairman	Le Cercle D'oc	France	2017

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Nederland	Netherlands	2017
	ACTIA Tunisie	Tunisia	2016
	ACTIA Engineering Services	Tunisia	2016
	ACTIA India	India	2016
	ACTIA Systems	Spain	2015
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France	2017

- **Address**

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**

- CIVIL STATUS:

Born in 1934 in the Aude Department (France)

Married, 4 children

- ACADEMIC BACKGROUND:

A graduate of the École Supérieure de Commerce of Toulouse 1954 - 1957

- PROFESSIONAL BACKGROUND:

ATELIERS SEMCA – Corporate Secretary 1960 - 1962

MICROTURBO on January 2, 1963 after managing the creation of the company from ABG SEMCA – Sales Manager, followed by Deputy CEO 1963 - 1989
Left the Company having performed at the same time and over three years the activities of MICROTURBO and management functions at MERCIE and ACTIA Automotive

ACTIA Automotive since July 1989

LP2C (Group holding) since July 1994

- DECORATIONS:

Silver long-service medal;

Officer in the National Order of Merit;

Knight in the Ordre des Palmes Académiques;

Officer in the National Order of the Legion of Honor.

- AWARDS:

Prix Chivas 1985

- PAST SOCIAL ACTIVITIES:

Associate member of the Toulouse Chamber of Commerce and Industry 1986 - 1991

Chairman of the Industry and Foreign Trade Committee of the Chamber of Commerce and Industry of Toulouse 1986 - 1991

Vice-Chairman of the Industry and Foreign Trade Committee of the Toulouse Regional Chamber of Commerce and Industry 1988 - 1992

Chairman of the Midi-Pyrenees Regional Committee of the Association of French

Foreign Trade advisers 1988 - 1993

Chairman of the Regional Export Committee (General Assembly) 1990 - 1993

Chairman of the Groupe d'Étude et de Mobilisation (GEM) Midi-Pyrénées 1991 - 1993

Chairman of the Committee for the Promotion of International Trade (Exportation Charter) 1991 - 1995

Member of the Toulouse Chamber of Commerce and Industry 1991 - 1997

Adviser to the Banque de France, Toulouse	1993 - 2005
Member of the Toulouse Chamber of Commerce and Industry	1994 - 1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994 - 1997
Member of the Midi-Pyrenees Regional Economic and Social Committee	1994 - 1997
Chairman of ADERMIP (Association for the Development of the Teaching of Economics and Research in Midi-Pyrenees)	1994 - 1999
Member of the Board of the Haute-Garonne Employers Association	1994 - 1999
Director of the National Polytechnic Institute of Toulouse	1994 - 2002
Vice-Chairman of the Midi-Pyrenees Regional Chamber of Commerce and Industry	1995 - 1997
Vice-Chairman of the Departmental Economic Development Committee (General Assembly)	1995 - 2000
Chairman of IERSET (European Institute for Research into Electronic Systems for Transportation)	1996 - 2003
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000 - 2004
Director of Société d'Epargne Locale Toulouse Nord (Caisse d'Épargne Group)	2000 - 2007
Non-voting observer on the Tofinso Supervisory Board	2003 - 2005
Director of Espace Sport Technologies (France)	2003 - 2005
Director of the FACE Grand Toulouse Association (France)	2003 - 2005

- **Pierre Calmels**, founder of the Group, (father of Marine Candelon-Bonnemaison and Jean-François Calmels) is Vice-Chairman of the Company's Supervisory Board. Appointed at the Combined Ordinary and Extraordinary General Meeting of May 9, 2003, his term of office was renewed at the Annual General Meetings of May 14, 2009 and May 28, 2015. It will expire at the Annual General Meeting of 2021 called to approve the financial statements for the year ending December 31, 2020. He also holds the following offices and positions in the Companies listed below:

- **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Supervisory Board	LP2C	France
Vice-Chairman of the Board of Directors and Director	ACTIA Automotive	France
Director	ACTIA Italia	Italy
	SCI Los Olivos	Spain
	ACTIA Nederland	Netherlands
	ACTIA Systems	Spain
	ACTIA Corp.	USA
	ACTIA Inc.	USA
	KARFA	Mexico
	ACTIA India	India
	ACTIA Engineering Services	Tunisia
	ACTIA Telecom	France
	ACTIA Nordic	Sweden
Permanent Representative of ACTIA Group	CIPI ACTIA	Tunisia
Co-Manager	SCI Les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA de Mexico	Mexico	2015
Advisory Board member	ACTIA do Brasil	Brazil	2017

- **Address**

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**

  - CIVIL STATUS:

    Born in 1936 in the Côtes d'Armor Department (France)

    Married, 5 children

  - ACADEMIC BACKGROUND:

    Ecole Polytechnique (School of Engineering) - Paris – AFN 1957 - 1959

    Military service – Marignane Avord 1959 - 1960

    ISAE (formerly ENSAE) – Paris 1960 - 1962

    ICG - Toulouse 1983 - 1985

  - PROFESSIONAL BACKGROUND:

    Aeronautical Test Center of Toulouse (CEAT) 1962 - 1969
    Weapons engineer
    Head of Conditioning Laboratory (3 years)
    Head of the Materials and Structure Group (4 years)

    MICROTURBO S.A. – Toulouse 1969 - 1990
    Technical Director (7 years)
    Program Director (9 years)
    Chief Executive Officer (5 years)

    ACTIA Automotive S.A. - Toulouse since December 1990

    LP2C (Group holding) since July 1994

- **Günther Thrum** is a Member of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed at the Annual General Meetings of May 6, 2008 and May 28, 2014. It will expire at the Annual General Meeting held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the Companies listed below:

- **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Manager	SIDMIA International SARL	France	
Director	INTELLIGENT GENERATION LLC	USA	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Manager	SIDMIA S.A.S.	France	2016

❖ **Address**

SIDMIA International – 48, Quai Alphonse Le Gallo – 92100 Boulogne-Billancourt

❖ **Expertise and experience**

- CIVIL STATUS:

  Born in 1938 in Karlsruhe (Germany)

  Married, 2 children

- ACADEMIC BACKGROUND:

  Technical University – Karlsruhe (Germany) 1957 - 1963

  Engineering Degree

- PROFESSIONAL BACKGROUND:

  REINZ (Germany) 1963 - 1969
  Field Applications Engineer
  Head of the Field Applications Unit

  SNECI (Levallois) 1969 - 1972
  Commercial Engineer

  SIDMIA (Boulogne-Billancourt) 1972 - 2016
  Manager

  SIDMIA International (Boulogne-Billancourt) since 1988
  Manager

❖ **Alain Costes** is a Member of the Company's Supervisory Board. Appointed at the Ordinary General Meeting of November 10, 2003, his term of office was renewed at the Annual General Meetings of May 14, 2009 and May 28, 2015 and will expire at the Annual General Meeting of 2021 called to approve the financial statements for the year ending December 31, 2020. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Chairman of the Board of Directors	UPSSITECH	France	
Director	MAPPING Conseils	France	
	Toulouse Business School	France	
	RTRA Aéronautique	France	
Associate Member	CCI de Toulouse	France	
Chairman of the Strategic Orientation Committee	Toulouse Business School	France	
Consultative Chairman Research/ Innovation	CRCI Midi-Pyrénées	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Automotive	France	2016

❖ **Positions**

- Scientific Director Mapping Conseils

❖ **Address**

MAPPING Conseils – 26, Rue Saint-Antoine du T - 31000 Toulouse

❖ Expertise and experience

- CIVIL STATUS:

  Born in 1939 in the Haute-Garonne Department (France)

- ACADEMIC BACKGROUND:

Doctorate in Sciences	1963
Engineering graduate of the École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique et d'Hydraulique de Toulouse (ENSEEIHT)	1963
Doctorate of Science	1966
Doctorate in Sciences	1972

- PROFESSIONAL BACKGROUND:

Researcher, Higher Education Institute President	
Member of the operational security information systems design and validation team at the Laboratoire d'Automatique et d'Analyse des Systèmes (LAAS) du CNRS	since 1974
Lecturer	1975 - 1980
Vice-Chairman of the International Federation for Information Processing group	since 1979
Lecturer	1981 - 1983
Deputy Director of LAAS-CNRS and the Dependable Computing and Fault Tolerance Group	1981 - 1985
Vice-Chairman of the Association for the Development of the economics of teaching research in Midi-Pyrenees	since 1981
Professeur de 1ère classe (University Professor)	1983 - 1988
Technical adviser to the Toulouse Chamber of Commerce and Industry	since 1984
Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance Group	1985 - 19996
President of the Computer Science, Automatic Control, and Signal Processing section of the CNRS laboratory	1988 - 1991
Professeur de classe exceptionnelle (University Professor)	since 1989
Elected member and committee member of the Computer Science, Automatic Control and Signal Processing section of the CNRS laboratory	1992 - 1995
Chairman of the Engineering Science Department Committee	1992 - 1995
Member of the Scientific Council of the CNRS	1992 - 1997
Rapporteur Général of the 2nd plenary session of the CNRS	1993
Member of the Advanced Research and Technology Committee of MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996 - 2000
Member of the Board of Directors of the CNRS	1996 - 2000
Member of ENSEEIHT, of the Technological Development Consultative Committee (CCDT)	since 1998
Director of Technology, Ministry of Research	2000 - 2003
Professor at the National Polytechnic Institute of Toulouse (INPT)	since 2003
Chairman of the 3rd plenary session of the CNRS	
Career scientist at LAAS-CNRS	since 2003
Member of Branch 07 of the National Committee for Scientific Research	
Chairman of the Engineering Science Department Committee and of the CNRS Scientific Committee	

- PUBLICATIONS:

  Countless scientific articles and publications in specialized journals

- DECORATIONS:

  Commander of the Legion of Honor

  Commander of the Ordre des Palmes Académiques

  Knight in the National Order of Agricultural Merit

  Member of the French Technology Academy

  Silver Score Award of the IFIP

❖ **Véronique Védrine** is a member of the Company's Supervisory Board. Her appointment was ratified by the Combined Ordinary and Extraordinary General Meeting of April 30, 2004 and renewed at the Annual General Meetings of May 14, 2009 and May 28, 2015. It will expire at the General Meeting of 2021 called to approve the financial statements for the year ending December 31, 2020. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Director	Bpifrance Régions	France
	Groupe la dépêche du midi	France
Treasurer and Vice-Chair	Provence-Alpes-Côte d'Azur (PACA) Region Bank Committee	France
Permanent Representative of Bpifrance Investissement on the Board of Directors	IRDI	France
	Midi Pyrénées Croissance	France
Offices and directorships held within the last 5 years		
None		

❖ **Position**

Director of Réseau Sud Bpifrance – a French Limited Company (Société Anonyme) with capital of €750,860,784 – Creteil Trade and Companies Register (RCS) 320 252 489.

❖ **Address**

Bpifrance – 27/31, Avenue du Général Leclerc – 94710 Maisons-Alfort Cedex

❖ **Expertise and experience**

- CIVIL STATUS:

  Born in 1959 in the Yvelines Department (France)

  2 children

- ACADEMIC BACKGROUND:

  A graduate of the École Supérieure de Commerce of Clermont-Ferrand 1977 - 1980

- PROFESSIONAL BACKGROUND:

  CEPME
  Case Manager – Auvergne Regional Office 1981 - 1991
  Registered office – Commitments Department: tourism, health and local authorities 1991 - 1997
  Head of Tourism Department – central agency
  Assistant to the Network Director during the CEPME – SOFARIS merger

Regional Director, BDPME Midi-Pyrénées	1998 - 2005
Director of the Sud Méditerranée OSÉO BDPME Network (PACA Region, Corsica, Languedoc-Roussillon, Midi-Pyrenees)	since February 2005
Director of the Sud Méditerranée OSÉO Network (OSEO Financement – OSEO Innovation)	since October 2006
Director of the Sud Méditerranée OSEO Network (PACA Region, Corsica, Languedoc-Roussillon, Midi-Pyrenees, Aquitaine)	since January 2009
Director of the Sud Bpifrance Network (Bpi investment bank is the combination of OSEO, the CDC Entreprises, FSI and FSI Régions)	since July 2013

- DECORATIONS:

  Knight in the National Order of Merit

  Knight of the Legion of Honor (2015)

- SOCIAL ACTIVITIES:

  Treasurer of the Provence-Alpes-Côte d'Azur Banks Regional Committee

  Chairman of Midi-Pyrenees IFA (French Institute of Independent Directors).

- **Henri-Paul Brochet** is a member of the Company's Supervisory Board. Appointed at the Combined General Meeting of September 15, 2008, his term of office was renewed on the date of the Annual General Meeting of May 28, 2014. It will expire at the Annual General Meeting to be held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

- **Offices**

<table>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th colspan="2">Company</th><th>Country</th></tr>
<tr><td>Manager</td><td colspan="2">Holding MBBCS</td><td>France</td></tr>
<tr><td rowspan="2">Director</td><td colspan="2">SOGECLAIR</td><td>France</td></tr>
<tr><td colspan="2">ICAM</td><td>France</td></tr>
<tr><td>Alternate Director</td><td colspan="2">AEROSPACE Valley</td><td>France</td></tr>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Company</th><th>Country</th><th>End of term</th></tr>
<tr><td rowspan="2">Chairman</td><td>ALIAGE</td><td>France</td><td>2018</td></tr>
<tr><td>CANCEROPOLE Grand Sud-Ouest HBIC</td><td>France</td><td>2018</td></tr>
<tr><td>Qualified Personality</td><td>CESER</td><td>France</td><td>2017</td></tr>
</table>

- **Positions**
  - Principal Advisor to IAC Partners

- **Address**

  132, Chemin Saint Pierre – 31170 Tournefeuille

- **Expertise and experience**
  - CIVIL STATUS:

    Born in 1945 in the Haute-Vienne Department (France)

  - ACADEMIC BACKGROUND:

    Doctorate in physics - microwave option

    Institut d'Administration des Entreprises

- PROFESSIONAL BACKGROUND:

THOMSON – CSF “Microwave Division” Radio beam test and integration engineer	1973 - 1977
Head of the Local Oscillators Laboratory	1977 - 1982
THOMSON – CSF “Space Division” Head of the Microwave and TT&C product lines	1982 - 1988
Director of Space Equipment, ALCATEL-ESPACE	1988 - 1993
ALCATEL – ESPACE thereafter ALCATEL – SPACE (following the merger with Aérospatiale “satellites”) Chief Industrial Officer and Director of the Toulouse site	1993 - 2003
ALCATEL - SPACE thereafter ALCATEL ALENIA SPACE (following the merger with Alenia Spazio) Director for Industrial Integration and Director of the Toulouse site	2003 - 2007
THALES ALENIA SPACE Deputy Chief Executive Officer of Thales Alenia Space France and Director of the Toulouse site	2007 - 2010

- DECORATIONS:

Knight of the Legion of Honor

❖ **Carole Garcia** is a member of the Company’s Supervisory Board. Appointed at the Annual General Meeting of May 28, 2014, her term will expire at the Annual General Meeting to be held in 2020 to approve the financial statements for the year ended December 31, 2019. She also holds the following offices and positions in the companies listed below:

❖ Offices

<table>
<tr><th colspan="4">Current offices and directorships</th></tr>
<tr><th>Offices</th><th>Company</th><th colspan="2">Country</th></tr>
<tr><td>Chairman</td><td>SAS Graine de pastel</td><td colspan="2">France</td></tr>
<tr><td>Chairman and Director</td><td>Financière Graine de pastel</td><td colspan="2">France</td></tr>
<tr><td>Manager</td><td>SCI Clément Laffont</td><td colspan="2">France</td></tr>
<tr><td>Honorary Consul</td><td>Principality of Monaco</td><td colspan="2">Monaco</td></tr>
<tr><td rowspan="2">Member</td><td>Cercle d’oc</td><td colspan="2">France</td></tr>
<tr><td>New economy and growth committee at the Toulouse ICC</td><td colspan="2">France</td></tr>
<tr><td>Advisor
Member of the Midi-Pyrénées office</td><td>French foreign trade adviser</td><td colspan="2">France</td></tr>
<tr><td>Founding member</td><td>Académie des Arts et des Sciences du Pastel</td><td colspan="2">France</td></tr>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Company</th><th>Country</th><th>End of term</th></tr>
<tr><td colspan="4">None</td></tr>
</table>

❖ Address

Graine de Pastel – 4, Place Saint Etienne 31000 Toulouse

- **Expertise and experience**
  - CIVIL STATUS:

    Born in 1971 in the Haute-Garonne Department (France)

    3 children
  - ACADEMIC BACKGROUND:

    École Supérieure de Commerce of Bordeaux 1992

    Masters in Marketing Strategy, Paris Dauphine University 1993

    Cycle des Hautes Etudes pour le Développement Economique (CHEDE), French Ministry of the Economy 2015
  - PROFESSIONAL BACKGROUND:

    Marketing positions, Pierre Fabre Pharmaceutical Group 1994 - 2001

    Chair and co-founder of Graine de Pastel since 2002
  - DECORATIONS:

    Knight in the National Order of Merit

- **Catherine Casamatta** is a member of the Company's Supervisory Board. Appointed at the Annual General Meeting of May 30, 2017, her term will expire at the Annual General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022. She also holds the following offices and positions in the companies listed below:
- **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Member	Research Commission Université Toulouse Capitole	France	
	Academic Adviser Université Toulouse Capitole	France	
	Conseil National des Universités (National University Council)	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	IAE Toulouse, Université Toulouse Capitole	France	2015
Director	IAE Toulouse	France	2017

- **Address**

  Université Toulouse Capitole - 2, Rue du Doyen-Gabriel-Marty, 31000 Toulouse
- **Expertise and experience**
  - CIVIL STATUS:

    Born in 1973 in Corsica (France)
  - ACADEMIC BACKGROUND:

    Graduate of ESSEC (Cergy) 1994

    Post-graduate diploma (DEA) in Management Sciences 1995

    Doctorate in Management Sciences 1999

    Authorization to lead research in Management Sciences 2002

    First selection examination in Management Sciences 2003
  - PROFESSIONAL BACKGROUND:

    Professor of Finance, TSM and TSE, UT1 Capitole since 2003

Head of the Finance Department, IAE, UT1 Capitole	2002-2004
Director of the Graduate School of Management Sciences, UT1 Capitole	2006-2010
Director of IAE Toulouse, UT1 Capitole	2010-2015
Director of the Master in Corporate Finance, TSM, UT1 Capitole	since 2016

❖ **Laura Pech** (daughter of Jean-Louis Pech and granddaughter of Louis Pech) is a member of the Company's Supervisory Board. Appointed at the Annual General Meeting of May 30, 2017, her term will expire at the Annual General Meeting to be held in 2023 to approve the financial statements for the year ending December 31, 2022. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Deputy Chief Executive Officer	ALPHA Recyclage Franche-Comté	France	
CEO	ALPHA Recyclage Composites	France	
Director	ACTIA Automotive	France	
Manager/Co-Manager	ALPHA Carbone	France	
	IDE Environnement	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Manager/Co-Manager	ALPHA Recyclage Composites	France	2017

❖ **Address**

ALPHA Recyclage Franche-Comté – 4, rue Jules Védrines – B.P. 94204 – 31031 Toulouse CEDEX 4

❖ **Expertise and experience**

- CIVIL STATUS:

  Born in 1988 in the Haute-Garonne Department (France)

- ACADEMIC BACKGROUND:

  Graduate in Engineering from the Ecole des Mines of Albi — 2010

  Graduate of the École Supérieure de Commerce of Paris — 2012

- PROFESSIONAL BACKGROUND:

  Alpha Recyclage Franche Comté – Engineer, head of development — 2012 - 2015

  Alpha Recyclage Franche Comté – Deputy Chief Executive Officer — since 2015

❖ **Michel Damiani** is the member of the Company's Supervisory Board representing the employees. He was elected during the election held on November 5 and 6, 2018 by the ACTIA Group and all of its subsidiaries, with employees, whose head office is in France and whose capital is directly or indirectly held by ACTIA Group. His term will expire on November 6, 2022. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
None			
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Elected: WC, PR, CHSCT (Secretary)	ACTIA Automotive – Toulouse	France	2018

- **Position**

  Customer Care Manager

- **Address**

  ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- **Expertise and experience**

  - CIVIL STATUS:

    Born in 1956 in Morocco

    Single - 3 children

  - ACADEMIC BACKGROUND:

    IT degree from USTL Montpellier 1978

    Aïki Jinja Iwama - Sensei 1980

    DESTC engineer at USTL Montpellier

    Subjects taught: marketing, sales, finance, corporate law, management 1981

    Judge Business School – Cambridge – Management Studies

    Business and Management Economics Human Resources and Organizations

    Operations and Information Systems - Strategy and Marketing - Finance and Accounting

    Purchasing Science - Management Science 1981 - 1982

    Siemens Technic Akademie Erlangen – "Buy, Sale, and Management"

    Project Director 2001-2002

  - PROFESSIONAL BACKGROUND

    Software Department Manager, Nixdorf Avignon Marseille 1982 - 1985

    Pre-sales Engineer - Nixdorf Avignon Marseille 1986 - 1988

    Markets Sales Manager - Nixdorf Toulouse. (3 salespeople) 1989 - 1991

    Regional Manager Partner Sales Siemens Toulouse (Grand Sud) 1992 - 1995

    Department Director Siemens-SW Applications Nanterre 1996 - 1998

    Director of the Siemens Banking Projects and Software Department 1998 - 1999

    Wincor Nixdorf - Director of Projects and Logistics Department - Nanterre

    (*French subsidiary leader in the field of solutions for big retail*) 1998 - 2004

    ACTIA Automotive

    Customer Services Department Manager 2004 - 2013

    Business Support Manager MERCOSUR 2014

    Marketing and Sales Manager – OEM – BU Off-Highway 2014 - 2018

    Business Support Manager Asia (to 2016)

    Customer Care Manager 2018

  - SOCIAL ACTIVITIES

    Charitable organizations

❖ **Christian Desmoulins** is a non-voting observer on the Company's Supervisory Board. He was appointed at the Supervisory Committee meeting of June 27, 2014 after eleven years as the Chairman of the ACTIA Group Executive Board. His term was renewed on June 18, 2018. It will expire at the Annual General Meeting of 2022 held to approve the financial statements for the year ending December 31, 2021. He holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Board of Directors and Director	ACTIA Telecom	France
Advisor	French foreign trade adviser	France
Honorary Chairman	Cercle d'oc	France
Manager/Co-Manager	SCI Bridge – Bayard	France
	SCI Un Grain d'Orge	France
Honorary Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	Université Paul Sabatier	France	2019
	ENSIACET: École Nationale Supérieure des Ingénieurs en Arts Chimique et Technologiques	France	2018
Chairman of the Board of Directors and Director	Le Cercle D'oc	France	2017
Member of the Board	École Doctorale Systèmes	France	2016
Director	CIPI ACTIA	Tunisia	2016
	Institut National Polytechnique de Toulouse	France	2016
	IRT Antoine de Saint Exupéry	France	2016
	ACTIA ENGINEERING SERVICES	Tunisia	2016
Chairman of the Board of Directors and Director	ACTIA Automotive	France	2016
	Institut National Universitaire CHAMPOLLION	France	2016
	ACTIA Nordic	Sweden	2015
	ACTIA Corp	USA	2015
	SCI Los Olivos	Spain	2015
	ACTIA 3E	France	2015
	ACTIA China	China	2015
	ACTIA UK	England	2015
	ACTIA Inc	USA	2015
	ACTIA Italia	Italy	2015
	ACTIA Systems	Spain	2015
	KARFA	Mexico	2015
	Toulouse INSA engineering school	France	2015
Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France	2015
Chairman of the Supervisory Board	Les Ateliers de l'Ayguette	France	2015
Director	ACTIA Muller	France	2015
	ACTIA Nederland	Netherlands	2015
	ACTIA de Mexico	Mexico	2015
	ACTIA PCs	France	2015
	ACTIA Polska	Poland	2015
	ACTIA Tunisie	Tunisia	2015

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
	YMCA Cépière	France	2015
	Aerospace Valley	France	2015
	Club des Affiliés du LAAS-CNRS	France	2015
Advisory Board member	ACTIA do Brasil	Brazil	2015
Manager/Co-Manager	SCI Les Coteaux de Pouvourville	France	2015
	ACTIA Muller España	Spain	2015
Advisor	Banque de France de Toulouse	France	2015

Positions

- Académicien des Technologies
- Académicien des Jeux Floraux

Address

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

Expertise and experience

- CIVIL STATUS:
  Born in 1951 in Morocco
  Married, 1 child
- ACADEMIC BACKGROUND:

  Ecole Polytechnique (School of Engineering)

  Civil engineer
- PROFESSIONAL BACKGROUND:

District Manager at the Nièvre Public Works Department	1976 - 1981
Division Head at the Provence-Alpes-Côte d'Azur DRIRE and Special Assistant to the Regional Prefect	1981 - 1986
Regional Director of Industry, Research and the Environment and Regional Delegate of ANVAR Auvergne	1986 - 1991
Regional Director of Industry, Research and the Environment and Graduate in Engineering from the Ecole des Mines of Albi	1991 - 1998
Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry	1998 - 1999
Director of Technological Research at the CEA and Chairman of CEA Valorization	1999 - 2003
Chairman of the Executive Board of ACTIA Group and Chief Executive Officer of ACTIA Automotive	2003 - 2014

- DECORATIONS:
  Knight in the National Order of the Legion of Honor
  Knight in the National Order of Merit
  Knight in the National Order of Academic Palms

❖ **Frédéric Thrum** (son of Günther Thrum) is a non-voting observer on the Company's Supervisory Board. Appointed by the Supervisory Board on March 27, 2017, his term of office will expire at the General Meeting held in 2021 to approve the financial statements for the year ending December 31, 2020. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Deputy CEO, President of the Energy Division	Fives SAS	France	
Chairman of the Supervisory Board	Fives Cryo SAS	France	
	Fives Cail SAS	France	
Chairman, Director	Fives Cryo Inc.	USA	
Chairman of the Board of Directors, Director	Fives Cryo (Suzhou) Co. Ltd	China	
Chairman of the Board of Directors, Director	Fives Cryomec AG	Switzerland	
	Fives North American Combustion Spain SL	Spain	
Director	Fives Itas Spa	Italy	
Chairman, Director	Fives North American Combustion Inc.	USA	
Director	Fives North American Combustion Netherlands BV	Netherlands	
	Fives North American Combustion UK Ltd.	England	
	Fives Pillard Combustion System Equipment Co. Ltd.	China	
	Fives Pillard International Trading Co. Ltd.	China	
Member of the Board	EEIGM (Ecole Européenne d'Ingénieurs en Génie des Matériaux)	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	Fives Cail SA	France	2016

❖ Address

SIDMIA International – 48, Quai Alphonse Le Gallo – 92100 Boulogne-Billancourt

❖ Expertise and experience

- CIVIL STATUS:

  Born in 1972 in the Hauts de Seine Department (France)

  Married, 3 children

- ACADEMIC BACKGROUND:

  ESME–Sudria, Engineering - Telecom option — 1996

  Harvard Business School, P.M.D — 2002

- PROFESSIONAL BACKGROUND:

  FIVES
  Chairman - Cryogenics|Energy — since 2013

  Fives Cryo (France), Fives Cryo Suzhou (China), Fives Cryo Inc. (USA), Fives Cryomec (Switzerland)
  CEO – Fives Cail Group — 2001 - 2013
  Fives Cail (France), Fives Fletcher (UK), Fives Lille do Brasil (Brazil),

Fives Cail KCP (India), FCFM (Mexico)

Product Manager, Sales Director, DGA, DG

After-Sales Commercial Manager – Fives FCB 1998 - 2001

Bouygues Offshore 1996 - 1998
Project Engineer, Control Manager - Refineries (France)
Oil platform projects (Malaysia, Indonesia)
Assistant project manager (Nigeria)

ACTIA, Toulouse
Internship 1996

❖ **Stanislas Bailly** is a non-voting observer on the Company's Supervisory Board. Appointed by the Supervisory Board on September 16, 2019, his term of office will expire at the General Meeting held in 2023 to approve the financial statements for the year ending December 31, 2022. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
CEO	SNECI	France	
Chairman	SGPFEC	France	
	S.B. Investissements	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
None			

❖ **Positions**

CEO of SNECI

Chairman of SGPFEC

❖ **Address**

7, Rue de Chazelles – 75017 Paris

❖ **Expertise and experience**

- CIVIL STATUS:
  Born in 1981 in Paris
  Married, 2 children
- ACADEMIC BACKGROUND:
  Ecole Polytechnique (School of Engineering)
  Master of Science MIT Boston
  MBA at INSEAD
- PROFESSIONAL BACKGROUND:
  - Derivatives Trader at JP Morgan in Hong Kong 2007 - 2009
  - Projects & Operations at SNECI 2010 - 2011
  - Director SNECI Asia in Shanghai 2011 - 2013
  - Directeur of Operations SNECI 2013 - 2017
  - CEO of SNECI since 2017

- **Jean-Louis Pech** (son of Louis Pech, father of Laura Pech) was appointed Chairman of the Executive Board by the Supervisory Board on June 27, 2014. Appointed member of the Company's Executive Board on March 24, 2014 with effect from November 12, 2018, he was reappointed by the Supervisory Board on September 17, 2018 for a term expiring on November 12, 2022. He also holds the following offices and posts in the Companies listed below:

- **Offices**

Current offices and directorships		
Offices	**Company**	**Country**
Executive Board member	LP2C	France
CEO	ACTIA Automotive S.A.	France
	JLS Invest	France
	ALPHA Recyclage Franche Comte	France
Chairman of the Board of Directors and Director	ACTIA 3E	France
	KARFA	Mexico
	ACTIA Nordic	Sweden
	ACTIA Corp	USA
	ACTIA India	India
	ACTIA Inc	USA
	ACTIA Systems	Spain
	ACTIA UK	England
	SCI Los Olivos	Spain
	ACTIA Italia	Italy
	ACTIA Polska	Poland
Director	ACTIA de Mexico	Mexico
	ACTIA Nederland	Netherlands
	IRT Antoine de Saint Exupéry	France
	ACTIA do Brasil	Brazil
	ACTIA Electronics	USA
Observer	ACTIA China	China
Permanent Representative of LP2C	ACTIA PCs	France
Permanent Representative of ACTIA Group	ACTIA Automotive	France
	Co-Manager SCI SODIMOB	France
Permanent Representative of ACTIA Automotive	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ACTIA Engineering Services	Tunisia
	ACTIA Systems	Spain
Manager/Co-Manager	IDE Ingénierie	France
	ALPHA CARBONE	France
	SCI Jean MERMOZ	France
	SCI Jules VEDRINES	France
	SCI Louis BLERIOT	France
	SCI La CONFLUENCE	France
Advisor	Banque de France de Toulouse	France
Member	Cercle d'oc	France
Chairman	Cluster Automotech	France
	Leader Toulouse	France
	Fondation INSA Toulouse	France
Executive Board member	CNPA	France
Vice-Chairman	CNPA Occitanie	France
	GIE France Recyclage Pneumatique	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Telecom	France	2016
	ACTIA Engineering Services	Tunisia	2016
Permanent Representative of ACTIA Group	ACTIA Telecom	France	2019
Sole Director	ACTIA Muller España	Spain	2017
Manager/Co-Manager	SOPYRAM	France	2016
	ALPHA RECYCLAGE COMPOSITES	France	2017
	SOREGOM	France	2019
National Treasurer	CNPA	France	2015
Deputy National Treasurer	CNPA	France	2017
Chairman of the Used Tires Committee	CNPA	France	2017
Chairman of the Prospective Commission	CNPA	France	2018
Chairman of the Board of Directors and Director	ACTIA Muller	France	2015
Chairman	CNPA Midi-Pyrenees	France	2017
	CNPA Occitanie	France	2019

- **Address**

  ACTIA Group – 5, Rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 04

- **Expertise and experience**

  - CIVIL STATUS

    Son of Louis Pech

    Born in 1960 in the Haute-Garonne Department (France)

    Married, 2 children

  - ACADEMIC BACKGROUND:

    Engineering degree, INSA, specialization in "Industrial and Environmental Engineering Processes"1985

    Post-graduate degree (DEA) in "Antipollution Engineering"

  - PROFESSIONAL BACKGROUND

SOTRACIM – CEO	1987 - 1988
I.D.E. Ingénierie S.A. – Founder and Manager	since 1987
LP2C S.A. Toulouse - Member of the Executive Board	since 1992
Alpha Recyclage Franche Comté – Founder and Manager	since 1998
JLS INVEST – Founder and Manager	since 2007
GIE France Recyclage Pneumatique – Chairman	2009 - 2014
GIE France Recyclage Pneumatique – Vice-Chairman	since 2014
Chairman of the Executive Board of ACTIA Group	since 2014
CEO ACTIA Automotive	since 2014

