REGISTRATION DOCUMENT

2018

www.actia.com

This Registration Document was filed with the French financial markets authority (AMF) on April 25, 2019, in accordance with Article 212-13 of the AMF General Regulation. In consequence, this English version has not been registered by this Authority nor been audited by our Statutory Auditors and the English translations of their reports included herein are provided for information only. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and ACTIA Group expressly disclaims all liability for any inaccuracy herein.

MESSAGE

Chairman of the Executive Board of ACTIA Group

Jean-Louis Pech

The 2018 financial year saw robust growth in difficult conditions.

Indeed, although revenue for the period reached the record level of €476.5 million, up by 10%, the figure hides the reality of very strong growth in part of the business, offsetting the end of a supply contract for a telematics solution with a major light vehicle customer. The contract represented sales of over €60 million on a full year basis and that means that we have achieved a 20% increase in almost all other segments.

This growth is naturally a very positive development. In line with our strategy, not only does it bear witness to the relevance of ACTIA's positioning in its markets and the major role played by electronics in today's world, but it also represents a huge challenge.

As for the difficult conditions, these existed in two main areas.

Firstly, the supply difficulties for components remained a major feature of the financial year, not only with increases in the costs of basic components, sometimes of unprecedented proportions, but also the imposition of quotas, and increasingly complex and unstable supply and purchasing processes, combined with hitherto unheard-of lead times. This situation put strain on our structures and caused much lower levels of efficiency: increases in inventory of raw materials, interrupted production runs and lower usage rates for the production lines, ongoing exceptional transport costs, and so on.

The consequences of this situation were numerous, but we were able to manage it thanks to the utmost commitment of our teams and the innate strengths of our structures.

Secondly, the other major difficulty relates to human resources in the fields of engineering, research and development. As in the first case, it is a consequence of the massive global digitization combined with the great pressure exercised by innovation in our fields of activity.

Human resources in IT and electronics are becoming difficult to find, and the labor market is particularly tight in the fields where we have the most need. At the same time, there are increasingly complex and numerous requirements in all areas, including technical, regulatory and particularly security and safety issues. With an R&D budget in 2018 of over €80 million, we had to make significant use of outside resources to meet ever tighter lead times. With this in mind, we have taken major steps such as the opening of the ACTIA Academy in Tunisia in 2018, and the reinforcement of our relationships with many schools and universities, which should help us to better address this issue.

Apart from this general overview of the financial year, certain other aspects of the business deserve further comment.

The Automotive Division continued to enjoy particularly strong growth driven by telematics products, despite a drop in our light vehicle business. Trucks performed well, recording progress of 7% while conceding productivity to customers, thus penalizing our profitability.

The on-board computer and electronic architectures business continued to show strong growth, with a particularly good performance from the specialist vehicle segment (logistics, construction and agricultural), as well as buses and coaches with growth in excess of 20%, which is confirmation of our niche strategy as the electronics partner for manufacturers in these various fields.

Technical inspection aside, the Aftermarket business for the Automotive Division was slightly down with a delay in the deployment of the aftermarket telematics business and the related connected services, which failed to meet growth forecasts.

Lastly, still within the Automotive Division, the performance in the area of electromobility was variable. Business with our traditional customers was unfortunately down, but the very numerous studies and demonstrations conducted throughout the year point to very good prospects in this area.

Whereas the Aeronautics sector remained stable, sales in Rail also experienced robust growth, up by more than 20%, a consequence of solid partnerships with manufacturers in this field. These activities are gradually developing into fundamental businesses for the Group, in line with our strategy of diversification. We not only have offers in the historical area of passenger information, but also in the field of assembling and managing batteries where ACTIA is expected to become a leading player over the years to come.

Finally, the Telecoms Division enjoyed an exceptional year, particularly the second semester. Thanks to exports, the Satcom business really took off with a doubling of sales for shipments of our standard products. Apart from the figures themselves, it is a great source of satisfaction for the teams to see our offers succeed in such tenders. It should be noted the effects of the contracts signed in the field of Energy have not yet been felt, as 2018 was devoted mainly to the development of new products. However, these contracts are confirmation of the growth and consolidation of this division within our Group.

So, 2018 has been a particularly intense year operationally, but also in other ways. In fact, at the same time we enlarged our footprint in the areas where we operate, with exceptional levels of investment in production facilities, thus preparing ACTIA for the next decade.

In 2018, we started our new electronics production facility in the United States, in Detroit - a tour de force achieved in less than 12 months - and reinforced our infrastructure in a large number of countries, as in France, Tunisia and Germany, to mention only the more significant projects. The total invested in fixed assets over 3 years was €45 million, of which €22 million in France. This wave of capital expenditure will be completed in 2019 and will result in ACTIA having expanded and renovated infrastructure with high quality equipment in a large number of countries. Finally, ACTIA continued with a major effort to support and train our people and in terms of career management, in order to develop the talents of tomorrow. This will enable us to pursue further growth and ensure our long-term future.

As ever, it is therefore with confidence and pride, driven by the commitment of our teams that we embrace the great challenges and changes facing electronics at the service of the major issues of the future: an increasingly connected humanity, more respectful of the environment, benefiting from sustainable mobility.

Jean-Louis Pech
Chairman of the Executive Board
ACTIA Group

1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 Person responsible for the 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 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 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 Registration Document and read the whole Registration Document.

Jean-Louis Pech
Chairman of the Executive Board

2. STATUTORY AUDITORS

2.1 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.

- **Eric Blache** - 11, Rue Laborde - 75008 Paris

  Appointed by the Combined General Meeting held on May 28, 2013 for a period of six financial years, the term will expire at the end of this General Meeting.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

2.2 Alternate Auditors

- **EURAUDIT** – domiciled at Résidence Cap Wilson – 81, Boulevard Carnot – 31000 Toulouse

  Appointed by the Combined General Meeting held on May 30, 2018 to replace Muriel Correia, who has resigned for personal reasons, the term will expire at the end of this General Meeting.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 30, 2018.

3. INFORMATION ABOUT THE ISSUER

3.1 Statutory information

3.1.1 Legal and commercial name

Legal name: ACTIA Group

3.1.2 Place of registration and registration number

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

3.1.3 Date of incorporation and term

Article 5 of the Articles of Association

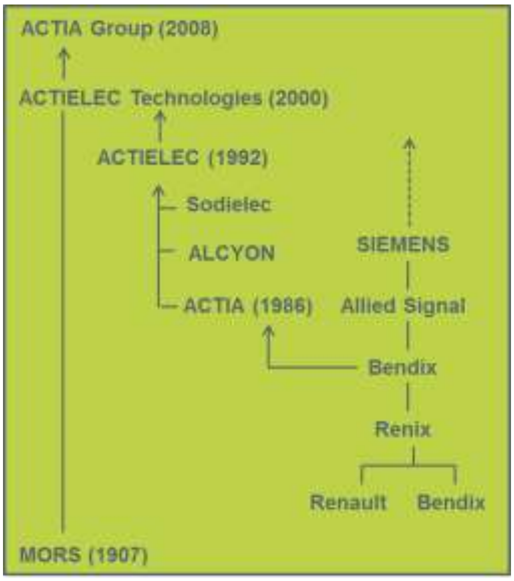
"The Company's term, initially set at fifty years from September 27, 1907, the date of its incorporation, was extended, by a resolution of the Extraordinary General Meeting of December 18, 1956, for 99 years, from September 27, 1957, unless dissolved before that or extended by the Extraordinary General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

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). In 1991, the basics of what was to become ACTIA Group consisted of: 315 people, with consolidated sales of €26.8 million and free cash flow 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 businesses in particular through a series of acquisitions, creations and organizational measures, 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. (U.S.A.) 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. becomes ACTIA Corp; (U.S.A.), BERENISCE SAS (France), ACTIA Nederland (Netherlands), merger of ACTIELEC S.A. and MORS S.A., listed company and creation of MORS Technologies and 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 (Tunisia);
- 2008: ACTIA Tunisie (Tunisia);
- 2015: merger of ACTIA Automotive and ACTIA Muller;
- 2017: Market-IP (Belgium) and opening of an office in 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.

In 2018, ACTIA Group S.A. created two new subsidiaries:

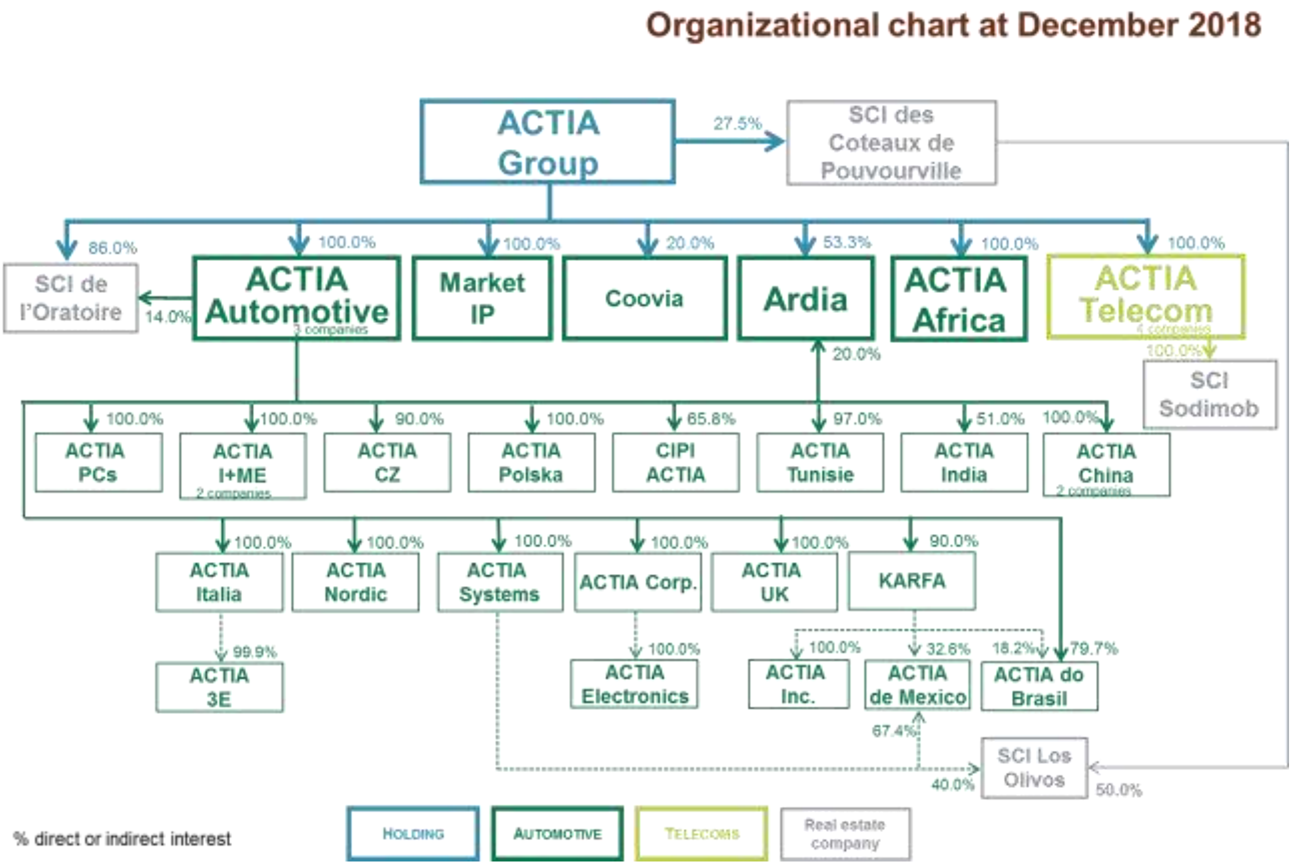
- **ACTIA Electronics** (Romulus – USA), created in March 2018, is a new circuit board production facility for the American market, with the objective of tripling the Group's business in this region over the next 5 years;
- **ACTIA Africa** (Tunis – Tunisia), created in April, is tasked with achieving the Group's goal of strengthening its commercial presence in Africa in cutting edge sectors such as the management and distribution of energy, technical inspection and after sales electronic vehicle diagnostics, transport, especially for passengers, and electromobility.

During 2018, ACTIA Group S.A. also bought out the minority interests held in the ACTIA PCs subsidiary (France), representing 12.2% of the share capital.

4. ORGANIZATIONAL CHART

4.1 Organizational chart

The Group's organizational chart at December 31, 2018 was as follows:



4.2 Group structure

This topic is covered in the notes to the Consolidated Note 3.2 Consolidated companies

4.3 Brief overview of the Group

ACTIA Group is the publicly traded company of the Group. The notes to the separate annual financial statements in subsection 7.2.3 “Notes 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 R&D 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 5.12.11 “Special Report of the Statutory Auditor on regulated agreements and commitments”.

Two divisions specialized respectively in:

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

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

5.1 Presentation of resolutions

On May 28, 2019, we will call an 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, 2018, 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, 2018, approval of non-tax-deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2018;
- Appropriation of earnings for the financial year ended December 31, 2018 and setting the dividend;
- Special Report of the Statutory Auditor on regulated agreements and commitments and approval of same;
- Appointment of BMA to replace Eric Blache as Statutory Auditors;
- Non-reappointment and non-replacement of Euraudit as Alternate Auditors;
- Approval of the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind paid or due for the 2018 financial year to Jean-Louis Pech, Chairman of the Executive Board;
- Approval of the principles and criteria to determine, apportion and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind due to the 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 L.225-209 of the French Commercial Code, duration of the authorization, purposes, procedures and maximum amount.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

- Delegation of powers to be extended to the Executive Board to increase the share capital by issuing ordinary shares and / or securities giving access to the Company's capital with cancellation of the preferential subscription rights of employees belonging to a Company Savings Plan under the terms of Articles L3332-18 et seq. of the French Labor Code, duration of the delegation, maximum par value of the capital increase, issue price, possibility of granting free shares under the terms of Article L3332-21 of the French Labor Code;
- 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, 2018

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, 2018, approves the separate financial statements adopted on said date, as presented, showing net earnings of €2,219,271.53.

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-deductible expenses of €2,267 for this period relating to surplus depreciation on company cars.

RESOLUTION II: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €9,026,805.

RESOLUTION III: APPROPRIATION OF EARNINGS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2018 as follows:

Source		
Retained earnings at December 31, 2018		€11,140,926.32
Profit for the period: appropriation		€2,219,271.53
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,350,203.75	
Dividends	€2,009,994.10	
TOTAL	**€13,360,197.85**	**€13,360,197.85**

The General Meeting notes that the total gross dividend per share is set at €0.10.

The ex-dividend date will be on June 12, 2019; the dividend will be paid on June 14, 2019.

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% (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	
2015	€2,009,994.10* Equivalent to €0.10 per share	-	-
2016	€3,014,991.15* Equivalent to €0.15 per share	-	-
2017	€2,411,992.92* Equivalent to €0.12 per share	-	-

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

RESOLUTION IV: APPROVAL OF THE AGREEMENST WITH LP2C COVERED BY ARTICLES L225-86 ET SEQ. OF THE FRENCH COMMERCIAL CODE

The General Meeting, voting on the special report presented to it by the Statutory Auditors on the agreements to which Articles L225-86 et seq. of the French Commercial Code apply, approves the promotion agreement and the assistance and services agreement entered into during the previous year with the holding company LP2C, which the report describes.