❖ **Catherine Mallet** (daughter of Louis Pech) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002 (with effect from November 12, 2018), her term of office was renewed by the Supervisory Board on September 17, 2018 and will expire on November 12, 2022. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Executive Board member	LP2C	France
Chairman of the Board of Directors and Director	Banque Populaire Occitane	France
	ACTIA PCs	France
Supervisory Board member	BPCE	France
Director	ACTIA UK	United Kingdom
	ACTIA China	China
	ACTIA Italia	Italy
	ACTIA de Mexico	Mexico
	ACTIA Corp	USA
	ACTIA Inc	USA
	ACTIA India	India
	CIPI ACTIA	Tunisia
	ACTIA Systems	Spain
	ACTIA Electronics	USA
	ACTIA do Brasil	Brazil
	Fédération Nationale des Banques Populaires	France
Permanent Representative of LP2C	ACTIA 3E	France
Permanent Representative of ACTIA Group	ACTIA Telecom	France
Permanent Representative of Action Logement (MEDEF)	Promologis S.A. H.L.M.	France
Chairman of the Audit Committee	Promologis S.A. H.L.M.	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Muller	France	2015
Permanent Representative of Action Logement (MEDEF)	Ma Nouvelle Ville	France	2019
Permanent Representative of MEDEF 31	CILEO	France	2016

❖ Address

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS

  Daughter of Louis Pech

  Born in 1969 in the Haute-Garonne Department (France)

  Married, 2 children

- ACADEMIC BACKGROUND

  Graduate of the École Supérieure de Commerce of Toulouse 1989 - 1992

- PROFESSIONAL BACKGROUND

Crédit Mutuel Île de France Boulogne-Billancourt - Account Manager	1992 - 1993
ACTIA Automotive S.A Toulouse – Executive Assistant	1993 - 1996
ACTIA Group S.A Toulouse – Executive Assistant	1996 - 2003
ACTIA Group S.A Toulouse – Chief Financial Officer	since 2003
LP2C S.A. Toulouse – Member of the Executive Board	since 1999

❖ **Marine Candelon-Bonnemaison** (daughter of Pierre Calmels) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002 (with effect from November 12, 2018), her term of office was renewed by the Supervisory Board on September 17, 2018 and will expire on November 12, 2022. She also holds the following offices and positions in the companies listed below:

❖ **Offices**

<table>
<tr><th colspan="4">Current offices and directorships</th></tr>
<tr><th>Offices</th><th>Company</th><th colspan="2">Country</th></tr>
<tr><td>Executive Board member</td><td>LP2C</td><td colspan="2">France</td></tr>
<tr><td>Chairman of the Board of Directors and Director</td><td>ACTIA Automotive</td><td colspan="2">France</td></tr>
<tr><td>Director</td><td>ACTIA Telecom</td><td colspan="2">France</td></tr>
<tr><td>Permanent Representative of ACTIA Automotive</td><td>ACTIA 3E</td><td colspan="2">France</td></tr>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Company</th><th>Country</th><th>End of term</th></tr>
<tr><td>Permanent Representative of ACTIA Group</td><td>ACTIA Automotive</td><td>France</td><td>2019</td></tr>
<tr><td rowspan="3">Director</td><td>ACTIA Muller</td><td>France</td><td>2015</td></tr>
<tr><td>ACTIA 3E</td><td>France</td><td>2016</td></tr>
<tr><td>ACTIA PCs</td><td>France</td><td>2016</td></tr>
</table>

❖ **Address**

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ **Expertise and experience**

- CIVIL STATUS

Daughter of Pierre Calmels

Born in 1961 in Paris

Married, 2 children

- ACADEMIC BACKGROUND

First Certificate of Cambridge	1979
Proficiency of Cambridge	1980
BTS Executive Secretary	1982

- PROFESSIONAL BACKGROUND

Technal France Toulouse: Certified Export Secretary	1982 - 1985
Maurice Messegue Auch - Executive Secretary	1986
Laboratoires Des Herbes Sauvages Fleurance - Executive Secretary	1986 - 1990
SARL ACTE Nérac - Executive Assistant	1990 - 1993
SA M3S Castelginest - Chair and Chief Executive Officer	1993 - 2002
LP2C S.A. Toulouse - Member of the Executive Board	since 1999

❖ **Jean-François Calmels** (son of Pierre Calmels) is a member of the Company's Executive Board. Appointed by the Supervisory Board on September 16, 2019, his term of office will expire on November 12, 2022. He also holds the following offices and positions in the companies listed below:

❖ **Offices**

Current offices and directorships			
Offices	**Company**	**Country**	
Director	ACTIA Corp	USA	
	ACTIA Electronics	USA	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
None			

❖ **Position:**

Account Manager in the subsidiary ACTIA Telecom since 2018

❖ **Address**

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ **Expertise and experience**

- CIVIL STATUS

  Son of Pierre Calmels

  Born in 1968 in the Haute-Garonne Department (France)

  Divorced - 2 children

- ACADEMIC BACKGROUND

Université Paul Sabatier	1988 - 1990
Ecole Militaire de l'Air	1994
USAF Warfare Center	2010

- PROFESSIONAL BACKGROUND

French Airforce: Specialty: Weapons Systems Navigation Officer	1990 - 2018
Missions in combat zones as Weapons Systems Navigation Officer	1999 - 2005
Head of Electronic Warfare training	2005 - 2007
NATO: Military Assistant to the French Admiral in charge of Research and Technology, Future Capacities	2007 - 2010
Second in Command, Lyons Detection and Control Center	2011 - 2013
Commander, Lyons Detection and Control Center	2013 - 2016
Airforce Colonel	2016
Chief of Air Operations National Air Operations Center	2016 - 2017
Second in Command National Air Operations Center	2017 - 2018
ACTIA Telecom - Account Manager	2018

- DECORATIONS:

  Knight of the Legion of Honor.

  Officer in the National Order of Merit;

The criteria for independence adopted as well as the list of Independent Directors are presented 7.1 "Corporate governance".

7.3.2 Declaration attesting to the absence of prior convictions by Supervisory and Executive Board members

To the best of the Company's knowledge, over the past five years:

- no member of the Supervisory Board or Executive Board has been found guilty of fraud;
- no member of the Supervisory Board or Executive Board has been a party to a bankruptcy, receivership or liquidation;
- No criminal charges and/or official public disciplinary measures have been taken against a member of the Supervisory Board or Executive Board by the statutory or regulatory authorities;
- no member of the Supervisory Board or Executive Board was banned by a Court from acting as a member of an Administrative, Management or Supervisory body of an issuer or from being involved in the management or running of an issuer.

7.3.3 Conflicts of interest within the administrative, management and supervisory bodies

To the best of the Company's knowledge, there are no proven or potential conflicts of interest between their duties as members of the Company's Management and Supervisory Boards with regards to the issuer in their position as Corporate Officers and their personal and other duties.

In accordance with the Reference Code, the internal rules of the Supervisory Board state that: "In a situation in which there is a conflict of interest or a potential conflict of interest between the corporate interest and their direct or indirect personal interests or the interests of the shareholder or the group of shareholders they represent, the member must:

- inform the Board as soon as they learn of it;
- Accept all consequences with respect to the exercise of their mandate. Depending on the case, they must:
  - either abstain from taking part in the discussions and vote on the corresponding deliberation,
  - or abstain from attending the Board meetings during the period they would be in a conflict of interest situation,
  - or resign from their duties as a Board member.

In the event that they do not comply with these abstaining rules or the requirement to withdraw, the Board member could be held liable.

In addition, the Chairman of the Board will not be required to send to members, about whom they have serious reasons to believe that they are in a conflict of interest situation, any information or documents related to the topic of the conflict and will inform the Board that they will be withholding the information."

Therefore, in the event of a conflict of interest, and depending on its nature, the member of the Supervisory Board must abstain from voting and attending meetings and must, potentially, resign.

To the knowledge of the Company and as of the date of issue of this document, there is no arrangement or agreement between the main shareholders, customers or suppliers under which one of the members of the Supervisory Board or of the Executive Board was selected in this capacity.

To the knowledge of the Company and as of the date of issue of this document, the members of the Supervisory Board and of the Executive Board have not accepted any restrictions on the disposal of their interest in the Company's capital other than those contained in the terms and conditions of the Shareholders' Agreement which is detailed in 5.12.3 "Shareholders' agreement".

7.3.4 Appointments, reappointments and confirmation of cooption

The terms of office of the members of the Supervisory Board indicated below expire at the next General Meeting, to be held on May 27, 2020.

This General Meeting will be asked to:

- neither renew nor replace Louis Pech as a member of the Supervisory Board;
- neither renew nor replace Henri-Paul Brochet as a member of the Supervisory Board;
- reappoint Carole Garcia as a member of the Supervisory Board;
- Appoint Frédéric Thrum to replace Günther Thrum, whose term is due to expire as a member of the Supervisory Board.

Frédéric Thrum has been a non-voting observer on the Supervisory Board since 2017. All the information regarding his activities, career and offices held may be consulted in Subsection 7.3.1 “Information about the members of the Company’s administrative, management and supervisory bodies” in this Universal Registration Document.

7.4 Corporate Officer compensation

7.4.1 Executive management compensation policy

The compensation paid to the Corporate Officers of ACTIA Group is primarily paid by LP2C, the consolidating holding company for the offices exercised at the level of LP2C, a French corporation, and voted by the Supervisory Board of the latter. As such, the compensation does not specifically represent compensation paid for offices held within ACTIA Group. Furthermore, the compensation of Jean-François Calmels, a member of the Executive Board since September 16, 2019, is paid by ACTIA Telecom against his employment contract.

In addition, it should be noted that, under an assistance agreement, LP2C only invoices the Group a portion of the salaries paid for the various technical services described in Subsection 5.11.10 “Special report of the Statutory Auditors on regulated agreements”. The balance relating to its own operating costs are charged to LP2C based on the rule for allocating time worked. The compensation paid by LP2C in no way affects the ACTIA Group offices of the Chairman of the Executive Board or the offices of the members of the Executive Board, or the offices within the Supervisory Board.

The details of the sums invoiced within the framework of the assistance agreement are given by type of service in Note 24.1 “Related-party transactions with holding company: LP2C S.A.” in the notes to the consolidated financial statements. The amount invoiced for 2019 was €1,581,000 calculated in compliance with the agreement based on the direct and indirect costs actually incurred by LP2C, plus a margin of 15%. The chargeback of external services is, for its part, established with a 3% margin to take LP2C’s overhead into account.

To date, the only compensation attributable as a result of a corporate office held in ACTIA Group is the fixed compensation paid to the Chairman of the Executive Board of ACTIA Group. As a general rule, the fixed portion of compensation paid to the Chairman of the Executive Board of ACTIA Group tracks trends for the employees of the main French company, except in exceptional years when the Group is subject to significant pressure, in which case, any increase is lower or nil. Compensation is compared with that of the Group on a regular basis to ensure that it is consistent.

7.4.2 Approval of compensation policy items (ex-ante say-on-pay)

Approval of the compensation policy for the office of Chairman of the Executive Board of ACTIA Group (submitted to the General Meeting of May 28, 2020, in the 9th resolution):

The Supervisory Board has established a compensation policy in accordance with the corporate purpose of the Company to contribute to its long-term survival and as part of its commercial strategy as discussed under Section 5.5 “Strategy” in the Universal Registration Document.

No item of compensation, of any nature whatsoever, may be determined, allocated or paid by the Company, nor any commitment made by the Company if it does not comply with the approved compensation policy or, in its absence, the existing compensation practices within the Company. However, in exceptional circumstances, the Supervisory Board may waive the application of the compensation policy, providing that the waiver is temporary, in accordance with the corporate purpose and if necessary to guarantee the long-term survival or viability of the Company.

Determining, reviewing and implementing the compensation policy for the Chairman of the Executive Board is the remit of the Supervisory Board. It should be noted that the Chairman of the Executive Board does not attend discussions on this issue.

As part of the decision-making process used to determine and review the compensation policy, the Company's terms of employment and compensation for employees were taken into account by the Board as follows: in general, the fixed portion of compensation paid to the Chairman of the Executive Committee of ACTIA Group follows the trend for the employees in the main French company, except for unusual years when the Group's position is too difficult, in which case the increase is lower or even non-existent. Compensation is compared with that of the Group on a regular basis to ensure that it is consistent.

The fixed portion of compensation paid to the Chairman of the Company's Executive Committee is determined on the basis of:

- the level of his responsibilities and the related complexity;
- his experience and expertise.

During the course of exercising his function, the Chairman of the Executive Board does not have the benefit of an employment contract, severance payments, compensation for a non-compete clause, a supplementary pension or any other payments or benefits that may be due for the termination of or changes to his duties.

In the absence of compensation or other benefits attributable to the other members of the Executive Board and to the members of the Supervisory Board of ACTIA Group for their offices, no resolution will be submitted to the next General Meeting for approval of the compensation principles or criteria applicable to them.

7.4.3 Compensation, Corporate Officer benefits and other information covered in Section I of Article L225-37-3 of the French Commercial Code (ex-post global say-on-pay)

Pursuant to the provisions of Articles L225-68 and L225-37-3 of the French Commercial Code, we hereby notify you of the total gross compensation covered by Section I of Article L225-37-3 of the French Commercial Code (fixed, variable and non-recurring) and benefits of all kinds paid during this past financial year to each Corporate Officer, as well as the criteria used to calculate them or the circumstances under which they arose.

We also indicate commitments of all types entered into on behalf of its Corporate Officers, relating to items of compensation and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

No commitment of any kind relating to items of compensation and benefits payable or likely to be payable upon taking up, leaving or changing duties or subsequent thereto has been entered into other than the commitments discussed above.

No directors' fees are currently paid to the members of the Supervisory Board of ACTIA Group.

The following numbers reflect the decisions taken for the financial year ended December 31, 2019 and the total compensation paid to each Executive Officer of ACTIA Group by the issuer and by any other Group company:

Table 1 – Summary of compensation for each Corporate Officer by issuer and by all other Group companies

Name and function of Executive Corporate Officer:	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
	In 2019		In 2018		In 2017	
Jean-Louis Pech - Chairman of the Executive Board(1)	227,101	227,101	222,731	222,731	218,498	218,498
Fixed compensation	100,000	100,000	100,000	100,000	100,000	100,000
Annual variable compensation(2)						
Multi-year variable compensation						
Exceptional compensation						
Annual fixed sum (formerly Directors' fees)						
Benefits in kind(2)	4,612	4,612	4,548	4,548	4,499,	4,499
TOTAL	**331,712**	**331,712**	327,279	327,279	322,997	322,997

Table 1 – Summary of compensation for each Corporate Officer by issuer and by all other Group companies						
Name and function of Executive Corporate Officer:	**Amounts allocated**	**Amounts paid**	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
	In 2019		In 2018		In 2017	
Catherine Mallet - Executive Board member						
Fixed compensation(2)	87,899	87,899	94,572	94,572	105,498	105,498
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	15,000	15,000	17,064	17,064	17,056	17,056
Annual fixed sum (formerly Directors' fees)						
Benefits in kind(2)	2,639	2,639	2,603	2,603	1,790	1,790
TOTAL	**105,538**	**105,538**	114,239	114,239	124,344	124,344
Marine Candelon - Executive Board member						
Fixed compensation(2)	75,659	75,659	74,055	74,055	73,078	73,078
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	10,000	10,000	11,731	11,731	11,526	11,526
Annual fixed sum (formerly Directors' fees)						
Benefits in kind(2)	2,146	2,146	1,998	1,998	1,513	1,513
TOTAL	**87,805**	**87,805**	87,784	87,784	86,117	86,117
Jean-François Calmels – member of the Executive Board						
Fixed compensation(3)	60,543	60,543				
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)						
Annual fixed sum (formerly Directors' fees)						
Benefits in kind(2)						
TOTAL	**60,543**	**60,543**				

(1) Breakdown of 2019 compensation for the office exercised at the French limited corporation LP2C: €280,275 + executive offices within the ACTIA Group: €51,438 of which €9,383 for the ACTIA Group position.

(2) Compensation for offices held in the French corporation LP2C.

(3) Compensation for the current employment contract in one of the Group subsidiaries

The fixed compensation paid in 2019 by the Company to the Chairman of the Executive Board complies with the compensation policy, which was 97.2% approved in the 9th resolution of the General Meeting of May 28, 2019.

The variable compensation of the Chairman of the Executive Board, paid by LP2C, was set in relation to the revenue growth objective for the Group and improvements in the social, environmental and societal commitments achieved through various actions in France and abroad. The level of achievement of these criteria is not made public for confidentiality reasons. The maximum amount of variable compensation for 2019 (paid in 2020) was set at 30% maximum of the total compensation paid for financial year n-1. All criteria were met.

The exceptional compensation paid to the members of the Executive Board was granted for the positions held in LP2C, for the achievement of communication objectives within the Group and the raising of the financing required for Group needs, on the one hand, and for the deployment of items related to the sustainable development policy and those related to compliance within the Group, on the other. All criteria were met.

Benefits in kind correspond to the provision of a company car by LP2C.

It should be noted that, as of the date of this document, the Supervisory Board does not have a budget for overall annual compensation.

Table 2 – Fixed annual compensation and other payments received by the non-executive Corporate Officers from the issuer and all other Group companies				
Non-executive Corporate Officers – Name and office	**Amounts allocated in 2019**	**Amounts paid in 2019**	Amounts paid in 2018	Amounts paid in 2017
Louis Pech - Chairman of the Supervisory Board Annual fixed sum (formerly Directors' fees) Other compensation(1)	None 110,242	None 110,242	None 107,918	None 105,941
Pierre Calmels - Vice-Chairman of the Supervisory Board Annual fixed sum (formerly Directors' fees) Other compensation(1)	None 60,000	None 60,000	None 60,000	None 60,000
Henri-Paul Brochet – Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Catherine Casamatta – Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Alain Costes – Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Michel Damiani - member of the Supervisory Board representing the employees Annual fixed sum (formerly Directors' fees) Other compensation	None 82,356	None 82,356	None 80,546	N/A
Carole 110,242– Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Laura 110,242- Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Günther Thrum – Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
Véronique Védrine – Supervisory Board member Annual fixed sum (formerly Directors' fees) Other compensation	None	None	None	None
TOTAL	**252,598**	**252,598**	**248,464**	165,941

(1) Fixed compensation for offices held in the French corporation LP2C.

Table 3 – Executives - Corporate Officers				
	Employment contract	Supplementary retirement plan	Indemnities or benefits payable or that could be payable on termination or change in function	Indemnities relating to a non-compete clause
Name: **Jean-Louis Pech** Post: Chairman of the Executive Board Start of term of office: 07/01/14 End of term of office: 11/12/22	No	No	No	No
Name: **Marine Candelon** Post: Executive Board member Start of term of office: 11/12/02 End of term of office: 12/11/22	No	No	No	No
Name: **Catherine Mallet** Post: Executive Board member Start of term of office: 11/12/02 End of term of office: 11/12/22	No	No	No	No
Name: **Jean-François Calmels** Post: Executive Board member Start date: 09/16/19 End date: 11/12/22	Yes(1)	No	No	No

(1) Jean-François Calmels' employment contract with ACTIA Telecom is currently maintained in view of his experience and operational skills in this area.

Under the agreements signed by LP2C, the issuer and its subsidiaries, LP2C charges back 90.4% of the compensation paid to its Corporate Officers for all of the services provided to the Group.

Part of the information is detailed Note 24.124.1 "Related-party transactions with holding company: LP2C S.A." in the notes to the consolidated financial statements.

Compensation equity ratio for Executive Officers

Pursuant to the combined provisions of Articles L225-68 and L225-34-3 of the French Commercial Code, the following presentation shows changes in the compensation of the members of the Executive Board and of the Supervisory Board Chairman and the ratios between their levels of compensation and:

- The average on a Full Time Equivalent basis of ACTIA Group employees other than the Corporate Officers;
- The median on a Full Time Equivalent basis of ACTIA Group employees other than the Corporate Officers.

	Chairman of the Executive Board Jean-Louis Pech	Executive Board member Catherine Mallet	Executive Board member Marine Candelon	Executive Board member Jean-François Calmels	Chairman of the Supervisory Board Louis Pech
Financial year N-1 - 2019					
Consolidated Group net income	8,724,174				
Average employee compensation(1) other than Corporate Officers(2)	132,756				

	Chairman of the Executive Board Jean-Louis Pech	Executive Board member Catherine Mallet	Executive Board member Marine Candelon	Executive Board member Jean-François Calmels	Chairman of the Supervisory Board Louis Pech
Median employee compensation(1) other than Corporate Officers	149,950				
Executive Director compensation(3)	331,712	105,538	87,805	60,543	110,242
Ratio to average employee compensation(4)	250%	79%	66%	46%	83%
Ratio to median employee compensation(5)	221%	70%	59%	40%	74%
Financial year N-2 - 2018					
Consolidated Group net income	9,194,033				
Average employee compensation(1) other than Corporate Officers(2)	131,439				
Median employee compensation(1) other than Corporate Officers	158,555				
Executive Director compensation(3)	327,279	114,239	87,784		107,918
Ratio to average employee compensation(4)	249%	87%	67%		82%
Ratio to median employee compensation(5)	206%	72%	55%		68%
Financial year N-3 - 2017					
Consolidated Group net income	8,510,020				
Average employee compensation(1) other than Corporate Officers(2)	111,363				
Median employee compensation(1) other than Corporate Officers	112,303				
Executive Director compensation(3)	322,997	124,344	86,117		105,941
Ratio to average employee compensation(4)	290%	112%	77%		95%
Ratio to median employee compensation(5)	288%	111%	77%		94%

	Chairman of the Executive Board Jean-Louis Pech	Executive Board member Catherine Mallet	Executive Board member Marine Candelon	Executive Board member Jean-François Calmels	Chairman of the Supervisory Board Louis Pech
Financial year N-4 - 2016					
Consolidated Group net income	21,284,822				
Average employee compensation(1) other than Corporate Officers(2)	115,151				
Median employee compensation(1) other than Corporate Officers	141,659				
Executive Director compensation(3)	319,594	106,011	65,307		104,690
Ratio to average employee compensation(4)	278%	92%	57%		91%
Ratio to median employee compensation(5)	226%	75%	46%		74%
Financial year N-5 - 2015					
Consolidated Group net income	16,160,086				
Average employee compensation(1) other than Corporate Officers(2)	111,714				
Median employee compensation (1) other than Corporate Officers	124,081				
Executive Director compensation(3)	265,903	104,429	53,350		103,635
Ratio to average employee compensation(4)	238%	93%	48%		93%
Ratio to median employee compensation(5)	214%	84%	43%		84%

(1) Compensation includes fixed, variable and exceptional items, the allocation of free shares and stock options received by each of the executives including those received from companies controlled, as defined by Article L233-16, by ACTIA Group in which the duties are exercised and from LP2C, which controls ACTIA Group in which the duties are exercised.

(2) Corporate Officers includes all the members of the Executive Board and the Chairman of the Supervisory Board.

(3) The compensation includes fixed, variable and exceptional items, the allocation of free shares and stock options received by the Executive Director from the Company, the companies controlled as defined by Article L233-16, and LP2C the company controlling ACTIA Group.

(4) In accordance with Article L225-68 of the French Commercial Code by reference to Article L225-37-3 of said Code statement of the ratio between the compensation of Corporate Officers and the average compensation of employees.

(5) In accordance with Article L225-68 of the French Commercial Code by reference to Article L225-37-3 of said Code statement of the ratio between the compensation of Corporate Officers and the median compensation of employees.

7.4.4 Compensation items submitted to a vote (ex-post individual say-on-pay)

The compensation paid or granted for the office of Chairman of the Executive Board exercised at ACTIA Group by Jean-Louis Pech in 2019 determined in application of the compensation principles and criteria approved by the General Meeting of May 28, 2019, in its 9th resolution, which will be submitted for the approval of the General Meeting in its 11th resolution, is as follows:

Summary of the compensation paid to each Corporate Officer by the issuer		
	Amounts payable	Amounts received
	2019	
Jean-Louis Pech - Chairman of the Executive Board	9,383	9,383
Fixed compensation		
Variable compensation		
Exceptional compensation		
Annual fixed sum (formerly Directors' fees)		
Benefits in kind	**9,383**	**9,383**
TOTAL	9,383	9,383

Only the Chairman of the Executive Board of ACTIA is paid fixed compensation for his corporate office.

Given that the other members of the Executive Board and the Chairman of the Supervisory Board are not compensated for their corporate office in ACTIA Group, no resolution will be submitted to the ACTIA Group shareholders for ex-post say-on-pay.

7.5 Authorizations granted in respect of capital increases

7.5.1 Share capital increase

At the balance sheet date, there is an authorization in respect of capital increases in effect. This concerns the powers delegated to the Executive Board by the General Meeting of May 28, 2019 in its 11th (extraordinary) resolution to carry out a capital increase reserved for the members of a company savings plan (PEE), for a period of 26 months and within the ceiling of a maximum par value authorized by this delegated power of 3% of the amount of the share capital reached if the Executive Board decides to carry out said increase.

7.5.2 Stock option plan

No stock option plans exist within the Company or in other Group companies.

7.5.3 Bonus share plan

No bonus share plans exist within the Company or in other Group companies.

7.6 Related party transactions

No service contract providing for the grant of benefits upon expiration of the contract establishes relations between Executive Board members, Managers or Supervisory Board members with ACTIA Group S.A. or with any of its subsidiaries other than those presented in the paragraph below.

7.6.1 Specific disclosure on related party agreements

In accordance with the provisions of Articles L225-68 and L225-37-4 of the French Commercial Code concerning the agreements entered into either directly or through an intermediary between, on the one hand, one of the members of the Executive Board or the Chairman of the Supervisory Board or one of the shareholders a portion of holding voting rights of above 10% in a company and, on the other hand, another company controlled by the first as understood by Article L233-3, with the exception of agreements covering current operations and entered into in normal conditions, we hereby inform you that there has been no such agreement which would be subject to these provisions.

7.6.2 Nature and amount of related party agreements entered into by the Company

No new agreements covered by Article L225-86 of the French Commercial Code were entered into during the period.

An agreement authorized and entered into during the financial year ended December 31, 2017, not approved by the General Meeting called to approve the financial statements for the financial year ended December 31, 2017, not submitted for the approval of the General Meeting called to approve the financial statements for the financial year ended December 31, 2018, is submitted for the approval of the General Meeting to be held on May 27, 2020.

This agreement, as well as the regulated agreements entered into previously and duly approved by the General Meeting of May 28, 2019 and remained in effect in 2019, are listed in the Statutory Auditors' special report on regulated agreements, a report which has been reproduced in full in Subsection 5.11.10 "Special report of the Statutory Auditors on regulated agreements."

7.6.3 Related party transactions

See Note 24 in the notes to the consolidated financial statements, "Related party transactions."

7.7 Comments and scope of the Supervisory Board's work

Called to the Combined General Meeting of Shareholders in the legally prescribed manner and in line with the Articles of Association, the shareholders were informed of the reports of the Executive Board and of the Statutory Auditors in respect of the financial year ended December 31, 2019.

Pursuant to the provisions of Article L225-68 of the French Commercial Code, we wish to present our observations on the reports of the Executive Board and on the financial statements for the period ended December 31, 2019.

7.7.1 Observations of the Supervisory Board

- On the report of the Executive Board:

  The Supervisory Board has no particular comments to make regarding the report of the Executive Board.

- On the financial statements for the financial year ended December 31, 2019:

  As presented, and after having been certified by the Statutory Auditors, the Supervisory Board has no particular comments to make on the financial statements for the financial year ended December 31, 2019.

  The Board asks you to approve the resolutions proposed by the Executive Board.

7.7.2 Scope of the Supervisory Board's work

In accordance with applicable legal provisions, and in addition to reviewing the separate financial statements and the report of the Executive Board with respect to the observations it has just presented, the Executive Board regularly reports to the Supervisory Board on the Company's performance. It authorizes the granting of sureties, the partial or complete disposal of interests and property assets and rights.

7.7.3 Say-on-pay (and resolutions)

Approval of the items of compensation paid for or allocated during the 2019 financial year to Jean-Louis Pech, Chairman of the Executive Board (11th resolution):

The information about the fixed, variable and exceptional items of total compensation and the benefits of any kind paid or allocated to Jean-Louis Pech for the past financial period for his term as Chairman of the Executive Board are presented in this report on corporate governance in Subsection 7.4.4 “Compensation items submitted to a vote (ex-post individual say-on-pay)”.

Approval of the compensation and benefits of the Corporate Officers and other information covered in Section I of Article L225-37-3 of the French Commercial Code (10th resolution);

The information covered by Section I of Article L225-37-3 of the French Commercial Code is stated in this report on corporate governance in Subsection 7.4.3 “Compensation, Corporate Officer benefits and other information covered in Section I of Article L225-37-3 of the French Commercial Code (ex-post global say-on-pay).”

Approval of the compensation policy for the Chairman of the Executive Board (9th resolution)

The information concerning the compensation policy for the Chairman of the Executive Board are stated in this report on corporate governance in Subsection 7.4.2 “Approval of compensation policy items (ex-ante say-on-pay).”

7.7.4 Assessment procedure for the current agreements entered into under normal conditions

During its meeting of December 16, 2019, the Supervisory Board adopted an assessment procedure for the current agreements entered into under normal conditions. This procedure calls for the examination and categorization of so-called current agreements jointly by the Finance and Legal Departments of ACTIA Group. Every year, when meeting to examine the financial statements, the Board also examines all the agreements categorized as currently in force within ACTIA Group in order to verify that they fulfill the conditions for said categorization and, where appropriate, implements a prior authorization procedure if one or more agreements fall under the regulated agreement category. During the meeting of March 30, 2020, the Supervisory Board noted the absence of current agreements entered into under normal conditions within ACTIA Group.

The Executive Board asks you to vote in favor of the proposed resolutions.

Toulouse
March 30, 2020
The Supervisory Board

8. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION, AND EARNINGS OF THE ISSUER

8.1 Consolidated financial statements

8.1.1 Consolidated balance sheet

Consolidated assets (€k)	Notes	12/31/2019	12/31/2018
Goodwill	Note 4	24,148	24,148
Development costs	Note 4	59,496	54,703
Other intangible assets	Note 4	1,386	1,182
Total intangible assets	**Note 4**	**85,030**	**80,032**
Land	Note 5	3,690	3,619
Buildings	Note 5	37,662	8,977
Plant and equipment	Note 5	23,241	17,860
Other property, plant and equipment	Note 5	19,275	24,754
Total property, plant and equipment	**Note 5**	**83,867**	**55,210**
Investments in associates (equity method)	Note 6	672	613
Non-current financial assets	Note 13	1,276	1,197
Deferred tax	Note 12	11,769	11,460
Non-current tax credit	Note 13	11,808	13,190
TOTAL NON-CURRENT ASSETS		**194,421**	**161,702**
Inventory and work-in-process	Note 8	161,135	136,051
Accounts receivable	Note 9	140,223	150,262
Other current receivables from operations	Note 9	10,830	11,011
Current tax credit	Note 9	10,785	17,910
Miscellaneous current receivables	Note 9	1,576	688
Current financial assets	Note 11.2	1,216	1,209
Total current receivables		**325,766**	**317,132**
Cash equivalents	Note 11.1	98	95
Cash	Note 11.1	46,507	36,941
Total cash and cash equivalents	**Note 11.1**	**46,604**	**37,036**
TOTAL CURRENT ASSETS		**372,370**	**354,168**
TOTAL ASSETS		**566,791**	**515,870**

Shareholders' equity & liabilities (€k)	Notes	12/31/2019	12/31/2018
Share capital	Note 15	15,075	15,075
Share premiums	Note 15	17,561	17,561
Reserves	Note 15	89,758	83,301
Retained earnings	Note 15	11,351	11,141
Cumulative translation differences	Note 15	(2,597)	(3,840)
Treasury shares	Note 15	(162)	(162)
Net income	Note 15	8,604	9,027
Shareholders' equity attributable to Group shareholders	**Note 15**	**139,589**	**132,102**
Net income attributable to non-controlling interests	Note 15	120	167
Reserves attributable to non-controlling interests	Note 15	679	548
Non-controlling interests	**Note 15**	**799**	**716**
SHAREHOLDERS' EQUITY	**Note 15**	**140,388**	**132,817**
Bank borrowings	Note 14	117,619	72,069
Other financial liabilities	Note 14	1,465	2,547
Rental-related financial liabilities	Note 14	14,820	4,437
Total non-current financial liabilities	**Note 14**	**133,904**	**79,053**
Deferred tax liabilities	Note 12	3,931	3,812
Provisions for pensions and other non-current employee benefits	Note 17	11,083	9,905
TOTAL NON-CURRENT LIABILITIES		**148,918**	**92,770**
Other provisions	**Note 17**	**8,059**	**8,312**
Current financial liabilities	Note 14	106,632	126,547
Financial instruments	Note 11.2		
Total current financial liabilities		**106,632**	**126,547**
Accounts payable	Note 18	85,282	79,594
Other operating liabilities	Note 18	61,060	60,149
Tax payables (income tax)	Note 18	1,342	2,029
Miscellaneous liabilities	Note 18	941	1,434
Deferred income		14,170	12,216
TOTAL CURRENT LIABILITIES		**277,485**	**290,282**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**566,791**	**515,870**

8.1.2 Consolidated income statement

Consolidated income statement (€k)	Notes	2019	2018
Revenue *(Sales)*	**Note 19**	**520,411**	**476,520**
- Purchases consumed	Note 19	(288,105)	(268,310)
- Staff costs	Note 19	(123,134)	(110,191)
- External charges	Note 19	(77,688)	(79,228)
- Taxes and duties other than on income		(6,648)	(5,792)
- Depreciation and amortization	Note 19	(29,375)	(20,688)
+/- Changes in inventories of work-in-process and finished goods		12,085	12,832
+/- Translation gains and losses on operating transactions		3,126	(382)
+ Research tax credit		4,734	3,905
Current operating income	**Note 19**	**15,406**	**8,667**
+ Other operating income			
- Other operating income and expenses		887	993
+/- Gains (losses) on disposals of non-current assets		(16)	(85)
- Goodwill impairment	Note 4		
Operating income	**Note 19**	**16,276**	**9,575**
+ Income on cash and cash equivalents		12	35
- Interest expense and other financial charges	Note 19	(3,940)	(3,260)
+ Other income and expenses		44	6,597
- Other financial expenses			
Financial result	**Note 23**	**(3,884)**	**3,371**
+ Share in the earnings of equity-method associates	Note 6	54	(885)
+ Income tax	Note 19	(3,722)	(2,867)
Net income for the period	**Note 19**	**8,724**	**9,194**
*attributable to Group shareholders		8,604	9,027
*attributable to non-controlling interests		120	167
Basic and diluted earnings (loss) per share (in €) – Attributable to the Group	**Note 16**	**0.43**	**0.45**

8.1.3 Statement of comprehensive income

Statement of comprehensive income (€k)	2019	2018
Net income for the period	**8,724**	**9,194**
Items that will not be subsequently reclassified in profit or loss		
Post-employment benefits - actuarial gains and losses	(465)	45
Deferred taxes on post-employment benefits - actuarial gains and losses	152	(17)
Items that may be subsequently reclassified in profit or loss		
Translation differences	1,452	(922)
Other comprehensive income net of tax	**1,138**	**(894)**
Comprehensive income for the period	**9,862**	**8,300**
*attributable to Group shareholders	9,534	8,419
*attributable to non-controlling interests	329	(118)

8.1.4 Changes in shareholders' equity

(€k)	Share capital	Treasury shares	Share premiums	Reserves, retained earnings, net income	Cumulative translation differences	Total attributable to the Group	Non-controlling interests	Total equity including non-controlling interests
At 12/31/2017	**15,075**	**(162)**	**17,561**	**96,701**	**(3,204)**	**125,970**	**1,481**	**127,451**
Comprehensive income								
Consolidated income				9,027		9,027	167	9,194
Other comprehensive income				28	(637)	(608)	(285)	(894)
Comprehensive income for the period	**0**	**0**	**0**	**9,055**	**(637)**	**8,419**	**(118)**	**8,300**
Transactions with shareholders								
Dividends paid				(2,410)		(2,410)	(228)	(2,638)
Issuance and repayment of shares						0		0
Changes in scope				(172)		(172)	(439)	(611)
Other				294		294	20	314
At 12/31/2018	**15,075**	**(162)**	**17,561**	**103,468**	**(3,840)**	**132,102**	**716**	**132,817**
Comprehensive income								
Consolidated income				8,604		8,604	120	8,724
Other comprehensive income				(313)	1,243	929	209	1,138
Comprehensive income for the period	**0**	**0**	**0**	**8,291**	**1,243**	**9,534**	**329**	**9,862**
Transactions with shareholders								
Dividends paid				(2,009)		(2,009)	(192)	(2,201)
Issuance and repayment of shares						0		0
Changes in scope				(41)		(41)		(41)
Other				4		4	(54)	(49)
At 12/31/2019	**15,075**	**(162)**	**17,561**	**109,713**	**(2,597)**	**139,589**	**799**	**140,388**

8.1.5 Consolidated cash flow statement

Consolidated cash flow statement (€k)	Notes	2019	2018
Net income for the period	**8.1.2**	**8,724**	**9,194**
Adjustments for:			
Depreciation, amortization and provisions	8.1.2	30,192	16,988
(Gains) losses on disposal of non-current assets	8.1.2	6	(1)
Interest expense	8.1.2	3,940	3,260
Current income tax (excluding research tax credit)	8.1.2	3,649	3,096
Change in deferred taxes	8.1.2	74	(229)
Research tax credit	8.1.2	(4,734)	(3,911)
Other income and expenses	8.1.2	706	2,041
Share in the earnings of equity-method associates	8.1.2	(54)	885
Operating cash flows before change in working capital requirements		***42,503***	***31,324***
Change in working capital requirements from operating activities	Note 28.5	1,544	(26,278)
Cash generated by operating activities		***44,047***	***5,046***
Income tax paid (excluding research tax credit)		(4,336)	(3,151)
Research tax credit collected		4,299	620
Net cash generated by operating activities		**44,010**	**2,515**
Acquisitions of non-current assets	Note 4	(43,496)	(48,769)
Dividends received from associates		12	
Proceeds from disposals of non-current assets	8.1.2	104	77
Change in loans and advances granted		(88)	(526)
Acquisitions of the period subject to deduction of the cash acquired		(60)	(711)
Net cash used by investing activities		**(43,529)**	**(49,929)**
Dividends paid to parent company shareholders		(2,009)	(2,410)
Dividends paid to non-controlling interests in subsidiaries		(192)	(228)
Increases in borrowings	Note 14	48,808	60,948
Repayment of borrowings*	Note 14	(47,527)	(33,632)
Interest payments	Note 23	(3,940)	(3,260)
Net cash generated (used) by financing activities		**(4,860)**	**21,417**
Impact of changes in exchange rates		569	(607)
Opening cash and cash equivalents	Note 11.1	(9,991)	16,612
Closing cash and cash equivalents	Note 11.1	(13,801)	(9,991)
Net cash and cash equivalents		**(3,810)**	**(26,604)**

(*) of which (€4,266) k in cash flow from leases (see Note 2.4 “Change in method” resulting from the first application of IFRS 16)

8.1.6 Notes to the consolidated financial statements

Note 1. Information about the Group - Entity presenting the financial statements

ACTIA Group S.A. is domiciled in France. The registered office of the Company is located at 5, Rue Jorge Semprun - 31400 Toulouse (France). The consolidated financial statements of the Company include the Company and its subsidiaries (jointly referred to as the “Group”). The Group’s main areas of activity cover high added value, electronic on-board systems for the automotive and telecommunications markets.

The consolidated financial statements at December 31, 2019 were approved by the Executive Board on March 30, 2020 and will be submitted for ratification at the General Meeting of May 27, 2020.

Note 2. Accounting policies

Note 2.1 Basis of preparation of the financial statements

The accounting and calculation methods adopted are the same for all periods presented.

Amounts mentioned in these financial statements are denominated in Euros and rounded to the nearest thousand (€k).

The consolidated financial statements were prepared in accordance with IFRS published by the IASB and as adopted by the European Union, including the definitions and procedures for the recognition and measurement recommended by IFRS as well as all disclosures required by them. The financial statements comply with all mandatory IFRS provisions as at December 31, 2019. They were also prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

Note 2.2 Use of estimates and judgments

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, income and expenses. These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They are thus used as the basis of judgment required to calculate the carrying amounts of certain assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from estimates.

All estimates and underlying assumptions are reassessed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the change occurs where it only affects that period, or in the period in which the change occurs and subsequent periods where the latter are likewise affected by the change.

The main balance sheet line items affected by these estimates are goodwill (see Note 4 “Intangible assets”), development costs (see Note 4.3 “Development costs and other intangible assets”), deferred tax assets (see Note 12 “Deferred tax”) and provisions (see Note 17 “Provisions”).

Note 2.3 Changes in IFRS standards

The new IAS/IFRS effective for periods commencing on January 1, 2019 and applied by the Group for the preparation of its consolidated financial statements for the period ended December 31, were as follows:

	Date of application “IASB”	Date of adoption EU	Date of application EU
IFRS 16 - Leases	01/01/2019	10/31/2017	01/01/2019
Interpretation of IFRIC 23 - Uncertainty over income tax treatments	01/01/2019	10/23/2018	01/01/2019
Amendments to IFRS 9 - Prepayment features with negative compensation	01/01/2019	03/22/2018	01/01/2019
Amendments to IAS 28 - Long-term investments in associates and joint ventures	01/01/2019	02/08/2019	01/01/2019

	Date of application "IASB"	Date of adoption EU	Date of application EU
Amendment to IAS 19 - Modification, reduction or liquidation of plans	01/01/2019	03/13/2019	01/01/2019
Annual improvements 2015-2017	01/01/2019	03/14/2019	01/01/2019

The impacts of the implementation of IFRS 16 are presented in Note 2.4 "Change in method".

The other laws applicable as of January 1, 2019 did not have a significant impact.

The new IAS/IFRS laws and interpretations passed by the European Union, but **not yet applicable, or applied early by the Group** as of January 1, 2019 are as follows:

	Date of application "IASB"	Date of adoption EU	Date of application EU
Change in the references to the conceptual framework of the standards	01/01/2020	11/29/2019	01/01/2020
Amendments to IAS 1 and 8 - Definition of the term "material"	01/01/2020	11/29/2019	01/01/2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	01/01/2020	01/15/2020	01/01/2020

The Group decided not to implement these standards early.

The new IAS/IFRS and interpretations in issue but pending adoption by the European Union and **not yet applicable** are:

	Date of application "IASB"	Date of adoption EU	Date of application EU
Amendments to IFRS 3 - Definition of a business	01/01/2020	2020?	01/01/2020
IFRS 17 - Insurance contracts	01/01/2022	2020?	01/01/2022
Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and an associate or joint venture	Postponed indefinitely	Adoption postponed	Adoption postponed
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A

Note 2.4 Change in method

As of January 1, 2019, the Group has applied **IFRS 16** on leases, which for the lessee introduces a single model for recognizing leases in the balance sheet, resulting from the removal of the distinction between operating leases and finance leases. This standard replaces IAS 17 and the IFRIC 4, SIC 15 and SIC 27 interpretations. The lessee recognizes a right-of-use asset, which represents its right to use the underlying asset for the duration of the lease, and a rental liability in recognition of the obligation to pay the rent. For the lessor, the accounting remains similar to that practiced under previous accounting methods.

This standard has been applied according to the simplified retrospective method as of January 1, 2019, meaning recognized in shareholders' equity on this date when the change of standard came into effect. For this reason, the comparable 2018 financial statements have not been restated and are therefore presented here unchanged, in accordance with the principles of IAS 17 and its interpretations. The resulting changes in accounting methods are presented below.

Definition of a lease

The Group had hitherto determined, upon signing a contract, whether or not the agreement constituted or contained a lease, in accordance with the provisions of the IFRIC 4 interpretation "Determining whether an arrangement contains a lease." Henceforth, the Group decides whether a contract is or contains a lease based on the new definition of a lease. According to IFRS 16, a contract or a part of a contract is or contains a lease if it grants the right to control the use of a given asset for a certain period in exchange for a consideration.

On the date of transition, the Group chose to apply the simplification consisting of retaining past analyses for the identification of leases and to apply IFRS 16 only to contracts previously categorized as leases. Contracts that had not been categorized as leases according to IAS 17 and IFRIC 4 were not reclassified. It therefore follows that the definition of a lease as understood by IFRS 16 has been applied only for contracts entered into or modified after January 1, 2019.

When entering into or reassessing a contract that contains a lease component, the Group allocates the payments provided for under the terms of the contract to each component, whether a rent or not, on the basis of their separate and relative price. However, where the Group is a tenant of a property, it has chosen to not separate the non-rental components, but to recognize all the items as a single rental component.

Significant accounting policies

The Group rents a large number of assets, including property, plant, computer equipment and vehicles.

The Group recognizes a right-of-use asset and a rental liability on the start date of the lease agreement. The right-of-use asset on the date of transition is equal to the lease liability adjusted for the amount of prepaid or future rental payments and reduced by any depreciation or cumulative loss of value, with the amount being adjustable depending on certain reassessments of the rental liability. The initial direct costs are included in the valuation of the right-of-use on the date of transition.

The rental liability is initially assessed at the discounted value of unpaid but due rents on the start date of the contract. The discount rate used corresponds to the interest rate implicit in the contract or, if this cannot be easily determined, the incremental borrowing rate determined over the residual duration of the contracts for the whole of the Group. It is the latter rate that the Group generally uses as the discount rate.

The rental liability is then increased by the interest expense and reduced by the sum of rents paid. It is reassessed if future rents are adjusted following a change of index or of rate, a new estimate of the expected amount to be paid under the terms of a residual value guarantee or, as appropriate, a revaluation of a purchase or prolongation option or the non-exercise of a termination option (which then becomes reasonably certain).

The Group has exercised its judgment to determine the duration of leases which provide for a prolongation option. The fact that the Group has deemed it to be reasonably certain that exercising such options would have an effect on the rental period used and materially influence the value of the rental liability and the right-of-use asset recognized in its accounts.

As the IFRS IC had not clarified its position concerning so-called "3/6/9" leases on the date of closing the consolidated financial statements, the Group has applied an enforceable period of nine years (the position of the ANC).

The Group has made use of the two exemptions contained in IFRS 16, which allow the following not to be recognized in the balance sheet: short-term leases equal to or less than 12 months, and contracts concerning low value assets of less than $5,000.

Transition

On the date of transition, the rental liabilities on contracts categorized as operating leases according to IAS 17 have been reassessed as the value of rents remaining due, discounted using the incremental borrowing rate as at January 1, 2019. Right-of-use assets are valued at an amount equal to that of the rental liability recognized in the balance sheet. The application of IFRS 16 has therefore had no impact on shareholders' equity as at January 1, 2019.

❖ **Consequences for the financial statements**

Impacts of the transition: the Group has recognized right-of-use assets under assets in the balance sheet and additional rental liabilities under liabilities. As stipulated above, there is no impact on undistributed earnings. To evaluate the rental liabilities under contracts that were previously categorized as operating leases, the Group has discounted the rental payments using the incremental borrowing rate as at January 1, 2019. The weighted average rate is 1.83%.

The effects of the transition on the financial statements are as summarized below:

(€k)	At 1/1/2019
Right-of-use assets presented in Property, plant and equipment	14,813
Rental liabilities	(14,813)

The variance between the commitments made under the terms of operating leases in the consolidated Appendices to the 2018 Registration Document, and the rental liabilities recognized as at January 1, 2019 may be explained as follows:

(€k)	At 01/01/2019
Commitments made under the terms of operating leases as at 12/31/2018	**15,897**
Time lags in availability of the asset	(166)
Differences in the period used	(907)
Other effects	544
Rental obligations before discounting	**15,368**
Discounting effect	(555)
Rental obligations after discounting	**14,813**
Existing finance leases	6,328
Rental liabilities recognized as at January 1, 2019	**21,141**

Impacts on the financial statements for the period: as a consequence of the application of IFRS 16 to leases previously categorized as operating leases, the Group has recognized right-of-use assets in the amount of €15,549,000 and rental liabilities in the amount of €15,960,000 at December 31, 2019.

Also, regarding these leases, the Group has recognized depreciation and interest expenses instead of the rental costs associated with operating leases. For the twelve months ended December 31, 2019, it has therefore recognized a depreciation charge of €4,317,000 and an interest expenses of €382,000 for these leases.

The amount of rents not restated for the period breaks down as follows:

(€k)	2019
Short-term leases (duration ≤ 12 months)	1,336
Low value leases (< $5,000)	475
Service contracts	222
Rental costs not restated	**2,033**

Note 2.5 Translation of financial statements of subsidiaries denominated in foreign currencies

The financial statements of foreign companies outside the Eurozone are translated as follows:

- assets and liabilities, including goodwill and fair-value consolidation adjustments are translated at the exchange rate of the end of the reporting period, except for goodwill items predating the transition date of January 1, 2005;
- income statement line items are translated at the exchange rate applicable on the transaction dates or, in practice, an approximate rate that in the absence of any major currency fluctuations corresponds to the average rate for the period. For operations in high inflation countries, the income statement line items of the subsidiary in question must be translated at the applicable rate at the balance sheet date in line with IAS 29 and IFRIC 7;
- exchange differences are recognized as a separate component of shareholders' equity and do not impact the income statement.

Note 2.6 Translation of foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Foreign currency liabilities and receivables are translated at the exchange rate applicable on December 31. Unrealized exchange gains (losses) generated as a result are recognized in the income statement.

In accordance with IAS 21 and IFRIC 16, differences on exchange related to permanent financing which is part of the net investment in a consolidated company are recognized in other comprehensive income, in the conversion reserve. Upon the subsequent disposal of these investments, cumulative translation differences initially recognized in shareholders' equity are recognized in income.

Note 2.7 Business combinations

Business combinations between January 1, 2004 and December 31, 2009 were accounted for in accordance with the previous version of IFRS 3. Business combinations after January 1, 2010 are accounted for in accordance with the revised IFRS 3.

The Group applies the purchase method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

At the acquisition date, goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed. Acquisition related costs are recorded as an incurred expense.

In the case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

The initial measurement of goodwill is finalized within a period of twelve months from the acquisition date.

Goodwill is not amortized but tested for impairment annually at the closing date, or more frequently if events or changes in circumstances indicate a potential impairment. The main indicators of impairment used by the Group are as follows:

- Quantified indicators:
  - a 15% decline in revenue or a 30% decline in operating income of a CGU at constant scope and exchange rates,
  - a carrying value of the net asset that exceeds the market capitalization.
- Non-quantified indicators:
  - a performance below forecast,
  - a significant change in the economic, technological, regulatory or political environment in the markets in which the Group operates.

Note 2.8 Tax credits, grants and other public subsidies

ACTIA received government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government subsidy management and the criteria of IAS 20. Given the projects financed and the strong likelihood that these advances will be repaid, they are presented in the financial statements under borrowings.

The Group's research and development policy results in the receipt of a research tax credit by the companies established in France. The research tax credit qualifies as a subsidy under IAS 20. It is allocated to a specific income statement line item, impacting operating income: however, the portion of research tax credits that may be allocated to capitalized projects is recognized under deferred income and associated with operating income for the duration of the useful lives of the assets for which it was received.

Grants received able to be allocated to capitalized projects are also accounted for in this manner.

Note 3. Group structure

Note 3.1 Consolidation criteria

The financial statements of companies directly or indirectly controlled by ACTIA Group are fully consolidated in the consolidated financial statements. The financial statements of companies in which ACTIA Group has a significant influence are accounted for under the equity method.

The balance sheet date for all companies within the scope of consolidation is December 31.

Note 3.2 Consolidated companies

During the financial year, a subsidiary called ACTIA Japan was created in Tokyo, Japan. It is responsible for promoting and marketing the Group's products as well as technical support. It is 100% owned by ACTIA Automotive and consolidated using the full consolidation method.

In the second quarter 2019, ACTIA Group S.A. also bought out the minority interests held in SCI Les Coteaux de Pouvourville for €60,000. This subsidiary is now 30.0% owned by ACTIA Group S.A.

In addition, ARDIA was renamed ACTIA Engineering Services and Market-IP became ACTIA Telematics Services.

Name	Registered Office	Siren no. or country of incorporation	Controlling Interest (%)		Consolidation method		Activity	Contribution to consolidated revenue (€k)	Contribution to net consolidated income (€k)
			déc-18	déc-19	déc-18	déc-19			
ACTIA Group	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company	106	-467
Automotive									
ACTIA Automotive	Toulouse	389 187 360	99.98	99.98	FC	FC	Electronics research & manufacturing	164,801	-2,408
ACTIA PCs	Maison-Alfort	384 018 263	100.00	100.00	FC	FC	Electronics research & manufacturing	3,294	-344
ACTIA Uk	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing	4,026	235
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment	16,968	780
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate		10
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings		-79
ACTIA de Mexico	Mexico	Mexico	100.00	100.00	FC	FC	Electronics research & manufacturing	9,006	-379
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing	3,218	-360
ACTIA Inc	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing		9
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing	1,531	290
ACTIA Italia	Torino	Italye	100.00	100.00	FC	FC	Electronics research & manufacturing	22,218	345
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	FC	FC	Electronics research & manufacturing	1,439	48
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing	51,340	1,740
ACTIA Corp.	Elkhart - Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing	29,290	3,855
ACTIA Electronics	Romulus - Michigan	USA	99.98	99.98	FC	FC	Electronics manufacturing	2,689	-3,869
ACTIA NL [3]	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing		-63
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing	1,763	264
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing	212	419
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing	2,573	-348
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing	12,909	-228
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing	132,553	5,029
ACTIA Tunisie	Tunis	Tunisia	96.96	96.96	FC	FC	Electronics manufacturing	7	273
ACTIA Japan[1]	Tokyo	Japan	/	100.00	/	FC	Sales marketing and technical support	3	-32
Telecom									
ACTIA Telecom	St Georges de Luzençon	699 800 306	100.00	100.00	FC	FC	Electronics research & manufacturing	56,789	3,110
SCI Sodimob	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate		72
ACTIA Africa	Tunis	Tunisia	99.77	99.77	FC	FC	Sales marketing and technical support	101	-43
ACTIA Engineering Services	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research	384	494
CODVIA[2]	Toulouse	788.665.149	19.98	19.98	EM	EM	Mobility consulting		
ACTIA Telematics Services	Naninne	Belgique	100.00	100.00	FC	FC	Electronics research	2,590	140
SCI de l'Oratoire[2]	Colomiers	345 291 405	100.00	100.00	FC	FC	Real estate		187
SCI Les Coteaux de Pouvourville[4]	Toulouse	343 074 738	27.50	30.00	EM	EM	Real estate		44

[1] New companies created during the financial year

[2] (4) SCI de l'Oratoire is 86% owned by ACTIA Group and 14% by ACTIA Automotive.

[3] Being wound up

[4] : ACTIA Group bought out minority interests in SCI Pouvourville in Q2 2019

Note 4. INTANGIBLE ASSETS

Note 4.1 Changes in intangible assets

The gross amounts of intangible fixed assets changed as follows:

- In 2019:

(€k)	12/31/2018	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2019
Goodwill	25,402					25,402
Development costs	119,333		(124)	17,964	(311)	136,863
Other intangible assets	12,545		15	880	(935)	12,505
Other intangible assets in process	2			58		60
Total	**157,283**		**(109)**	**18,902**	**(1,246)**	**174,830**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

- In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2018
Goodwill [(1)]	25,787	(384)				25,402
Development costs	100,402		(383)	21,055	(1,741)	119,333
Other intangible assets	11,854		(138)	480	349	12,545
Other intangible assets in process				2		2
Total	**138,042**	**(384)**	**(520)**	**21,538**	**(1,393)**	**157,283**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

(1) Revaluation of ACTIA Telematics Services goodwill (formerly Market-IP)

No intangible asset within ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

- In 2019:

(€k)	01/01/2019	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2019
Goodwill	1,254					1,254
Development costs	64,631		(126)	15,303	(2,440)	77,367
Other intangible assets	11,366		7	578	(771)	11,179
Total	**77,251**		**(120)**	**15,881**	**(3,211)**	**89,800**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2019.

❖ In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2018
Goodwill	1,254					1,254
Development costs	53,383		(287)	12,677	(1,142)	64,631
Other intangible assets	11,272		(126)	460	(240)	11,366
Total	**65,909**		**(414)**	**13,137**	**(1,382)**	**77,251**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2018.

Net carrying amounts:

❖ In 2019:

(€k)	01/01/2019	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2019
Goodwill	24,148				24,148
Development costs	54,703		3	4,791	59,496
Other intangible assets	1,179		8	138	1,326
Other intangible assets in process	2			58	60
Total	**80,032**		**11**	**4,987**	**85,030**
Of which finance leases					
Other intangible assets	*(0)*				*(0)*
Other intangible assets in process					

❖ In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2018
Goodwill	24,532	(384)			24,148
Development costs	47,019		(95)	7,779	54,703
Other intangible assets	581		(11)	609	1,179
Other intangible assets in process				2	2
Total	**72,133**	**(384)**	**(107)**	**8,390**	**80,032**
Of which finance leases					
Other intangible assets	*<0>*				*<0>*
Other intangible assets in process					

Note 4.2 Goodwill

At the end of 2019, the carrying amounts of **goodwill** were as follows:

(€k)	Country	Net balance sheet amounts at 12/31/2019	Net balance sheet amounts at 12/31/2018
ACTIA Telecom	France	11,415	11,415
ACTIA Corp	USA	7,501	7,501
ACTIA Telematics Services	Belgium	2,480	2,480
ACTIA Nordic	Sweden	1,351	1,351
CIPI ACTIA	Tunisia	922	922
ACTIA PCs	France	390	390
SODIMOB	France	88	88
Total		**24,148**	**24,148**

Annual **impairment tests** are performed on goodwill.

This test covers a specific asset or a cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to one CGU. The CGU for goodwill is generally that of the entity originally acquired.

The impairment test is intended to compare the carrying amount of the asset or CGU group with its recoverable amount. The recoverable amount is the greater of:

- the fair value less selling costs;
- the value in use, this being the present value of the future cash flows likely to flow from the asset or CGU. Future cash flows are determined from four-year budgets for the CGU or CGU groups in question, approved by Group management. The growth rates used for subsequent periods are flat. The discount rates are determined by using a risk-free rate for the geographic region in question, plus a specific risk premium for the assets in question.

Where the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement under the line item "goodwill impairment." Impairment in a CGU is firstly allocated to goodwill and then to the other assets of the CGU in proportion to their carrying amounts.

Impairment losses recognized in respect of goodwill are never reversed.

In accordance with IAS 36, impairment tests are conducted for all goodwill by applying the discounted cash flow method to the business plans of the relevant CGUs.

The discount rates used for these impairment tests are presented below:

(€k)	2019		2018	
	Europe	USA	Europe	USA
Automotive sector	between 8.6% and 9.4% (1)	between 7.6% and 8.7%	between 8.4% and 9.2%	between 7.6% and 8.7%
Telecoms sector	between 6.5% and 7.5%	-	between 7.0% and 8.0%	-

(1): CIPI-ACTIA (Tunisia): between 12.5 and 13.5%.

The perpetuity growth rate is 1% for all impairment tests conducted in Europe. In light of the prospects for an earlier recovery from the crisis in the Americas, the perpetuity rate was increased in 2012 to 1.5% for the test performed in this region.

Based on these tests applied to the reasonable cash flow forecast scenarios and including the analysis of the sensitivity of amounts to changes in assumptions and the parameters used, no impairment was identified. The items used to assess the most significant values tested (UGT ACTIA Telecom and ACTIA Corp.) are presented below:

- Tests of **ACTIA Telecom** goodwill:

  ACTIA Telecom's goodwill was allocated to a CGU comprised of all the operating assets of this entity.

  The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

  - **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning new business via calls for tender for the subsequent four years and the change in the working capital requirement calculated in relation to business trends;
  - the level of annual replacement capital expenditure;
  - management calculates these assumptions on the basis of its experience as well as prior results;
  - the period covered by these cash flow forecasts is four years (2020 to 2023);
  - the rate used to discount the cash flows is 6.64% after tax and is the result of the following parameters:
    - the cost of equity is 6.81%,
    - releveraged beta is 0.81,
    - sector financial leverage is 2.9%,
  - the AAGR for sales is 5.9% for the specific time-frame;
  - the terminal value was calculated from cash flows to which a 1% perpetuity growth rate was applied;

- the analysis of the sensitivity of the value of goodwill to changes in assumptions for expected operating cash flows and the discount rate indicate that the possibility of a loss in value would arise from one of the following adverse assumptions:

normalized EBITDA/Revenue rate below that used to estimate the terminal cash flows,

discount rate above the central rate described above.

❖ Tests of **ACTIA Corp.** goodwill. (USA):

The goodwill of ACTIA Corp. was allocated to a CGU consisting of all the operating assets of ACTIA Corp.

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning markets via calls for tender for the subsequent three years and the change in the working capital requirement calculated in relation to business trends;
- the level of annual replacement capital expenditure;
- management assumptions are calculated on the basis of past experience;
- the period covered by these cash-flow forecasts is four years (2020 to 2023);
- the rate used to discount the cash flows is 8.15% after tax and is the result of the following parameters:
  - the cost of equity is 8.81%,
  - releveraged beta is 1.25,
  - sector financial leverage is 10.2%.
- the AAGR for sales is 16.2% for the specific timeframe;
- the terminal value was calculated from cash flows to which a 1.5% perpetuity growth rate was applied, in light of the prospects for a recovery from the crisis in the Americas region;
- given the significant margin resulting from the impairment test, the analyses of the sensitivity of the value of goodwill to changes in assumptions about forecast operating flows and the discount rate do not reveal any risks.

To date, impairment charges for goodwill amount to €1,254,000 and correspond to:

❖ a goodwill impairment loss for ACTIA Polska: €224,000 (recognized in 2008);

❖ a goodwill impairment loss for ACTIA Telecom: €1 million (€500,000 recognized in 2009 and €500,000 in 2012);

❖ a goodwill impairment loss for KARFA: €30,000 (recognized in 2015).

Note 4.3 Development costs and other intangible assets

Other intangible assets are presented in the balance sheet at acquisition or production cost, less cumulative amortization and impairment losses. They are recognized as assets if they are controlled by the Group, if they generate future economic benefits for the Group and meet the identification criteria below:

❖ they are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or together with another asset/liability, or

❖ they stem from contractual or other legal rights.

The various types of intangible assets identifiable in the Group include development costs and patents and brands.

Except for development costs, the other intangible assets are amortized on a straight-line basis calculated over their useful lives of three to seven years.

Development costs

An intangible asset resulting from a development phase is recognized in assets if and only if the following criteria are satisfied:

❖ it is technically feasible to complete the intangible asset so that it will be available for use or sale;

❖ the entity must intend to complete the intangible asset and use or sell it;

❖ it must be able to use or sell the intangible asset;

- it must know how the intangible asset will generate probable future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset, and
- it must be possible to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of this internally generated intangible asset includes all expenses necessary to create, produce and prepare the non-current asset to be exploited as planned by the Group.

Other development costs are expensed as they arise.

No intangible asset arising from research is recognized as an asset. Research costs are expensed as they arise.

The amortization of development costs reflects the expected rate at which economic benefits will be obtained from the asset. The methods used are straight-line amortization or unit of production. The useful lives depend on the assets in question. They run from three to five years, except for the tachograph, which has an estimated useful life of 15 years (end of the depreciation period in 2020).

The useful lives are reviewed at each balance sheet date. There are no intangible assets for which the useful life is considered indefinite.

The **main intangible assets** added in the last two financial years are presented in the table below:

(€k)	2019	2018
Development costs		
Automotive Division	16,469	18,563
Telecoms Division	2,696	2,492
Total	**19,165**	**21,055**
Other intangible assets		
Automotive Division	770	422
Telecoms Division	49	61
Total	**818**	**482**

New intangible assets:

- produced in-house (capitalized development costs) for €19.2 million (€21.1 million in 2018);
- purchased externally for €0.8 million (€0.5 million in 2018).

The table below summarizes the changes in the total research and development expenditure:

(€k)	2019	2018
Automotive Division	**69,524**	**66,547**
o.w. Cost of research commissioned by customers	*22,597*	*19,560*
Non-current assets	*16,529*	*17,748*
Period expenses	*30,398*	*29,239*
Telecoms Division	**13,669**	**14,438**
o.w. Cost of research commissioned by customers	*4,802*	*9,742*
Non-current assets	*2,696*	*2,492*
Period expenses	*6,170*	*2,203*
Total	**83,193**	**80,985**
Amortization of capitalized development costs not included in the total expenditure calculation	*15,287*	*12,677*

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 52.5% (approximately 50.4% in 2018) ACTIA I+Me (Germany) for 7.8% (11.2% in 2018) and ACTIA Nordic (Sweden) 23.2% (23.6% in 2018), with the balance of R&D activity equally allocated among the other entities of the division. It should be noted that the Tunisian engineering services office, ACTIA Engineering Services, works for the other Group entities and its work is therefore eliminated (IG) at its level for the benefit of companies that ordered the development.

In the Telecoms Division, work is carried out by all the ACTIA Telecom entities, and it may also use ACTIA Engineering Services for certain types of work, which are also eliminated (IG).

The Group's R&D investment policy focuses on four areas:

- telematics for vehicles, including both OEM and Aftermarket and associated services;
- power electronics for vehicles;
- technical inspection and repair equipment for vehicles;
- professional microwave communications equipment.

In these areas, ACTIA must anticipate the arrival of new products and use the most modern technologies while meeting the requirements of increasing global standardization and cost management. ACTIA must also support its export customers and identify new foreign markets.

The Group operates in 16 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 16.1% of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€5.9 million for 2019 compared to €6.4 million in 2018).

In 2019, total R&D expenditure accounted for 16.0% of Group revenue compared with 17.0% in 2018. However, about a third of these expenses is shared with customers. This confirms the Group's commitment to meet market and customer needs through innovation.