RESOLUTION V: APPROVAL OF THE OTHER AGREEMENTS AND COMMITMENTS COVERED BY ARTICLES L225-86 ET SEQ. OF THE FRENCH COMMERCIAL CODE

The General Meeting, voting on the special report presented to it by the Statutory Auditors on the agreements to which Articles L225-86 et seq. of the French Commercial Code apply, approves the new agreements, as well as the other agreements and commitments from previous years not approved by said General Meeting, which the report describes.

RESOLUTION VI: APPOINTMENT OF BMA AS STATUTORY AUDITORS

Pursuant to a proposal of the Supervisory Board, the General Meeting appoints BMA as Statutory Auditors, to replace Eric Blache, for a period of six financial years, meaning until the end of the Ordinary General Meeting to be held in 2025, called to approve the financial statements for the financial year ending December 31, 2024.

BMA, which has not, over the past two financial years, verified any contribution or merger transactions involving the Company or the companies it controls as defined by Article L233-16 of the French Commercial Code, has accepted the role.

RESOLUTION VII: NON-REAPPOINTMENT AND NON-REPLACEMENT OF EURAUDIT AS ALTERNATE AUDITORS

The General Meeting acknowledges the expiry of the term of office as Alternate Auditors of Euraudit and duly notes their desire not to seek reappointment as such.

Furthermore, the General Meeting, acknowledging that:

- the appointment of Alternate Auditors is no longer mandatory since the Sapin II law of December 9, 2016 came into effect and amended Article L823-1 of the French Commercial Code, if the Statutory Auditors are not an individual or a single person company;
- BMA, Statutory Auditors as appointed above, is a multi-partner company;

decides, as proposed by the Supervisory Board, not to appoint Alternate Auditors.

RESOLUTION VIII: APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING THE TOTAL COMPENSATION AND BENFITS OF ANY KIND PAID OR DUE FOR THE 2018 FINANCIAL YEAR TO JEAN-LOUIS PECH, CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-100, Paragraph II of the French Commercial Code, hereby approves the fixed, variable and exceptional items comprising the total compensation and benefits of any kind paid or due for the duties carried out by Jean-Louis Pech as Chairman of the Executive Board during the previous period, as presented in the report on 6.4.4Compensation items submitted to a vote (Say-on-Pay ex-post)of this 2018 Registration Document.

RESOLUTION IX: APPROVAL OF THE PRINCIPLES AND CRITERIA TO DETERMINE, APPORTION AND ALLOCATE THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND DUE TO THE CHAIRMAN OF THE EXECUTIVE BOARD

The General Meeting, voting under the terms of Article L225-82-2 of the French Commercial Code, hereby approves the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items comprising the total compensation and benefits of any kind due for the duties carried out by the Chairman of the Executive Board, as set out in the6.4.2Approval of compensation policy items (ex-ante say-on-pay)-on-pay)" of this 2018 Registration Document.

RESOLUTION X: 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.

Acquisitions under this authorization that may not increase the total number of treasury shares held by the Company to more than 10% of the share capital may be made for the following purposes:

- to stimulate the secondary market or liquidity per share through an investment services provider 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.

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 for the purchase of shares under this authorization is €5,627,972.

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.

This authorization cancels the authorization granted to the Executive Board by the eleventh resolution of the previous General Meeting held on May 30, 2018.

II. POWERS OF THE EXTRAORDINARY GENERAL MEETING

RESOLUTION XI: DELEGATION OF POWERS TO CARRY OUT A SHARE CAPITAL INCREASE LIMITED TO MEMBERS OF A COMPANY SAVINGS PLAN

The General Meeting, having read the report of the Executive Board and the Statutory Auditors' special report, voting under the terms of Articles L225-129-6, L225-138-1 and L228-92 of the French Commercial Code and L3332-18 et seq. of the French Labor Code:

- hereby delegates its powers to the Executive Board for the purposes, should the latter consider it appropriate and on its sole initiative, to increase the share capital in one or more steps by issuing ordinary shares or securities giving access to equity securities to be issued by the Company for the benefit of members of one or more company or group savings plans set up by the Company and / or the French or foreign companies related to it under the terms of Article L225-180 of the French Commercial Code and Article L3344-1 of the French Labor Code;
- cancels, for these persons, the preferential subscription right to shares that could result from this delegation;
- sets the period of validity of this delegation at twenty-six months from the date of this meeting;
- limits the maximum par value of the increase(s) that may be carried out by exercising this delegation to 3% of the amount of share capital reached at the time of the Executive Board's decision to carry out the increase, this amount being independent of any other ceiling that may apply to a delegation to increase the share capital. This amount may be increased, where appropriate, by the par value of the increase in share capital necessary to preserve, in accordance with the law and, as applicable, the contractual clauses stipulating other means of preservation, the rights of the holders of rights or of securities giving access to the Company's share capital;
- rules that the price for the shares to be issued, under the terms of Paragraph 1 of this delegation, may not be lower by more than 20%, or by 30% where the vesting period specified by the plan under the terms of Articles L3332-25 and L3332-26 of the French Labor Code is equal to or greater than ten years (or any other maximum percentage specified in the legal provisions applicable at the time of setting the price), compared to the average of the prices quoted during the twenty trading sessions preceding the day upon which the Executive Board decides to set the date for opening the subscription, nor greater than that average;

- hereby grants all necessary powers to the Executive Board to implement this delegation, and to take any necessary measures and perform any formalities required.

RESOLUTION XII: POWERS TO BE GRANTED

The General Meeting duly notes that, due to a material error by the keeper of the Company's securities register, the minutes of the Combined General Meeting held on May 30, 2018 were modified on October 4, 2018.

In fact, having corrected the technical error made by the external service provider in charge of the ACTIA Group securities register, the attendance record was corrected as follows: shareholders in attendance, represented or having voted by correspondence held 12,200,729 shares out of the 20,099,941 that form the share capital (60.70%) and held 22,088,106 voting rights out of a total of 32,173,220 (68.65%). The outcomes of the votes on each resolution have also been corrected accordingly.

These amended minutes have been appended to the minutes of this General Meeting.

The General Meeting hereby grants all necessary powers to the bearer of an original, a copy or a short-form certificate of these minutes for the purposes of performing any formalities required to file the minutes of the Combined General Meeting held on May, 30 2018 as amended, with the Clerk of the Court of Toulouse, for the purposes of publication.

The General Meeting also 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.

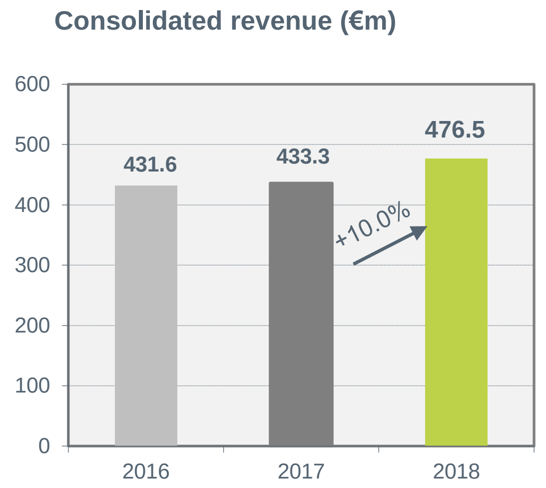
This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

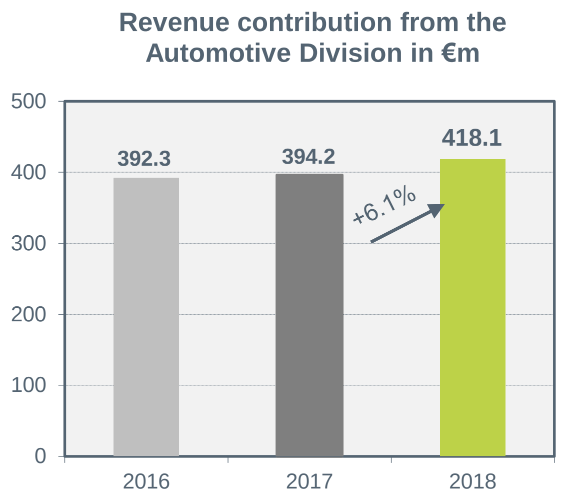
5.2 Selected financial information for the period

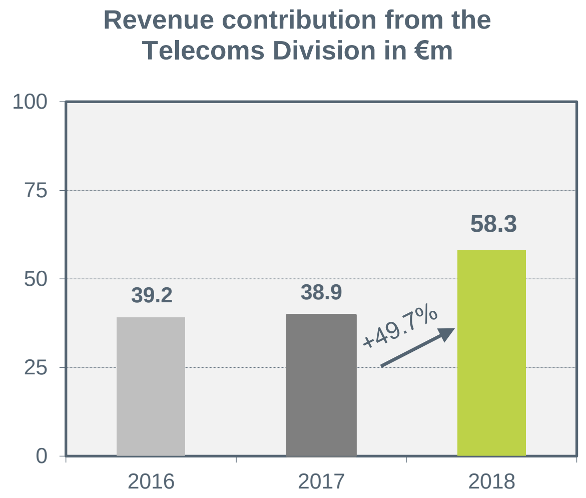
The following tables and charts represent audited figures. To facilitate the reader's understanding, in the presentation of data in the Management Report, we have given preference to figures for contributions by division as an alternative to the divisions' consolidated figures. The differences between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

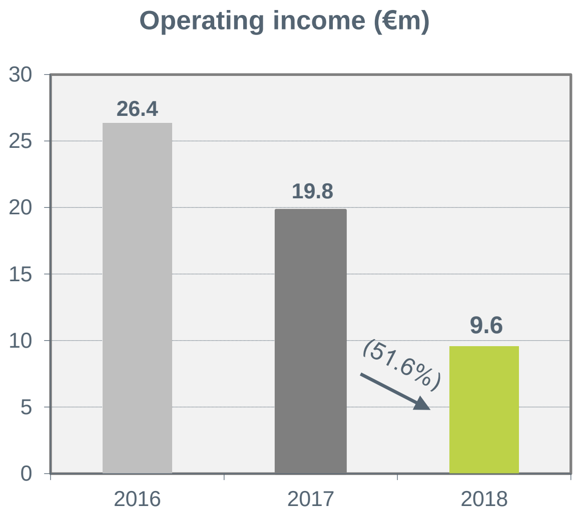
The Group's separate annual and consolidated financial statements as at December 31, 2018 were approved by the Executive Board on March 25, 2019 and submitted to the Supervisory Board on the same day.

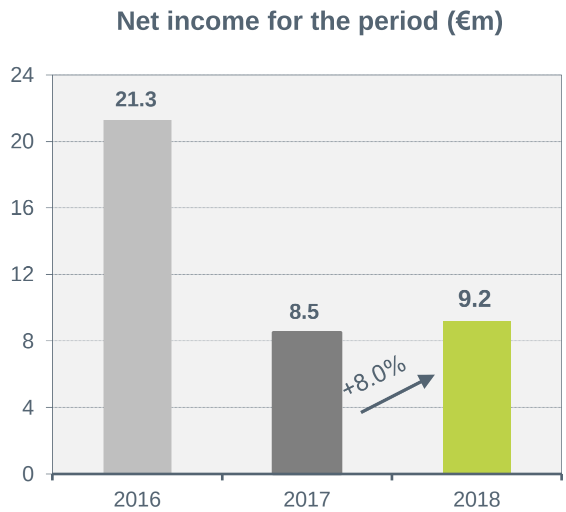
5.2.1 Key figures

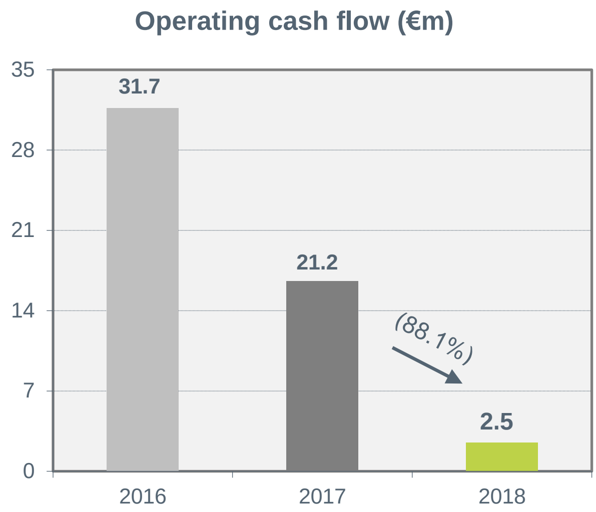


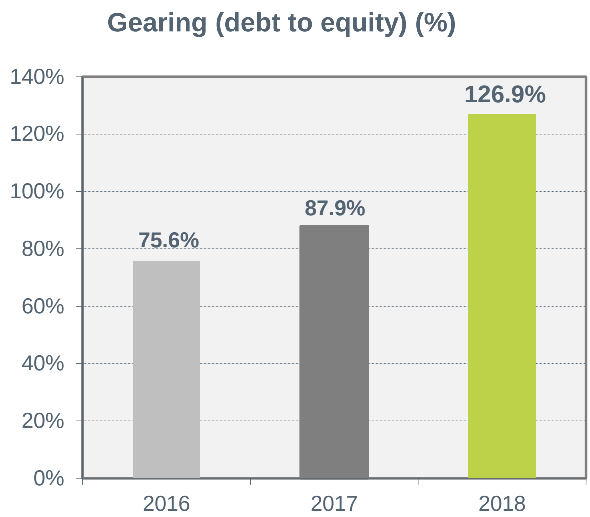

Revenue contribution from the Automotive Division in €m
500
400
300
200
100
0
392.3
394.2
418.1
+6.1%
2016
2017
2018

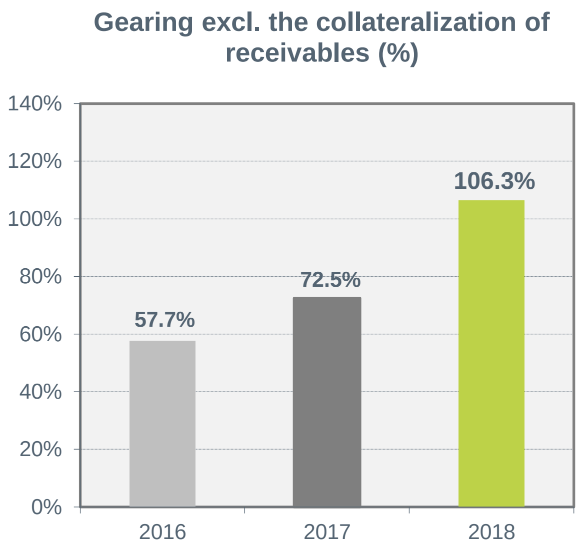

Revenue contribution from the Telecoms Division in €m
100
75
50
25
0
39.2
38.9
58.3
+49.7%
2016
2017
2018


Operating income (€m)
30
25
20
15
10
5
0
26.4
19.8
9.6
(51.6%)
2016
2017
2018


Net income for the period (€m)
24
20
16
12
8
4
0
21.3
8.5
9.2
+8.0%
2016
2017
2018







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

5.2.2 (Consolidated results

The consolidated financial statements of the Group show sales up by 10.0% to €476.5 million, and profit attributable to the Group of €9.0 million compared to €8.3 million in 2017, an increase of 9.2%.

Consolidated results for the 2018 financial year break down as follows:

Consolidated Group income (€k)	**2018**	2017	2016
Revenue	**476,520**	433,320	431,648
Current operating income	**8,667**	18,967	26,135
Operating income	**9,575**	19,803	26,361
Financial result	**3,371**	(8,988)	(2,614)
Net income for the period (A)	**9,194**	8,510	21,285
✓ *attributable to Group shareholders*	***9,027***	*8,264*	*20,914*
✓ *attributable to non-controlling interests*	***167***	*246*	*371*

Consolidated Group income (€k)	**2018**	2017	2016
Tax (B)	**2,867**	1,856	2,590
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**3,260**	2,626	2,191
Valuation of hedging instruments (E)	**(6,505)**	5,988	269
Depreciation (F)	**20,688**	18,654	16,209
EBITDA (A+B+C+D+E+F)	**29,505**	37,633	42,543

NB: figures taking into account changes to IFRS 15 for the 2018 and 2017 financial statements, while those of 2016 have not been restated.

We will ask shareholders to approve these consolidated financial statements.

5.2.3 Brief overview of the Group position during the 2018 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 the 2018 financial year reached €476.5 million, an increase of 10.0% over 2017, thus exceeding the original objectives. Sales achieved by the international subsidiaries were €254.4 million, equivalent to 53.4% of consolidated revenue. International customers therefore represented 72.8% of revenue with geographical variations in line with expectations, namely a slight increase in sales in France that was nevertheless below that of other countries, thus reducing its share, a sharp downturn in the United Kingdom due to the end of a major automotive contract in H2 2017, and strong growth in Sweden, Egypt and Belgium.

Automotive Division

The Automotive Division represented 87.7 % of consolidated Group revenue, up by 6.1%.

With the end of the two contracts in the automotive sector in Q4 2017, 2018 was expected to be stable, thus absorbing the lost business worth over €40 million. The division finished well ahead of its objective, including a very impressive boost in the sales of its other automotive customer, which offset the others to a large extent.

Overall, the telematic boxes business, across all sectors, only fell by 2.0%, with the development of sales for industrial vehicles (heavy vehicles and agricultural machinery…) also offsetting the missing volumes.

Overall, the OEM for manufacturers enjoyed sustained growth whatever the market segment, with the different products in the range of embedded systems progressing along with the sector.

Even if the powertrain offer, especially for 'last mile' deliveries, has not yet found a steady market, with numerous prototypes still being tested by our customers, solutions that support electric vehicles, particularly the battery packs for industrial vehicles, enjoyed robust growth over the period.

After an indifferent year, the Aftermarket sector finished strongly, up by 4.2%, with the Technical Inspection business enjoying the benefits in the final quarter of an upgrade introduced in France, but the garage equipment sector continued to suffer from the transformation of the sector related to vehicle usage.

The contribution to sales by the Manufacturing Design & Services sector remained stable at 10.0% of consolidated revenue.

The geographic breakdown by region of sales remained quite stable within the division, but within Europe the drop in the United Kingdom was largely offset by growth in Sweden, Belgium, Germany and the Netherlands, with international sales representing 77.1% of the total for the division.

Within the subsidiaries, quite apart from the end of the contract that affected the Swedish and French companies, it was the German subsidiary that enjoyed the best rate of growth, driven by the ramping up of battery pack deliveries. After a difficult 2017 due to exacerbated local competition, our Chinese subsidiary returned to growth, even if the market remains tight. The Mexican subsidiary managed to stabilize its business, whereas the presidential elections in Mexica generally cause a slowdown in sales, with the newfound stability resulting from its ability to address new customers in the LATAM region in the field of Buses & Coaches.

Unfortunately, the good sales performance, demonstrating the ability to absorb the end of a major contract, was not apparent in the results. Indeed, the Automotive Division had a very difficult year in terms of supplies, encountering for the first time in its history an increase in the prices of a certain number of components, combined with a contractual price decrease for high volume products, with profitability being directly affected as a result. These supply difficulties also resulted in quotas with deliveries being staggered and deferred over time, which reduced industrial efficiency. However, the energetic response by our teams means that we have been able to honor our customer delivery commitments.

Furthermore, in 2018 and following on from 2017, the Automotive Division experienced, with the pending end of the second contract for telematics for light vehicles, very robust growth thanks to the commercial successes achieved over the past two years, which will gradually enter production as of 2020.

Lastly, in other fundamental areas, the teams supported the development of a new production facility in the United States, prepared for the deployment of digital systems such as the PLM (launch in 2019) and ERP (launch in 2020) and managed the extension/construction of buildings in France and Tunisia, which naturally had an impact on the short term profitability of the division. As a result, operating income, adversely affected in the first half at €1.1 million, grew back in the second half to €3.8 million, finishing the year down by 69.8% at €4.9 million, compared to €16.4 million at 12/31/17.

The valuation of hedging instruments, very unfavorable at 12/31/17 at -€5.2 million, became a positive €1.2 million, thus improving the financial result by €6.5 million. Independently of the situation at the end of the year and considerable fluctuations in the markets, the hedging instruments made it possible to acquire dollars for purchases at a slightly better rate than in 2017 (1.182 compared to 1.162 on average in 2017).

Telecommunications Division

Expected to enjoy growth this year thanks mainly to the gradual ramping up of the Energy (+13.2%) and Rail-Transport (+29.4%) segments, the Telecoms Division exceeded its objectives with the signing of a contract in Egypt for supplying ground stations for delivery between 2018 and 2020. In fact, with recurrent contracts and its export successes, the Satcom business unit grew by 118.4% over the year. With the end of the deployment of 4G, the IRT business unit returned to its usual level of sales despite a drop of 30.8%.

With the growth accompanied by an increase in headcount and recourse to subcontractors, the Telecoms Division nevertheless made further progress with its operating income up by 39.6% at €5.2 million for the full year, following a poor first half of just €0.1 million in preparation for the strong second half performance.

Therefore, **at Group level**, the initial objective of slight growth for 2018, despite the end of a major contract in 2017, and contributing over €40 million for the financial year, was largely exceeded by the over performance of the two divisions. However, the second telematics contract for automotive, and the contracts in the heavy vehicles segment with tight margins, and adversely affected by the difficulties in the components market, weakened the product mix at the very time when the arrival of new business should have gradually improved the Group's profitability.

Therefore, operating income reached €9.6 million as opposed to €19.8 million in 2017, affected by a fresh rise in headcount of 6.9%, increasing from 3,459 to 3,697 people. However, this increase, in anticipation of the needs brought about by new markets, occurred despite recruitment difficulties in a number of countries; this was offset by a 30% increase in the use of subcontractors, clearly more costly than using internal resources. It also provides access, nevertheless, to specific resources that are not part of the Group's recurrent needs.

The workforce directly allocated to new product development increased by 105 or 11.2%, thus generating a considerable increase in the Group's expenses, which rose from €66.9 in 2017 to €81.0 million, an increase of 21.0%, with a higher proportion of capitalizations at 35.2%, related to new contracts. These capitalizations also made it possible to benefit from more support through the Research Tax Credit, which rose in 2018 by 24.4%. The portion reinvoiced to customers remained stable with a rate of 36.2% as compared to 36.7% in 2017. Therefore, the Group's efforts in R&D represented 17.0% of revenue, as opposed to 15.4% in 2017.

Despite the difficulties in the components markets disturbing production, the exceptional use of other means of transport was limited, with the cost of transport dropping by 21.1% to its usual level regarding the Group's overall business.

Although major fluctuations continued into 2018, the Group was able to improve the average rate for buying dollars for its purchases achieving 1.1823 as compared to 1.1624 in the previous year, finding itself close to the average market rate of 1.1815 in 2018, thus securing its purchases in relation to the selling prices for our customers.

The mark to market valuation of these instruments experienced considerable fluctuations related to closing rates, with a positive valuation this year of €1.2 million against a negative €5.2 million at 12/31/17. Apart from its positive impact of €6.5 million, the financial result was worse by 4.4% due to the increased cost of debt, which grew by 30.4% over the year, especially due to the impact of financing the real estate program in support of the growth of the French, Tunisian, American and Italian companies.

The gross interest rate improved from 1.67% in 2017 to 1.59%, with the Group continuing to benefit from medium term financing at low rates, while taking on the higher costs 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.

However, this capital expenditure program in the Group's properties, production facilities, digitization and R&D for the products that will generate future revenues, has resulted in a substantial increase in the Group's net debt and affecting both the gearing ratio, which increased from 87.9% to 126.9%, and the leverage ratio (2.98 vs. 5.71 in 2017).

Gearing excluding the collateralization of receivables was 106.3% as compared to 72.5% at end 2017, with the Group collateralizing only 10.5% of receivables. These levels have resulted in non-compliance with the covenants related to 25% of the debt, with the reclassification of €41.2 million in medium- and long-term maturities into short-term maturities. As at April 19, five of the six concerned financial institutions had accepted the waiver requests, with the last one still processing the request.

Variances in WCR were once again affected, as at end 2017, by the difficulties in the global market for electronic components, caused by the growth of the global economy and the popularity of connected objects. With a negative €26.3 million, the variance in WCR is explained mainly by the 24.9% or €27.2 million increase related to both the stocks of raw materials (impact of longer lead times, the imposition of quotas, price increases and growth in the business itself), as well as of work in progress (goods and services) due to the development of new products for our customers. Supplier and customer payment periods varied little over the year, with the gap between the two nevertheless remaining impactful in times of growth.

Subsidiaries and dealings in existing inter-company holdings

In 2018, ACTIA created two entities outside France:

- ACTIA Electronics (United States), a company whose purpose is to produce electronic circuit boards for the Group in the United States and for the North American continent;
- ACTIA Africa (Tunisia), a marketing company to drive the Group's further development in Africa (promotion, sales and technical support), particularly in the areas of energy and urban mobility.

These two entities are 100% owned by the Group.

ACTIA Group also bought out the minor shareholders in its subsidiary ACTIA PCs.

Finally, following the difficulties encountered by COOVIA, whose entry into receivership was announced on March 5, 2019, the Group fully provisioned for credit losses related to this 20% owned business at December 31, 2018, a sum of €823.5 k.

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

5.2.4 Indebtedness

With a capital expenditure program of €52.3 million, covering a 3-year real estate program (2017-2019), the acquisition of new production facilities and a level of R&D expenditure sufficient to support the development of new products, the Group's net debt changed as follows:

(In €m)	2018	2017
Net income	9.2	8.5
+Income tax	2.9	1.9
+Financial interest	3.3	2.6
+Net depreciation	20.7	18.7
- Goodwill impairment	0.0	0.0
Impact JV financial instruments	(6.5)	6.0
EBITDA excluding financial instruments	**29.5**	**37.6**
Gross liabilities	**205.6**	**157.6**
Cash	37.0	45.6
Net liabilities	**168.6**	**112.1**
Shareholders' equity	132.8	127.5
Leverage	**5.71**	**2.98**
Gearing	**1.27**	**0.88**
Real estate liabilities	16.1	3.7
Net liabilities excluding real estate	**152.4**	**108.4**

(In €m)	2018	2017
Leverage	**5.17**	**2.88**
Gearing	**1.15**	**0.85**

Liabilities related to the collateralization of receivables	27.4	19.6
Net liabilities excluding the collateralization of receivables	**141.2**	**92.4**
Leverage	**4.79**	**2.46**
Gearing	**1.06**	**0.73**

Net liabilities excluding real estate / collateralization of receivables	**125.1**	**88.8**
Leverage	**4.24**	**2.36**
Gearing	**0.94**	**0.70**

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

However, it should be noted that the real estate transactions under way within the Group with the extension of certain buildings or the construction of new buildings to replace rented premises, is not fully reflected in the situation at December 31, 2018. It should also be noted that the construction, extension and renovation program affecting the sites in Madrid, Toulouse, Chartres, Tunis, Dinard, Puy-Sainte-Réparade, Millau, Manosque and Romulus (USA), representing direct and indirect investment of €38 million over 3 years, was launched in 2017. It has very little impact on cash flow with the repayment of new borrowings replacing the old ones, fully repaid, or rents, with the exception of the United States, but it does involve an increase in medium- and long-term liabilities (financing over 10 or 15 years).

Therefore, to properly analyze the particularly substantial increase in debt levels during this period of high capital expenditure, and without the use of deconsolidation for the financing of its receivables, the Group tracks changes to its ratios while restating this information, as presented below.

With these various programs, ACTIA has benefited from medium- and long-term borrowings to meet its needs in terms of the means of both production and product development, enabling it to react rapidly to any opportunities.

Furthermore, it should be noted that cash in hand of €36.9 million at December 31, 2018 and the limited use of short-term lines of credit at 37.6% 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 value as appraised in 2018 was €43.0 million, whereas the net book value was €14.7 million.

However, the change in the financial position resulted in 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 prior to submitting them to the General Meeting of May 28, 2019. As at April 19, five of the six concerned financial institutions had accepted the waiver requests.

5.2.5 Off-balance-sheet commitments

This information is set out in Note 26 "Off-balance sheet", Note 27 "Encumbered assets" and Note 29 "other information" in the notes to the consolidated financial statements.

5.3 Business overview

ACTIA Group remains organized around two sectors:

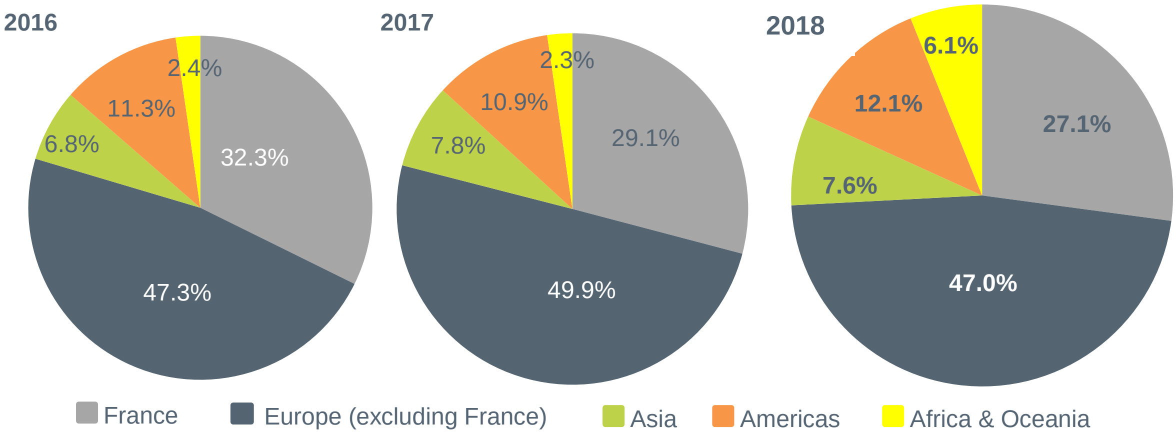
- Automotive Division;
- Telecommunications Division;

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 rise 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).



Whereas France continues to progress (+2.0%), its share of consolidated Group sales nevertheless diminishes every year, while Europe continues to grow with good levels of deliveries for European manufacturers to their European factories, with increases of 30.4% in Sweden, 68.9% in Belgium and 30.1% for those located in the United States. It should be noted that the end of a contract with an automaker badly affected delivery levels in the United Kingdom with a drop of 87.3%, moving it to 11th place in terms of country billings, as opposed to 3rd in 2017.

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 electronic cards 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…), and also in the fields of electric vehicles, aeronautical, and rail.