The level of R&D expenditure incurred in ACTIA's income statement, after adjusting for the portion charged to customers, government subsidies and time lags (fixed assets/depreciation), accounted for 8.9% of revenue in 2019, as opposed to 8.2% in 2018. The customer chargeback rate was 32.9% in 2019 compared to 36.2% in 2018. The Group therefore recorded a slight decrease in its capitalized R&D of 5.0%.

Note 5. Property, plant and equipment

Items of property plant and equipment are recognized as assets at acquisition cost less cumulative depreciation and impairment losses. The Group has chosen the cost model as the measurement method.

Cost components include:

- the purchase price, including import duties and non-refundable purchase taxes less trade discounts and rebates;
- costs directly attributable to transferring and commissioning the asset and;
- if applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

When material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, they are recognized by component as separate items of property, plant and equipment.

The Group recognizes the replacement cost of a component of an item of property, plant or equipment in the carrying amount of that asset when the cost is incurred, if it is likely that the future economic benefits associated with this asset will flow to the Group and its cost can be reliably measured. All ordinary upkeep and maintenance costs are expensed when incurred.

ACTIA has identified three components of buildings:

- the structure: 40-year useful life;
- interior work: 20-year useful life;
- fixtures and fittings: 10-year useful life.

The breakdown of certain buildings with very specific structures (exterior glass paneling, etc.) has been adjusted so the useful lives reflect the actual life of the asset.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives chosen by the Group are as follows:

- plant and equipment, facilities and tools: over 6 to 10 years
- other property, plant and equipment: over 3 to 10 years.

The useful lives are reviewed at each balance sheet date.

The Group has not determined any material residual value for its property, plant and equipment.

Note 5.1 Changes in property, plant and equipment

Gross amounts of property, plant and equipment changed as follows:

- In 2019:

(€k)	01/01/2019(*)	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2019
Land	3,633		70			3,703
Buildings	38,407		386	20,344		59,136
Plant and equipment Facilities and tools	66,588		779	11,207	(960)	77,614
Other items of property, plant and equipment	46,521		585	(3,496)	(1,687)	41,924
Total	**155,149**		**1,821**	**28,054**	**(2,647)**	**182,377**
o.w. right-of-use						
Land	*260*					*260*
Buildings	*24,203*		*2*	*3,140*		*27,345*
Plant and equipment *Facilities and tools*	*17,393*		*(3)*	*999*		*18,389*
Other items of property, plant and equipment	*8,392*		*20*	*840*	*(133)*	*9,118*

(*) The application of IFRS 16 affected the opening balance for property, plant and equipment.

- In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2018
Land	3,570		(112)	174		3,633
Buildings	17,104		(194)	3,373	(1)	20,283
Plant and equipment Facilities and tools	59,819		(1,514)	8,124	(1,489)	64,940
Other items of property, plant and equipment	25,967		(559)	19,103	(1,119)	43,393
Total	**106,460**		**(2,378)**	**30,775**	**(2,608)**	**132,248**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*12,894*			*2,823*		*15,717*
Other items of property, plant and equipment	*4,581*			*682*		*5,263*

Depreciation

- In 2019:

(€k)	01/01/2019(*)	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2019
Land	13					13
Buildings	17,279		136	4,109	(49)	21,474
Plant and equipment Facilities and tools	47,519		469	7,004	(618)	54,374
Other items of property, plant and equipment	20,314		172	3,575	(1,413)	22,649
Total	**85,125**		**777**	**14,687**	**(2,080)**	**98,510**
o.w. right-of-use						
Land	*13*					*13*
Buildings	*11,356*		*15*	*2,945*		*14,316*
Plant and equipment *Facilities and tools*	*10,782*		*(1)*	*1,864*		*12,646*
Other items of property, plant and equipment	*6,053*		*11*	*1,310*	*(104)*	*7,270*

(*) The application of IFRS 16 affected the opening balance for property, plant and equipment.

- In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2018
Land	13					13
Buildings	10,677		(62)	738	(46)	11,306
Plant and equipment Facilities and tools	44,682		(863)	4,835	(1,573)	47,080
Other items of property, plant and equipment	17,762		(158)	2,039	(1,005)	18,638
Total	**73,134**		**(1,084)**	**7,612**	**(2,624)**	**77,038**
Of which finance leases						
Land	*13*					*13*
Buildings	*5,222*			*89*		*5,312*
Plant and equipment *Facilities and tools*	*8,369*			*1,060*		*9,430*
Other items of property, plant and equipment	*3,417*			*496*		*3,912*

Net carrying amounts

- In 2019:

(€k)	01/01/2019*	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2019
Land	3,619		70		3,690
Buildings	21,128		250	16,284	37,662
Plant and equipment Facilities and tools	19,070		310	3,861	23,241
Other items of property, plant and equipment	26,207		413	(7,345)	19,275
Total	**70,024**		**1,044**	**12,800**	**83,867**
o.w. right-of-use					
Land	*247*				*247*
Buildings	*12,848*		*(13)*	*195*	*13,029*
Plant and equipment *Facilities and tools*	*6,611*		*(3)*	*(865)*	*5,743*
Other items of property, plant and equipment	*2,339*		*8*	*(440)*	*1,907*

(*) The application of IFRS 16 affected the opening balance (net value) for property, plant and equipment by €14,813,000.

- In 2018:

(€k)	01/01/2018	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2018
Land	3,557		(112)	174	3,619
Buildings	6,427		(132)	2,681	8,977
Plant and equipment Facilities and tools	15,137		(651)	3,374	17,860
Other items of property, plant and equipment	8,205		(401)	16,950	24,754
Total	**33,326**		**(1,295)**	**23,179**	**55,210**
Of which finance leases					
Land	*247*				*247*
Buildings	*856*			*(89)*	*767*
Plant and equipment *Facilities and tools*	*4,524*			*1,762*	*6,287*
Other items of property, plant and equipment	*1,164*			*186*	*1,351*

Encumbered property, plant and equipment are detailed in 0 “Encumbered assets” in the notes to the consolidated financial statements.

The main acquisitions relate to:

(€k)	2019	2018
Land		
Automotive Division		174
Telecommunications Division		
Subtotal		**174**
Buildings		
Automotive Division	5,387	2,302
Telecoms Division	355	528
Other (incl. holding)	6	-
Subtotal	**5,749**	**2,830**
Plant and equipment		
Automotive Division	8,522	6,117
Telecoms Division	754	905

(€k)	2019	2018
Subtotal	**9,276**	**7,022**
Other property, plant and equipment		
Automotive Division	9,678	20,211
Telecoms Division	3,759	1,005
Other (incl. holding)	12	11
Subtotal	**13,449**	**21,227**
Total	**28,474**	**31,254**

All new items of property, plant and equipment were purchased from third party suppliers.

The Other property, plant and equipment item includes construction and renovation work not yet delivered on the close date.

Note 5.2 Depreciation of property, plant and equipment

Where there are indications of impairment, an impairment test of the other assets is systematically performed.

Impairment losses recognized in respect of other assets may be reversed where there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset that has been increased due to reversal of impairment may not exceed the carrying amount that would have existed, net of depreciation or amortization, if no impairment loss had been recognized.

In the event of an impairment loss on an asset or CGU, a provision is systematically recognized. It is allocated to the “Depreciation and amortization expense” line item in the income statement, which is accordingly renamed “Depreciation and amortization expense and impairment loss.”

As of December 31, 2019, no provisions for impairment of property, plant and equipment had been recognized.

Note 6. Investments in associates (equity method)

(€k)	Value of securities		Share of net income	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
SCI Los Olivos	421	412	10	4
SCI Les Coteaux de Pouvourville	250	201	44	1
Coovia	0	0	0	(890)
Total	**672**	**613**	**54**	**(885)**

After the investor’s interest is reduced to zero, additional losses are recognized by a provision (liability) only to such extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. (See in Note 17 in the notes to the consolidated financial statements, “Provisions”).

Financial information on the investments in associates (equity method) is set out below:

- At December 31, 2019:

(€k)	Total assets	Liabilities	Sales	Net income
SCI Los Olivos	2,517	1,463	176	25
SCI Les Coteaux de Pouvourville	7,887	6,528	942	152
Coovia	124	982	0	0

- At December 31, 2018:

(€k)	Total assets	Liabilities	Sales	Net income
SCI Los Olivos	2,743	1,714	176	9
SCI Les Coteaux de Pouvourville	8,219	7,039	756	7
Coovia	124	982	110	<188>

Note 7. Non-current financial assets

(€k)	12/31/2019			12/31/2018		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	292	(228)	**64**	297	(226)	**71**
Receivables on non-consolidated investments	880	(877)	**3**	961	(872)	**89**
Deposits and guarantees	1,175		**1,175**	1,008		**1,008**
Loans and miscellaneous	33	(0)	**33**	29	(0)	**29**
Total	**2,381**	**(1,105)**	**1,276**	**2,295**	**(1,098)**	**1,197**

In 2019, financial assets generated €155,000 in income, included in the income statement under "Other financial income," compared to €82,000 in 2018.

Note 8. Inventory and work-in-process

Inventory costs include:

- purchase cost: purchase price and related expenses;
- conversion costs: labor and indirect production costs;
- other costs: included in inventory costs only if incurred to bring the inventories to their current location and condition.

Inventories of services in process are measured at the cost of production, labor and other personnel expenses directly incurred to provide the service.

Inventory costs are determined according to the weighted average cost method.

Inventories are measured at the lower of cost and net realizable value, this being the estimated selling price in the normal course of business less estimated completion and selling costs.

The net realizable value of inventory breaks down as follows:

(€k)	12/31/2019	12/31/2018
	Net	Net
Raw materials	72,399	61,906
R&D costs enforceable in contracts	35,056	27,150
Semi-finished and finished goods	39,801	35,755
Goods held for resale	13,879	11,240
Total	**161,135**	**136,051**

Changes in inventories in 2019 are set out below:

(€k)	Gross	Impairment	Net
At 12/31/2018	**147,044**	**(10,992)**	**136,051**
Change in the period	25,522		25,522
Net impairment		(626)	(626)
Changes in scope	0		0
Impact of changes in exchange rates	199	(11)	188
At 12/31/2019	**172,764**	**(11,630)**	**161,135**

Scrapped inventories amounted to €904,000, compared to €2,078,000 in 2018, and concerned primarily:

- ACTIA Automotive: €113,000 (fully accrued in previous periods);
- ACTIA Corp: €86,000 (accumulated provision of €37,000 from prior periods);
- ACTIA Telecom: €593,000 (accumulated provision of €305,000 from prior periods).

The gross value of inventory increased €25.7 million in 2019 compared with €27.6 million in 2018. The breakdown of these changes is presented below:

(€k)			2019	2018
Raw materials			**+ 11,332**	**+ 15,202**
	o.w.	*Automotive Division*	*+ 9,454*	*+ 12,920*
		Telecoms Division	*(81)*	*+ 2,197*
R&D costs enforceable in contracts			**+ 9,813**	**+ 7,524**
	o.w.	*Automotive Division*	*+ 5,550*	*+ 4,495*
		Telecoms Division	*+ 4,246*	*+ 3,028*
Semi-finished and finished goods			**+ 1,908**	**+ 6,416**
	o.w.	*Automotive Division*	*+ 1,791*	*+ 5,453*
		Telecoms Division	*+ 101*	*+ 943*
Goods held for resale			**+ 2,668**	**(53)**
	o.w.	*Automotive Division*	*+ 2,423*	*(53)*
		Telecoms Division	*+ 0*	*+ 0*

Pledged inventories are set out in 0 in the notes to the consolidated financial statements, "Encumbered assets."

Note 9. Trade and other receivables

Trade and other accounts receivable are measured at fair value upon initial recognition then at amortized cost less the amount of expected credit losses.

Where there are objective indications of impairment, the amount of the loss recognized is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the asset.

Trade and other current receivables are presented below:

(€k)	Net value at 12/31/2018	Change in the period	Net allowances/ reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2019
Accounts receivable	**150,262**	**(9,568)**	**(93)**		**(378)**	**140,223**
Advances and prepayments	**4,869**	(1,832)			18	**3,055**
Amounts receivable from payroll tax agencies	**433**	167			6	**606**
VAT receivables	**3,576**	1,297			(0)	**4,873**
Prepaid expenses	**2,134**	159			5	**2,297**
Other current receivables from operations	**11,011**	**(209)**			**29**	**10,830**
Tax receivables	**11,411**	(9,188)			(38)	**2,185**
Research tax credit	**6,500**	2,100				**8,600**
Current tax credit	**17,910**	**(7,087)**			**(38)**	**10,785**
Miscellaneous current receivables	**688**	**879**			**9**	**1,576**
Total	**179,871**	**(15,985)**	**(93)**		**(379)**	**163,415**

A factoring contract without recourse was put in place by the subsidiary ACTIA Nordic (Sweden) for €15 million. Under IFRS 9, as the near totality of the risks and benefits related to the assigned receivables had been transferred to the assignee as part of this factoring transaction, the assigned receivables were deconsolidated.

At December 31, 2019, the maturity of gross receivables not due and due (aged trial balance) was as follows:

(€k)	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days	Gross value of total accounts receivable
Gross amounts at 12/31/2019	116,101	9,497	4,470	1,531	12,043	**143,643**
Gross amounts at 12/31/2018	124,644	11,985	4,513	2,836	9,608	**153,587**

No **significant losses for bad debt** were recognized in 2019 as in 2018.

Note 10. Other contract assets and liabilities

As part of the application of the new IFRS 15 “Revenue from contracts with customers,” for any given contract, the total revenue recognized for all of the service obligations of the contract, less the payments received and customer receivables recognized separately, is presented below under “Contract assets” or “Contract liabilities” if the balance is negative.

Any provisions for onerous contracts, called “loss on completion,” are excluded from the balances and presented in the provisions for risks and charges.

(€k)	At 12/31/2018	At 12/31/2019
Contract assets	16,182	**31,166**
Contract liabilities	(2,934)	**(2,258)**

Note 11. Cash, cash equivalents and financial instruments at fair value through profit or loss

Note 11.1 Cash and cash equivalents

Cash is comprised of the sums available in bank accounts at the balance sheet date. Instantly repayable bank overdrafts constitute a component of cash and cash equivalents for cash flow statement purposes.

Cash equivalents are very liquid short-term investments comprised of marketable securities readily convertible into a known amount of cash and subject to an insignificant risk of a change in value. They are recognized at the market value at the balance sheet date, with the investment bonus recognized in income.

These items changed as follows:

(€k)	12/31/2019	12/31/2018	Change
Cash equivalents	98	95	2
Cash	46,507	36,941	9,566
Cash and cash equivalents	**46,604**	**37,036**	**9,568**
(Current bank facilities)	**(60,405)**	**(47,028)**	**(13,378)**
Total	**(13,801)**	**(9,991)**	**(3,810)**

Current bank facilities are included under “Current financial liabilities.”

ACTIA sells marketable securities at year-end, which are accordingly recorded under income as definitive capital gains.

Note 11.2 Financial instruments at fair value through profit or loss

ACTIA uses derivatives to hedge its exposure to interest rate and exchange rate risks arising from its operating, financing and investing activities. In accordance with its treasury management policy, the Group neither holds nor issues derivatives for trading purposes. However, derivatives not satisfying the hedge accounting criteria are treated as speculative.

❖ Interest rate hedging

ACTIA has adopted a global interest rate hedging policy; these hedging instruments are not directly attributable to specific borrowings but make it possible to hedge variable rate borrowings as a whole. These derivatives are measured at fair value. Gains or losses resulting from fair value re-measurement are immediately recognized in income.

Interest rate hedging instruments break down as follows:

(€k)	Initial amount	Amount at 12/31/2019	Fixed rate	Inception date	Expiry date	Depre -ciation
SWAP 1	5,000	5,000	0.50%	06/01/2016	06/01/2021	End
SWAP 2	5,000	1,500	0.34%	06/01/2016	06/01/2021	quarterly
SWAP 3	5,000	1,750	0.25%	09/01/2016	09/01/2021	quarterly
SWAP 4	5,000	5,000	0.45%	09/01/2016	09/01/2021	End
Total	20,000	13,250				

While these interest rate hedges are not associated with specific financing agreements, they did cover Group debt for up to €13.3 million at December 31, 2019 (€15.3 million at December 31, 2018).

The Group recognizes interest rate hedging instruments at fair value through profit and loss under "Other financial income" and "Other financial expenses."

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2019		12/31/2018	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
SWAP	(161)	58	(219)	11
Total	**(161)**	**58**	**(219)**	**11**

An analysis of ACTIA's exposure to interest rate risk is provided in Section 6 "Risk factors" of this Universal Registration Document.

❖ Interest rate hedging

Because the applicable criteria were not met for the periods presented, (hedging of future flows - cash flow hedge) hedge accounting was not applied. The foreign exchange hedges were measured at fair value and recognized as interest rate risk hedging instruments.

Note that the purpose of these tools is to secure the cost of acquisition of US Dollars necessary to buy components at a reasonable price secured with respect to the significant market fluctuations.

Exchange rate hedging instruments break down as follows:

In foreign currency	Maximum Initial amount (in $)	Maximum amount to be acquired at 12/31/2019	Floor	Strike	Inception date	Expiry date
Currency purchases						
EUR/USD accumulator	$15,000,000	$0	1.1280	1.2570	09/20/2018	01/17/2020
EUR/USD accumulator	$5,400,000	$1,800,000	1.0990	1.1700	08/08/2019	2/12/2020
EUR/USD accumulator	$13,000,000	$2,000,000	1.0900	1.2150	12/12/2018	02/18/2020
EUR/USD accumulator	$5,200,000	$1,400,000	1.0900	1.2050	02/20/2019	02/21/2020
EUR/USD accumulator	$15,000,000	$2,000,000	1.0500	1.2175	11/16/2018	02/27/2020
EUR/USD accumulator	$1,300,000	$300,000	1.0800	1.2150	11/29/2018	03/11/2020
EUR/USD accumulator	$10,200,000	$7,200,000	1.0955	1.1260	11/25/2019	03/23/2020
EUR/USD accumulator	$3,250,000	$3,250,000	1.0790	1.1650	09/27/2019	03/31/2020
EUR/USD accumulator	$1,300,000	$600,000	1.0800	1.2190	05/29/2019	06/05/2020
EUR/USD accumulator	$15,000,000	$6,000,000	1.0800	1.2370	12/20/2018	06/19/2020
EUR/USD accumulator	$15,000,000	$6,000,000	1.1100	1.2220	04/11/2019	06/24/2020
EUR/USD accumulator	$6,000,000	$6,000,000	1.1290	1.1730	06/03/2020	06/30/2020
EUR/USD accumulator	$7,800,000	$7,800,000	1.0990	1.1900	08/08/2019	08/12/2020
EUR/USD accumulator	$5,200,000	$5,200,000	1.0900	1.2250	02/20/2019	08/21/2020
EUR/USD accumulator	$1,120,000	$640,000	1.1100	1.2180	03/21/2019	08/25/2020
EUR/USD accumulator	$1,960,000	$1,680,000	1.0880	1.1690	09/26/2019	11/27/2020
EUR/USD accumulator	$37,200,000	$30,000,000	1.0920	1.1776	10/09/2019	12/07/2020
EUR/USD Tunnel	$2,000,000	$2,000,000	1.0890	1.1690	10/09/2019	12/13/2020
EUR/USD accumulator	$15,000,000	$12,000,000	1.0890	1.1690	10/09/2019	12/13/2020
EUR/USD Option	$3,000,000	$3,000,000	1.1860	1.1860	09/24/2019	12/14/2020
EUR/USD accumulator	$15,000,000	$12,000,000	1.0880	1.1860	09/24/2019	12/16/2020
EUR/USD accumulator	$25,000,000	$25,000,000	1.0940	1.1800	09/13/2019	12/17/2020
EUR/USD accumulator	$18,000,000	$14,400,000	1.0920	1.1720	10/03/2019	12/17/2020
EUR/USD accumulator	$25,000,000	$25,000,000	1.0850	1.1756	09/13/2019	12/21/2020
EUR/USD accumulator	$9,750,000	$9,750,000	1.0790	1.1650	09/27/2019	12/30/2020
EUR/USD Tunnel	$6,000,000	$3,000,000	1.1090	1.1650	09/27/2019	12/30/2020
EUR/USD accumulator	$7,800,000	$7,800,000	1.1090	1.2100	08/08/2019	02/12/2021
EUR/USD accumulator	$5,200,000	$5,200,000	1.0900	1.2450	02/20/2019	02/22/2021
EUR/USD accumulator	$1,152,000	$1,152,000	1.0925	1.1710	12/16/2019	03/09/2021
EUR/USD accumulator	$1,152,000	$1,152,000	1.0800	1.1740	09/26/2019	03/10/2021
EUR/USD accumulator	$7,800,000	$7,800,000	1.1090	1.2300	08/08/2019	08/13/2021
Currency sales						
EUR/USD accumulator	($3,600,000)	($800,000)	N/A	1.1350	02/12/2019	02/14/2020
EUR/USD accumulator	($3,200,000)	($2,000,000)	N/A	1.1385	06/26/2019	05/13/2020

ACTIA recognizes these exchange hedging instruments at fair value through profit and loss under “Other financial income” and “Other financial expenses.”

Note that the Group carried out Dollar purchases of $128.1 million compared to $120.0 million in 2018. The purchases are hedged via financial instruments or, to a lesser extent, via natural hedges.

Details of the impact of this accounting treatment on earnings are set out below:

(€k)	12/31/2019		12/31/2018	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
EUR/USD hedge	1,377	(51)	1,428	6,464
EUR/JPY Hedge	0	0	0	30
Total	**1,377**	**(51)**	**1,428**	**6,494**

Note 12. Deferred tax

Deferred taxes stems in particular from:

- tax-loss carryforwards;
- temporary differences that may exist between the consolidation amount and the tax base of certain assets and liabilities.

In line with the balance sheet liability method, deferred tax is measured on the basis of the tax rates and regulations adopted or substantially adopted at the balance sheet date.

Tax liabilities of a company may under certain conditions be reduced by the amount of deferred tax losses that may be reasonably allocated as a reverse entry and deferred taxes on deductible temporary differences.

Deferred tax assets are recognized when their recovery is likely. Tax losses or timing differences must be applied to future taxable income, within the limits that may apply under French law. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Use of tax loss carryforwards for French companies is capped and in accordance with our business plans, ACTIA works with four-year budgets. In consequence, unused tax losses for which no deferred tax asset was recognized amount to **€34.9 million**, compared to €27.3 million at December 31, 2018. The potential tax gain represents €10.6 million, compared to €8.9 million at December 31, 2018. These tax losses do not expire.

Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. They are presented in the balance sheet according to the case as non-current assets and liabilities.

(€k)	12/31/2019	12/31/2018
Tax assets recognized in respect of:		
Temporary differences	6,486	4,930
o.w. provision for retirement severance payments	*2,317*	*2,077*
o.w income from inventory	*658*	*429*
o.w other adjustments	*3,511*	*2,424*
Tax-loss carryforwards	5,283	6,530
Total net tax assets	**11,769**	**11,460**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	3,931	3,812
Total net tax liabilities	**3,931**	**3,812**
Total net deferred tax assets/(liabilities)	**7,837**	**7,647**

Note 13. Financial assets and liabilities

The various financial instrument categories are held-to-maturity assets, loans and receivables issued by the Company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Held-to-maturity assets

The Group does not have any such assets.

Loans and receivables issued by the Company

After their initial recognition, they are carried at amortized cost using the effective interest rate method and an impairment may be recognized depending on the valuation of expected credit losses.

Derecognition of financial assets from the financial statements is dependent on the transfer of the risks and rewards inherent in the asset, as well as the transfer of control over it. Accordingly, discounted bills not yet due and the Dailly-type factored receivables for guarantee purposes are carried in "Accounts receivable."

Financial assets and liabilities at fair value through profit or loss

Purchases and sales of financial assets at fair value through profit or loss are recognized at the transaction date.

Marketable securities are recognized at market value at the balance sheet date.

Other liabilities (interest-bearing loans and borrowings)

After their initial recognition, they are recognized using the effective interest rate method.

Investment securities

The Group has holdings in companies without having significant influence or control. In accordance with IAS 39, the securities are considered as available for sale and normally accounted for at fair value with the change in value recognized under other comprehensive income, except when the decrease in fair value is material or durable. However, if the fair value cannot be reliably determined, the securities are carried at cost. Where there are objective indications of impairment, an impairment loss is recognized.

Hybrid financial instruments

The Group may also issue convertible bonds and share warrants. These hybrid financial instruments are broken down into debt and shareholders' equity components.

Derivatives

These are detailed Note 11.2 "Financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements.

Transfers of financial instrument assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows generated by it expire, or when it transfers the rights to receive these contractual cash flows through a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when it neither retains nor transfers substantially all the risks and rewards of ownership and no longer retains control of the transferred asset. Any interest in derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Otherwise, receivables are maintained as balance sheet assets and the Group continues to bear the risk of debtor default. The sum paid by the bank is recognized in cash with an offset for the bank debt in liabilities. This debt and the receivable are only eliminated from the balance sheet where the debtor has settled its debt with the financial institution. Expenses incurred are recognized as a deduction from debt, which is measured using the amortized cost method at the effective interest rate.

Three categories of financial instruments are defined by the Group according to the consequences of their characteristics on the valuation method. The Group refers to this classification for the purpose of presenting certain disclosures required by IFRS 13:

- Level 1 "market price:" financial instruments quoted on an active market;
- Level 2 "model with observable inputs:" financial instruments valued using valuation techniques based on observable inputs;
- Level 3 "model with unobservable inputs."

Note 13.1 Financial assets

The following table presents the carrying value of financial assets:

(€k)	12/31/2019				12/31/2018			
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receiv-ables	Group consolidated financial statements (*)
Non-current assets								
Non-current financial assets	87		1,189	**1,276**	152		1,045	**1,197**
Non-current research tax credit			11,808	**11,808**			13,190	**13,190**
Current assets								
Accounts receivable			140,223	**140,223**			150,262	**150,262**
Current tax credit			10,785	**10,785**			17,910	**17,910**
Miscellaneous current receivables			1,576	**1,576**			688	**688**
Financial instruments		1,216		**1,216**		1,209		**1,209**
Cash equivalents		98		**98**		95		**95**
Cash			46,507	**46,507**			36,941	**36,941**
Total	**87**	**1,314**	**212,088**	**213,489**	**152**	**1,305**	**220,035**	**221,492**

(*) Fair value is identical to the value recognized for all financial assets in the consolidated financial statements.

At December 31, 2019, financial assets measured at fair value were classified as follows:

(€k)	Level 1 At market prices	Level 2 With observable inputs	Level 3 With non-observable inputs
Financial instruments		1,216	
Cash equivalents	98		
Total	**98**	**1,216**	**-**

Note 13.2 Financial liabilities

The following table presents the carrying value of financial liabilities:

(€k)	12/31/2019			12/31/2018		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)
Non-current liabilities						
Bonds	20,000		**20,000**	0		**0**
Bank borrowings	97,619		**97,619**	72,069		**72,069**
Other financial liabilities	130	1,335	**1,465**	322	2,225	**2,547**
Rental-related financial liabilities	14,820		**14,820**	4,437		**4,437**

(€k)	12/31/2019			12/31/2018		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)
Current liabilities						
Current financial liabilities	105,658	973	**106,632**	126,203	345	**126,547**
Financial instruments		0	**0**		0	**0**
Accounts payable	85,282		**85,282**	79,594		**79,594**
Miscellaneous liabilities	941		**941**	1,434		**1,434**
Total	**324,450**	**2,308**	**326,758**	**284,060**	**2,570**	**286,629**

(*) Fair value is close to the value recognized for financial liabilities in the consolidated financial statements.

At December 31, 2019, financial liabilities measured at fair value were classified as follows:

(€k)	Level 1 At market prices	Level 2 With observable inputs	Level 3 With non-observable inputs
Non-current liabilities			
Other financial liabilities	1,335		
Current liabilities			
Current financial liabilities	973		
Financial instruments			
Total	**2,308**	**-**	**-**

Note 14. Financial liabilities

The breakdown of financial liabilities by type and maturity was as follows:

(€k)	12/31/2019				12/31/2018			
	<12/31/20	>01/01/21 <12/31/24	>01/01/25	Total	<12/31/19	>01/01/20 <12/31/23	>01/01/24	Total
Bonds		15,000	5,000	**20,000**	20,000			**20,000**
Bank borrowings	39,023	81,271	16,348	**136,642**	56,793	63,136	8,933	**128,863**
Other financial liabilities	1,625	1,345	120	**3,090**	836	2,431	116	**3,383**
Rental-related financial liabilities (*)	5,578	11,671	3,148	**20,398**	1,891	4,437		**6,328**
Bank facilities and overdrafts	60,405			**60,405**	47,028			**47,028**
Total	**106,632**	**109,287**	**24,616**	**240,536**	**126,547**	**70,004**	**9,049**	**205,601**

(*) o.w. the €15,960,000 effect of operating leases under IFRS 16 at 12/31/2019. See Note 2.4 “Change in method”

Changes in financial liabilities in 2019 are set out below:

(€k)	At 01/01/2019	Monetary changes		Non-monetary changes					At 12/31/2019
		Increases in borrowings	Repayment of borrowings	Changes in scope	IFRS 16	Change in fair value	Translation differences	Other	
Bonds	**20,000**								**20,000**
Bank borrowings	**128,863**	48,808	(40,986)				55	(97)	**136,642**
Other financial liabilities	**3,383**		(385)			95	(2)	0	**3,091**
Rental-related financial liabilities (*)	**21,141**		(6,156)		5,420		(7)		**20,398**
Bank facilities and overdrafts	**47,028**	13,409					(31)		**60,405**
Total	**220,414**	**62,217**	**(47,527)**	**0**	**5,420**	**95**	**14**	**(97)**	**240,536**

(*) o.w. the €14,813,000 effect on the opening balance due to the application of IFRS 16.

Changes in financial liabilities in 2018 are set out below:

(€k)	At 1/1/2018	Monetary changes		Non-monetary changes					At 12/31/2018
		Increases in borrowings	Repayment of borrowings	Changes in scope	Leaseback capitalization	Change in fair value	Translation differences	Other	
Bonds	**20,000**								**20,000**
Bank borrowings	**101,398**	59,003	(31,783)				110	135	**128,863**
Other financial liabilities	**2,882**	1,944	(274)			(46)	(20)	(1,103)	**3,383**
Finance lease liabilities	**4,399**		(1,575)		3,505				**6,328**
Bank facilities and overdrafts	**28,967**	18,106					(45)		**47,028**
Total	**157,645**	**79,053**	**(33,632)**	**0**	**3,505**	**(46)**	**44**	**(968)**	**205,601**

At December 31, 2019, the maturity of financial liabilities <u>including non-accrued interest</u> was as follows:

(€k)	<12/31/20		>01/01/21 <12/31/24		>01/01/25		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bonds	0	628	15,000	2,500	5,000	175	**20,000**	**3,303**	**23,303**
Bank borrowings	39,023	1,357	81,271	2,552	16,348	198	**136,642**	**4,107**	**140,749**
Other financial liabilities	1,625		1,345		120		**3,090**	**0**	**3,090**
Rental-related financial liabilities	5,578	451	11,671	875	3,148	70	**20,398**	**1,396**	**21,794**
Bank facilities and overdrafts	60,405	729					**60,405**	**729**	**61,134**
Total	**106,632**	**3,165**	**109,287**	**5,928**	**24,616**	**443**	**240,536**	**9,535**	**250,071**

At December 31, 2018, the maturity of financial liabilities including non-accrued interest was as follows:

(€k)	<12/31/19		>01/01/20 <12/31/23		>01/01/24		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bonds	20,000	631	0	2,500	0	625	**20,000**	**3,756**	**23,756**
Bank borrowings	56,793	1,292	63,136	2,285	8,933	154	**128,863**	**3,730**	**132,593**
Other financial liabilities	836		2,431		116		**3,383**	**0**	**3,383**
Finance lease liabilities	1,891	41	4,437	59			**6,328**	**100**	**6,428**
Bank facilities and overdrafts	47,028	634					**47,028**	**634**	**47,662**
Total	**126,547**	**2,598**	**70,004**	**4,844**	**9,049**	**779**	**205,601**	**8,220**	**213,821**

At December 31, 2019, financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bonds	20,000	0	0	**20,000**
Bank borrowings	133,137	3,505	0	**136,642**
Other financial liabilities	2,612	0	478	**3,090**
Rental-related financial liabilities	16,728	28	3,642	**20,398**
Bank facilities and overdrafts	52,499	5,078	2,828	**60,405**
Total	**224,977**	**8,611**	**6,948**	**240,536**

At December 31, 2018, financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bonds	20,000	0	0	**20,000**
Bank borrowings	125,933	2,930	0	**128,863**
Other financial liabilities	2,875	0	507	**3,383**
Finance lease liabilities	6,328	0	0	**6,328**
Bank facilities and overdrafts	43,925	320	2,783	**47,028**
Total	**199,060**	**3,250**	**3,291**	**205,601**

Bank lines of credit and overdrafts are generally granted for a year and are renewable mid-period. They are impacted by the proportion of accounts receivable financing (Dailly-type factored receivables, bills discounted not yet due and other factoring) amounting to €16.4 million at December 31, 2019, compared to €15.7 million at December 31, 2018 and other government related receivables financing (CIR/CICE) amounting to €11.7 million compared to €11.6 million at December 31, 2018.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€k)	12/31/2019	12/31/2018
Bonds	20,000	20,000
Bank borrowings	136,642	128,863
Other financial liabilities	3,090	3,383
Rental-related financial liabilities	20,398	6,328
Bank facilities and overdrafts	60,405	47,028
Subtotal A	**240,536**	**205,601**
Cash equivalents	98	95
Cash	46,507	36,941
Subtotal B	**46,604**	**37,036**
Total net debt = A - B	**193,931**	**168,565**
Total shareholders' equity	**140,388**	**132,817**
Gearing	**138.1%**	**126.9%**

The “Net Debt/Equity” ratio (gearing) adjusted for the impact of the receivables account for French research and competitiveness and employment tax credits (CIR and CICE) is as follows:

(€k)	12/31/2019	12/31/2018
Bonds	20,000	20,000
Bank borrowings	136,642	128,863
Other financial liabilities	3,090	3,383
Rental-related financial liabilities	20,398	6,328
Bank facilities and overdrafts	60,405	47,028
- Receivables financing account	*(16,401)*	*(15,747)*
- CIR collateralization	*(9,030)*	*(8,241)*
- CICE collateralization	*(2,655)*	*(3,394)*
Subtotal A	**212,450**	**178,219**
Cash equivalents	98	95
Cash	46,507	36,941
Subtotal B	**46,604**	**37,036**
Total net debt = A - B	**165,846**	**141,183**
Total shareholders’ equity	**140,388**	**132,817**
Gearing	**118.1%**	**106.3%**

The breakdown between variable and fixed rate debt is set out below:

(€k)	12/31/2019			12/31/2018		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	20,000	0	**20,000**	20,000	0	**20,000**
Bank borrowings	127,495	9,147	**136,642**	117,121	11,741	**128,863**
Other financial liabilities	3,090	0	**3,090**	3,383	0	**3,383**
Rental-related financial liabilities	20,398	0	**20,398**	6,328	0	**6,328**
Bank facilities and overdrafts	6,139	54,266	**60,405**	5,206	41,821	**47,028**
Total	**177,123**	**63,413**	**240,536**	**152,038**	**53,563**	**205,601**
Percentage breakdown	73.6%	26.4%	**100.0%**	73.9%	26.1%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 21.0% of borrowings, or €50.5 million.