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

Income contributions (€k)	2018	2017	2016
Revenue	**418,121**	394,242	392,347
Current operating income	**4,121**	15,596	23,144
Operating income	**4,942**	16,388	23,311
Net income for the period (A)	**6,438**	6,132	18,269
Tax (B)	**2,386**	1,956	2,646
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**2,401**	2,373	1,988
Valuation of hedging instruments (E)	**(6,223)**	5,712	194
Depreciation (F)	**18,923**	17,530	15,048
EBITDA (A+B+C+D+E+F)	**23,926**	33,703	38,144

NB: figures taking into account changes to IFRS 15 for the 2018 and 2017 financial statements, while those of 2016 have not been restated.

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

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

Business activity (€k)	2018	2017	2016
OEM	320,969	301,646	289,658
Aftermarket	49,408	47,404	57,310
MDS	47,743	45,191	45,379
TOTAL	**418,121**	**394,242**	**392,347**

OEM

- ACTIA products and solutions

ACTIA Group is diversified in terms of 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 applications to customize and configure these 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 passengers to provide information and entertainment such as music, films, radio, Internet, and video-on-demand, etc.;
- 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 a strong technological legacy in the field of telematics based on nearly 15 years of experience both for 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 different functionalities for the driver or fleet manager:

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

TGU-R

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.

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…).

❖ 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 PSA Peugeot Citroën Group through a complete range of hardware and software solutions as well as services for both industrial sites and the aftermarket networks 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…), 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 existent, including Bosch and DSA.

❖ Operating highlights

In 2018, OEM once again enjoyed growth with sales rising from €301.6 to €321.0 million, an increase of 6.4%. There has been a slight shift in the balance between light vehicles, down following the end of a major contract in mid-2017, and professional vehicles, which is showing strong growth as volumes improve for various new products.

These include buses and coaches, up by 20.2%, trucks by 7.5% and Off-Highway by 30.9%, all showing strong growth over the year. At country level, 2018 has been a year for growth in almost all the countries where ACTIA has a significant business. Emerging countries, a source of focus, showed strong growth, with 1.6% in India, and a substantial 6.0% in Brazil. In China, the business grew by 8.6% despite the depressed economic situation for buses and coaches.

Revenue from electric vehicles improved by 64.5% in comparison to 2017. Sales of powertrains for medium-sized self-service vehicles stabilized and sales in the area of buses recovered strongly, thanks especially to battery solutions.

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 products);
- 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.

On the other hand, 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 (system 4G, 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

With a target market also including technical inspection centers, the Group has developed applications for the pre-inspection diagnostics segment as well as diagnostics for aftermarket 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.

In 2018, the all new SmartLynx headlight tester obtained the Equipment of the Year Awarded given by the magazine "*Décision Atelier*".

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. 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, ACTIA's market position 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 CO² 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 numous initiatives 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 or the Middle East. Our global offering includes notably 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. In this way, 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, either directly, or in partnership with large international groups operating in this area, tasked with managing these inspection centers.

For vehicle fleets, customers may include the transport operators themselves (bus, coach and truck operators). They may also be integrators, i.e. companies that use ACTIA services through 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 competitors 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 2018, the Aftermarket business represented revenue of €49.4 million, up by 4.2% compared to 2017. The garage equipment business was stable, with the level remaining almost unchanged since 2016, with the segment undergoing consolidation, particularly in France, for several years now.

In the technical inspection segment, growth was 25.9%. The primary driver of growth remains France. Whereas 2017 had seen a downturn, 2018 was encouraging with the replacement of equipment due to regulatory changes. The other source of growth in 2018 was Georgia.

Revenue from vehicle fleets was down by 4.7%. Lower levels of business in France and Mexico were not offset by the growth in China, Turkey and other countries.

Manufacturing-Design & Services business unit

❖ Products

The MDS business unit designs and manufactures cards and electronics systems for third parties. ACTIA Group 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 electronic cards production facility.

ACTIA's 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 Group in this way offers a series of services ranging from the design to the manufacturing of electronic cards or circuit boards, not to mention testing and integration.

ACTIA also possesses specific expertise in long-term maintenance for complex electronic systems with a team of experts with a platform for monitoring component obsolescence. On this basis, it is able 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 Group addresses the market for small and medium-sized production runs, with facilities capable of meeting 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

  In 2017, Airbus, showing its continuing confidence in the Group by signing a contract, remains one of the major customers, with ACTIA seeking to maintain a long and diversified list of 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 is now starting to fully reap the benefits of the capital expenditure program carried out over the past 5 years.

  In 2018, the business grew slightly, reaching €47.7 million versus €45.2 million in 2017.

5.3.2 Telecommunications Division

The Telecommunications Division operates in four markets:

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

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

Income contribution from the Telecommunications Division (€k)	2018	2017	2016
Revenue	**58,264**	38,921	39,196
Current operating income	**5,011**	3,641	3,217
Operating income	**5,195**	3,722	3,284
Net income for the period (A)	**4,992**	3,328	3,304
Tax (B)	**443**	60	(160)
Impairment of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**63**	63	75
Valuation of hedging instruments (E)	**(282)**	276	75
Depreciation (F)	**1,759**	1,318	1,157
EBITDA (A+B+C+D+E+F)	**6,975**	5,044	4,449

NB: figures taking into account changes to IFRS 15 for the 2018 and 2017 financial statements, while those of 2016 have not been restated.

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

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

Business activity (€k)	2018	2017	2016
Satcom	**33,079**	15,446	19,226
Energy	**11,250**	9,703	9,250
Rail	**9,026**	6,561	5,464
Infrastructure Networks Telecom	**4,909**	7,210	5,257
TOTAL	**58,264**	38,921	39,196

The Telecommunications Division, with 12.2% of Group sales and revenue up by 49.7%, achieved operating income and profit for the period greater than in 2017.

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.

- 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 issues and classification as 'dual-use items' 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, GDSatcom in Germany, Pals in Turkey, S3 in the United Kingdom, and Indra in Spain.

- Operating highlights

In 2018, 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 program (Ka band), or the SYRACUSE3 program (X band), as these programs no longer require the delivery of equipment. These tranches progress nominally with positive feedback on the operational qualities of the stations produced by the Group.

As happens every year, NATO has added new amendments to the contract, thus ensuring repeat business with the customer.

In addition, the Group delivered a new range of 500W Ka amplifiers for satellite anchor stations to TAS and AIRBUS, developed a new generation of powerful and compact, liquid cooled amplifiers for the French Navy (THALES) and, for AIRBUS, undertook the industrialization and production of embedded circuit boards for satellites as part of the ONEWEB constellation project.

But the major highlight in 2018 was the success of the export sales strategy pursued over recent years, with the signing of a Satellite Network contract with Egypt. This project was secured following a ferociously competitive international tender including all the major players in this field (USA, Italy, France, Spain).

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...
- remote protection for renewable energies (photovoltaic, wind turbines),
- turnkey solutions: control rooms, communications networks

Remote control systems

Telecommunications

Command and Control

❖ The market

The arrival of new digital technologies associated with smart grids, the development and 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

Responding to the need to manage energy, the customers are essentially public sector companies and so opening up to international markets is a slow and laborious process. Primarily focused on French speaking markets, the major customers are:

- on 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 insular networks (Tahiti, Mayotte, Reunion, etc.).

❖ Partners

Operating in a technological niche, the Group works in partnerships to provide comprehensive solutions for its customers. The main partners are:

- Siemens for the PCCN contract for digital substation equipment (ENEDIS);
- ICE for the PCCN and Electre contracts (RTE and ENEDIS);
- Fournié Grospaud for the remote-control system contract for the high-speed train in Morocco.

❖ 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 has been steadily growing for a number of years, with a further 16.0% in 2018, driven by the digitization market and the supervision of electric grids, along with the energy transition and smart grids. Work to meet these new demands is ongoing, with ACTIA having designed new ranges of equipment.

For example, in 2018 the Group strengthened its position with ENEDIS through various new projects:

- IBIS: equipment to allow communication between electricity meters for manufactures;
- Smart substation: equipment to make low voltage networks 'smart'.

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 Group has concentrated its rail telecommunications business at the Millau site in the 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 systems and equipment for the users of transport services, for train to trackside transmissions and trackside safety.

The various solutions consist of:

- visual and audio information systems for passengers, including monitors, LEDS and LCD displays, intercom's, speaker systems, dynamic route maps, servers and ground applications, … (jointly developed with ACTIA Systems in Spain);
- on-board, real time video-surveillance systems, either autonomous or managed from trackside (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.

Train to trackside transmission and broadcasting systems

Video-protection

Infotainment & passenger information

Infrastructure & trackside safety

Power electronics

- 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 Group in terms of passenger information, high-definition video surveillance and analysis and the adoption of broadband communications systems for transmitting video, sound and data. The functions and applications of these communicating systems extend from train to trackside in a single, coherent system.

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 to implement and secure wireless announcement systems (SIL4).

- 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 (stringent requirements and rigorous standards such as SIL4 certification resulting in significant costs and approval delays).

❖ Operating highlights

The development of the rail business continued in 2018 with growth of 37.6%. It was driven by the start of the MP14 and RERNG programs for ALSTOM (renovation of the Paris metro and Paris region public transport), but also by expanding the supply of products and services to operators such as SNCF, RATP and ONCF. The R&D effort continued unabated, both for the development and adaptation of current solutions, and the preparation of new solutions developed internally.

Infrastructure Networks Telecom

❖ Products

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

This offer is developed, qualified and manufactured by our Manosque site (France).

While proposing optimal solutions in terms of functional needs, ACTIA Telecom combines a mix of production and logistics process adapted to rapid response times 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;
- mobile, truck- or trailer-mounted telecommunications sites;
- and complementary solutions such as: shelter in fixed or mobile version, system for protection against lightning, galvanic isolation system, etc.

Outdoor telecoms solutions

Mobile or temporary infrastructure solutions

❖ The market

The increasing demand for communications offers ACTIA Group recognition in the field thanks to its responsiveness, adaptability and the quality of service it offers. However, it still remains primarily a domestic market due to the need for geographic proximity.

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.

For the Internet, Orange is our main customer for an ambitious nationwide program called "*Montée En Débit*" (MED - or 'higher speeds').

- The competition

  On the telephony market, our main competitors are either integrators or sheet metal manufacturers based in France, or international telecommunications equipment producers based in Asia or Eastern Europe, offering "telecoms equipment + infrastructure packages". However, the latter do not have the flexibility and responsiveness that come with geographic proximity.

  On the broadband Internet market, in areas with low population density, ACTIA Telecom is approved by Orange for the deployment of outdoor units. This market is split 50/50 between ACTIA and another supplier. On the other hand, ACTIA Telecom has only a minor presence on the market for optical fiber Internet, which requires very little integrator added value. The sheet metal and optical equipment manufacturers dominate this very competitive market.

- Operating highlights

  In the area of telephony, ACTIA Telecom currently delivers products to Bouygues Telecom and Altice SFR needed to supply 4G GSM sites.

  ACTIA Telecom is currently in negotiations with Orange for the supply of a turnkey unit used to meet the need for 4G coverage in dead zones, while Orange is also considering using this unit for the deployment of 5G.

  In the field of increasing Internet speeds, the supply contract signed with Orange for outdoor bays to be used for the deployment of broadband ADSL in areas of low population density, corresponding to the French government's objective of "all digital for everybody", is still in force with around 350 sites delivered in 2018. Volumes are forecast to drop in 2019, but adjustments to the product offer have enabled us to prolong the contract into 2021 and also to use it for the deployment of optical fiber.

5.3.3 General information about the subsidiaries

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

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. “Telecommunications Division”.

5.3.5 Factors materially affecting the operating results

The table presented below represent audited figures.

	2018			2017 - post IFRS 15			2016
	First semester	Second semester	TOTAL	First semester	Second semester	TOTAL	
Revenue (excluding Group)	**226,551**	**249,969**	**476,520**	**218,721**	**214,600**	**433,320**	**431,648**
o.w. Automotive	*208,481*	*209,640*	*418,121*	*199,560*	*194,682*	*394,242*	*392,347*
o.w. Telecommunications	*18,003*	*40,261*	*58,264*	*19,120*	*19,801*	*38,921*	*39,196*
Current operating income	**1,025**	**7,642**	**8,667**	**6,001**	**12,966**	**18,967**	**26,135**
o.w. Automotive	*1,240*	*2,881*	*4,121*	*4,956*	*10,640*	*15,596*	*23,144*
o.w. Telecommunications	*39*	*4,972*	*5,011*	*1,389*	*2,252*	*3,641*	*3,217*
Current operating margin (%)	**0.5%**	**3.1%**	**1.8%**	**2.7%**	**6.0%**	**4.4%**	**6.1%**
o.w. Automotive	*0.6%*	*1.4%*	*1.0%*	*2.5%*	*5.5%*	*4.0%*	*5.9%*
o.w. Telecommunications	*0.2%*	*12.3%*	*8.6%*	*7.3%*	*11.4%*	*9.4%*	*8.2%*
Operating income	**957**	**8,619**	**9,575**	**6,307**	**13,497**	**19,803**	**26,361**
o.w. Automotive	*1,102*	*3,840*	*4,942*	*5,250*	*11,138*	*16,388*	*23,311*
o.w. Telecommunications	*120*	*5,075*	*5,195*	*1,416*	*2,306*	*3,722*	*3,284*
Operating margin (%)	**0.4%**	**3.4%**	**2.0%**	**2.9%**	**6.3%**	**4.6%**	**6.1%**
o.w. Automotive	*0.5%*	*1.8%*	*1.2%*	*2.6%*	*5.7%*	*4.2%*	*5.9%*
o.w. Telecommunications	*0.7%*	*12.6%*	*8.9%*	*7.4%*	*11.6%*	*9.6%*	*8.4%*
Net income	**2,052**	**7,142**	**9,194**	**2,411**	**6,099**	**8,510**	**21,285**
o.w. Automotive	*2,043*	*4,396*	*6,438*	*1,810*	*4,322*	*6,132*	*18,269*
o.w. Telecommunications	*723*	*4,270*	*4,992*	*1,503*	*1,825*	*3,328*	*3,304*

NB: figures take into account changes to IFRS 15 for the 2018 and 2017 financial statements, while those of 2016 have not been restated.

In general, profitability in the first semester was below that of the second as the price decrease granted to customers as of January 1 of the financial year affected the accounts immediately whereas rebuilding margins through 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, 2018 was marked by the crisis in the components market. Unlike the historical behavior in this market where technological progress systematically results in price decreases, the distortion in supply where the number of players has diminished in recent years and demand that is exponential with the digitization of objects, has brought about quotas, with late and staggered deliveries and price increases, particularly in the field of so-called passive components.

The Automotive Division has therefore been particularly badly affected by these changes, as the increases in materials prices cannot be passed on to the customers, especially affecting medium-sized and long production run products. Furthermore, the gradual arrival of new products only made it possible to improve the product mix in the second semester.

Otherwise, while supporting the arrival of new products and preparing those that will replace the telematic boxes contract for cars that will come to an end latest 2022, the division had to outsource R&D due to recruitment difficulties in many subsidiaries.

Whereas the Group regularly makes use of subcontractors, the level in 2018 was exceptional and adversely affected the Group's results as the available resources are overstretched and market prices have increased.

Lastly, the division's overall productivity was affected in 2018 by the crisis in the supply of components to the factories, where production planning depended 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 take up a lot of manpower, but will result in a new PLM system in 2019 and a new ERP system in 2020 for the division's main entities.

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 2018 resulted in a significant improvement in profitability, despite higher purchases and, above all, the outsourcing needed to support the growth.

The fluctuations in 2018 in the EUR/USD exchange rate 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 2017, achieving an average rate of 1.1782 vs. 1.1616 in 2017, thus protecting our margins against market fluctuations. However, the valuation of the hedging instruments was particularly positive at December 31, with the weakening of the Euro at year-end leading to the recognition of a positive €6.5 million under the financial result, driven almost entirely by the Automotive Division.

5.4 Trend information

5.4.1 Material events after the end of the reporting period

COOVIA, an ACTIA Group subsidiary since May 2, 2016 (20% owned), went into voluntary receivership on February 15, 2019. The process was pronounced complete by the Commercial Court of Toulouse on March 5, 2019. The entire balance had been provisioned at December 31, 2018.

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, ACTIA Group is forecasting renewed sales growth with revenues that could largely exceed €500 million, a level that will nevertheless depend on the sales of the end customers.

The Automotive Division is expected to carry on with the gradual arrival of new contracts in diverse market segments (both geographically and in terms of business), thus reducing its exposure to commercial risk. The Telecoms Division, following the strong growth of 2018, should make some further progress thanks to the gradual ramping up of energy and rail markets. This growth should be accompanied by increased EBITDA under the effect of internal measures and a slight improvement in the components market, the consequences of which will nevertheless be limited by the extension of the telematic boxes contract for cars until end 2021 / early 2022, and the finalization of the capital expenditure program.

Outlook

With a diverse customer and market mix, it is difficult to present ACTIA Group's future short-term prospects. 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 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 Group 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. Beginning with specific products addressing a defined set of precisely defined requirements, Group propositions have evolved from a systems-based offering allowing for optimal integration of several products and/or functions to a more global offering. This new offering is built around a system designed to contribute to overall optimization.

Products Systems Networks

Successful inroads in the telematics segment provide a good illustration of this positioning in the value chain, with ACTIA teams having succeeded in designing and creating the high added value embedded telematics platforms. These systems have been successfully sold to major brands of premium vehicles, as well as most European manufacturers of industrial vehicles.

- OEM

  ACTIA Group strategy for automakers is based on supplying advanced systems, built on the Group's technological platforms and adapted to the customers' 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 2018, ACTIA proved its ability to re-balance its order book during the decrease in sales of telematic boxes for light vehicles, by relying on its strengths in the market for heavy and agricultural vehicles, and rail. 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.

  In 2019, ACTIA foresees growth due to rising volumes of several products in the light vehicle, trucks and Off-Highway segments, but also for buses and coaches and rail.

- Aftermarket

  The Aftermarket business offers less 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.

  ACTIA expects 2019 to be stable or slightly up thanks to potential sales in the area of technical inspection and the coming on stream of service agreements signed in 2018.

- Manufacturing-Design & Services

  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 2018 in the domestic and international markets, the Telecoms Division expectations a consolidation of this growth in 2019, slightly exceeding the levels achieved in 2018.

- 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 progress seen in 2018 thanks to the SAKARA contract in Egypt, will be consolidated by the deliveries against this program in 2019. 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 2019. In the medium-term, technological progress will continue and ACTIA expects fresh growth thanks to its efforts in R&D.

- Rail

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

- Infrastructure Networks Telecom

  Despite the end of the roll-out of 4G in France, this mature business should remain stable in 2019, pending the development of new markets with the telecommunications operators (5G).

Priorities for 2019

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.

2019 will also see the end of the cycle of capital expenditure programs in support of the Group's growth. The teams will therefore continue to make even greater efforts to succeed with these projects while making their contribution to the business. A major, structuring digitization project through the implementation of a PLM system (2019) and a new ERP system (2020) for the main entities within the Automotive Division remains a major objective for the financial year ahead.

Finally, after the 2018 financial year during which profitability was badly affected by the crisis in the components market, the Group plans to prioritize it actions to benefit from the drivers of improved operational profitability. These drivers concern joint actions by the sales, purchasing and legal departments to better address future fluctuations in component procurement, HR management and coordination across the Group to ensure greater employer appeal and protect long-term employment in all the subsidiaries (training, career management, the employer brand…), in order to facilitate the recruitment process and reduce the usage of R&D subcontractors, and the implementation of new systems to enhance the efficiency of the teams while providing the best possible quality to our customers.

5.5 Strategy

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

Its strategic positioning corresponds to a precise mission:

**designing and producing electronics for systems
with an uncompromising focus on quality
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…) and focused on the future;
- a company driven by strong values: ethics, respect, commitment, agility, proximity.

Based on these values rooted in respect, commitment and service, and with its capacity for innovation, its agility, ability to listen and proximity to its customers, ACTIA Group has every confidence faced with very tough global competition from big 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;
  - 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: quality management systems – aeronautics / space and defense;
- IRIS: quality management systems – rail;
- NADCAP: production processes for electronic printed circuit boards - aeronautics;
- PART 145: 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 Group 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…), boats, military vehicles, trains, planes, etc. Today, these on-board systems are everywhere in our vehicles; for example, a modern car has an embedded computing capacity far superior to most airliners, many of which were designed in the early 1980s.

The aim is therefore to 'embed smartness' into vehicles, with four challenges that constitute the major strategic thrust for ACTIA 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 hard 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... 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;

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

5.5.3 Strategic Business Areas

Faced with existing competition and the now established new players in low cost countries like China, Korea, India and Brazil, the challenge for a French mid-cap is to improve the economic performance of its products: purchasing costs, operating costs… improving the technical performance and reducing costs and cycle times: development, time to market, redesign…

On the strength of its strategy based on technological innovation, quality and competitiveness, ACTIA Group must ensure its sustainability over the long-term, pursue its diversification and, as a consequence, maintain its growth trajectory and focus on highly profitable markets.

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

SBA = product line x market segment.

Each SBA is responsible for managing:

- its diversification in the "Product line" area;
- its geographic growth in countries with high industrial and commercial potential, including the United States and China.

ACTIA has therefore structured the first 4 strategic activity business units, responsible for ensuring that supply equals demand internationally. Each business unit includes product lines.

SBA Vehicle Electronic Architecture (VEA)

This SBA addresses the vehicle manufacturer market (OEM), whatever strategic products we are selling to them. This structure corresponds to a product line-oriented approach:

The VEA SBA must satisfy 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, agriculture, the digital divide…
- 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).

SBA Vehicle Lifecycle Management (VLM)

This SBA 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 satisfy 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).

SBA Electromobility

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 satisfy 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 energy management for vehicles: Power electronics, powertrains, hybrid solutions;
- rolling out and automating vehicle supervision and maintenance: Safety – Operating security – Power management.

SBA Manufacturing – Design & Services (MDS)

Increasing 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).

Through its two-pronged manufacturing operations in France and Tunisia, 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. Over time, the MDS SBA will also be able to call upon the new production facility in America, once the latter 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 Group organizes the industrialization of its products around electronics factories, integration workshops and factories managed on a global level, including 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.

2018 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 (2018 and 2019) 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 remained 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 of the future 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, the use of sources of support for innovation: research tax credit (CIR), public aid, participation in IRT Saint-Exupéry in Toulouse (aeronautics and space), as well as 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;
- Being agile and capable of moving fast thanks to its industrial integration;
- Providing a high level of safety in the solutions it offers;
- Having sufficient financial capacity to undertake joint investments; ACTIA Group invests heavily in R&D with more than 1,000 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 challenges, in particular technological, for the sectors concerned, the Occitania region today occupies a specific, original and key position both at the European and 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)
	INSA Foundation
	Projects with CEA-Tech in Toulouse, CEA Leti and CEA Liten in Grenoble
	Group Obsolescence: AFNOR / UTE, PRECONOB

In 2018, 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) such as ADEME, FUI, PSPC, ANR, Region-FEDER, Horizon 2020.

2018 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 today been selected and ACTIA is involved in two 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.
- Power electronics
  - The PSPC VUE-FLEX project (for FLEXible Electric Utility Vehicle), the purpose of which is to develop a 3.5 ton, "leanly" electrified, flexible and smart Utility Vehicle to deliver a competitive Total Cost of Ownership (TCO);
- 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;

- Diagnostics for connected services
  - IT-Agro project: support for innovation in intensive agriculture focusing on intra-plot modulations for working the soil;
  - GENOME: prognosis using a high-speed rotating machine. Health monitoring;
  - RESPECT and Fragil-IT: a monitoring system for at risk elderly people (connected healthcare).
- 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 Production of industrial property

With respect to the protection of the intellectual property of its products, ACTIA Group has a legal department responsible for taking all measures involving patents, brands 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 €52.3 million in 2018 compared to €29.0 million in 2017.

5.6.1 Property, plant and equipment

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

In 2018, the Group continued to invest in production facilities, including in the replacement of ageing equipment, the acquisition of complementary equipment to increase the capacity of production lines in Tunisia, and a new Surface Mounted Device (SMD) line in France, all of this accompanied at both sites by different types of equipment to help improve the productivity and flexibility of our means of production. As happens every year, equipment was purchased for specific programs such as test rigs and interfaces, as well as tooling.

In response to the need to produce in the United States, in March 2018, the Group acquired a 5,700 m² building in Romulus (Michigan). Undertaking the renovation works and the acquisition of production equipment in parallel, the new subsidiary created to host this activity, ACTIA Electronics, was able to stamp its first board in November 2018. By finalizing the delivery of equipment and the overall organization of the site and conducting certification audits surfing the 2nd quarter 2019, the site should be in a position to start its first real production runs at the end of the summer this year.

An average of one quarter of all IT resources are also renewed by the Group every financial year. The program to invest in new ERP and PLM systems, launched in 2017 for a 3-year period and financed by the main entities of the Automotive Division, continued in 2018 with the involvement of the Group's various support functions and departments.

Lastly, the real estate program launched in 2017 for a total amount of €25.7 million, with some of the financing coming from the property companies, or SCIs, accounted for by the Group under the equity method, continued in 2018 with:

- the delivery in April 2018 of a 2,300 m² building in Toulouse (head office - France), financing and the asset carried by an equity accounted SCI;
- the partial renovation of the factory building in Colomiers (France) in August 2017, with the planned extension being postponed until 2019;
- the construction of an 8,500 m² building including offices, workshops and storage facilities in Chartres, to replace the current premises – delivery March 2019;
- the construction of a 6,000 m² building (land already purchased) housing offices and laboratories in Tunis (engineering services department - Tunisia), to replace the current, leased property - staggered delivery from December 2018 to June 2019;

- the construction of a 6,700 m² factory (land already purchased) in Tunis (factory - Tunisia), to replace the current, leased property – delivery end 2019.

This initial program was completed by the acquisition and implementation of the new factory in the United States (€15 million) and a program to extend and renovate all the Telecoms Division sites for €5 million:

- an additional 1,400 m² extension and refurbishment of the site in Dinard (Satcom);
- demolition, redevelopment and 2,000 m² extension of the site in Puy-Sainte-Réparade (Energy);
- renovation and refitting of the site in Millau (Rail);
- extension of the building on the site in Manosque (IRT).

Finally, seizing an opportunity, our Italian subsidiary bought its own premises during the second quarter 2018.

5.6.2 Intangible assets

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

In 2018, R&D expenditure reached €81.0 million, an increase of 21.0% corresponding mainly to the need for more support for customer programs related to the commercial successes achieved since 2016 and the first production start-ups at end 2018, especially in the areas of rail and batteries. The rate of reinvoicing of R&D costs remained stable at 36.2%, compared to 36.7% in 2017, evidence of the underlying trend among customers wishing the majority of specific development costs to be paid for by ACTIA.

This issue remains 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:

in €k	2018	2017	2016
Total cost of R&D	**80,985**	66,950	56,799
Cost of R&D services sold	**29,302**	24,579	20,267
R&D capitalized during the financial year	**20,240**	14,967	7,809
Expensed during the period (A)	**31,442**	27,403	28,723
Amortization during the period of capitalized R&D (B)	**12,677**	12,839	10,241
Research tax credit recognized under income in the period and grants (C)	**4,935**	4,342	5,116
Impact of R&D on the income statement (A) +(B) – (C)	**39,185**	35,901	33,848
Headcount	**1,044**	939	824

NB: figures take into account changes to IFRS 15 for the 2018 and 2017 financial statements, while those of 2016 have not been restated.

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 2018, R&D expenditure amounted to 17.0% 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 clients.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. In 2018, for the expenditure corresponding to the implementation of new and innovative solutions for customers, State aid increased by 24.4%.

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 8.2% of revenue in 2017, as in 2018, evidence of an ongoing major effort by the Group to remain at the top of its game. The portion of capitalized R&D costs in 2018 was 25.0%, up compared to 2017 due to the many programs to replace the light vehicle telematics business due to come to an end in 2020, but prolonged to the first semester 2022, with the end of the manufacturer contract. This robust business therefore resulted in levels of capitalization being higher than depreciation, which stabilized at €12.7 million in 2018.

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 2018 totaled €66.5 million compared to €57.0 million in 2017, breaking down as follows:

in €k	2018	2017	2016
Cost of R&D services sold	**19,560**	18,588	15,762
R&D capitalized during the financial year	**17,748**	13,112	6,491
Expensed during the period	**29,239**	25,255	26,146
Headcount	**980**	882	771

The portion of the cost of R&D services sold rose by 5.2% and represented 29.4% 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.

Telecommunications Division

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

R&D expenditure in 2018 totaled €14.4 million compared to €10.0 million in 2017, breaking down as follows:

in €k	2018	2017	2016
Cost of R&D services sold	**9,742**	5,991	4,505
R&D capitalized during the financial year	**2,492**	1,855	1,318
Expensed during the period	**2,203**	2,149	2,577
Headcount	**64**	57	53

In addition to multi-year programs, the Telecommunications 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 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. Therefore, in the capital expenditure program, there are telematic boxes for both the OEM market (manufacturers) and the Aftermarket (manufacturers, fleet managers…), dashboard display units, on-board computers, adaptations to the specific needs of customers for powertrains, technical inspection equipment to keep up with the regulatory changes in France and abroad, digital control centers for power grids and trackside safety equipment, etc.

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

Concerning 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, both in France and Tunisia. For the United States, there is a need to finalize the purchasing of tools and equipment so that the site can officially begin production in the fall of 2019.

Finally, the real estate program started in 2017 and discussed in Subsection 5.6.1 “Property, plant and equipment” will be pursued and mainly completed during the 2019 financial year.

5.7 Sustainable development

5.7.1 ACTIA Group business model

ACTIA is an international group based in Toulouse, specializing in the design, production and diagnostics for electronic systems.

ACTIA is particularly well represented in 3 segments, which are the mobility of goods and people, energy management and telecommunications.

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 almost 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 Group 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, and 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 abroad;
  - the ability to adapt and act faced with rapidly changing markets and technologies;
  - a control of risk management which is expressed through addressing some very diverse market segments with different lifecycles using the same technology.
- A growth strategy based on:
  - niches in which ACTIA is either acknowledged as a market leader or has the means to become one;
  - expanding from these niches throughout the value chain, gradually deploying a more comprehensive range of systems that offer more complete solutions;
  - a high capacity for innovation and Research & Development.