In 2019, the change in ACTIA Group’s business activity had a significant impact on the “Net Debt/Shareholders’ Equity” and “Net Debt/EBITDA” ratios based on the consolidated financial statements, notably due to:

- the increased profitability of the Group impacting EBITDA:
  - a slightly more favorable product mix despite the strong growth of an automotive contract of 12.4% with a low margin, thanks to the gradual increase in new programs with better margins,
  - a less difficult components market that was able once more to negotiate price decreases for its products. However, ongoing management by quotas is still affecting productivity and leading to higher inventories (impact on WCR);
  - the work done to reduce certain expenses, such as the outsourcing of R&D to help mitigate recruitment difficulties, with the Group having succeeded in filling jobs that are key to its business;
  - the positive impact of IFRS 16 of €4,601,000.
- Concerning the substantial increase in indebtedness:
  - the implementation of real estate financing for projects launched in 2017 and continuing in 2020, of which €8.9 million used in 2019,
  - the significant increase in the need for working capital due to an increase in inventories of €25.1 million (growth in the business + increase in delivery times + a slowdown in the trucks market at the end of the year),

- the positive impact of IFRS 16 of €15,960,000.

Combine with a revision of the banking covenants carried out in 2019, these elements led to compliance with all the covenants at December 31, 2019, in contrast with the non-compliance with twenty five loans at December 31, 2018, for which waivers had been granted.

Detailed information on these covenants at December 31, 2019 is presented below:

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Level (1)	Year of inception	Balance at 12/31/2019 (€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2018	Year-end 2019	At end 2018	At end 2019
Borrowing									
L	2015	88	Jan. 2020	Net debt to equity ≤ 1.70	CA AG	B	R	88	0
				Net debt to EBITDA ≤ 5.50	CA AG	B	R		
L	2015	655	Sep-2020	Net debt to equity ≤ 1.70	CA AG	B	R	655	0
				Net debt to EBITDA ≤ 5.50	CA AG	B	R		
L	2015	400	Dec. 2020	Net debt to equity < 1.70	CA AG	B	R	400	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2015	241	Jul-2020	Net debt to equity ≤ 1.60	CA AG	B	R	241	0
				Net financial debt to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	B	R		
L	2016	405	Dec. 2020	Net debt to equity < 1.70	CA AG	B	R	405	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2016	563	Sep-2020	Net debt to equity ≤ 1.60	CA AG	B	R	563	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	R		
L	2016	1,010	Dec-2021	Net debt to equity ≤ 1.70	CA AG	B	R	1,010	0
L	2016	739	Dec-2021	Net debt to equity ≤ 1.60	CA AG	B	R	739	0
				Net financial debt to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	B	R		
L	2016	2,022	Jul-2003	Net debt to equity < 1.70	CC AG	B	R	2,022	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2017	1,134	Jun-2021	Net debt to equity ≤ 1.70	CA AG	B	R	1,134	0
				Net debt to EBITDA ≤ 5.50	CA AG	B	R		
L	2017	1,500	Nov-2021	Net debt to equity ≤ 1.60	CA AG	B	R	1,500	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	R		
L	2017	500	Nov-2021	Net debt to equity ≤ 1.60	CA AG	B	R	500	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	R		
L	2017	1,009	Jun-2022	Net debt to equity < 1.70	CA AG	B	R	1,009	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2017	1,562	Jul-2022	Net debt to equity ≤ 1.70	CA AG	B	R	1,562	0
L	2017	537	Aug-2022	Net debt to equity ≤ 1.60	CA AG	B	R	537	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	B	R		
L	2017	537	Aug-2022	Net debt to equity ≤ 1.60	CA AG	B	R	537	0
				Net financial debt to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	B	R		
L	2017	403	Aug-2022	Net debt to equity ≤ 1.60	CA AG	B	R	403	0

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Level (1)	Year of inception	Balance at 12/31/2019 (€k)	Final maturity	Ratios	Basis of calculation (2)	Year-end 2018	Year-end 2019	At end 2018	At end 2019
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	B	R		
L	2017	15,000	Nov-2024	Net debt to EBITDA < 5.50	CA AG	B	R	15,000	0
L	2017	5,000	Nov-2026	Net debt to EBITDA < 5.50	CA AG	B	R	5,000	0
L	2018	1,474	Sep-2023	Net debt to equity ≤ 1.70	CA AG	B	R	1,474	0
L	2018	2,250	Oct-2022	Net debt to equity ≤ 1.60	CA AG	B	R	2,250	0
				Net debt to EBITDA ≤ 5.75	CA AG	-	R		
L	2018	1,963	Jan. 2023	Net debt to equity < 1.70	CA AG	B	R	1,963	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2018	2,260	Jul-2023	Net debt to equity < 1.70	CA AG	B	R	2,260	0
				Net debt to EBITDA < 5.50	CA AG	B	R		
L	2019	1,475	Nov-2024	Net debt to equity ≤ 1.60	CA AG	-	R	-	0
				Net financial expense to EBITDA < 30%	CA AG	-	R		
				Net debt to EBITDA ≤ 5.75	CA AG	-	R		
L	2019	1,869	Sep-2024	Net debt to equity ≤ 1.70	CA AG	-	R	-	0
				Net debt to EBITDA ≤ 5.50	CA AG	-	R		
L	2019	1,475	Nov-2024	Net debt to equity ≤ 1.60	CA AG	-	R	-	0
				Net financial debt to EBITDA < 30%	CA AG	-	R		
				Net debt to EBITDA ≤ 5.75	CA AG	-	R		
L	2019	917	Dec-2022	Net debt to equity ≤ 1.70	CA AG	-	R	-	0
				Net debt to EBITDA ≤ 5.50	CA AG	-	R		
L	2019	3,505	May 2026	Debt to net tangible assets ≤ 3	CC AC	-	R	-	0
				EBITDA to (Repayments + Interest) ≥ 1.20	CC AC	-	R		
Total		**50,490**						**41,249**	**0**

(1) L = Loan
O = Overdraft

(2) CA AG = Consolidated Accounts - ACTIA Group
CC AC = Consolidated ACTIA Corp & ACTIA Electronics accounts

(3) R = Respected
B = Breached

(4) Long-term portion of debt reclassified under “Current financial liabilities”

Guarantees given in respect of borrowings and liabilities are set out in 0 in the notes to the consolidated financial statements, “Encumbered assets.”

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans and, sometimes, a requirement to maintain the composition of the capital, with any changes requiring prior information of the partners.

Note 15. SHAREHOLDERS’ EQUITY

Note 15.1 Share capital management

Ordinary shares, excluding own shares held in treasury (Note 15.3 “Treasury shares” in the notes to the consolidated financial statements) are recognized in shareholders’ equity.

The Group regularly monitors changes to its debt to shareholders' equity ratio.

At present, there is no Group Savings Plan (Plan d'Epargne Groupe, or "PEG") or International Group Savings Plan (Plan d'Epargne Groupe International, or "PEGI") within ACTIA Group.

In addition, shares held in registered form for more than four years carry double voting rights (see Subsection 9.2.3 "Rights, preferences and restrictions in respect of shares" in this Universal Registration Document).

The Group's main objective in terms of share capital management is to maintain a balance between shareholders' equity and indebtedness.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carry out new capital increases.

The main ratios used by the Group to manage its equity are the debt ratio and EBITDA.

Capital management goals, policies and procedures remain unchanged.

Information about the **share buyback program** is provided in Note 3.7 "Treasury shares" in the notes to the separate financial statements.

At December 31, 2019, there were no stock option plans.

The General Meeting of May 28, 2019 authorized the issue of new shares for the benefit of the members of a Company Savings Plan accounting for 3% of the capital of ACTIA Group S.A. The authorization was granted to the Executive Board for a period of 26 months. At December 31, 2019, no new shares were issued under this authorization.

Note 15.2 Composition of the capital

The breakdown of the **changes in numbers of shares** over the period is as follows:

In units	12/31/2018	Capital increase	12/31/2019
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2019, the share capital consisted of 7,977,039 shares with ordinary voting rights, 12,119,574 shares with double voting rights and 3,328 treasury shares with no voting rights. There are 12,359,182 registered shares and 7,740,759 bearer shares.

There are no preferred dividend stock or preference shares within ACTIA Group S.A.

The par value is €0.75 per share.

The appropriation of 2019 earnings proposed to the General Meeting of May 27, 2020 is outlined in Subsection 5.11.2 "Appropriation of earnings" in this Universal Registration Document. A proposal will be submitted to distribute a dividend of €0.15 per share.

Note 15.3 Treasury shares

The treasury shares held by the Group are deducted from shareholders' equity. No gain or loss is recognized in the income statement upon the purchase, sale or cancellation of treasury shares. The consideration paid or received in these transactions is recognized directly in shareholders' equity.

Note 16. Earnings per share

Note 16.1 Basic earnings (loss) per share

Basic earnings per share are calculated using the income attributable to the Group divided by the weighted average number of shares in circulation in the period, less treasury shares.

Basic earnings per share at December 31, 2019 were calculated on the basis of consolidated income attributable to Group shareholders according to the breakdown provided below:

	12/31/2019	12/31/2018
Consolidated net income (loss) attributable to *Group shareholders*	**8,604,196**	**9,026,805**
Weighted average number of shares		
Shares issued at January 1	20,099,941	20,099,941
Treasury shares held at the end of the period	(3,328)	(3,328)
Weighted average number of shares	**20,096,613**	**20,096,613**
Basic earnings *per share* (€)	**0.43**	**0.45**

Note 16.2 Diluted earnings per share

Diluted earnings per share take into account all arrangements that could grant the holder the right to buy ordinary shares known as dilutive potential ordinary shares.

Diluted earnings per share at December 31, 2019 were calculated on the basis of net income attributable to Group shareholders. This result was not subject to any adjustments. The weighted average number of potential ordinary shares that may be created for the period totaled 20,096,613. These calculations break down as follows:

	12/31/2019	12/31/2018
Diluted earnings (€)	**8,604,196**	**9,026,805**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,613
Impact of share subscription plans	0	0
Diluted weighted average number of shares	**20,096,613**	**20,096,613**
Diluted earnings per share (€)	**0.43**	**0.45**

Note 17. Provisions

A provision is recorded:

- when an entity has a legal or constructive obligation stemming from a past event;
- when it is likely that an outflow of resources will be required to settle the obligation; and
- where the amount of the obligation can be reliably estimated.

The amount provided for corresponds to the best estimate of the expense. If the impact is material, the amount is discounted using a pretax interest rate that reflects the time value of money and the risks specific to the liability.

A provision for warranties is recognized upon the sale of the corresponding good or service. The provision is based on past warranty data and is measured by weighting all possible outcomes in accordance with their likelihood.

Except in special cases that are duly justified, provisions are recognized in the balance sheet under current liabilities.

Note 17.1 Change in provisions

- In 2019:

(€k)	12/31/2018	Changes in scope Cumulative translation differences	Provisions	Reversals		12/31/2019
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**9,905**	**11**	**1,784**	**(121)**	**(495)**	**11,083**
Other provisions						
Lawsuit contingencies	**304**		742	(426)		**620**
Warranties	**4,707**	(54)	448	(998)		**4,104**
Losses on contracts	**109**		51			**160**
Fines/penalties	**901**			(21)		**880**
Other risks	**1,023**		58			**1,082**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
Other expenses	**1,268**	50	310	(414)		**1,214**
Other provisions	**8,312**	**(3)**	**1,609**	**(1,859)**	**0**	**8,059**
Total	**18,217**	**8**	**3,392**	**(1,980)**	**(495)**	**19,142**

- In 2018:

(€k)	12/31/2017	Changes in scope of translation differences	Provisions	Reversals		12/31/2018
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**9,315**	**(23)**	**1,224**	**(236)**	**(375)**	**9,905**
Other provisions						
Lawsuit contingencies	**517**		270	(483)		**304**
Warranties	**2,876**	(16)	2,049	(202)		**4,707**
Losses on contracts	**121**			(12)		**109**
Fines/penalties	**809**		138	(46)		**901**
Other risks	**1,181**	2	0	(159)		**1,023**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
Other expenses	**1,267**	(101)	462	(361)		**1,268**
Other provisions	**6,771**	**(115)**	**2,918**	**(1,262)**	**0**	**8,312**
Total	**16,086**	**(138)**	**4,142**	**(1,498)**	**(375)**	**18,217**

Provisions for other risks are comprised primarily of tax and commercial litigation contingency provisions.

At December 31, 2019, ACTIA Group had no noteworthy material contingent liability to be disclosed.

Note 17.2 Staff benefits

Short-term benefits are recognized in personnel expenses for the period.

Long-term benefits involve:

- defined-contribution plans: the Group's liabilities are limited to paying periodic contributions to external bodies. The expense is recognized in the period under the "Personnel expenses" line item;

- defined-benefit plans: these are retirement benefits provided for using the projected unit credit method taking into account demographic factors (staff turnover and mortality tables) and financial variables (wage increases). The discount rate used is that of investment grade bonds (i.e. rated "AA"). When there does not exist an active market for these bonds, the rate of government bonds is used. Actuarial gains and losses are recognized in Other Comprehensive Income (OCI);
- other long-term benefits: provisions are recorded for these benefits as they vest for the employees in question. The amount of the liability is measured using the projected unit credit method. Changes in fair value of obligations relating to other long-term benefits are recognized under net income of the period in which they occur.

In line with IAS 19, Employee Benefits, the pension provision recognized in balance sheet shareholders' equity and liabilities is designed to show the pension benefit vested for staff members at period-end. A provision is recorded for the full amount of pension benefit obligations, which are not covered by dedicated assets.

In 2019, provisions for pension and other non-current employee benefits rose €1,179,000 to €11,083,000 at December 31, 2019. This increase in the provision reflects the following items:

- Service cost: €552,000;
- Finance cost: €171,000;
- Actuarial gains and losses: €465,000.

The actuarial gain recognized in OCI results from the change in the:

- Discount rate of 0.77% (1.57% in 2018) for French companies and 9.80% (7.62% in 2018) for Tunisian companies.

The other assumptions have not changed:

- Mortality table: INSEE 2013:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Life expectancy for men (%)	99.274	98.549	97.489	94.963	88.615	83.631
Life expectancy for women (%)	99.469	99.222	98.745	97.436	94.414	92.075

- Retirement age: 67 for French companies and 60 for Tunisian companies;
- Salary escalation rate: 2.25% for French companies, 3% for Tunisian companies;
- Low or high turnover rates according to the companies and employee category (management or non-management):

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Low turnover rate (%)	5.80	2.77	2.04	0.1	0.05	0.0
High turnover rate (%)	18.3	10.9	6.3	4.2	1.0	0.0

A study of the sensitivity of a change in the discount rate indicates that:

- a 1% increase in the rate would have a positive impact on consolidated comprehensive income of €1,227,000;
- a discount rate at a floor of 0% would have a negative impact on consolidated comprehensive income of €1,122,000.

Provisions for retirement liabilities stood at:	**2019**	**2018**
For all the French companies	€9,365,000	€8,269,000
For the Italian subsidiary	€1,535,000	€1,459,000
For the Tunisian subsidiaries	€183,000	€177,000
TOTAL	**€11,083,000**	**€9,905,000**

Retirement liabilities at the end of the next financial year (12/31/2020) should total approximately €11,884,000 at a consistent discount rate.

Retirement severance payments paid in financial year 2019 amounted to €121,000.

Concerning defined contribution schemes, pension contributions paid for financial year 2019 totaled €4,184,000, versus €4,109,000 for 2018.

Note 18. Other current liabilities

A breakdown of other **current financial liabilities** is presented below:

(€k)	Net value at 12/31/2018	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2019
Accounts payable on goods and services	**79,594**	**5,474**		**214**	**85,282**
Advances and prepayments received	**24,651**	3,635		(120)	**28,166**
Amounts payable to payroll tax agencies	**22,022**	2,807		59	**24,888**
Tax payables (other than income tax)	**13,477**	(5,503)		32	**8,006**
Other operating liabilities	**60,149**	**940**	**0**	**(29)**	**61,060**
Tax payables (income tax)	**2,029**	**(674)**		**(13)**	**1,342**
Liabilities on non-current assets	**675**	(335)		0	**340**
Creditor current accounts	**500**	(123)		(1)	**375**
Other miscellaneous liabilities	**258**	(36)		2	**225**
Miscellaneous liabilities	**1,434**	**(494)**	**0**	**1**	**941**
Total	**143,206**	**5,245**	**0**	**173**	**148,624**

Trade and other payables are recognized at fair value upon initial recognition and then at amortized cost.

Deferred income involves subscription agreements signed with customers. The revenue from these contracts is allocated on a straight-line basis over their term (see Note 20 “Revenue” in the notes to the consolidated financial statements).

Note 19. Operating segments

In line with the analysis of performance based on the internal management approach, information is presented for two distinct operating segments “Automotive” and “Telecoms.”

In compliance with IFRS 8, information provided by operating sector is based on the management approach, i.e. the method used by management to allocate resources according to the performances of different sectors. At the Group, the Chairman of the Executive Board is the entity’s chief operating decision-maker. The Group has two segments that propose different products and services and are managed separately as they require different technological and commercial strategies. The activities covered by the different segments can be summarized as follows:

- the Automotive Division, which comprises the “Original Equipment Manufacturer (OEM),” “Aftermarket,” and “Manufacturing-Design & Services (MDS)” products;
- the Telecoms Division, which comprises “SatCom,” “Energy,” “Rail,” and “Telecom Network Infrastructure” products.

In addition to these two operating segments there are two other headings:

- “Other” which includes the holding company, ACTIA Group S.A., and the real estate investment company, SCI Les Coteaux de Pouvourville (accounted for under the equity method).

In 2019, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2019			
	Automotive sector	Telecoms Sector	Other	Group consolidated financial statements
Income from ordinary activities				
(Revenue)	463,516	56,789	106	**520,411**
Purchases consumed	(264,313)	(23,243)	(550)	**(288,105)**
Staff costs	(105,622)	(16,211)	(1,300)	**(123,134)**
External charges	(65,692)	(10,241)	(1,755)	**(77,688)**
Depreciation and amortization (A)	(26,925)	(2,405)	(44)	**(29,375)**
Current operating income	**11,609**	**3,574**	**223**	**15,406**

(€k)	12/31/2019			
	Automotive sector	Telecoms Sector	Other	Group consolidated financial statements
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**12,505**	**3,558**	**213**	**16,276**
Interest expense and other financial charges (B)	(2,962)	(288)	(690)	**(3,940)**
Fair value of hedging instruments (E)	19	(11)	0	**7**
Taxes (D)	(3,614)	(79)	(29)	**(3,722)**
NET INCOME (F)	**5,965**	**3,183**	**(423)**	**8,724**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**39,448**	**5,966**	**341**	**45,755**
SECTOR ASSETS				
Non-current assets	163,453	30,061	907	**194,421**
Inventories	139,218	21,917	0	**161,135**
Accounts receivable	96,912	43,270	41	**140,223**
Other current receivables	19,810	4,444	154	**24,408**
Cash and cash equivalents	40,098	3,344	3,163	**46,604**
TOTAL SECTOR ASSETS	**459,492**	**103,035**	**4,264**	**566,791**
INVESTMENTS				
Intangible assets	17,238	2,745	0	**19,984**
Property, plant and equipment	23,922	4,868	19	**28,809**
Financial	0	0	0	**0**
TOTAL INVESTMENTS	**41,160**	**7,613**	**19**	**48,793**
SECTOR LIABILITIES				
Non-current liabilities	106,983	15,753	26,183	**148,918**
Current financial liabilities	85,032	18,579	3,020	**106,632**
Accounts payable	77,848	7,170	264	**85,282**
Other current liabilities	66,303	18,424	845	**85,571**
TOTAL SECTOR LIABILITIES	**336,166**	**59,926**	**30,312**	**426,403**

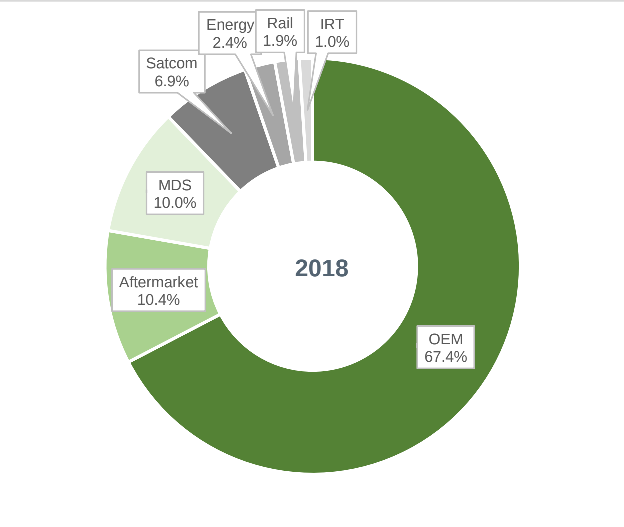
In 2018, the breakdown of key line items by operating segment was as follows:

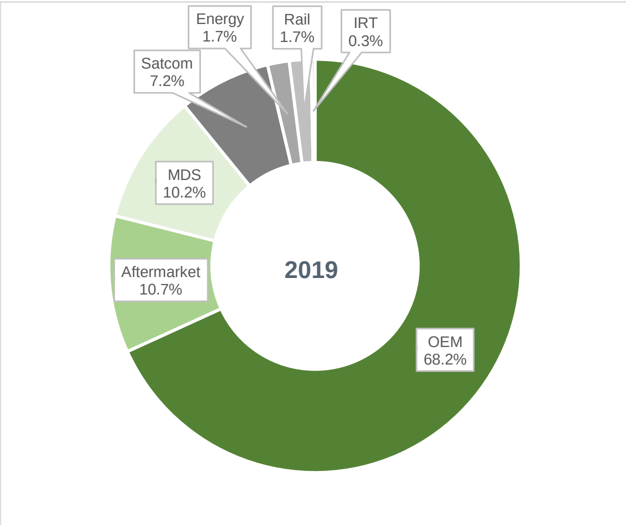
(€k)	12/31/2018			
	Automotive sector	Telecoms Sector	Other	Group consolidated financial statements
Income from ordinary activities				
(Revenue)	418,121	58,264	135	**476,520**
Purchases consumed	(244,470)	(23,376)	(464)	**(268,310)**
Staff costs	(92,499)	(16,350)	(1,341)	**(110,191)**
External charges	(67,530)	(9,996)	(1,702)	**(79,228)**
Depreciation and amortization (A)	(18,923)	(1,759)	(5)	**(20,688)**
Current operating income	**4,121**	**5,011**	**(465)**	**8,667**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**4,942**	**5,195**	**(562)**	**9,575**
Interest expense and other financial charges (B)	(2,401)	(63)	(797)	**(3,260)**
Fair value of hedging instruments (E)	6,223	282		**6,505**
Taxes (D)	(2,386)	(443)	(38)	**(2,867)**
NET INCOME (F)	**6,438**	**4,992**	**(2,237)**	**9,194**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**23,926**	**6,975**	**(1,396)**	**29,505**
SECTOR ASSETS				
Non-current assets	137,109	23,919	673	**161,702**
Inventories	118,556	17,495	0	**136,051**
Accounts receivable	119,170	31,133	(41)	**150,262**
Other current receivables	26,920	3,689	210	**30,819**

(€k)	12/31/2018			
	Automotive sector	Telecoms Sector	Other	Group consolidated financial statements
Cash and cash equivalents	25,407	2,510	9,119	**37,036**
TOTAL SECTOR ASSETS	**427,162**	**78,747**	**9,961**	**515,870**
INVESTMENTS				
Intangible assets	18,985	2,553	0	**21,538**
Property, plant and equipment	28,299	2,438	4	**30,740**
Financial	363	3	233	**599**
TOTAL INVESTMENTS	**47,647**	**4,994**	**237**	**52,877**
SECTOR LIABILITIES				
Non-current liabilities	83,731	7,497	1,543	**92,770**
Current financial liabilities	95,723	5,078	25,746	**126,547**
Accounts payable	69,710	9,594	290	**79,594**
Other current liabilities	66,198	17,166	776	**84,140**
TOTAL SECTOR LIABILITIES	**315,362**	**39,336**	**28,355**	**383,053**

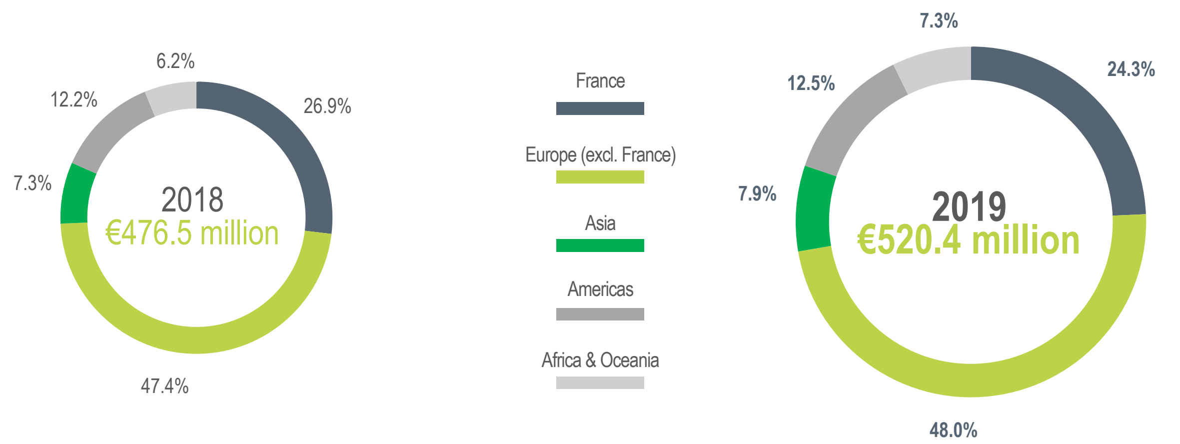
Note 20. Revenue

Revenue by sector breaks down as follows:





Revenue by customer and region breaks down as follows:



In 2019, 75.7% of revenue was earned internationally compared to 72.9% in 2018.

Recognition of revenue in the consolidated financial statements depends on the type of revenue:

- sales: equipment and goods;
- study sales;
- Service contracts (maintenance, guarantee, hotline or other "stand ready" obligation);
- multiple item contracts

Note 20.1 Sale of goods

The income from the sale of goods is recognized in revenue at the time control of the service obligation is transferred. In most cases this is the delivery date of the goods.

Note 20.2 Study sales

Each study constitutes a separate service obligation to the extent that development control is transferred to the customer.

Revenue is recognized on a percentage of completion basis when the transfer of control is ongoing or following the completion of the service provided when the transfer control takes place at a precise moment.

Note 20.3 Service contracts

This method measures the percentage of completion, which better reflects the Group's performance, shows percentage of completion via costs. The inputs identified are consumed uniformly throughout the period required to meet the performance obligation.

Note 20.4 Multiple item contracts

Development and supply of long production run contracts

One or more performance obligations were identified based on the connections between design and production. Revenue is recognized by percentage of completion via costs because the contracts meet the following criterion:

- ACTIA does not have another use for the asset provided;
- ACTIA has an enforceable right to payment for the performance completed on time in the event of the termination of the contract at the customer's convenience.

The contracts concern the Telecoms Division's "Defense" and "Energy" businesses.

Development and supply of long production run contracts

The development phase is generally concomitant with the launch of a product policy intended to acquire a new technology brick. In addition, the development completed can be partially financed by the customers.

In 2018, the Group carried out an analysis as part of the implementation of IFRS 15 to distinguish between the generic and specific costs incurred for a contract:

- Generic costs were analyzed using IAS 38 and capitalized in "Development costs" if the capitalization conditions were met. The Group reclassified costs initially included in the "Inventory and work-in-process" item as "Development costs." The development costs entered in assets correspond to projects for the application of generic standards and technologies for the customers or markets identified;
- Development costs specific to contracts were analyzed as contract execution costs. The latter were classified in the balance sheet under the "Inventory and work-in-process" item. In the case of development financed by customers, it was decided that the development could not be separated from the production run and did not constitute a distinct service obligation. As a result, the financing of development by customers is recognized on the balance sheet under "Contract liabilities" at collection time, then recognized as revenue as the production run is delivered and on the basis of forecast sales for each product.

When the products sold are under a contractual guarantee, it is not recognized as a separate service obligation given that there is no purchase option for the guarantee distinct from the contract or any additional service provided by the Group for the guarantee. A provision is, therefore, created for the guarantee costs in line with IAS 37.

Note 20.5 Order book

The Group applies IFRS 15, "Revenue from contracts with customers," which introduces the concept of an order book ("revenue remaining to be recognized for service obligations not yet completed or partially completed on the close date").

The Group's order book was therefore €363,888,000 at December 31, 2019, of which 81.1% should be converted to revenue within a year, as opposed to 88.9% at December 31, 2018.

(€k)	At 12/31/2018	At 12/31/2019
Order book	356,324	**363,888**

Note 21. Income tax

Income tax includes current and deferred taxes.

Current tax

Current tax is the estimated amount of tax due on taxable profit for the period at applicable tax rates and any adjustment to current tax liabilities in respect of previous periods.

Deferred taxes

Deferred taxes are detailed in Note 12 "Deferred tax" in the notes to the consolidated financial statements.

The CVAE added value business tax

The Group decided not to account for CVAE (contributions assessed on company added value) as a tax on income and as from January 1, 2010 has recorded it as an operating expense. The Group in effect considers that added value corresponds to an intermediary income statement aggregate for which the amount varies significantly from that on which income tax is assessed.

The breakdown for **Group income tax** aggregates is as follows:

(€k)		12/31/2019	12/31/2018
Earnings (loss) of consolidated companies		8,670	10,080
Current tax (credit)		3,649	3,096
Deferred tax (credit)		74	(229)
o.w.	*Differed tax arising from timing differences*	*(606)*	*287*
	Deferred tax on change in tax rate	*680*	*(516)*
Pretax earnings (loss) of consolidated companies		**12,393**	**12,947**

The table below provides an analysis of tax in the consolidated financial statements:

(€k)		12/31/2019	12/31/2018
Theoretical tax calculated at standard French rate	(theoretical income tax: 31.00%)	3,842	4,315
Research tax credit		(1,468)	(1,302)
Other tax credits		39	(430)
Tax on dividends		0	(8)
Impact on theoretical income tax			
- Tax rate differential (between French and foreign rates)		(1,019)	*(1,125)*
- Impact of changes in deferred tax rates		680	(516)
- Non-capitalized tax losses		2,935	3,726
- Change in outlook for utilization of tax losses		(881)	(1,129)
Income on the utilization of non-capitalized tax losses		*(1,672)*	*(1,129)*
Income on modification of capitalization of tax losses		*0*	*0*
Losses on changes to capitalization of tax losses		*792*	*0*
- Tax on capital gains		0	0
- Adjustment of prior year's tax		(3)	(118)
- Adjustment of current year's tax		55	48
- Other (including permanent differences)		(459)	(595)
Income tax recognized	(actual tax rate: 30.04%)	**3,722**	**2,867**

Note 22. - Other operating income and expenses

These line items present only income or expense resulting from a major event occurring during the accounting period that might distort the presentation of the Group's performance. These include accordingly a very limited number of income or expense items, unusual and infrequent in nature, presented separately by the Group in its income statement.