ACTIA DESIGNER & MANUFACTURER OF ELECTRONICS SYSTEMS

MOBILITY | **ENERGY** | **TELECOMS**

TRENDS in ACTIA'S three main markets

- *Societal requirements & Regulatory pressure*
- *Need for efficiency (% financial, energy, environmental impact, etc.)*
- *Increase in demand & demographic growth*
- *Electrification & Digitization*

ACTIA RESOURCES

- ✓ A project
- ✓ Human talent
- ✓ Family company

SUCCESS FACTORS & POSITIONING

- ✓ Entrepreneurial spirit
- ✓ Operational excellence
- ✓ Flexibility
- ✓ Risk management and diversification

GROWTH STRATEGY

- ✓ Niche strategy with leadership positions
- ✓ Innovation
- ✓ Moving up the value chain

VALUE CREATION BETWEEN 2016 & 2018

- ✓ Human capital
  - Worldwide employees: +13%
  - R&D team: + 26.7%
- ✓ Industrial capital
  - Number of components: + 54.7%
  - Number of finished products: + 38.8%
- ✓ Financial capital
  - Consolidated revenue: +10.4%
  - R&D spending: + 42.5%

- *Role of software*
- *Concentration & globalization of players*
- *Miniaturization & innovation Technological advances*
- *Growing need for investment*
- *Price pressure*

TRENDS in the Electronics Industry

5.7.2 Main areas of risk

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

The Group's Executive Management, the CSR Committee and the Risk Management Committee have mapped the risks. For this first exercise, the mapping was produced for the main subsidiary, ACTIA Automotive; the review was then extended to the other main subsidiaries of the Group, including the production sites, the engineering services department in Tunisia, and the Swedish subsidiary. It will gradually be rolled out to the Group's other subsidiaries.

The mapping has revealed various **challenges** for the Group, along with the key points to be monitored, namely:

- Talent retention;
- The **safety of our employees** through tracking accidents within the Group;
- The **fight against absenteeism**, with tracing of the associated indicators and policies;
- **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 in the notes to the consolidated financial statements “Consolidated companies”.

The reporting scope is systematically updated to reflect changes in the Group structure. Therefore, in 2018, ACTIA NL, a company undergoing liquidation and that has no remaining activity, no longer features in the scope and this has been the case since 2015. In addition, COOVIA, a 20% owned ACTIA Group subsidiary, currently undergoing liquidation and accounted for under the equity method in the consolidated financial statements, has been removed from the Social and Environmental Report due to its low headcount (average headcount in 2018: 2), with the administrative workload for gathering the information being far greater than the contribution of the subsidiary to the Group. Lastly, ACTIA Electronics, the Company created in the United States during 2018, has been included in the social report, but excluded, for 2018, from the environmental report as this subsidiary's activities were not significant in terms of environmental impact and gathering the information for the period would have been complicated, while the impact on the overall scope would have been insignificant.

The data concerning all the Group's subsidiaries, with the exception of those that have no activity requiring resources and have no employees of their own, are given 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	Netherlands	Electronics research & manufacturing	Undergoing liquidation - No headcount
SCI Sodimob	France	Real estate	No headcount
SCI de l’Oratoire	France	Real estate	No headcount
COOVIA	France	Mobility consulting	Undergoing liquidation - No headcount
ACTIA Electronics	USA	Electronics research & manufacturing	Not included in the environmental scope
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.

Furthermore, in the interests of clarity, information herein is aggregated by segment:

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

- Telecommunications (France);
- Total France;
- Total ACTIA Group.

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	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

It is specified that in the tables and charts, information under the heading "Europe" does not include France which is presented separately, and that the figures used in the following tables and charts have been produced by management control systems.

5.7.4 Talent retention

ACTIA Group operates in a constantly changing, global environment, in which the diversity of competencies is an essential asset to meet the changing technologies inherent in the Group's business. Its growth depends on its ability to attract and retain the best talents.

Changing technologies, with the digitization of the entire global economy, has created tremendous pressure on the hiring of engineers and technicians, as well as retaining existing teams, particularly in Tunisia, where educational standards are equivalent to those of the best schools in Europe. Therefore, since the summer of 2017 when turnover had rapidly increased in Tunisia, but also in view of the difficulties encountered in the United States and China, or even in France, the Group decided to accelerate the development of several tools, including the tracking of headcount, including hires and leavers, with a special focus on turnover by geographic area, the implementation of a mobility policy, the creation of a Careers Committee (which should be fully operational in 2019 when the specific software becomes available), actions to promote quality of life in the workplace, even greater efforts in terms of employee training and the fight against all forms of discrimination, including gender equality.

Headcount

Constantly increasing for a number of years in support of the Group's growth, changes to headcount as at December 31, over the past three financial years, are as follows:

- 2016 3,268 people (+6.6%)
- 2017 3,459 people (+5.8%)
- 2018 3,697 people (+6.9%)

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

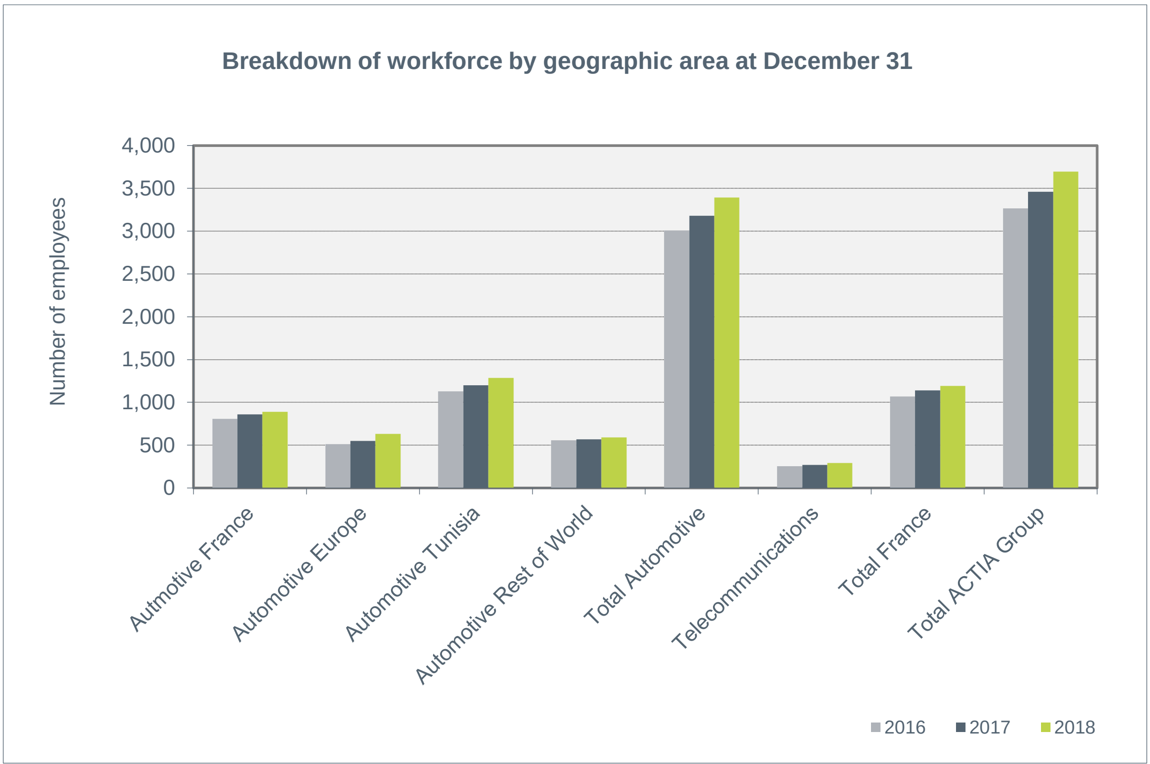
	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	808	514	1,129	557	**3,008**	254	**1,068**	**3,268**
2017	860	551	1,199	569	**3,179**	270	**1,140**	**3,459**
2018	**889**	**631**	**1,286**	**589**	**3,395**	**293**	**1,191**	**3,697**
Change/2017	+29	+80	+87	+20	+216	+23	+51	+238
% change	+3.4%	+14.5%	+7.3%	+3.5%	+6.8%	+8.5%	+4.5%	+6.9%

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), apprenticeship contracts and work-study contracts that are included in fixed-term contracts.

This increase mainly concerns:

- men, who represent 62.6% of the overall increase, except in the Czech Republic, India, the United States and two entities in Tunisia, where the overall increase is due mainly to women;
- open-ended employment contracts, up by 265 people over the year, whereas fixed-term employment contracts reduced by 27, thus consolidating employment within the various Group entities;
- finally, the increase in numbers for both managers and non-managers was evenly spread, with 119 more people in each category.

The breakdown is as follows:

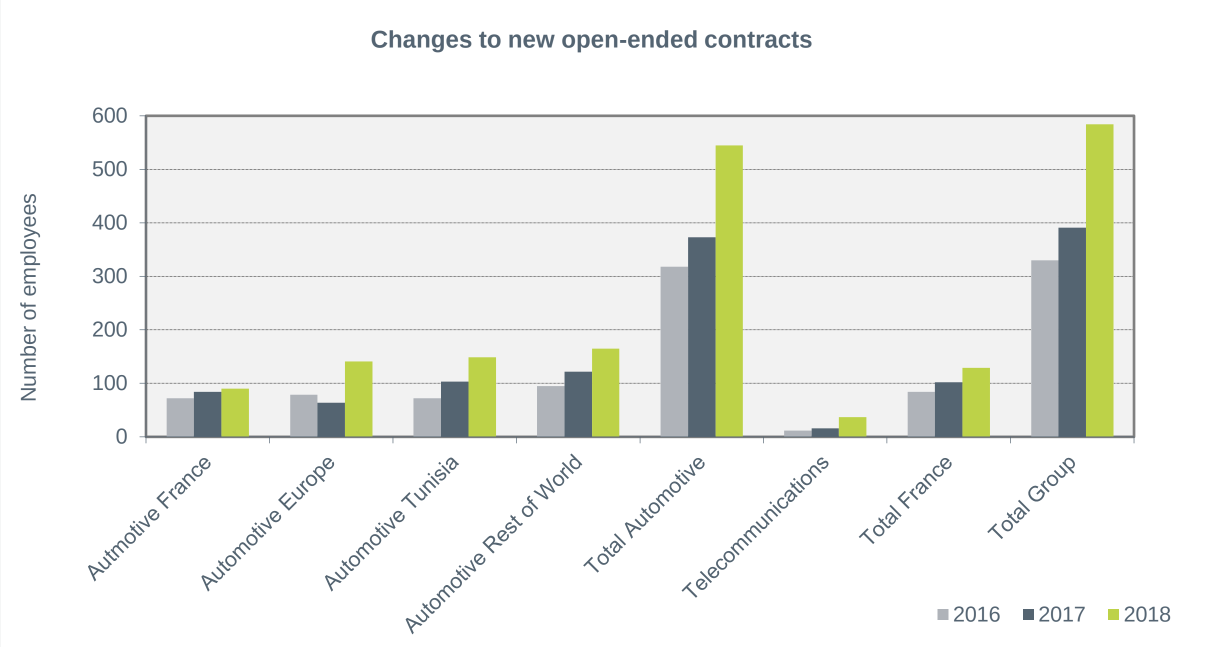


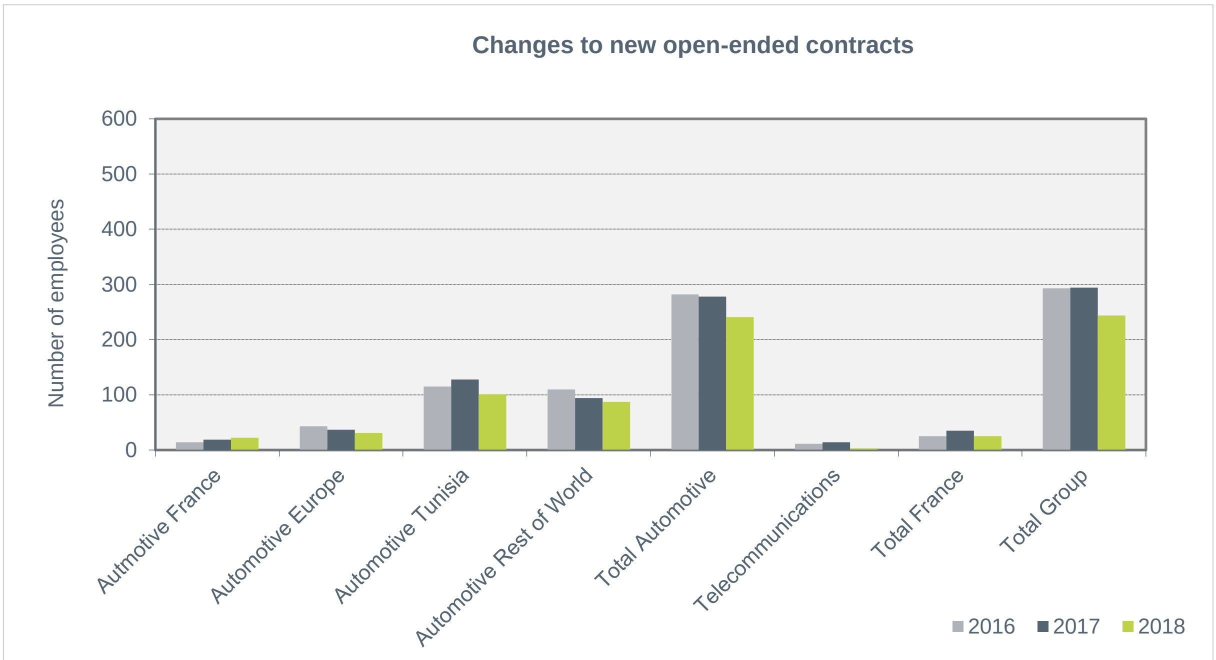
Hires

Natural turnover, combined with business growth, helped to maintain the sustained level of hires seen in 2018, representing 834 jobs, a figure that rose by 21.8% over 2017 (685 hires). These figures do not include subsidized fixed-term contracts such as apprenticeship and work-study contracts, which are dealt with elsewhere in terms of recruitment.

These figures are a direct result of the necessary adjustment of resources to serve the growth of the Group's business. Most hires were in the subsidiaries located in Tunisia, France and the USA.

They are also representative of the pressure on the employment market in some geographic areas, particularly the United States where full employment generates very high turnover, undermines loyalty among the teams and in existing jobs and makes the constitution of a new production team a laborious process.





The use of fixed-term employment contracts was restricted to 29.3% of hires, continuously falling over recent years. Tunisia, China and Mexico accounted for 41.4%, 21.3% and 14.3% respectively of recruitments on fixed-term contracts. It should be noted that in Tunisia a fixed-term contract may have a maximum duration of 4 years, thus explaining this significant proportion.

Furthermore, 81 fixed-term employment contracts signed before 2018 were transformed into permanent contracts in 2018 and 266 fixed-term employment contracts predating the last financial year were renewed in 2018.

Recruitment difficulties are still being reported and the reasons are both varied and recurrent: levels of pay compared to the local market, a lack of certain very sought after technical skills, due especially to the digitization of our environment (connectivity, home automation, services…), relocation of sites to the regions, high volumes of recruitment, lack of mobility, etc.

Representing only 6.9% of jobs in the Group, temporary personnel once again slightly increased across the financial year, with 256 people, compared to 190 in the previous year. The main countries concerned, in decreasing order, continue to be France, Sweden and Germany which taken together account for 97.6% of temporary personnel employed in the period. The average length of temporary assignments varied from thirty-three days to less than two years, depending on the subsidiary. A potential source of recruitment, it should nevertheless be noted that not all offers to transform temporary positions into open-ended employment contracts are accepted by the individuals in question, especially in France.

ACTIA Group makes use of subsidized contracts (apprenticeship contracts, work-study contracts, etc.) in those countries where permitted by local regulations. In 2018, the Group employed 114 people on subsidized contracts, a figure that declined over the period. France accounted for 73.7% of such contracts, followed by Tunisia for 20.2%. In 2018, these contracts resulted in 25 hires, compared to 52 in 2017.

Finally, the Group took in 147 students on work placements as part of training with a formal qualification. These traineeships range from 37 to 183 days with an average period for the Group of 69 days, a stable figure year-on-year. Forty-two were hired at the end of their training programs. These programs take place mainly in France, the leading contributor for the second consecutive year, and Tunisia. Working regularly with schools, particularly engineering schools, helps to maintain a strong relationship, as well as a pool for future recruitment, while encouraging the integration of young people into the world work with a first enriching experience.

Leavers

Across the year, there were 69 dismissals, essentially abroad (91.3%); this figure was slightly up by 4.5% over 2017 and mainly concerned Mexico, the USA and the Czech Republic, as in 2017.

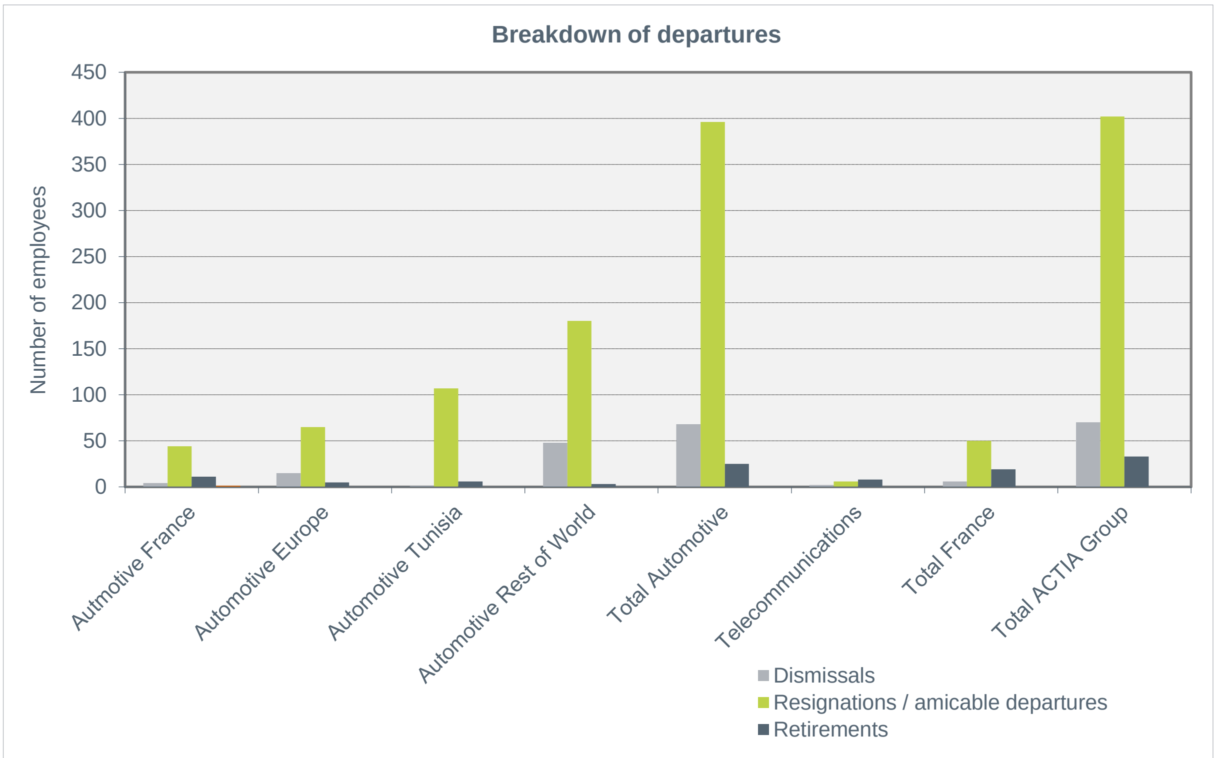
The reasons were as follows:

- inability: 82.6% of cases; this level is explained by full employment in America where the need to fill a job can sometimes lead to unsuitable hires;
- misconduct: 15.9%.

Otherwise, the Group recorded 403 resignations and negotiated departures, 59.8% of which occurred in Tunisia, China and the United States, explained by the degree of pressure locally: full employment in the United States, the constant reappraisal of careers in China, and the cannibalization by Europe of engineers in Tunisia. Resignations and amicable departures concerned 246 non-management employees and 157 management staff.

Finally, 33 employees retired, including 22 non-management employees, with France accounting for 57.6% of this number.

The overall breakdown of departures was as follows:



Turnover

As in previous years, Group turnover remained high in Tunisia at the engineering services department, and in China and the USA with the monetizing of professional experience and full employment causing difficulties in stabilizing employment in these two countries.

Being fully aware of these difficulties, the Group, as part of the policy adopted to retain talent, decided to monitor turnover. To calculate this figure, the Group chose the following definition: [(number of leavers in year N + number of arrivals during year N)/2] / Headcount at December 31, in year N-1.

The figure has progressed as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	6.6%	20.4%	11.5%	35.8%	16.0%	7.2%	6.8%	15.3%
2017	9.3%	18.5%	15.1%	40.2%	18.8%	6.7%	8.8%	17.9%
2018	**9.9%**	**23.3%**	**15.2%**	**43.0%**	**20.1%**	**10.4%**	**10.0%**	**19.4%**
Change/2017	0.6%	4.8%	0.1%	2.8%	1.4%	3.7%	1.2%	1.5%

Changes to turnover between 2018 and 2017 are explained by the substantial increase in the number of hires, up by 21.8%, in response to the Group's needs.

Training

Most Group entities have annual training plans. These plans are developed based on:

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

In 2018, across the whole Group, 60,984 hours of training were conducted. The total budget devoted by the Group to training was up and represented €1,182 k, but the American and Indian subsidiaries were not able to precisely quantify the figure, as the item was either not specifically monitored or training was conducted only internally. Otherwise, the Group's training effort for 2018 resulted in 43.1% of total headcount receiving training. These indicators are evidence of the Group's desire to be proactive concerning the performance level of its employees in order to maintain the high level of skills within the Group.

The number of training hours in relation to the average 2018 headcount expressed in Full Time Equivalent jobs (FTE) was 17 hours per capita.

Both for its principal French subsidiary, ACTIA Automotive, and at Group level, the training policy is mainly the result of implementing the strategic priorities as 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.

The fight against discrimination

Achieved through subsidiaries in 16 different countries, diversity is a fact of life for our teams in meetings and shared activities, whether it is in the fields of research, sales, management or cross-functional roles. The breakdown of the Group's 3,697 employees in terms of country is as follows:

- 97.0% are of the same nationality as the subsidiary;
- For employees who do not have the same nationality as the subsidiary:
  - 1.4% are EU nationals,
  - 1.6% 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 structure and internal mobility within the Group and internationally, continues to be gradually put in place, especially for the ARDIA 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 2018, the Group recorded 40 internal moves, with the data being as yet incomplete.

Gender equality

Several examples of actions in favor of gender equality have been reported, especially through promoting the work-life balance. Many possibilities are offered to employees: flexible working hours, teleworking, analyzed on a case by case basis where the individuals and the job in question allow for it, an attentive and open attitude in response to requests for part-time working, flexible working hours, permission for time off for medical appointments paid by the Company, the choice of workplace at the desired site, a collaborative approach with the setting up of working groups on well-being and the work-life balance, a policy on short leave periods, in addition to normal leave, authorized to enable employees to respect their family obligations with schedules adapted accordingly, in addition to days off, the right to disconnect, and an analysis of daily working hours during annual appraisals.

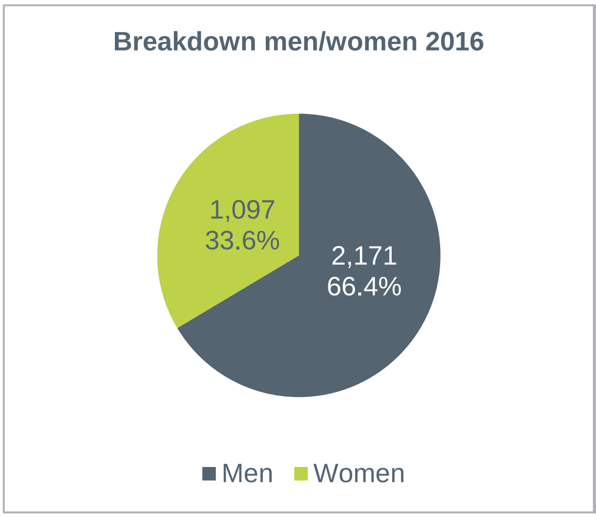
Furthermore, to encourage the work-life balance, ACTIA Automotive, the Group's main subsidiary, has signed an agreement with employee representatives to set up a concierge service financed by the Company, with specific services being paid for by the employee. The purpose of this service is to provide employees with various services to facilitate their personal lives and help retain talent, particularly feminine, within the Company. The service, the underlying philosophy of which is to provide a true benefit in kind for employees, received a high level of satisfaction during the financial year, with an increase in the services delivered of 34.1%, following an initial increase of 80.0%. There are many services, ranging from dry cleaning to car maintenance, parcel delivery to administrative formalities, local deliveries of products to shoe repairs, diverse errands to well-being services, such as massages, osteopaths, etc.

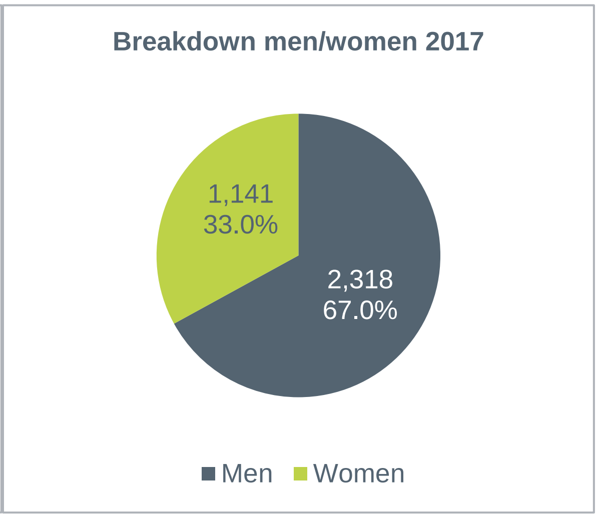
Feedback from all the subsidiaries shows that gender equality among employees is respected throughout the Group; furthermore, only one incident of discrimination was reported in 2018; the female employee reported her request to review her job grade and, following examination of her case, she was promoted to manager.

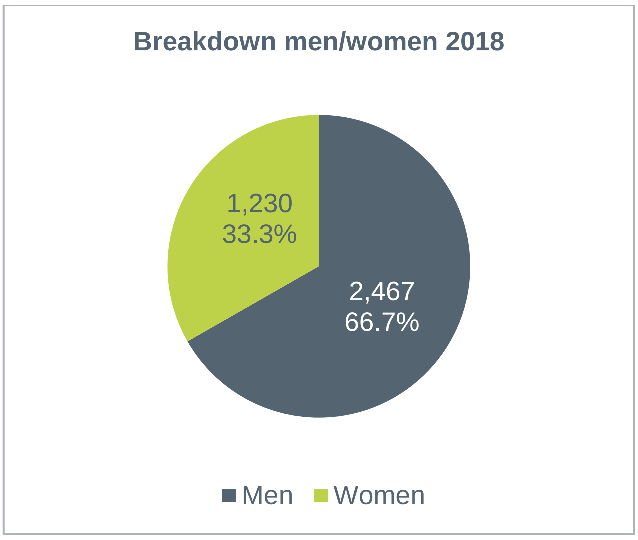
In 2018, women represented an average of 33.3% of the workforce, which was an increase, particularly in Tunisia. The low proportion of women, similar in all geographic areas, is the direct consequence of the difficulty in finding female candidates for technical functions and management positions.

Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	583	407	606	374	**1,970**	197	**784**	**2,171**
	72.2%	79.2%	53.7%	67.1%	**65.5%**	77.6%	**73.4%**	**66.4%**
2017	623	437	661	382	**2,103**	209	**838**	**2,318**
	72.4%	79.3%	55.1%	67.1%	66.2%	77.4%	73.5%	67.0%
2018	**644**	**497**	**704**	**386**	**2,231**	**229**	**880**	**2,467**
	72.4%	78.8%	54.7%	65.5%	65.7%	78.2%	73.9%	66.7%
Change/2017	+21	+60	+43	+4	+128	+20	+42	+149
% change	+3.4%	+13.7%	+6.5%	+1.0%	+6.1%	+9.6%	+5.0%	+6.4%

Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	225	107	523	183	**1,038**	57	**284**	**1,097**
	27.8%	20.8%	46.3%	32.9%	**34.5%**	22.4%	**26.6%**	**33.6%**
2017	237	114	538	187	**1,076**	61	**302**	**1,141**
	27.6%	20.7%	44.9%	32.9%	33.8%	22.6%	26.5%	33.0%
2018	**245**	**134**	**582**	**203**	**1,164**	**64**	**311**	**1,230**
	27.6%	21.2%	45.3%	34.5%	34.3%	21.8%	26.1%	33.3%
Change/2017	+8	+20	+44	+16	+88	+3	+9	+89
% change	+3.4%	+17.5%	+8.2%	+8.6%	+8.2%	+4.9%	+3.0%	+7.8%
% of women/head count change	+0.0%	+2.6%	+0.9%	+4.9%	+1.3%	(3.3%)	(1.4%)	+0.9%



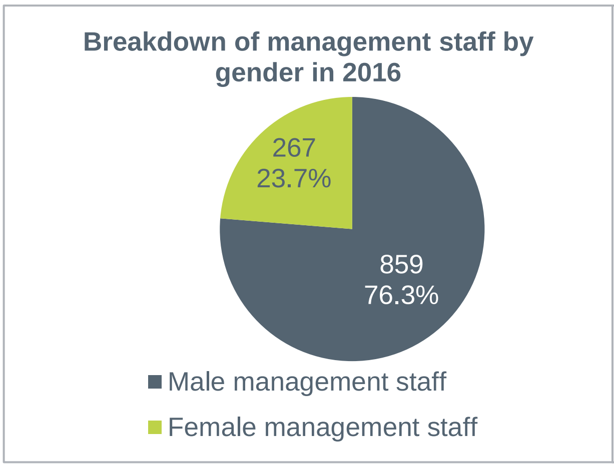


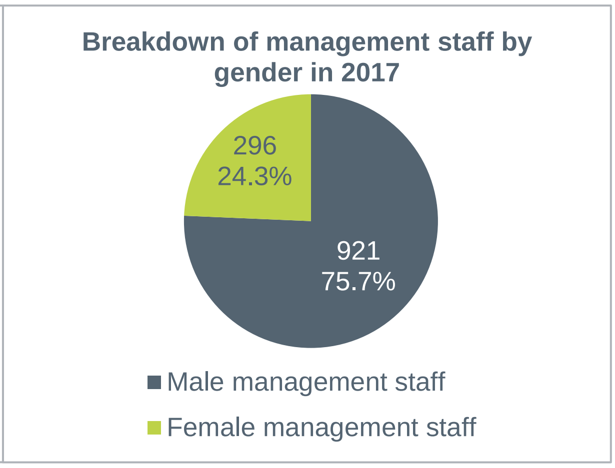


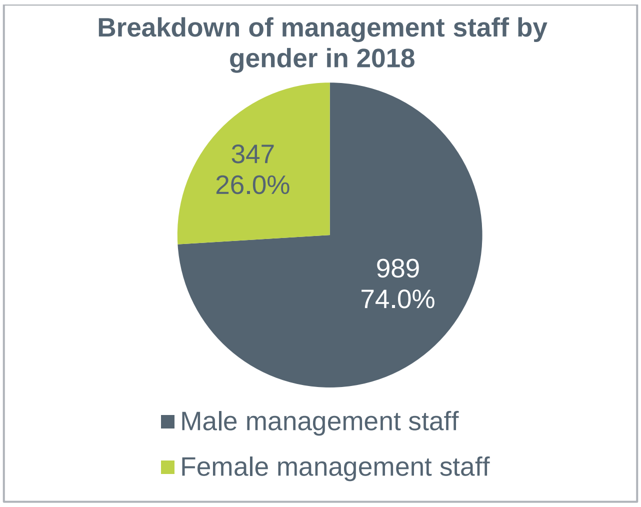
The tables below present the breakdown of management and non-management staff by gender.