Other operating income and expenses mainly consist of a settlement received following the resolution of a litigation.

Note 23. Financial result

The financial result is detailed in the following table:

(€k)	12/31/2019	12/31/2018
Income on cash and cash equivalents	12	35
Interest expense and other financial charges	(3,940)	(3,260)
o.w. Interest on financial liabilities	(3,940)	(3,260)
Other financial income	267	6,615
o.w. Interest income	*155*	*90*
Dividends received	*0*	*19*
Income from financial instruments	*112*	*6,505*
Other financial expenses	(223)	(18)
o.w. Expenses on financial instruments	*(105)*	*0*
Financial result	**(3,884)**	**3,371**

Given a EUR/USD exchange rate at the close of the period of 1.1234, the valuation of the currency hedging instruments was not material compared to December 31, 2018 when the EUR/USD rate was 1.1450 and led to the recognition of fair value of €7 k with no impact on the financial result, compared to €6,505,000 for the previous year.

It should be noted that the gross interest rate for the 2019 financial year was 1.64% compared to 1.59% in 2018.

Note 24. Related party transactions

Related party transactions with ACTIA Group have been defined in accordance with IAS 24 and are presented below along with details of transactions in financial year 2019.

Note 24.1 With the holding company: LP2C S.A.

The scope of relations with LP2C is defined in three agreements signed between LP2C and the Group companies on November 27, 2018:

- Recurring assignments concern:
  - Group leadership
  - Services in the following fields:
    - Administrative, legal, accounting and financial;
    - Quality;
    - Communications support;
    - Human resources;
    - Real estate;
    - Group management and internal procedures;
    - Business development.
  - A special agreement links ACTIA Group to LP2C and ACTIA Group provides the following services to LP2C:
    - Executive Secretary;
    - Accounting.
- Non-recurring assignments: at the request of Group companies, LP2C can to carry out on their behalf specific, clearly defined, time-limited assignments not typically included in the services listed above. These periodic assignments shall be subject to a new agreement prepared in the same manner and terms as the contract governing the recurring assignments and must be authorized in advance by the Board.

These agreements were concluded for a fixed period of five years from January 1, 2018 to December 31, 2022.

The financial details for 2019 are set out below:

(€k)		**Dedicated staff** (number of people)	2019
Recurring assignments			**1,581**
o.w.	*Group promotion*	*5*	*370*
	Administrative, legal, accounting and financial assistance	*6*	*771*
	Quality support	*3*	*30*
	Communications support	*4*	*70*
	Human resources support	*3*	*83*
	Real estate support	*1*	*1*
	Support for the management of internal procedures	*1*	*6*
	Business development support	*4*	*249*
Non-recurring assignments		-	-

The **financial details** for 2018 are set out below:

(€k)		**Dedicated staff** (number of people)	**2018**
Recurring assignments			**1,526**
o.w.	*Group promotion*	*5*	*370*
	Administrative, legal, accounting and financial assistance	*6*	*735*
	Quality support	*3*	*16*
	Communications support	*3*	*58*
	Human resources support	*4*	*75*
	Real estate support	*3*	*9*
	Support for the management of internal procedures	*1*	*7*
	Business development support	*4*	*257*
Non-recurring assignments		**-**	**-**

No particular benefit was granted under this agreement.

This agreement is also covered in Subsection 5.11.10 “Special report of the Statutory Auditors on regulated agreements” in this Universal Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€k)		**2019**	**2018**
Net transaction amount (expense)		**(1,525)**	**(1,500)**
o.w.	*Invoicing agreement*	*(1,581)*	*(1,526)*
	Sundry services to the holding company	*55*	*26*
Net balance sheet amount (liability)		**(653)**	**(575)**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(673)*	*(590)*
	Accounts receivable	*21*	*15*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

Note 24.2 With equity-method associates

Group relations with SCI Los Olivos and SCI Les Coteaux de Pouvourville relate to **real estate operations**:

- SCI Los Olivos owns the land and building in Getafe (Spain) leased to ACTIA Systems;
- SCI Les Coteaux de Pouvourville owns the land and buildings in Toulouse, which are leased to ACTIA Group and ACTIA Automotive in proportion to floor space used.

In addition, in 2016, the Group took a minority interest of 20.0% of the capital in Coovia, an Internet start-up specializing in urban ride sharing, via its parent company ACTIA Group. A compulsory liquidation procedure has been underway since March 5, 2019 following its declaration of insolvency on February 15, 2019. The current account was depreciated, and the equity-accounted securities decreased to zero at December 31, 2018.

The financial details for **SCI Los Olivos** are as follows:

(€k)		2019	2018
Net transaction amount (expense)		**(164)**	**(175)**
o.w.	*Rental charges*	*(176)*	*(176)*
	Interest expense and other financial charges	*11*	*0*
Net balance sheet amount (liability)		**332**	**0**
o.w.	*Current accounts*	*320*	*0*
	Accounts payable	*0*	*0*
	Accounts receivable	*11*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details for **SCI Les Coteaux de** Pouvourville are as follows:

(€k)		2019	2018
Net transaction amount (expense)		**(972)**	**(839)**
o.w.	*Rental charges*	*(942)*	*(743)*
	Re-invoicing of miscellaneous expenses	*(30)*	*(96)*
Net balance sheet amount (liability)		**22**	**27**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(2)*	*0*
	Accounts receivable	*23*	*27*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details for **COOVIA are** as follows:

(€k)		2019	2018
Net transaction amount (expense)		**0**	**14**
o.w.	*Interest expense and other financial charges*	*0*	*14*
Net balance sheet amount (liability)		**0**	**823**
o.w.	*Current accounts*	*0*	*800*
	Accounts payable	*0*	*0*
	Accounts receivable	*0*	*23*
Invoicing terms		N/A	Annual
Payment terms		N/A	Cash
Impairment of doubtful receivables		**0**	**0**

Note 24.3 With the subsidiaries

All transactions between consolidated companies as well as internal gains and losses from the disposal of fixed assets or inventories of these companies are eliminated. Internal losses are eliminated in the same way as internal gains though only to when they do not represent an impairment loss.

These are companies included in the Group's scope of consolidation (see Note 3.2 "Consolidated companies" in the notes to the consolidated financial statements).

Transactions with subsidiaries are wholly eliminated in the consolidated financial statements, as are all transactions between fully consolidated subsidiaries of the Group. They are varied in nature:

- purchase or sale of goods and services;

- leasing of premises;
- transfer of research and development;
- purchase or sale of capitalized assets;
- license agreements;
- management fees;
- current accounts;
- loans, etc.

Note 24.4 With the members of the management bodies

This involves the compensation paid to **Corporate Officers of ACTIA Group S.A.**:

- by ACTIA Group: members of the Executive Board and of the Supervisory Board;
- by LP2C, the controlling company: members of the Executive Board and of the Supervisory Board;
- by the controlled companies, subsidiaries of ACTIA Group.

The **breakdown of compensation paid** to Corporate Officers is set out below:

(€k)		2019	2018
Compensation of Corporate Officers		**586**	**529**
o.w.	*Fixed*	*451*	*391*
	Variable	*100*	*100*
	Non-recurring	*25*	*29*
	Benefits in kind	*9*	*9*
Other compensation of non-executive Corporate Officers		**170**	**168**
Directors' fees		**0**	**0**
Total		**756**	**697**

To date, no stock option plans exist within ACTIA Group S.A or other Group companies.

Information relating to contributions to retirement plans, amounts paid on leaving, as well as other benefits is provided in Subsection 7.4, "Corporate Officer compensation" in this Universal Registration Document.

Note 24.5 With other related parties

- GIE PERENEO

ACTIA Automotive S.A. owns 50% of GIE PERENEO. The purpose of this economic interest grouping (EEIG) is to provide Operating Maintenance Services (OMS) and to extend the lifespan of electronic systems with Spherea Tests & Services, the joint partner of the EEIG.

The **financial details relating to transactions** with GIE PERENEO are set out below:

(€k)	12/31/2019	12/31/2018
Amount of transaction (expense)	1,495	1,334
Balance sheet amount (liability)	925	717
Payment terms	Cash	Cash
Impairment of doubtful accounts	0	0

Key **financial aggregates** for GIE PERENEO are set out below:

(€k)	12/31/2019	12/31/2018
Total assets	2,009	1,759
Liabilities	2,038	1,770
Sales	3,047	3,036
Net income	(18)	(38)

Note 25. Headcount

Headcount	2019	2018
France	1,234	1,191
Foreign operations	2,620	2,506
Total	**3,854**	**3,697**

The breakdown of headcount by operating segment at December 31, 2019 was as follows:

Headcount	Management	Non-management	Total
Automotive	1,144	2,398	3,542
Telecoms	160	141	301
Other (o.w. the holding company)	10	1	11
Total	**1,314**	**2,540**	**3,854**

For more information, see Subsection 5.7, “Sustainable development” in the Executive Board’s Management Report.

Note 26. Off-balance-sheet commitments

Off-balance-sheet commitments break down as follows:

(€k)	12/31/2019	12/31/2018
Commitments received		
Bank guarantees	21,745	27,799
Total commitments received	**21,745**	**27,799**

The above information does not include:

- amounts owed under operating and finance leases are dealt with in Note 14 in the notes to the consolidated financial statements, “Financial liabilities” ;
- interest on borrowings is presented in Note 14 in the notes to the consolidated financial statements, “Financial liabilities” ;
- commitments relating to forward currency sales and interest rate swaps described in Note 11.2 in the notes to the consolidated financial statements, “Financial instruments at fair value through profit or loss” .

Note 27. Encumbered assets

Encumbered assets are assets used as collateral for balance sheet liabilities. They break down as follows:

(€k)	12/31/2019				12/31/2018			
	Automotive Division	Telecoms Division	Other subsidiaries	Total	Automotive Division	Telecoms Division	Other subsidiaries	Total
Consolidated company securities (*)	0	3,607	0	**3,607**	0	3,607	0	**3,607**
Balance of debt guarantee	*0*	*2,022*	*0*	***2,022***	*0*	*2,519*	*0*	***2,519***
Trade receivables pledged	15,913	4,167	0	**20,080**	22,788	1,457	0	**24,246**
o.w. Dailly-type, guaranteed	*7,334*	*0*	*0*	***7,334***	*6,698*	*0*	*0*	***6,698***
Dailly-type, with recourse	*8,579*	*4,167*	*0*	***12,745***	*16,090*	*1,457*	*0*	***17,548***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	11,685	0	0	**11,685**	11,634	0	0	**11,634**
Inventory pledged	14	0	0	**14**	0	0	0	**0**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,537	0	0	**1,537**	1,323	0	0	**1,323**
Mortgages/pledges (land/buildings)	20,103	4,579	0	**24,681**	16,099	1,102	0	**17,202**
Total	**49,251**	**12,352**	**0**	**61,603**	**51,845**	**6,167**	**0**	**58,012**

(*) Carrying value of pledged securities

Note 28. Risk factors

The Group reviews the risks that could have a material adverse effect on its business, financial position, results, or its ability to achieve its objectives, which are listed under Section 6 “Risk factors” in this Universal Registration Document.

Note 28.1 Credit and/or counterparty risks

Credit and/or counterparty risk could arise from the failure of a customer in financial difficulties or going into receivership. In reality, it would reflect the dependency of the Group on certain major customers.

The ten largest customers account for 58.7% of total sales. The largest customer in terms of sales accounts for 21.6% of total Group revenue. This is an exceptional level given the deployment of a one-off contract with an automotive manufacturer (high volume), the withdrawal of which has been announced and will help to return to a desirable situation in which none of the Group’s customer accounts for more than 10% of revenue within two years. However, it is important to note that the leading customers are in most cases international groups with many subsidiaries operating in differentiated markets both in terms of legal form (subsidiaries/divisions) and of products addressing the needs of independent segments.

The next nine customers account for percentages of between 7.4% and 2.0% of consolidated revenue. This situation changed very little in 2019.

Because of both the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group’s exposure to credit risk is limited.

The Group does not anticipate any material risks relating to customer default with respect to amounts not provisioned (see Note 9, in the notes to the consolidated financial statements, “Trade and other receivables”).

Furthermore, the Group may have recourse to credit insurers in certain cases.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognized tools such as documentary credit facilities.

Note 28.2 Liquidity risks

The Company carries out specific reviews of its liquidity risk and considers that it is able to honor its future debt obligations. By performing reviews on a regular basis in this matter, rapid responses can be adopted as necessary.

A detailed analysis of financial liabilities, cash, net debt and other financial liabilities, including interest-bearing debt, is presented in Note 14 “Financial liabilities” in the notes to the consolidated financial statements.

Liquidity risk for the Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive, as they account for 70.3% of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

The Group increased its use of short-term financing by €13,377,000 in 2019, broken down as follows:

- Dailly: €653,000, up by 4.1%;
- Overdraft: €17,623,000, up by 180.5%;
- Cash credit lines: (€4,950,000), down by 50.1%.

CIR financing also increased by €789 k, offsetting the €738,000 loss arising from the elimination of the CICE, as a result of the natural evolution of these specific items. Note that the collateralization of €9,030,000 of the CIR changed in 2019 in the amount of the difference between the collateralization of the 2018 CIR and the refund of the 2014 CIR from the government.

Note that approvals for short-term credit lines were stable and only 44.5% used by the end of the period.

Over 2019, the Group’s gross indebtedness grew by €34.9 million to €240.5 million, of which €16.0 million was related to the first application of IFRS 16 (see Note 2.4 “Change in method”).

A detailed analysis of financial assets and liabilities is provided in Note 13 “Assets and liabilities” in the notes to the consolidated financial statements. It is presented in the following tables by maturity:

At December 31, 2019:

(€k)	<12/31/20	>01/01/21 <12/31/24	>01/01/25	Total
Total financial assets	200,405	11,808	1,276	**213,489**
Total financial liabilities	(192,854)	(109,287)	(24,616)	**(326,758)**
Net position before hedging	**7,550**	**(97,479)**	**(23,341)**	**(113,270)**
Off-balance-sheet commitments	(21,745)			**(21,745)**
Net position after hedging	**(14,194)**	**(97,479)**	**(23,341)**	**(135,015)**

At December 31, 2018:

(€k)	<12/31/19	>01/01/20 <12/31/23	>01/01/24	Total
Total financial assets	207,106	13,190	1,197	**221,492**
Total financial liabilities	(207,576)	(70,004)	(9,049)	**(286,629)**
Net position before hedging	**(470)**	**(56,815)**	**(7,852)**	**(65,137)**
Off-balance-sheet commitments	(27,799)			**(27,799)**
Net position after hedging	**(28,269)**	**(56,815)**	**(7,852)**	**(92,936)**

For the Group, an entity’s risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and the collection of receivables. In this respect, there are no difficulties to be reported.

The Group companies independently manage their cash needs. The parent company only intervenes in the event of difficulties. The cash is generated from the Company’s operating activities and from bank lines of credit put in place locally. Major investments are decided at the Group Management level (buildings, plant and machinery, significant R&D projects) and are generally financed through borrowing or lease financing by the entity concerned. As the lead company of the Automotive Division, ACTIA Automotive S.A. may be required to finance significant investments for its subsidiaries (e.g. telematics investments for its ACTIA Nordic subsidiary, industrial investments in the United States for its ACTIA Corp. subsidiary).

Lastly, given that the Group benefits from excess cash in some subsidiaries, it has implemented bilateral cash agreements which are triggered according to its needs.

To date, ACTIA Automotive S.A. has signed master agreements for cash pooling with its subsidiaries ACTIA Systems (Spain), I+Me ACTIA (Germany), ACTIA Italia (Italy) and ACTIA PCs (France) to optimize surplus cash flows within the Group. ACTIA Automotive S.A did not use any cash from its subsidiaries in 2019.

Similarly, ACTIA Telecom executed a bilateral cash pooling agreement with its parent company ACTIA Group S.A. for €3 million, which was not used as of December 31, 2019.

It should be noted that the purpose of these cash pooling agreements is to make use of available cash within the Group to limit recourse to short-term financing facilities and, therefore, reduce financial expenses: as such, they do not involve the transfer of bank loans to the subsidiaries.

Lastly, the Group's financing needs relate to its innovative strategy as an industrial enterprise. Every year, therefore, financing is needed to support the capital expenditure decisions that ensure the medium- and long-term prosperity of ACTIA. So, historically almost 75% of medium-term financing concerns R&D or, occasionally, external acquisitions. This situation changed for a limited period with the real estate investment plan in 2017-2019. The financing strategy consists of three parts:

- long-term financing: the construction/refurbishment/acquisition of buildings are financed by long-term loans in line with the local practices of the countries in question;
- medium-term financing: bank loans are used to finance major R&D projects (see Subsection 5.6 "Investments" in this Universal Registration Document) over an average period of four to five years. The remaining R&D financing is assured either by customers, through different forms of public aid (grants, advances, research tax credits) or equity financing. The renewal of the plant and equipment necessary to maintain the quality standards and the capacity of the production facilities are financed either by leasing agreements (France) or medium-term loans;
- short-term financing: short-term credit lines are used to manage WCR.

It should be noted that short-term credit lines are rarely notified.

Note 28.3 Market risks

❖ Interest rate risk

Variations in interest rates represent a risk for the Group as they could affect its financing costs.

The analysis carried out by the Group produced the figures presented in the table, below:

(€k)	Financial assets* (a)		Financial liabilities* (b)		Net position before hedging (c) = (a) - (b)		Interest rate risk hedges (d)		Net position after hedging (e) = (c) + (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	200,405		135,458	57,396	64,947	(57,396)	13,250	(13,250)	**51,697**	**(44,146)**
From 1 to 5 years	11,808		106,148	3,140	(94,340)	(3,140)			**(94,340)**	**(3,140)**
> 5 years	1,276		21,739	2,877	(20,463)	(2,877)			**(20,463)**	**(2,877)**
Total	**213,489**	**0**	**263,345**	**63,413**	**(49,857)**	**(63,413)**	**13,250**	**(13,250)**	**(63,107)**	**(50,163)**

* A description of financial assets and liabilities is provided in Note 13 in the notes to the consolidated financial statements, "Financial assets and liabilities."

At Group level, the control is carried out on the breakdown of total interest rate risk to ensure that interest expense on bank loans remains at a reasonable level.

The Group took advantage of low bank interest rates and the implementation of a zero percent rate floor for variable-rate financing to continue to take out fixed-rate financing in 2019. The breakdown of financial liabilities between variable- and fixed-rate debt is set out in Note 14 “Financial liabilities.”

(€k)	Level 1 At market prices	Level 2 With observable inputs	Level 3 With non-observable inputs
Non-current liabilities			
Other financial liabilities	1,335		
Current liabilities			
Current financial liabilities	973		
Financial instruments			
Total	**2,308**	**-**	**-**

Financial liabilities in the notes to the consolidated financial statements.

The Group implemented staggered hedging instruments in 2015. They have reduced the current share of variable-rate bank borrowings to 20%. The characteristics of the interest rate swaps subscribed to by our subsidiary ACTIA Automotive S.A. are described in Note 11.2 “Financial instruments at fair value through profit or loss” in the notes to the consolidated financial statements.

The sensitivity to a 1% increase or decrease in the benchmark has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€k)	12/31/2019	
	Impact on pretax earnings	Impact on shareholders' equity before tax
Impact of a 1% increase in interest rates	**(502)**	**(502)**
Impact of a 1% decrease in interest rates	**502**	**502**

It is important to note that, since the implementation of short-term interest rates below 0, many banks impose a floor of 0%, which prevents the Group from taking advantage of the financial market’s negative rates.

- Exchange rate risk

The Group’s international footprint exposes it to exchange rate risks related to fluctuations in foreign currencies, both for actual transactions and the conversion of its assets and results.

With purchases of over €280 million, including almost €130 million in US Dollars (excluding purchases made by our American entities that benefit from natural coverage), a change in the EUR/USD exchange rate has a very rapid effect on the Group’s profitability.

For transactions denominated in foreign currencies, for example, purchases or sales by Eurozone entities denominated in US Dollars (USD) or Japanese Yen (JPY), the companies involved manage their exchange rate risks independently, putting in place exchange rate hedges when the volumes involved allow for it.

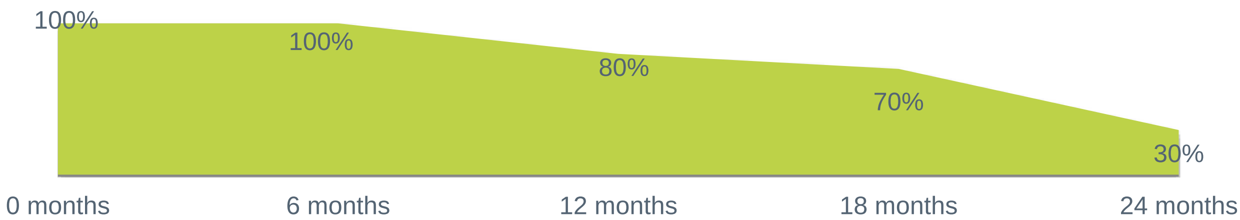
It subscribes to foreign exchange hedging contracts on a regular basis. Their characteristics are described in Note 11.2 “Financial instruments at fair value through profit or loss” in the notes to the consolidated financial statements. The purpose of these hedging tools is to secure the cost of acquiring USD in relationship to the selling price to our customers. These prices are set at the time of the tenders and our customers do not allow them to change as a function of fluctuations in the EUR/USD exchange rate or the components market. The goal is not to speculate on the markets, but to ensure a reasonable level of parity for the coming weeks and months.

A significant shift in the EUR/USD rate has very different outcomes based on short-term and medium-term approaches adopted by the Group:

- in the short-term, it represents a major risk for our component purchases, about half of which are made in Dollars and which are primarily manufactured in a dollar-dominated region. The hedging instruments limit the impact of changes in the ratio and protect purchases when there is a significant drop. However, they do not enable the benefit of increases to be felt immediately as they must wait for the implementation of new tools following the expiration of the current ones. It is also noted that, despite very significant variations, the Group has been able to work at a virtually constant exchange rate for the past three years. However, actions are being carried out to identify the adjustments required for pricing for both suppliers and customers. Note that in both cases, given our size, few products have benefited from price adjustments in our favor in the past;
- in the medium-term, changes in exchange rates may impact the Group's competitiveness in international calls for tender, but with a time lag of 18 months to three years in the business, reflecting the development (R&D) and industrialization cycle.

The Group was thus able to acquire USD at an average exchange rate over the period of 1.165, as compared to 1.178 in 2018, thus generating a gain of €4,115,000 compared to the money markets, where the average exchange rate was 1.112, as compared to 1.181 in 2018.

For information, the hedging tools are part of a policy, which can be expressed in terms of the level of coverage achieved for dollar-denominated purchasing needs, and can be shown as follows:



The Company has conducted an analysis of its **foreign exchange risk**, after hedging for accounts receivable and payable. The figures obtained from this analysis are provided below:

(€k)	Trade receivables - gross amounts (a)	Trade payables (b)	Off-balance-sheet commitments (c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	92,112	(59,256)	3,189	36,046		36,046
USD	34,770	(17,947)	18,507	35,330	12,036	47,366
Other currencies	16,760	(8,079)	49	8,730		8,730
Total	**143,643**	**(85,282)**	**21,745**	**80,106**	**12,036**	**92,142**

The majority of transactions are accordingly in Euros. An analysis of the sensitivity of a 1% variance in the US Dollar exchange rate has been done. It is the second most widely used currency by the Group, with the nine other currencies grouped together in the following table under the heading "Other currencies" presenting no material risk, even if certain currencies tend to fluctuate considerably, such as the Brazilian Real.

The sensitivity to a 1% increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€k)		Impact on pretax earnings		Impact on shareholders' equity before tax	
		Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Net position after hedging in USD		47,366	47,366	47,366	47,366
USD	0.89015	0.89906	0.88125	0.89906	0.88125
Estimated risk		**+422**	**(422)**	**+422**	**(422)**

Lastly, given the particularly strong negative impact on the 2019 year-end of €7.0 k compared to €6.5 million in 2018, the valuation of hedging instruments required by IAS 39 can fluctuate significantly from one financial year to the next. The use of accumulator-type tools managed with an accumulation capacity limited by regular early exercises and a double accumulation threshold providing a bonus compared to forward purchases, adds a degree of risk to the valuation calculation which bids up the calculation. Note that the purpose of these instruments is to protect purchases in foreign currencies. There is a risk that technical entries with no link to the business may have to be made.

Assets and liabilities outside of the Eurozone account for a small share of 25.3%, and are generally only linked to the business activity. Moveable assets and real estate are depreciating or are already entirely depreciated. Only the latest investments in the United States, with the new production facility for circuit boards, are accompanied by a debt in foreign currency, with the construction of the two buildings in Tunisia being locally financed in Euros. An analysis of the two long-term investments compared to the currency risk was carried out, but the real estate opportunity they represent compared to the cost of leasing properties for electronics printed circuit board production and its specific requirements weighs considerably on the exchange rate risk. Heavy equipment required for production is depreciated rapidly and the homogeneity of the equipment on our sites enables the recovery and use of the goods on any of the sites. Furthermore, the creation of an industrial site on American soil will also help to generate Group sales in foreign currency, allowing it to benefit from a “natural hedge” on part of its business.

Finally, given that we did not choose to value the real estate assets, the net asset value is significantly below the market value and would cover the exchange rate differential if we needed to sell equipment.

The exchange rate risk for subsidiaries outside of the Eurozone is primarily limited to the contribution to the Group’s results. The Group invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

Note 29. Post-closing events

In the context of the COVID-19 pandemic and in accordance with the measures taken by the different governments, ACTIA Group has adopted the measures best suited to its business and had to suspend the production of circuit boards for a number of days.

ACTIA Group has set up teleworking, and is using partial, government-funded layoffs and leave taking to reconcile, as far as possible, business continuity and productivity.

In order to minimize its costs, the Group has activated the main measures offered by the French and other governments in support of businesses.

From a financial standpoint, the Group has requested a six-month payment delay from its banks for the debt subscribed by the entities established in France. It also plans to ask its partners for sufficient support to offset the decrease in business resulting from the crisis.

In 2020, in view of the degree of disruption caused by COVID-19, the Group expects a decline in revenues compared to 2019. Operating income is also expected to be adversely affected despite the measures taken to reduce costs in order to mitigate the consequences. In addition, the Group has not identified a significant impact at this stage on the value of the assets and liabilities as of December 31, 2019.

8.1.7 Fees paid to the Statutory Auditors

Pursuant to Article 222-8 of the General Regulation of the AMF, the table below presents the amount excluding VAT of audit fees paid in respect of the Group’s separate and consolidated financial statements. These fees cover services provided and expensed in financial year 2019 in the accounts of ACTIA Group S.A. and its subsidiaries whose income statements of the period and balance sheets are fully consolidated. For information, the balance of auditors’ fees relating to the period is often invoiced in the first semester of the following period. This was the case for the balance of fees for 2018 invoiced in early 2019.

For improved clarity with respect to information on the parent company and subsidiaries, we have opted for a presentation of amounts as agreed in the letter of engagement.

Overall, auditors’ fees have remained stable from one period to the next.

(€k)	KPMG				BM&A			
	Amount excluding VAT		%		Amount excluding VAT		%	
	2019	2018	2019	2018	2019	2018	2019	2018
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	74	88	15.4%	18.7%	50		71.2%	
Fully consolidated subsidiaries	376	347	77.6%	74.0%	15		21.6%	
Services other than the certification of accounts:								
Issuer: ACTIA Group S.A.	29	34	6.0%	7.2%	5		7.2%	
Fully consolidated subsidiaries	5	0	1.1%	0.0%	0		0.0%	
SUBTOTAL	**485**	**469**	**100.0%**	**100.0%**	**70**	**0**	**100.0%**	
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	10	10	100.0%	100.0%				
Other	0	0	0.0%	0.0%				
SUBTOTAL	**10**	**10**	**100.0%**	**100.0%**	**0**	**0**	**0.0%**	
TOTAL Group	**495**	**479**	**100.0%**	**100.0%**	**70**	**0**	**100.0%**	

Audit fees for the separate and consolidated financial statements for the financial years ended December 31, 2018 and 2019 respectively concern primarily professional services undertaken to review and certify the consolidated financial statements of the Group prepared in accordance with IFRS as adopted in the European Union and certification of the statutory accounts of certain Group subsidiaries, compliance with local regulations and review of documents filed with the AMF, the French securities market regulator.

Services provided by the Statutory Auditors or a member of their network other than the certification of accounts concern those relating to the extension of normal statutory auditing missions (independent third party report on social and environmental information, drafting of special certificates, performance of due diligence in connection with acquisitions or disposals of activities or of companies to be consolidated or deconsolidated).

Other legal, tax and labor services concern services provided by the network to fully consolidated subsidiaries that do not fall under the scope of auditing services rendered by a member of the network of KPMG or by BM&A to consolidated subsidiaries. These assignments concern primarily providing assistance in respect to compliance with tax obligations unrelated to services relating to the statutory audit engagement, and outside of France.

8.1.8 Report of the Statutory Auditors on the consolidated financial statements

To the ACTIA Group S.A. General Meeting,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the consolidated financial statements of ACTIA Group S.A. for the financial year ended December 31, 2019. These financial statements were approved by your Executive Board on March 30, 2020 on the basis of the information available at that date against the backdrop of the rapidly evolving health crisis caused by COVID-19.

We hereby certify that the consolidated financial statements for the financial year are truthful and give a true and fair picture of the results, financial position and assets of the companies and entities comprising the consolidated group, in accordance with IFRS as adopted by the European Union.

The opinion above is consistent with the content of our report to the Audit Committee.

Basis for our opinion

Audit standards

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

The responsibilities incumbent upon us by virtue of these standards are described in the section entitled “Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements” of this report.

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us for the period from January 1, 2019 to the date of issue of our report. We did not provide any of the services forbidden by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the Statutory Auditors’ Code of Ethics.

Note

Without wishing to contradict the opinion expressed above, we would draw your attention to the following point made in Note 2.4 in the notes to the consolidated financial statements concerning the impacts of the first application of IFRS 16 “Leases.”

Justification of our assessments - Key audit points

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the consolidated financial statements taken as a whole, prepared in the conditions already stated, and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the consolidated financial statements taken individually.

Capitalization of development costs

Risk identified

On December 31, 2019, the net carrying amount of capitalized development costs was €59,496,000.

The criteria used to record development costs in assets are provided in Note 4.3 of the notes to the consolidated financial statements.

The analysis of compliance with the different capitalization criteria calls for many judgments and estimates and, notably, an assessment of the way in which the intangible asset will generate probable future economic benefits.

Given the significant nature of capitalized development costs and the assessments related to the analysis of compliance with the various capitalization criteria, we considered that the capitalization of development costs constituted a key point of our audit.

Our answer

Our work consisted primarily of:

- examining the internal control procedures put in place to identify development costs that comply with the criteria for capitalization;
- testing the effectiveness of the key controls with respect to compliance with the capitalization criteria and monitoring the expenses attributable to the different intangible assets during the development phase;
- assessing, via sampling, compliance with the various criteria used to capitalize the development costs;
- assessing the quality of the forecasting processes used within the framework of the analysis of the probable future economic benefits generated by the capitalized projects via critical analysis of the differences identified between revenue and profitability forecasts of previous years and subsequent achievements.

Valuation of ACTIA Telecom and ACTIA Corp. goodwill:

Risk identified

On December 31, 2019, the net carrying amount of goodwill was €24,148,000 of which €18,916,000 in ACTIA Telecom and ACTIA Corp. goodwill.

Goodwill is tested for impairment annually at the closing date or as soon as there is an indication of loss of value. The main indicators of loss of value used by the Group are described in Note 4.2 of the notes to the consolidated financial statements.

Goodwill is allocated to one or more Cash Generating Units (CGU). The impairment test consists in comparing the carrying amount of the asset or CGU group with its recoverable value, which corresponds to the higher of the fair value less selling costs and the value in use determined based on the discounted value of future cash flows.

The valuation of the recoverable amount requires judgments and estimates by executive management and, notably, a reasonable assessment of the operating cash flows retained in the medium-term operating budgets and business plans, the discount rates and the perpetuity growth rates used for the calculation of recoverable amounts.

Given the significant nature of the intangible assets and the assessments inherent in the determination of the recoverable value of the ACTIA Corp. and ACTIA Telecom CGUs, we considered that the valuation of goodwill constituted a key point of the audit.

Our answer

Our work consisted primarily of:

- evaluating the consistency of the cash flow forecasts for the activities of the CGUs in question as prepared by their operational management using data and assumptions from the business plans prepared under the supervision of the executive management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements;
- assessing the relevance of the discount rates and the growth rates used;
- examining the analyses of value sensitivity to changes in the flow forecast and discount rate assumptions;
- comparing the consistency of the items included in the carrying amount of the CGUs with the way in which cash flow forecasts were prepared.

Special verification

As required by the professional standards applicable in France, we also specifically verified the information about the Group provided in the Executive Board's Management Report published on March 30, 2020, as required by law and regulations. Concerning post-closing events and other information that has come to light since then regarding the effects of the COVID-19 crisis, senior management has informed us that these will be the subject of an announcement at the General Meeting called to approve the financial statements.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

We hereby certify that the consolidated non-financial performance statement provided for by Article L.225-102-1 of the French Commercial Code is included in the information about the Group provided in the Management Report, it being noted that, in accordance with Article L.823-10 of the Code, we did not review the information provided in the statement for its truthfulness or its consistency with the consolidated financial statements and this must, therefore, be subject to a report by an independent third party.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of ACTIA Group S.A. by the General Meetings held on May 26, 2000 for KPMG S.A. and May 28, 2019 for the firm BM&A

On December 31, 2019, KPMG S.A. was in the 20th consecutive year of its assignment, while the firm BM&A was in its first year.

Responsibilities of management and of the persons constituting the governance of the Company with respect to the consolidated financial statements

It is the responsibility of management to prepare accurate consolidated financial statements in accordance with IFRS as adopted by the European Union and to implement the internal controls it believes are necessary for the preparation of consolidated financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the consolidated financial statements are prepared, it is the responsibility of management to assess the ability of the Company to continue operating, to present in its financial statements, if necessary, information regarding business continuation and to apply the going concern accounting principle, unless there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors regarding the audit of the consolidated financial statements

Audit purpose and approach

It is our duty to prepare a report on the consolidated financial statements. Our goal is to obtain a reasonable assurance that the consolidated financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditors exercise their professional judgment during the entire audit. In addition:

- they identify and assess the risk that the consolidated financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the auditors must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by management as well as the information about them provided in the consolidated financial statements;

- they assess the relevance of the application by management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardize the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the consolidated financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they assess the overall presentation of the consolidated financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;
- with respect to the financial information about the persons and entities included within the scope of consolidation, they must collect the information they deem to be sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and preparing of the audit of the consolidated financial statements and for the opinion expressed about the financial statements.

Report to the Audit Committee

We will submit a report to the Audit Committee which presents the extent of the audit work done, the work program implemented and the findings arising from our work. We will also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee report includes the risk of material misstatements which we believe are most significant for the audit of the consolidated financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined in Articles L.822-10 to L. 822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, April 24, 2020

KPMG Audit

Paris, April 24, 2020

BM&A

Philippe Saint-Pierre
Partner

Mathieu Leruste
Partner

Eric Seyvos
Partner

8.2 Separate financial statements

8.2.1 Balance sheet of ACTIA Group S.A.

Balance sheet - assets (in €)	12/31/2019			12/31/2018
	Gross amount	Amortization/ Depreciation	Net	Net
Share capital subscribed and uncalled				
INTANGIBLE ASSETS				
Start-up expenses				
Research and development costs				
Concessions, patents and similar rights	61,654	61,593	**62**	49
Goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings				
Plant and equipment, facilities and tools				
Other property, plant and equipment	68,725	49,930	**18,794**	22,837
Property, plant and equipment in process				
Advances and prepayments				
NON-CURRENT FINANCIAL ASSETS				
Investments in associates				
Other holdings	55,806,237	257,324	**55,548,913**	55,488,913
Receivables on investments	18,311,517	805,000	**17,506,517**	9,651,559
Other non-current investments				
Loans	778	113	**665**	665
Other non-current financial assets	4,635		**4,635**	4,635
TOTAL NON-CURRENT ASSETS	**74,253,547**	**1,173,961**	**73,079,586**	**65,168,658**
INVENTORY AND WORK-IN-PROCESS				
Raw materials and supplies				
Work-in-process - goods				
Work-in-process - services				
Semi-finished and finished goods				
Goods held for resale				
Advances and prepayments on orders				
RECEIVABLES				
Accounts receivable	1,226,277	23,819	**1,202,458**	855,269
Other receivables	397,043		**397,043**	180,910
Subscribed and called capital but not yet paid up				
MISCELLANEOUS				
Marketable securities	260,421	147,732	**112,689**	109,163
o.w. treasury shares: 162,076				
Cash at bank and in hand	3,063,361		**3,063,361**	9,023,670
ACCRUAL ACCOUNTS				
Prepaid expenses	88,125		**88,125**	91,543
TOTAL CURRENT ASSETS	**5,035,227**	**171,551**	**4,863,676**	**10,260,555**
Deferred expenses				
Bond redemption premiums				
Translation difference - assets				
TOTAL ASSETS	**79,288,774**	**1,345,512**	**77,943,262**	**75,429,212**

Balance sheet – shareholders' equity and liabilities (€)		12/31/2019	12/31/2018
Share capital	(of which paid up: 15,074,956)	15,074,956	15,074,956
Share premiums (issue, merger, contribution)		17,560,647	17,560,647
Revaluation reserves	(of which equity method revaluation: 0)		
Legal reserve		1,507,496	1,507,496
Reserves under bylaws or agreements			
Tax-based reserves	(including price fluctuation reserve: 0)	189,173	189,173
Other reserves			
Retained earnings		11,351,441	11,140,926
NET INCOME/(LOSS) FOR THE PERIOD		**2,737,515**	**2,219,272**
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**48,421,228**	**47,692,470**
Proceeds from issues of equity securities			
Subordinated loans			
OTHER SHAREHOLDERS' EQUITY			
Provisions for contingencies			
Provisions for expenses			
PROVISIONS FOR RISKS AND EXPENSES			
FINANCIAL LIABILITIES			
Convertible bonds			
Other bonds		20,000,000	20,000,000
Bank borrowings		8,806,213	7,197,733
Other financial liabilities	(including equity loans: 0)		
Advances and prepayments on orders			
OPERATING LIABILITIES			
Accounts payable		428,216	320,643
Amounts payable to payroll tax agencies		242,424	189,747
OTHER MISCELLANEOUS LIABILITIES			
Liabilities on non-current assets			
Other liabilities		45,181	28,620
ACCRUAL ACCOUNTS			
Deferred income			
LIABILITIES		**29,522,034**	**27,736,742**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**77,943,262**	**75,429,212**

8.2.2 Separate income statement of ACTIA Group S.A.

Income statement (€)	12/31/2019	12/31/2018
Sales of goods held for resale		
Sales of work		
Sales of services	2,301,500	1,712,968
NET SALES	**2,301,500**	**1,712,968**
Stored production		
Capitalized production		
Operating subsidies		
Reversals of depreciation, amortization and provisions and expense reclassifications	978,501	860,008
Other income		
OPERATING INCOME	**3,280,001**	**2,572,976**
Purchases of goods held for resale (including customs duties)		
Changes in inventories of goods held for resale		
Purchases of raw materials and other supplies (including customs duties)		
Changes in inventories of raw materials and other supplies		
Other purchases and external charges	2,652,800	2,206,512
Taxes and duties other than income tax	29,790	25,999
Wages and salaries	891,360	953,523
Payroll charges	393,098	375,186
OPERATIONAL APPROPRIATIONS		
On non-current assets: depreciation and amortization	4,167	5,490
On non-current assets: provisions		
On current assets: provisions		23,464
For contingencies and expenses: provisions		
Other expenses	342	200
OPERATING EXPENSES	**3,971,556**	**3,590,374**
NET OPERATING INCOME/(LOSS)	**(691,555)**	**(1,017,398)**
JOINT VENTURES		
Profits attributed or losses transferred		
Losses incurred or profits transferred		
FINANCIAL INCOME		
Financial income from investments	3,441,295	4,396,358
Income from other marketable securities and capitalized receivables	667,555	529,928
Other interest and similar income	31,641	17,507
Reversals of provisions and expense reclassifications	1,552	322
Foreign exchange gains		848
Net gains on disposal of marketable securities	11,895	18,148
FINANCIAL INCOME	**4,153,938**	**4,963,111**
Amortization and provisions	5,161	805,368
Interest and similar charges	681,898	796,651
Foreign exchange losses	848	384
Net losses on disposal of marketable securities	9,760	85,935
FINANCIAL EXPENSES	**697,668**	**1,688,338**
NET FINANCIAL INCOME/(LOSS)	**3,456,270**	**3,274,773**
NET INCOME/(LOSS) BEFORE INCOME TAX	**2,764,715**	**2,257,375**

Income statement (€)	12/31/2019	12/31/2018
Non-recurring income from hedging transactions	192	14
Non-recurring income from capital transactions	47	13,986
Reversals of provisions and expense reclassifications		
NON-RECURRING INCOME	**238**	**14,000**
Non-recurring expenses on hedging transactions	12	80
Non-recurring expenses on capital transactions	36	11,302
Non-recurring depreciation, amortization and provisions		
NON-RECURRING EXPENSES	**47**	**11,382**
NON-RECURRING ITEMS	**191**	**2,618**
Statutory employee profit-sharing scheme		
Income tax	27,391	40,722
TOTAL INCOME	**7,434,178**	**7,550,087**
TOTAL EXPENSES	**4,696,663**	**5,330,815**
NET INCOME/(LOSS)	**2,737,515**	**2,219,272**

8.2.3 Notes

Note 1. Highlights of the period

ACTIA Group S.A. fulfilled its role as Group holding company in 2019.

In the second quarter 2019, ACTIA Group S.A. also bought out the minority interests held in SCI Les Coteaux de Pouvourville for €60,000. This subsidiary is now 30.0% owned by ACTIA Group S.A.

Note 2. Accounting rules and methods

The financial statements for the 2019 financial year were approved by the Executive Board on March 30, 2020 in accordance with the provisions of Regulation 2014-03 of the Autorité des Normes Comptables (national accounting standards body) approved by the ministerial decree on the Plan Comptable Général (generally accepted accounting principles) of September 8, 2014. They were submitted to the Supervisory Board on the same day.

Note 2.1 Intangible assets

Rights and concessions are amortized on a straight-line basis over one or two years.

Note 2.2 Property, plant and equipment

Capitalized assets are broken down and amortized or depreciated over their own useful lives if these differ from the principal item of property, plant and equipment.

Items of property, plant and equipment are recognized at acquisition cost. Cost components include:

- the purchase cost, including customs duties and non-refundable purchase taxes less trade discounts and rebates;
- The costs directly attributable to transferring and commissioning the asset and;
- if applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

Borrowing costs are excluded from the cost of non-current assets.

Where material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, the depreciation is recognized by component. To date, treatment by component has not been applied for any non-current asset, in the absence of significant capitalization.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied are as follows:

- plant and equipment, facilities and tools: over 6 to 10 years;
- other property, plant and equipment: over 3 to 10 years.

Note 2.3 Non-current financial assets

Investment securities are recognized in the balance sheet at acquisition cost or contribution value.

An impairment is recorded when the carrying amount of a holding is less than the share of its shareholders' equity held by ACTIA Group unless:

- a recorded fair transaction value justifies the value;
- or the prospects for a recovery in profitability are strong and can be demonstrated. In this case, the value in use of the holding is estimated using a financial valuation method.

The present value of holdings is also primarily assessed using the discounted future cash flow method based on business and free cash flow forecast assumptions reasonably estimated by executive management and most probable on the date the financial statements are closed. The discount and growth rates used are rationalized based on market data.

In order to assess the tolerance of the estimate of the shareholders' equity determined in this way, analyses of the sensitivity of the values to changes in assumptions about estimated future cash flows and the discount rate are simulated.

Note 2.4 Receivables

Receivables are measured at their nominal value. A provision for impairment is recognized depending on the age of the receivables and any risks of non-recovery.

Note 2.5 Pension liabilities

Pension liabilities are calculated according to French accounting recommendation CNC 2013-02 based on an actuarial estimate of potential rights vested by employees on the balance sheet date.

The main assumptions applied at the end of the reporting period were:

- a discount rate: 0.77% (1.57% in 2018),
- salary escalation rate: 2.25%,
- retirement age: 67,
- low turnover rate:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Turnover rate (%) (management and non-management)	5.80	2.77	2.04	0.10	0.05	0.0

- Mortality table: INSEE 2013:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Life expectancy for men (%)	99.274	98.549	97.489	94.963	88.615	83.631
Life expectancy for women (%)	99.469	99.222	98.745	97.436	94.414	92.075

Off-balance sheet commitments include pension liabilities of €224,520.

Note 3. Additional information on the balance sheet and the income statement

The balance sheet date of the financial statements is December 31, 2019 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

(€)	12/31/2018	Acquisitions	Disposals and write-offs	12/31/2019
Start-up expenses	0			0
Other intangible assets	62,560	137	1,043	61,654
Total	**62,560**	**137**	**1,043**	**61,654**

The amortization was as follows:

(€)	12/31/2018	Provisions	Reversals	12/31/2019
Start-up expenses	0			0
Other intangible assets	62,511	124	1,043	61,593
Total	**62,511**	**124**	**1,043**	**61,593**

Note 3.2 Property, plant and equipment

Gross amounts of **property, plant and equipment** changed as follows:

(€)	12/31/2018	Acquisitions	Disposals and write-offs	12/31/2019
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools.	0			0
Other		68,725		68,725
Property, plant and equipment in process	0			0
Total	**68,725**	**0**	**0**	**68,725**

Amortization was as follows:

(€)	12/31/2018	Provisions	Reversals	12/31/2019
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools.	0			0
Other	45,888	4,042		49,930
Total	**45,888**	**4,042**	**0**	**49,930**

Note 3.3 Non-current financial assets

These changed as follows:

(In €)	Amounts of Securities in the Balance Sheet				Held at 12/31/19 (%)	Shareholders' equity prior to earnings appropriation at 12/31/19	2019 sales excl. VAT	Net income at 12/31/19
	12/31/2018		12/31/2019					
	Gross value	Net value	Gross value	Net value				
HOLDINGS								
Subsidiaries and holdings > 10%								
ACTIA Telecom	25,772,641	25,772,641	25,772,641	25,772,641	100.00%	37,706,876	59,343,158	3,056,283
ACTIA Automotive	24,894,195	24,894,195	24,894,195	24,894,195	99.98%	52,499,130	304,500,013	1,451,136
ACTIA Telematics Services	3,698,578	3,698,578	3,698,578	3,698,578	99.00%	1,445,524	2,853,883	139,858
ACTIA PCs	610,902	610,902	610,902	610,902	12.19%	3,586,429	4,032,871	<319,519>
SCI Oratoire	199,098	199,098	199,098	199,098	86.00%	925,258	862,833	168,887
ACTIA Engineering Services (*)	151,680	151,680	151,680	151,680	53.33%	1,558,992	11,938,100	148,630
SCI Pouvourville	41,161	41,161	101,161	101,161	30.00%	1,206,738	942,047	152,093
ACTIA Africa (*)	100,000	100,000	100,000	100,000	99.77%	61,694	100,715	<42,509>
Coovia	200,010	0	200,010	0	19.98%	<858,192>	0	0
MORS INC	0	0	0	0	100.00%	N.C.	N.C.	N.C.
CYT	33,494	0	33,494	0	15.00%	N.C.	N.C.	N.C.
Subsidiaries and holdings < 10%								
CIPI-ACTIA (*)	10,138	10,138	10,138	10,138	0.20%	3,648,959	12,369,775	313,202
SCI Sodimob	7,030	7,030	7,030	7,030	2.00%	219,134	105,466	72,368
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	N.C.	N.C.	N.C.
Continentale	47	0	47	0	N.S.	N.C.	N.C.	N.C.
STEM	22,812	0	22,812	0	N.S.	N.C.	N.C.	N.C.
CGC	960	0	960	0	N.S.	N.C.	N.C.	N.C.
Total	**55,746,237**	**55,488,913**	**55,806,237**	**55,548,913**				
OTHER NON-CURRENT INVESTMENTS								
1% Construction (French social housing tax)	0	0	0	0				
Total	**0**	**0**	**0**	**0**				
OTHER NON-CURRENT FINANCIAL ASSETS								
Loans	778	665	778	665				
Miscellaneous receivables	4,635	4,635	4,635	4,635				
Total	**5,413**	**5,300**	**5,413**	**5,300**				
NM: Not Material - ND: Not Disclosed								

(*) Non-Euro zone foreign subsidiaries for which the balance sheet data is translated at the year-end exchange rate and income statement data at the average exchange rate

Note 3.4 Inventories

None.

Note 3.5 Advances and prepayments on orders

None.

Note 3.6 Accounts receivable, other receivables

(€)	Gross values	Net value	Due dates < 1 year	Due dates > 1 year
Investment related receivables	18,311,517	17,506,517	2,705,956	14,800,561
Accounts receivable	1,226,277	1,202,458	761,067	441,391
Current accounts on investments				
Other receivables (including deferred expenses)	485,168	485,168	485,168	
Total	**20,022,962**	**19,194,144**	**3,952,191**	**15,241,952**

Note 3.7 Treasury shares

ACTIA Group **holds 1,399 treasury shares** with a gross value of €153,043. These shares were owned by MORS S.A. at the time of the merger in 2000.

Since the merger with MORS S.A., the Group has proceeded with a number of share buyback programs.

The last share buyback program was authorized by the General Meeting of May 28, 2019 for a period of 18 months. This program complies with Articles L225-209 et seq. of the French Commercial Code. The objectives, maximum amount allocated to the share buyback program, the maximum number and characteristics of the shares as well as the maximum purchase price are described in Subsection 5.12.9 "Authorization to implement a share buyback program" in this Universal Registration Document.

As of December 31, 2019, ACTIA Group S.A. held 3,328 treasury shares.

A provision for the treasury shares is calculated based on the closing price of €4.31 at December 31, 2019, for a total of €147,013.

Breakdown of treasury shares at December 31, 2019:

Origin of the holding	Number of shares	Gross value	Provision	Net value
Merger with MORS S.A. in 2000	1,399	€153,043	€147,013	€6,030
Share buyback programs	1,929	€9,033	€719	€8,314
Total	**3,328**	**€162,076**	**€147,732**	**€14,344**

In addition, as of December 31, 2019 as part of the **liquidity contract**, ACTIA Group held **11,430 treasury shares** and €47,717,17 in liquidity. All of the shares are used to ensure market-making on the secondary market or share liquidity via the intermediary of the investment service provider (ISP) Société de Bourse Portzamparc, through a liquidity contract in compliance with the AMAFI code of ethics recognized by the AMF.

Note 3.8 SHAREHOLDERS' EQUITY

At December 31, 2019, there were no stock option plans established by the Company and the share capital amounted to €15,074,955.75. It consists of 20,099,941 shares with a par value of €0.75 per share. The total amount of additional paid-in capital is €14,693,643.96.

Accordingly, net assets changed as follows over the period:

(€)	Balance at 12/31/2018 prior to appropriation of earnings	Appropriation of earnings 2018			Share capital increase	Balance at 12/31/2019 prior to proposed appropriation of earnings
		Retained earnings	Dividends			
			Paid to shareholders	On treasury shares		
Share capital	15,074,956					15,074,956
Share premiums	14,693,644					14,693,644
Merger premiums	2,867,003					2,867,003
Legal reserves	1,507,496					1,507,496
Restricted reserves	189,173					189,173
Retained earnings	11,140,926	209,277		1,237		11,351,441
Net income for 2018	2,219,272	(209,277)	(2,008,757)	(1,237)		(0)
Net income for 2019	0					2,737,515
Total	**47,692,470**	**0**	**(2,008,757)**	**0**	**0**	**48,421,228**

At December 31, 2019, restricted reserves set aside to cover treasury shares totaled €15,063.

Note 3.9 Provisions for expenses

None.

Note 3.10 Liabilities

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

(€)	12/31/2019			Total
	<12/31/20	>01/01/21 <12/31/24	>01/01/25	
Other bonds		15,000,000	5,000,000	20,000,000
Bank borrowings and debts to credit establishments Crédit	3,071,452	4,888,360	846,402	8,806,213
Of which MLT borrowings	*1,960,372*	*4,888,360*	*846,402*	*7,695,134*
o.w. Short-term bank lines and commercial paper	*998,950*			*998,950*
Interest accruing on financial liabilities	*112,130*			*112,130*
Other financial liabilities				0
Advances and prepayments on orders				0
Accounts payable	428,216			428,216
Amounts payable to payroll tax agencies	242,424			242,424
Other liabilities (including deferred income)	45,181			45,181
Total	**3,787,273**	**19,888,360**	**5,846,402**	**29,522,034**

Certain medium- to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €23,538,468 or 85.0% of medium- and long-term debt. Compliance with these covenants is verified at the end of each period on the basis of ACTIA Group’s consolidated financial statements.

At December 31, 2019 the breakdown of the medium- to long-term borrowings and covenants was as follows:

Amount at inception (€)	Date of subscription	Period	Outstanding principal at 12/31/2019	Covenant				
				Ratios at end 2019 (calculated on the basis of the consolidated financial statements)	Respected[1]		Reclassification under current borrowings [2]	
					At end 2018	At end 2019	At end 2018	At end 2019
2,000,000	2015	5 years	240,607	Net debt to equity ≤ 1.60	B	R	240,607	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	B	R		
2,000,000	2016	5 years	738,679	Net debt to equity <1.60	B	R	738,679	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	B	R		
3,500,000	2016	7 years	2,022,429	Net debt to equity < 1.70	B	R	2,022,429	0
				Net debt to EBITDA < 5.50	B	R		
1,000,000	2017	5 years	536,754	Net debt to equity < 1.60	B	R	536,754	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	B	R		
15,000,000	2017	7 years	15,000,000	Net debt to EBITDA < 5.5	B	R	15,000,000	0
5,000,000	2017	9 years	5,000,000	Net debt to EBITDA < 5.5	B	R	5,000,000	0
4,000,000	2018	7 years	610,902	-				
1,000,000	2018	5 years	753,503	-				
3,000,000	2019	7 years	2,792,260	-				
Total			**27,695,134**				**23,538,468**	**0**

[1] R = Respected - B = Breached

[2] Long-term portion of debt reclassified under "Current financial liabilities"

In 2019, the change in ACTIA Group's business activity had a significant impact on the "Net Debt/Shareholders' Equity" and "Net Debt/EBITDA" ratios based on the consolidated financial statements, notably due to:

- the increased profitability of the Group impacting EBITDA:
  - a slightly more favorable product mix despite the strong growth of an automotive contract of 12.4% with a low margin, thanks to the gradual increase in new programs with better margins;
  - a less difficult components market that was able once more to negotiate price decreases for its products. However, ongoing management by quotas is still affecting productivity and leading to higher inventories (impact on WCR);
  - the work done to reduce certain expenses, such as the outsourcing of R&D to help mitigate recruitment difficulties, with the Group having succeeded in filling jobs that are key to its business;
  - the positive impact of IFRS 16 of €4,601,000.
- Concerning the substantial increase in indebtedness:
  - the implementation of real estate financing for projects launched in 2017 and continuing in 2020, of which €8.9 million used in 2019;
  - the significant increase in the need for working capital due to an increase in inventories of €25.1 million (growth in the business + increase in delivery times + a slowdown in the trucks market at the end of the year).
  - the positive impact of IFRS 16 of €15,960,000.

Together with a redefinition of the covenants carried out in 2019, these items made it possible to respect all covenants at December 2019, as opposed to the breach of seven loans at December 31, 2018.

Note 3.11 Revenue

Because of the nature of its activity as a holding company, revenue of ACTIA Group S.A. corresponds to amounts originating from chargebacks to its affiliated undertakings.

Note 3.12 Reclassification of operating expenses

Under operating expenses, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for its subsidiaries:

- Licenses: €537,936
- Insurances (including brokerage services): €432,017

Note 3.13 Financial result

The most significant items of **financial income** are:

- Dividends received from subsidiaries: €3,200,411
- Interest on current accounts of subsidiaries: €240,884
- Income from off-balance sheet commitments in favor of subsidiaries: €667,485

Financial expenses are mainly comprised of:

- Interest and similar expenses related to financial liabilities with credit institutions: €672,110
- Interest on bank current account credit balances: €8,738
- Interest on commercial paper: €1,050

Note 3.14 Non-recurring items

There were no other material non-recurring items in financial year 2019.

Note 3.15 Earnings per share

Basic earnings per share at December 31, 2019 are calculated on the basis of the net income of €2,737,515 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

(€)	12/31/2019	12/31/2018
Net income	2,737,515	2,219,272
Shares issued at January 1	20,099,941	20,099,941
Issuance of new shares	0	0
Treasury shares	(3,328)	(3,328)
Earnings per share	**0.14**	**0.11**

Note 3.16 Financial commitments and collateral provided

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to €218,782,523 for customer guarantees. Two guarantees of €217 million are covered by an insurance policy taken out directly by the subsidiary in question. Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €63,870,634 at December 31, 2019 versus €62,465,027 at December 31, 2018.

ACTIA Group S.A. gave 344,262 shares of its ACTIA Telecom subsidiary as collateral for bank loans.

Note 4. Other information

Note 4.1 Accrued expenses

Accrued expenses consist of auditors' fees in the amount of €43,000.

Note 4.2 Dividends

The appropriation of 2019 earnings is set out in Subsection 5.11.2 “Appropriation of earnings” of this Universal Registration Document. A proposal will be submitted to the General Meeting of May 27, 2020 to distribute a dividend of €0.15 per share.

Note 4.3 Unrealized tax position

At December 31, 2019, the unrealized tax position was comprised of losses of €8,768,720 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2019	2018
Managers and supervisors	10	8
Employees	1	1
Students on work placements		
Workers		
Total	**11**	**9**

Note 4.5 Related party transactions

Related party balances at 12/31/2019	Parent	Subsidiaries	Other related companies
Total Assets			
Investment related receivables		18,311,517	
Provision for receivables on investments		(805,000)	
Accounts receivable	14,666	1,187,793	
Other receivables		331,352	
Total shareholders’ equity and liabilities			
Accounts payable	58,050	164,094	
Income statement			
Operating expenses	64,794	335,813	
Financial expenses		5,000	
Non-recurring expenses			
Operating revenue	50,425	3,229,179	
Financial income		4,108,780	
Non-recurring income			

Operating expenses payable to the parent company represent amounts invoiced for services rendered.

Note 4.6 Risks and hedging policy

- Interest rate risk:

The table below provides a breakdown between fixed and variable rate financial debt of ACTIA Group S.A. at December 31, 2019:

(€)	2019			2018		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	20,000,000		**20,000,000**	20,000,000		**20,000,000**
Total medium- and long-term borrowing	7,695,134		**7,695,134**	6,603,959	387,736	**6,991,696**
Commercial paper/short-term bank lines		998,950	**998,950**			**0**
Total value	**27,695,134**	**998,950**	**28,694,084**	**26,603,959**	**387,736**	**26,991,696**
Total in %	97%	3%	**100%**	99%	1%	**100%**

The sensitivity to a 1% increase in the benchmark (3-month Euribor) was calculated on a pre-hedging basis. At December 31, 2019, this represented €10,000 and was only impacted by medium- and long-term borrowings (€4,000 as of December 31, 2018).

- Equity risk:

At December 31, 2019, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a €1 decline in the share price is consequently €3,000.

- Exchange rate risk:

There are currently no foreign currency transactions in progress. The subsidiaries are invoiced in Euros.

Note 4.7 Executive management compensation

Supervisory Board members do not receive any compensation from ACTIA Group S.A and only the Chairman of the Executive Board receives compensation for his office. For further information see Subsection 7.4 "Corporate Corporate Officer compensation".

Note 4.8 Post-closing events

In the context of the COVID-19 pandemic and in accordance with the measures taken by the different governments, ACTIA Group has adopted the measures best suited to its business and had to suspend the production of circuit boards for a number of days.

ACTIA Group has set up teleworking, and is using partial, government-funded layoffs and leave taking to reconcile, as far as possible, business continuity and productivity.

In order to minimize its costs, the Group has activated the main measures offered by the French and other governments in support of businesses.

From a financial standpoint, the Group has requested a six-month payment delay from its banks for the debt subscribed by the entities established in France. It also plans to ask its partners for sufficient support to offset the decrease in business resulting from the crisis. In addition, the Group has not identified a significant impact at this stage on the value of the assets and liabilities as of December 31, 2019.

Note 4.9 Consolidating company

S.A. **LP2C** with capital of €6,751,560

Registered office: 5, Rue Jorge Semprun – 31432 Toulouse

Toulouse Trade and Companies Register (RCS): Toulouse B 384 043 352

8.2.4 Report of the Statutory Auditors on the annual financial statements

To the Annual General Meeting of ACTIA Group S.A.,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the annual financial statements of ACTIA Group S.A. for the financial year ended December 31, 2019, as attached to this report.

These financial statements were approved by the Executive Board on March 30, 2020 on the basis of the information available at that date against the backdrop of the rapidly evolving health crisis caused by COVID-19.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at December 31, 2019 and the results of its operations for the year ended in accordance with French accounting standards.

The opinion above is consistent with the content of our report to the Audit Committee.

Basis for our opinion

Audit standards

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

The responsibilities incumbent upon us by virtue of these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors with respect to the audit of the annual financial statements."

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us for the period from January 1, 2019 to the date of issue of our report. We did not provide any of the services forbidden by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the Statutory Auditors' Code of Ethics.

Justification of our assessments - Key audit points

In application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the annual financial statements taken as a whole, prepared in the conditions already stated, and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the annual financial statements taken individually.

Valuation of investment securities

Risk identified

The investment securities appearing on the balance sheet on December 31, 2019 in the net amount of €55,548,913. They are recorded at their acquisition cost or contribution value on the entry date. An impairment is recorded when the share of the shareholders' equity in the holding is less than its carrying amount in the financial statements of your Company, unless a net transaction fair value or a value in use in excess of the carrying amount can be justified.

As indicated in Note 2.3 of the notes to the financial statements, the value in use is estimated by executive management based primarily on the discounted future cash flow method. Analysis of the sensitivity of value to changes in the flow forecast and discount rate assumptions are carried out to measure the appraisal margin.

The estimate of the value in use of the securities requires the exercise of judgment by executive management to determine the prospects for business and profitability.

As a result of the material nature of these assets and the assessments involved in all forecasting, we are of the opinion that the valuation of the investment securities is a key point of the audit.

Our answer

Where the shareholders' equity in holdings was the sole criterion used to assess their present value, we checked that the shareholders' equity used matches the financial statements of the entities audited or which underwent a limited review and that any non-accounting adjustments proposed by executive management were based on sound documentation.

In order to assess the reasonable nature of the estimates of the value in use of holdings, based on the information provided to us, our due diligence consisted primarily in verifying that the estimate made by executive management was founded on relevant justifications of the assessment method and the figures used.

As a result, our work, conducted by holding line, consisted of:

- evaluating the consistency of the cash flow forecasts of the entities in question established by their operational management with the data and assumptions of the business plans prepared under the supervision of the executive management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements;
- checking the relevance of the discount and growth rates applied to the forecast flows to estimate net present value.

Special verification

As required by the professional standards applicable in France, we also carried out the specific verifications required by law and regulations.

Information provided in the Management Report and in the other documents addressed to the shareholders on the financial position and annual financial statements

We have nothing to report with respect to the truthfulness and compliance with the annual financial statements of the information given in the Executive Board's Management Report published March 30, 2020 and in the other documents addressed to the shareholders on the financial position and annual financial statements. Concerning post-closing events and other information that has come to light since then regarding the effects of the COVID-19 crisis, senior management has informed us that these will be the subject of an announcement at the General Meeting called to approve the financial statements.

We hereby certify the truthfulness and consistency of the annual financial statements with the information regarding payment terms covered in Article D.441-4 of the French Commercial Code.

Corporate Governance Report

We certify that the Supervisory Board's report on corporate governance includes the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Regarding the information provided in accordance with the provisions of Article L.225-37-3 of the French Commercial Code on compensation and benefits paid to Corporate Officers as well as commitments incurred in their favor, we have verified its consistency with the accounts or with the data used to prepare said accounts and, when necessary, obtained by your Company from companies exercising controlled by it or included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

As required by law, we have verified that the Management Report contains the appropriate disclosures relating to holdings and control and the identity of holders of capital and voting rights.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

KPMG S.A. and BM&A were appointed Statutory Auditors of ACTIA Group S.A. by the General Meetings held respectively on May 26, 2000 and May 28, 2019.

On December 31, 2019, KPMG S.A. was in the 20th consecutive year of its assignment, while the firm BM&A was in its first year.

Responsibilities of management and of the persons constituting the governance of the Company with respect to the annual financial statements

It is the responsibility of management to prepare accurate annual financial statements in accordance with French accounting rules and principles and to implement the internal controls it believes are necessary for the preparation of annual financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the annual financial statements are prepared, it is the responsibility of management to assess the ability of the Company to continue operating, to present in its financial statements, if necessary, the information regarding business continuation and to apply the going concern accounting principle, unless if there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The financial statements have been approved by the Executive Board.

Responsibilities of the Statutory Auditors regarding the audit of the annual financial statements

Audit purpose and approach

It is our duty to prepare a report on the annual financial statements. Our goal is to obtain a reasonable assurance that the annual financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditors exercise their professional judgment during the entire audit. In addition:

- they identify and assess the risk that the annual financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the auditors must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by management as well as the information about them provided in the annual financial statements;
- they assess the relevance of the application by management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardize the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the annual financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they must assess the overall presentation of the annual financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;

Report to the Audit Committee

We will submit a report to the Audit Committee which presents the extent of the audit work done, the work program implemented and the findings arising from our work. We will also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee Report includes the risk of material misstatements which we believe are most significant for the audit of the annual financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined in Articles L.822-10 to L.822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, April 24, 2020		Paris, April 24, 2020
KPMG S.A.		BM&A
Philippe Saint-Pierre Partner	Mathieu Leruste Partner	Eric Seyvos Partner

8.3 Miscellaneous financial information

8.3.1 Dividend policy

FY	Dividend per share (€)	Total dividend distributed (€)
2016	0.15	3,014,991.15
2017	0.12	2,411,992.92
2018	0.10	2,009,994.10

In 2020, ACTIA Group proposes to its shareholders the distribution of a dividend of 15 Euro cents per share in line with its policy for Shareholders' Equity described in Note 15 "Shareholders' equity" in the notes to the consolidated financial statements. This policy was temporarily interrupted for financial years 2009 to 2011 in response to the economic situation and was resumed as soon as results returned to the level for equity initially budgeted.

At its meeting held on March 30, 2020, and against the backdrop of the global COVID-19 health crisis, the Supervisory Board accepted the principle of the distribution of a dividend and conferred full powers upon the Executive Board to set the exact amount within a given range. After due consideration, the Executive Board decided to maintain the proposal of the dividend for the General Meeting of Shareholders, applying the rules for calculation that take into account changes to EBIDTA.

For the family shareholders, the dividend provides a means of reinforcing the equity of Group structures when necessary.

Furthermore, LP2C, the majority shareholder in ACTIA Group, consolidates the financial data and is considered as a group that encompasses the assets of ACTIA Group. LP2C has other activities that do not fall under the scope of ACTIA's business and has, since 2016, supported a French SME that works in the field of the environment, to be exact in the area of recycling, helping it to develop a quite innovative procedure for the treatment of used tires in order to reconstitute carbon black and so create real recycling of this substance. The purpose of the dividends is to help complete this ambitious project by providing ongoing support and being able to comply with the financial commitments made at the start of this investment. This strategy is both part of the desire to create an innovative industry to respond to sustainable development, as well as to promote employment in France.

It should also be noted that the dividend distribution policy extends to all Group companies that are included and which receive a percentage that takes into account the capital expenditure needs of the subsidiaries and legal considerations.

8.3.2 Legal and arbitration proceedings

In the normal conduct of its operating activities, the Group is faced with a certain number of disputes or legal proceedings (involving employees, customers, suppliers, etc.). Provisions are established for these proceedings in accordance with applicable accounting procedures.

For a period of at least the last twelve months there have been no other governmental, legal or arbitration proceedings, (including any of which the Company is aware that are pending or threatened), that could have or recently had a material impact on the financial position or profitability of the issuer and/or the Group.

Concerning disputes in progress in 2019, provisions are established on a case-by-case basis according to the degree of risk or the duration of the proceeding (see details provided in Note 17 in the notes to the consolidated financial statements, "Provisions"). However, none of these disputes constitutes a material risk for the Group.

8.3.3 Significant changes in the issuer's financial or trading policies

Independently of the effects of the COVID-19 health crisis, no other significant events have occurred since the closing on December 31, 2019 concerning the Group's financial or commercial position.

Due to the health crisis, the Group has requested a six-month payment delay from its banks for the major items of debt subscribed by the entities established in France. It also plans to ask its partners for sufficient support to offset the decrease in business resulting from the crisis, which will impact the debt structure at the end of 2020. In addition, the Group has not identified a significant impact at this stage on the value of the assets and liabilities as of December 31, 2019.

From a commercial standpoint, we expect to see some R&D programs delayed by our customers and to record a decrease in sales volumes as a result of the significant slowdown that some sectors will experience. However, the Group's diverse business is expected to enable it to benefit from projects that will be initiated as part of the recovery plans implemented by governments.

9. ADDITIONAL INFORMATION

9.1 Share capital

ACTIA Group S.A. shares are classified in Segment C of Euronext Paris for market capitalizations below €150 million, under ISIN FR0000076655.

9.1.1 Subscribed share capital

The share capital amounts to €15,074,955.75, split into 20,099,941 shares with a par value of €0.75 each, fully paid up and all in the same class.

Since the last capital increase recorded on September 15, 2008, there has been no change in the share capital up to the date of signature of this document.

9.1.2 Shares not representing capital

Not applicable.

9.1.3 Treasury shares

Information on these securities is provided in Note 3.7 "Treasury shares" in the notes to the separate financial statements.

9.1.4 Convertible or swappable securities or securities with warrants

Not applicable.

9.1.5 Vesting conditions

Not applicable.

9.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

9.1.7 History of the share capital

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
1993		F50	F113,645,832	F142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	F10	F(113,645,832)	F28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	F10	F129,917,897	F92,772,550	9,277,255

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
January 1995	Capital increase via the exercise of share warrants	F10	F6,696	F92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	F10	F2,400	F92,776,340	9,277,634
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	F4	F(129,926,993)	F37,110,536	9,277,634
February 1999	Issue of share warrants in favor of Electropar	F4	F1	F37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	F0.5	-	F4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	F0.5	F31,737,488	F77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	F5	-	F77,341,040	15,468,208
May 2000	Conversion of capital into euros	€0.75	-	€11,601,156	15,468,208
October 2000	Recording of the exercise of subscription options by Group employees (5th tranche)	€0.75	€327,168	€11,792,856	15,723,808
December 2000	Capital increase for cash	€0.75	€9,148,160	€12,864,906	17,153,208
October 2004	Capital increase for cash in the form of share warrants	€0.75	€4,875,000	€14,271,156	19,028,208
April 2005	Capital increase for cash following the grant of bonus share warrants	€0.75	€3,606,685	€14,879,024	19,838,699
March 2006	Capital increase for cash, following the subscription of share warrants	€0.75	€79,466	€14,894,956	19,859,941
September 2008	Capital increase for cash, following the exercise of stock options	€0.75	€280,800	€15,074,956	20,099,941

9.1.8 Description of the Company's share buyback program

See 5.12.8 “Share buyback program under way” in this Universal Registration Document.

9.2 Memorandum of Incorporation and Articles of Association

9.2.1 Corporate purpose

"Article 3 of the Articles of Association: purpose

The Company's purpose in France and abroad includes:

- the analysis, design, manufacture and after-sales servicing of mechanical, hydraulic, electrical and electronic systems;
- any transaction of any kind whatsoever directly or indirectly relating to this object and likely to facilitate its development, achievement or sale;
- the concession, franchising of any trademark, patent, product or service and more generally investment by the Company in any existing or future company or entity, that may directly or indirectly relate to the corporate purpose or to any similar or connected purpose and by any means in particular via the incorporation of new companies, contributions, mergers, alliances or joint ventures;
- the management of its portfolio of securities as well as all movable and real property transactions and related services;
- the provision of services in particular legal, financial, accounting, administrative, organization and management, communications, marketing and in general all financial, commercial, industrial, movable and real property transactions that may directly or indirectly relate to the above objects or to any similar or related activity."

9.2.2 Members of Administrative, Management and Supervisory bodies

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

The membership of the management bodies, Supervisory Board and Executive Board, is covered in 7.1.4 "Executive Board members" of this Universal Registration Document.

Supervisory Board

"Article 22 of the Articles of Association: Responsibilities and powers of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. Throughout the course of the year it carries out whatever checks and controls it feels are appropriate and may request any documentation it feels necessary for the performance of its work. It authorizes the Executive Board, to the extent permitted under applicable legislation, to provide deposits, endorsements or guarantees in the Company's name, to dispose of buildings, to partially or wholly dispose of or acquire interests and to grant sureties."

Executive Board

"Article 16 of the Articles of Association: Powers and obligations of the Executive Board – Executive Management

The Executive Board is empowered with the broadest possible powers to act on the Company's behalf vis-à-vis third parties in all circumstances, within the scope of the corporate purpose and subject to those powers expressly reserved by the French Commercial Code for the Supervisory Board and General Meetings. In its dealings with third parties, the Company is bound even by the acts of the Executive Board outside the scope of the corporate purpose, unless it transpires that the third party was aware that such acts exceeded said purpose or could not but have been aware given the circumstances.

However, other than transactions in respect of which the Supervisory Board's authorization is required by law, it is stipulated for internal purposes and not binding on third parties, that certain decisions may not be taken by the Executive Board and that certain acts or undertakings may not be entered into or signed by the Chairman of the Executive Board or, as the case may be, by a Chief Executive Officer, without prior authorization by the Supervisory Board when they in particular relate to the following:

- purchase of buildings worth in excess of a sum determined by the Supervisory Board;
- purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth in excess of a sum determined by the Supervisory Board;
- the setting up of entities of any kind both in France and abroad, representing an investment in excess of a sum determined by the Supervisory Board; closure of these entities;
- borrowings even unsecured, of an amount in excess of a sum determined by the Supervisory Board;

- incorporation of companies and taking of interests of all forms in any company or entity where the amount exceeds a sum determined by the Supervisory Board;
- loans, credits or advances granted by the Company for a period and/or amount in excess of those determined by the Supervisory Board;
- renting, leasing of all buildings or business assets for a period and/or amount in excess of those determined by the Supervisory Board;
- any contract with a term in excess of that determined by the Supervisory Board;
- direct commitments even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- membership of an economic interest grouping or any form of venture or company that may give rise to joint and/or indefinite liability for the Company;
- taking on and laying off Company employees with annual salaries in excess of a sum determined by the Supervisory Board;
- representing the Company in respect of legal actions, legal settlements, voluntary liquidation, administration or court-ordered winding up;
- calling an Ordinary General Meeting where the agenda includes:
  - the appointment of candidates for membership of the Supervisory Board,
  - the dismissal of one or more members of the Supervisory Board,
  - the reappointment of one or more members of the Supervisory Board;
- calling an Extraordinary General Meeting where the agenda includes:
  - the total or partial contribution of corporate assets, to one or more, existing or future, companies, by way of merger, spin-off or partial asset contribution,
  - the reduction, increase, whether directly or indirectly, immediately or over time, or redemption of the share capital,
  - the amending of one or more provisions of the Articles of Association;
- the exceeding of the budget for the current financial year, previously approved by the Supervisory Board.

In addition, the acceptance by a member of the Executive Board of an executive, management or supervisory position, as well as a position of employee, in another company should be submitted by the member in question for the approval of the Supervisory Board.

At least once a quarter, the Executive Board presents a report to the Supervisory Board. Within three months of the end of each financial year, it presents to it, for verification and control purposes, the accounting documentation that must be submitted to the Annual General Meeting.

The Chairman of the Executive Board represents the Company in its dealings with third parties. The Supervisory Board may grant the same powers of representation to one or more members of the Executive Board who shall thus carry the title of Chief Executive Officer. The Chairman and the Chief Executive Officer may be dismissed by a decision of the Supervisory Board. Acts binding the Company vis-à-vis third parties may be validly entered into by the Chairman of the Executive Board or by any member having been appointed Chief Executive Officer by the Supervisory Board.

The Supervisory Board sets the type and amount of the compensation of each Executive Board member."

Established at the General Meeting of November 12, 2002 and comprised of four members since 2019, its responsibilities include the setting of the Group's strategy, both at a global level and for each division, in respect not only of industrial matters but also Research & Development (an essential platform for the sustainability of the Group), organization and finance, while its activities also extend to operational matters:

- Executive management of the Group's main subsidiary;
- Relations with banks and the implementation of management systems;
- Reporting;
- Negotiation of key contracts;
- Decisions regarding major capital expenditure programs or disposals undertaken by the Group;
- Reviewing the targets it sets.

9.2.3 Rights, preferences and restrictions in respect of shares

“Article 10 of the Articles of Association: Rights attached to ordinary shares - voting rights

Ownership of an ordinary share automatically entails acceptance of the Company’s Articles of Association and of the resolutions duly adopted by all General Meetings.

Shareholders bear losses only up to the amount of their capital contributions.

Each ordinary share carries a right to a portion of corporate assets, earnings and any liquidation surplus in proportion to the share capital they represent.

As the case may be, and subject to any statutory provisions, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The voting right attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the Articles of Association.

VOTING RIGHTS:

At all Ordinary and Extraordinary General Meetings, voting rights attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the Articles of Association.

Nevertheless, voting rights double those granted to other ordinary shares, with regard to the portion of the share capital they represent, are granted to:

- all fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years;
- registered ordinary shares granted free of charge to a Shareholder in the event of a capital increase via the capitalization of reserves, earnings or issue premiums, on the basis of existing shares that enjoyed this right.

Double voting rights shall be automatically revoked for any ordinary share converted to bearer form or transferred.

Nevertheless, the aforementioned period shall not be interrupted and the vested rights retained in the event of:

- any transfer as a result of inheritance, separation of marital assets or inter vivos gift to a spouse or a relation entitled to inherit;
- any transfer via merger, spin-off or complete transfer of assets by a legal entity shareholder to another company:
  - of which it directly or indirectly controls more than 50% of the capital and/or voting rights,
  - that directly or indirectly controls more than 50% of the capital and/or voting rights.”

The major shareholders of ACTIA Group S.A. do not have different voting rights other than the same double voting rights to which all shareholders may be entitled (see above).

“Article 12 of the Articles of Association: treatment of fractional shares

Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the share capital, a merger or any other corporate action that might result in the creation of fractional shares, owners of individual shares or a number of shares lower than required, may exercise said rights only if they undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares.”

9.2.4 Actions necessary to change shareholder rights

The changing of shareholder rights may only legally result from the amending of the Articles of Association decided by an Extraordinary General Meeting.

9.2.5 General Meetings

Summary of Articles 29 et seq. of the Articles of Association:

General Meetings are called according to the conditions, forms and time periods imposed by statute.

The right to participate in or be represented at General Meetings is subject either to the registration of the shareholder in the share register or by filing, in the case of bearer shares, a certificate confirming the shares are held in a blocked account issued by an authorized intermediary, before the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

General Meetings are comprised of all shareholders. Shareholders can always be represented at General Meetings by the natural person or entity of their choice.

Ordinary and Extraordinary General Meetings, deliberating as per the quorum and majority requirements governing each of them, exercise their powers provided under statute.

9.2.6 Change in control provisions

To the best of the Company's knowledge, no provision of the Memorandum of Incorporation, the Articles of Association, a charter or rules of the issuer could result in delaying, deferring or blocking a change in its control.

A shareholders' agreement that is described in Subsection 5.12.3 "Shareholders' agreement" in this Universal Registration Document, exists.

9.2.7 Crossing of thresholds

"Article 7 of the Articles of Association: Issuance of securities conferring special rights - preferred shares - form of equity securities and other securities - maintaining accounts - identification of shareholders - crossing of ownership thresholds and holdings.

The Company may issue securities giving access to the share capital or conferring rights to the allotment of debt securities. Authorizing the issue of such securities is subject to the remit of the Extraordinary General Meeting. In accordance with the provisions provided for by law, the Company may issue securities giving access to the capital of a company in which it exercises control or a company exercising control in it. Shareholders have a preferential right to subscribe for securities giving access to the capital, in accordance with the procedures provided for in the case of capital increases carried out immediately by the issuance of shares for cash. On the issue date of the securities giving access to the capital, the Company must take all necessary measures to ensure that the rights of the holders of these securities are maintained according to the cases and conditions provided for by law.

No specific advantages are granted by these Articles of Association in favor of certain persons, whether partners or otherwise.

The Company may create preferred shares, with or without voting rights, and carrying special rights of any nature, whether temporary or permanent.

Preferred shares without voting rights may not represent more than one half of the share capital. Preferred shares may be repurchased or converted into ordinary shares or preferred shares of another category in accordance with statutory provisions. In the case of a change in or redemption of capital, the Extraordinary General Meeting shall determine the impact of these actions on holders of preferred shares.

Except where provided for otherwise by the terms and conditions set forth in the issuance agreement or statutory provisions, equity securities or any other securities that may be issued by the Company shall be in registered or bearer form, according to the choice of their holder. Shares may however be in bearer form only after having been fully paid up. Fully paid up shares may be either in registered or bearer form at the choice of the Shareholder.

At the request of the holder of an equity security, a certificate of registration may be issued to said holder by the issuer or by the authorized intermediary.

The Company may at all times ask the entity responsible for clearing securities for the information provided for by law on the identification of holders of securities granting immediate or future voting rights at General Meetings.

The Company is moreover entitled in the manner prescribed by the French Commercial Code to request the identity of security holders where it feels that certain holders, the identity of which has been disclosed to it, hold the securities on behalf of third parties.

The Company may ask any legal entity that owns in excess of 2.5% of the capital or voting rights to disclose to it the identity of those persons directly or indirectly holding in excess of one third of the share capital of this legal entity or of the voting rights at General Meetings.

All individuals or legal entities, acting alone or in concert, having acquired a number of shares exceeding one of the statutory thresholds must comply with the corresponding disclosure obligations within prescribed time periods. This information must also be provided when holdings in share capital or voting rights fall below these statutory thresholds."

You should note that an amendment to this article will be put to the vote at the General Meeting in accordance with the draft resolutions set out in Subsection 5.1.2 "Draft resolutions".

9.2.8 Procedure for changing the capital

"Article 41 of the Articles of Association: Share capital increase

The share capital may be increased via the issue at par or with a premium of new, ordinary or preference shares, paid up either in cash, by offsetting definite cash receivables owed by the Company, by capitalizing reserves, earnings or issue premiums, or by contributions in kind all of this pursuant to a resolution of the Extraordinary General Meeting or the Executive Board, specially empowered for this purpose by said Meeting.

Where the capital increase is via the capitalization of reserves, earnings or issue premiums, the General Meeting must deliberate in line with the quorum and majority requirements for Ordinary General Meetings and the transaction is concluded either by increasing the par amount of the shares or by distributing bonus shares.

No capital increase for cash may be carried out, at the risk of being voided where the former capital has not firstly been fully paid up.

In line with the provisions of the French Commercial Code, shareholders enjoy preferential subscription rights to shares issued for cash as part of a capital increase in proportion to the number of shares they hold.

The period of time granted to shareholders to exercise this right may not be shorter than the period prescribed in the French Commercial Code or regulations applicable on the date of commencement of subscription. This right may be traded where it is detached from shares that may themselves be traded; otherwise, it may be disposed of in the same manner as the share itself.

The outstanding shares not fully subscribed for as part of the capital increase shall be distributed by the Executive Board unless otherwise decided by the Extraordinary General Meeting. With regard to this distribution, the Executive Board may, moreover, decide to limit the capital increase to the amount of subscriptions subject to the twin conditions that this represents at least three quarters of the approved increase and that this option has been expressly provided for in respect of the issue.

The capital increase may be carried out notwithstanding the existence of "fractions" and shareholders who do not have a sufficient number of subscription or grant rights to be issued a whole number of new shares must make it their business to buy or sell the necessary rights.

The Extraordinary General Meeting deciding the capital increase may, pursuant to the provisions of the French Commercial Code, waive the exercise of preferential subscription rights and reserve the subscription for the new shares for those persons of its choosing.

Any contributions in kind are subject to the verification and approval procedure provided for in the French Commercial Code."

"Article 42 of the Articles of Association: Reduction of share capital

The Extraordinary General Meeting may also, subject, as the case may be, to the rights of creditors, authorize or resolve to reduce the share capital for whatever reason and by whatever means, but in no event may the capital reduction affect the equal treatment of shareholders.

Reducing the capital, for whatever reason, to an amount under the legal minimum may only be approved subject to the condition precedent of a capital increase designed to take this amount back up to at least the legal minimum unless the Company transforms itself into a type of company that does not require a capital in excess of the share capital following its reduction.

In the event of a failure to do so, any interested party may apply to the Courts to have the Company wound up; this may not be granted if by the day the ruling is handed down by the Court the issue has been corrected."

10. MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in Subsection 5.3 “Business overview” in this Universal Registration Document, subject to the limits of authorizations granted by our customers with respect to disclosures to third parties (nondisclosure agreements and/or clauses), the Group signed no material contract during the two years immediately preceding the publication of this Universal Registration Document.

11. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

12. DOCUMENTS ON DISPLAY

The Articles of Association, financial statements and reports, minutes of the General Meetings and other corporate documentation may be consulted at the Company's Registered Office: 5, Rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 4 or on its website: http://www.actia.com.

Contact information

ACTIA Group

French limited corporation with an Executive Board and a Supervisory Board
with share capital of €15,074,955.75
Registered with the Toulouse Trade and Companies Register (RCS) under number: 542 080 791 – APE: 6420Z

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13. INFORMATION ON HOLDINGS

The information on this topic is set out in Note 3.2 in the notes to the consolidated financial statements, “Consolidated companies”.

14. CONCORDANCE TABLES

14.1 Universal Registration Document concordance table

This concordance table shows the headings stipulated under Appendices I and II of delegated European Commission Regulation (EU) No. 2019/980 of March 14, 2019 and matches them to the corresponding pages of this Universal Registration Document.

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14.3 Incorporation by reference of 2017 and 2018 financial statements

The following information has been incorporated by reference in this Universal Registration Document:

- reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2017 as well as the related Statutory Auditors' reports;
- reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2018 as well as the related Statutory Auditors' reports;
- selected financial information.

This information is included in the French language versions of the 2017 Registration Document filed on April 25, 2018 and the 2018 Registration Document filed on April 25, 2019 with the AMF.

15. GLOSSARY

To facilitate the reader's understanding, selected technical terms and acronyms are defined below:

- **ACTIA Connect**: an extranet type portal proposing connected Web services directly available from the Multi-Diag® diagnostic tool. These services offer the mechanic on-line support. The portal provides a secure area reserved for Multi-Diag® customers through a user ID and password.
- **ACTIA Fleet**: a global solution combining equipment and services for managing commercial vehicle fleets designed and developed by ACTIA. ACTIA Fleet proposes a modular equipment approach – telematics devices, displays, etc. and services - global positioning, fuel consumption management and management of and exploitation of driving event data.
- **ActiMux**: an embedded multiplexed architecture solution for buses and coaches developed by ACTIA. This solution includes a range of on-board computers, dashboard clusters and gauges.
- **Actuator**: a mechanism for ensuring the regular flow and pressure of a fluid (air, diesel, oil) for the purpose of operating another system under specific conditions.
- **Aftermarket**: the secondary market of the automotive industry. In the sector for industrial vehicles, a distinction is made between the original equipment manufacturer market (OEM) and the secondary market that covers post-equipment operations, maintenance and repairs.
- **Dual-use item**: the control of exports of dual-use goods and technologies is implemented by governments to fight against the destabilizing accumulation of arms in certain regions of the world. The controls are carried out for goods subject to restrictions to certain destinations.
- **BMS (Battery Management System**): electronic modules to regulate the power of different battery cell blocks.
- **Tachograph**: a device for monitoring the activity of commercial vehicles transporting passengers and merchandise. Mandatory in the European Union, this equipment measures driving time and speed in order to regulate the circulation of commercial vehicles by contributing to improved safety.
- **Cloud**: cloud-based IT which uses the computing and storage power of remote servers via the Internet.
- **Cluster**: a term that in our area (and which may have other meanings in other areas) refers to an electronic instrument cluster or panel ("digital dash") that includes different displays: screen, gauges.
- **SMD**: an acronym for Surface Mounted Device (Composant Monté en Surface or CMS in French). SMD is a method for producing electronic cards in which the components are mounted and soldered directly on the surface of printed circuit boards instead of being attached by pins.
- **Co-robotics**: the field of human-machine collaboration, i.e. the direct or remote-controlled interaction between humans and robots to achieve a common goal.
- **COMCEPT**: an acronym for COMplément de Capacités en Elongation, Projection et Théâtre, a contract awarded by the French military procurement agency (DGA) to Airbus Defence and Space (ex-Astrium) and its partner ACTIA Telecom (ex-ACTIA Sodielec) to provide the French military forces access to Ka-band broadband satellite networks starting in 2014.
- **DGA**: an acronym for Direction Générale de l'Armement, the French military procurement agency. It is responsible for designing, purchasing and evaluating military systems for the French armed forces;
- **DMT**: the DMT (Diagnostic Multiplexing Telematics) portal combining information captured from three on-board systems provided by ACTIA to improve the operation of public transit vehicles in China.
- **EasyTach**: a software application developed and sold by ACTIA Group for automatically and remotely downloading legal data from the tachograph equipping the commercial vehicles (see "Tachograph").
- **EBSF**: European Bus System of the Future. EBSF is the first joint project for the urban bus system in the form of a consortium of 49 partners from 11 countries. Launched in 2008 and coordinated by UITP, the International Association of Public Transport, this project integrates through a global approach the needs of passengers, operators, transport authorities, and drivers and is focused on addressing issues relating to urban infrastructure and the place of the bus in the city of tomorrow.
- **Eco-Fleet**: one of the digital services of the ACTIA Fleet telematics portal for monitoring and analyzing driver behavior (fuel and comfort).
- **Electre**: a project for the deployment of digital substations led by RTE (see "RTE").
- **RE**: an acronym for Renewable Energy or energy coming from sources that are naturally replenished or replenished at a pace faster than it is used.

- **End of Line**: electronic diagnostics solution for vehicles at the end of assembly lines.
- **Gauge**: an instrument for measuring and visually displaying indicators on vehicle dashboards. The gauges provide information to the driver: vehicle speed, engine speed, fuel consumption, etc.
- **Microwave**: the microwave technology is based on the emission and analysis of high frequency radio waves. ACTIA Group uses this technology in transmission equipment for earth stations (see “earth stations”).
- **IATF**: International Automotive Task Force.
- **iCAN:** a telematics device designed for light vehicle fleets in the aftermarket segment. The device is connected to the OBD socket in the driver cabin to transmit vehicle operating data to a fleet management software application.
- **IHM-I**: a range of intelligent and connected solutions equipped with a control interface for buses and coaches. These products are available for the post-equipment market. They include communications protocols that make it possible to provide customers with onboard access to Internet, telephony or different navigation, driving and operating services such as antitheft and shock detection, emergency calls, opening doors, engine ignition authorization or fleet management.
- **Infotainment**: a term within the activities of ACTIA referring to product ranges used to provide passenger entertainment and information services on buses, coaches, subways, tramways and trains.
- **Inductance**: component characterized by its ability to create a magnetic flux when it is provided with an electrical current.
- **IRIS**: International Railway Industry Standard. This is the international railway standard. Created in 2006 at the initiative of UNIFE (see “UNIFE”), this standard is the industry quality benchmark integrating all requirements specific to this sector.
- **ISO TS 16949**: the international quality management system standard for the automotive sector. Developed by IATF (see “IATF”), the International Automotive Task Force representing European and American automotive manufacturers and equipment manufacturers, with the objective of harmonizing requirements of the different stakeholders in terms of the quality system.
- **ITxPT**: a cooperative initiative for the implementation of standards for public transport IT systems. The systems are intended to operate perfectly when they are used or connected for the first time without any need for reconfiguration. An integrated test bench provides specification, test, qualification and promotion services for standardized solutions.
- **Lean**: this refers to “lean manufacturing,” a management theory developed in Japan by Toyota to reduce waste by applying a continuous improvement approach across the entire organization.
- **MCO**: an acronym for Maintien en Condition Opérationnelle (Operating Maintenance Services or OMS). This global support package covers all processes required to guarantee the operations of a system over time. In the case of electronic systems, these processes cover the redesign of the boards, their repair, the storage of components, etc.
- **MSA methods**: measurement and analysis methods. Validation of the number of errors in a measurement system. An analysis of measurement systems assesses the test method, the measurement instruments and all of the process to obtain measurements to ensure the integrity of the data used for the analysis.
- **High speed Internet**: this national program is intended to quickly reduce the number of areas with low-speed Internet thanks to the modernization of current telecommunications networks. In addition to the economic and social stakes of the new digital economy, this program will also help to provide access to areas far from major cities.
- **Multi-Diag®**: is the multi-make offering for diagnostics devices and software developed and marketed by ACTIA Group. This range is designed to maintain and repair electronic parts of passenger and commercial vehicles irrespective of the manufacturer. It is sold to Aftermarket vehicle maintenance and repair service networks worldwide.
- **Multiplexing**: a technology which enables the transmission of a very large amount of data between electronic command management devices and accessories using a reduced amount of cabling.
- **NADCAP**: National Aerospace and Defense Contractors Accreditation Program. NADCAP is a quality certification program for subcontractors and suppliers in the aerospace and defense sectors. This program defines the quality standard criteria for each product, manufacturing process and service. This program was developed by major customers like Boeing, Airbus, Safran, Rolls Royce, Bombardier or Zodiac.
- **OBD**: On-Board Diagnostic.
- **ONCF**: an acronym for Office National des Chemins de Fer, the Moroccan national railway company.

- **NATO**: North Atlantic Treaty Organization. Founded on April 4, 1994, a political and military alliance grouping 28 member countries (Europe and North America) with the mission of protecting the liberty and security of its members.
- **PES**: an acronym for Plateforme d'Exécution des Services or "Services Execution Platform" referring to a computer vehicle environment (bus, tramway) and equipped with the necessary communications interfaces making it possible to host all software applications necessary to operate the vehicle (ticketing, multimedia, fleet management passenger information, etc.).
- **PCCN**: an acronym for Poste Contrôle Commande Numérique, a digital protection and control system. This system is used by Enedis. It defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring overly-expensive operating maintenance.
- **RTE**: is the electricity transmission system operator of France. It is responsible for the operation, maintenance and development of the French high voltage transmission system and ensuring the security of the electrical system.
- **RTU (Remote Terminal Unit)**: a (reliable) communications device which makes it possible for regional dispatching to carry out commands in an electrical transmission station (opening a circuit breaker, regulation, etc.).
- **SAM ATOM**: an embedded PC for buses and coaches to manage applications and services for location, communication, multimedia and driver-vehicle interface functions between the driver and passengers, ticketing, video surveillance, etc.
- **SAMI**: an embedded unit for the post-equipment market making it possible to transmit operating data of transport vehicles for advanced maintenance operations. It also features a black box function for detailed recordings of technical parameters that may be analyzed in the event of a vehicle failure or accident.
- **Say-on-Pay**: the expression Say-on-Pay refers to a legal rule which allows the shareholders of a company to vote on executive compensation.
- **Shelter**: a shelter (container) hosting various functions, notably for military applications: complete equipment which can be moved from one site to another.
- **SIL 4** (Safety Integrity Level): relative level of risk reduction inherent to a safety function. It is a measure of the expected performance of a safety function. The requirements for the highest (most reliable) give a level SIL4. A SIL is determined from a given number of quantified factors in the management of the development and/or life cycle.
- **SMART GRID**: an intelligent electrical grid for optimized energy performance with a remote control capability.
- **SMART POWER**: Smart Power peripherals are switching circuits with digital content. They interface with microprocessors and a load. These intelligent switches are designed to control a wide range of loads in automotive and industrial systems.
- **Earth station**: an earth station is a terrestrial radio station for receiving and/or broadcasting satellite communications. It is used for both civilian and military applications.
- **Embedded systems**: a generic term referring to all on-board electronic equipment in vehicles. These systems are in most cases located at the level of the chassis but communicate with cabin devices, and mainly displays (see "cluster," "gauges," "switch pack").
- **Telematics**: etymologically a technology combining telecommunications and information technology. In the areas covered by ACTIA, telematics refers to vehicle connectivity and covers not only embedded communications devices capable of transmitting data but also user services enabled by the use of the data: global positioning, vehicle fleet management, monitoring of fuel consumption, etc.
- **TGU2**: Telematic Gateway Unit 2. The TGU2 is an electrical unit designed and manufactured by ACTIA equipping commercial and industrial vehicles that allows these vehicles to communicate with their environment. This communications capability serves many purposes: global positioning, monitoring of fuel consumption, maintenance, etc.
- **UNIFE**: the European Rail Industry Association (Union des Industries Ferroviaires Européennes).
- **VCI**: Vehicle Communication Interface, referring to the device connected to the OBD (see "OBD") for vehicle connectivity. This device normally located in the vehicle cabin is connected to the vehicle's electronic control units and giving access to a range of vehicle operating data. Exploiting this data through the VCI provides information about the electronic health of the vehicle and as such contributes to its maintenance. A VCI is consequently an embedded telematics unit.