Male management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total Group
2016	303	51	250	142	**746**	109	**416**	**859**
2017	326	52	261	158	**797**	118	**450**	**921**
2018	**347**	**51**	**288**	**163**	**849**	**133**	**487**	**989**
Change/2017	+21	(1)	+27	+5	+52	+15	+37	+68
% change	+6.4%	(1.9%)	+10.3%	+3.2%	+6.5%	+12.7%	+8.2%	+7.4%

Female management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total Group
2016	71	9	131	35	**246**	20	**92**	**267**
2017	80	8	155	31	**274**	20	**102**	**296**
2018	**84**	**7**	**201**	**30**	**322**	**24**	**109**	**347**
Change/2017	+4	(1)	+46	(1)	+48	+4	+7	+51
% change	+5.0%	(12.5%)	+29.7%	(3.2%)	+17.5%	+20.0%	+6.9%	+17.2%

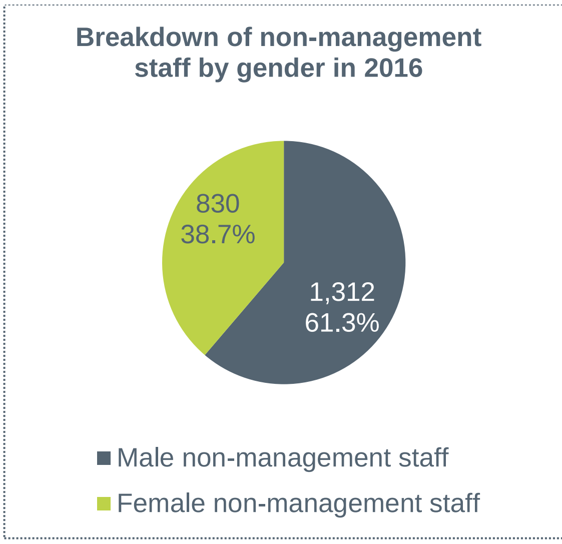


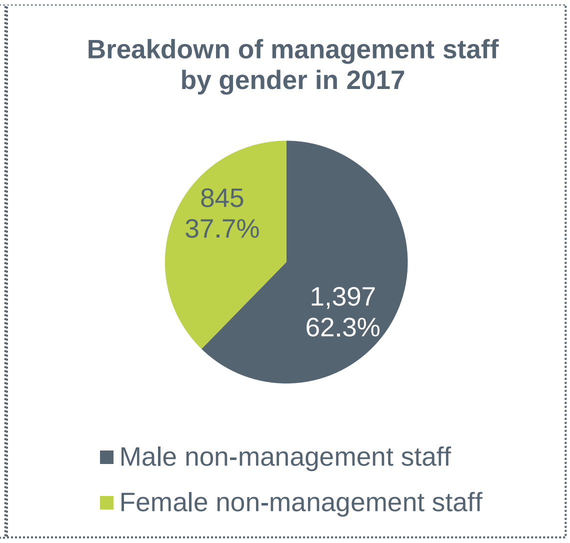


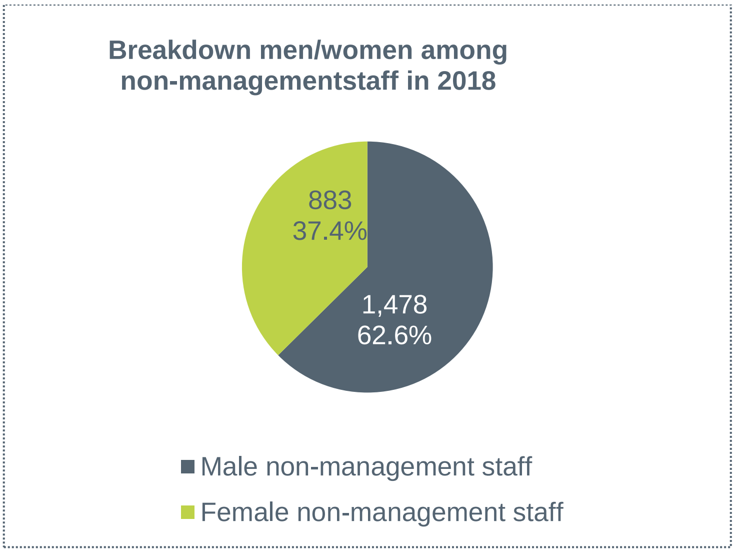


Male non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	280	356	356	232	**1,224**	88	**368**	**1,312**
2017	297	385	400	224	**1,306**	91	**388**	**1,397**
2018	**297**	**446**	**416**	**223**	**1,382**	**96**	**393**	**1,478**
Change/2017	+0	+61	+16	(1)	+76	+5	+5	+81
% change	+0.0%	+15.8%	+4.0%	(0.4%)	+5.8%	+5.5%	+1.3%	+5.8%

Female non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total Group**
2016	154	98	392	148	**792**	37	**192**	**830**
2017	157	106	383	156	**802**	41	**200**	**845**
2018	**161**	**127**	**381**	**173**	**842**	**40**	**202**	**883**
Change/2017	+4	+21	(2)	+17	+40	(1)	+2	+38
% change	+2.5%	+19.8%	(0.5%)	+10.9%	+5.0%	(2.4%)	+1.0%	+4.5%







Proportionately, women are less well represented among management than non-management staff, though this gap is continuing to improve both in absolute terms and as a percentage, with the situation varying according to country. The increase in the proportion of women in the workforce is due mainly to two subsidiaries: ARDIA (Tunisia) and ACTIA Telecom (France). This being said, it should be noted that the recruitment of female staff remains complicated at these levels, due simply to the lack of applicants.

At management level, female representation in the Group's governing bodies is 19.4% for the Group and 33.3% in France; the situation is better on the Management Committees in the subsidiaries where these exist; women represent 30.9% of members of these committees at Group level and 34.5% in France; in percentage terms they are therefore better represented on Group Management Committees than in management as a category.

On March 8, 2019, to celebrate International Women's Day, an event was held to in honor of innovative women and to raise awareness among the teams.

In conclusion, through recruitment with mainly open-ended employment contracts, and the training offered throughout employees' careers, the Group does everything it can to retain talent. This does not prevent it from having to face, particularly in Tunisia, pressure from international groups seeking to acquire well trained resources who are acknowledged in the international labor market, while many countries, both in Europe and North America, lack skilled staff, especially in terms of digital technology or due to full employment.

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;
- Health & Safety Committees (CHSCTs);
- Implementation of prevention, surveillance, protection and first aid systems;
- Training of first aiders;
- Raising awareness of personnel.

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.

Furthermore, the vast majority of sites have implemented diagnostics or the assessment of workstation ergonomics, most of the time under the auspices of the Health & Safety and Working Conditions Committees. In Germany, an annual audit is conducted by the labor inspection department. For 88.4% of the workforce, a Health Safety and Working Conditions Committee (CHSCT) is present at the site. Numbering 12 in total, they are comprised of 69 members. This figure rose over the financial year, firstly reflecting a need, but also a desire to protect the Group's employees.

In 2018, 32 occupational accidents occurred resulting in lost working days; it should be noted that 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 381 lost working days. In addition, 10 lost working days were recorded in 2018 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	**Automotive**	Telecommu-nications	**France**	**Group**
2016	5.1	10.4	4.5	1.9	**5.1**	7.9	**5.7**	**5.2**
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**

Severity	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecommu-nications	**France**	**Group**
2016	0.3	0.2	0.1	0.0	**0.2**	0.5	**0.4**	**0.2**
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**

Frequency index	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Automotive**	Telecommu-nications	**France**	**Group**
2016	9.0	18.3	8.2	3.8	**9.3**	11.9	**9.6**	**9.5**
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**

In conclusion, all the indicators improved in 2018.

The Group recorded no cases of occupational illness.

5.7.6 Fight against absenteeism

Sick leave accounted for 22,464 lost working days in 2018, 8,301 of which in France. Whereas the absolute figure was up across the Group, in relation to average employee numbers, the Group recorded a lower number of 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	**Average: Automotive**	Telecommu-nications	**Average: France**	**Average: Group**
2016	7.2	8.2	9.0	2.2	**7.2**	4.5	**6.5**	**6.9**
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**
Change/2017	(0.1)	(0.7)	(1.2)	+0.3	(0.5)	+2.1	+0.4	(0.3)
% change	(1.9%)	(10.1%)	(13.8%)	+22.2%	(7.0%)	+41.1%	+6.1%	(4.0%)

Within the Group, there is a return to work policy, even if it is not systematically documented. This means a close working relationship with the occupational health department for workstation design, the examination of specific jobs and pre-return to work visits, the organization of meetings during sick leave to prepare for return, a formal interview to identify the causes and characteristics of the illness and how best to prevent the recurrence of sick leave. In India, the emphasis is on hygiene, especially the supply of water by certified agencies.

As indicated above, in terms of quality of life in the workplace, and to encourage achieving a work-life balance, ACTIA Automotive, the Group's main subsidiary, has signed an agreement with employee representatives to put in place a concierge service for the purpose of facilitating the personal life of the employees and retaining talent in the business.

Furthermore, ACTIA Automotive has also created various working groups in its entities to combat occupational stress, along with a help line and training to manage these sorts of risks.

The renovation and extension of many sites represented an opportunity to create voluntary working groups to develop proposals to improve the quality of life in the workplace.

5.7.7 Circular economy

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

It should be noted that the Group is not subject to any specific regulatory constraints with regard to its activities.

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA I+Me (Germany), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisia (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.

With respect to the companies certified under ISO 14001, they follow all the regulations applicable to their businesses and their facilities, including national and local rules (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.

In addition, the two major manufacturing facilities (Colomiers and Tunis) have proactively put in place a series of measures designed to more accurately assess air emissions from their operations. The results have been excellent and demonstrate the Group's commitment to effectively manage its environmental impacts.

Managing water resources

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

- 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 and Tunis);
- 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 31,964 m^3.

Italy, which had seen a decrease in its consumption in 2017, with 990 m^3 less over the year thanks to the move into the new premises, once again experienced a major decrease of 1,933 m^3, which now places it on the average for the Group at 20 liters per day per employee. This latest decrease is due mainly to the subsidiary having access to actual consumption figures, which was not previously the case, and may have caused the reporting of erroneous data.

Even bearing this in mind, the Group's per employee consumption diminished by 3.0% over the period.

Furthermore, the engineering design department in Tunisia one again recorded a decrease, but it remains the highest consumer per employee in the Group. This subsidiary's move, now planned for the first semester 2019, should put an end to this situation (leak detected under the rented building) which has been going on for some years.

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

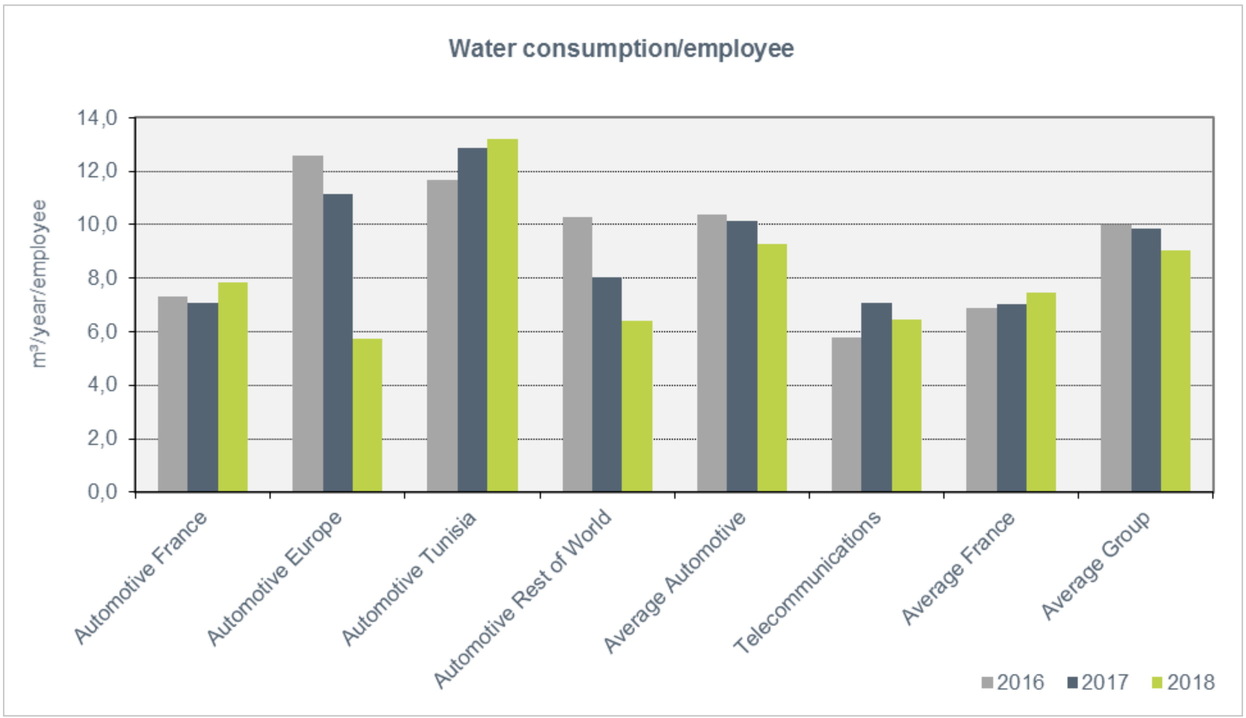
It should be noted that certain subsidiaries do not have access to their water consumption figures, as the information is included in local rental costs: for these entities, the Group has chosen to take into account estimated water consumption based on the national or industry average, depending on the available information. This includes two French subsidiaries (27 people) and the Swedish and Indian subsidiaries with respectively 109 and 38 people, representing 4.9% of the Group's workforce.

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

Stated in relation to the number of employees, water consumption across all sites in 2018 was close to 9.0 m³ per annum per employee, down by 8.6% on 2017, with the following changes:

m³per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Average Automotive**	Telecommu-nications	**Average France**	**Average Group**
2016	7.3	12.6	11.7	10.3	10.4	5.8	6.9	**10.0**
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**
Change/2017	+0.8	(5.4)	+0.3	(1.7)	(0.9)	(0.7)	+0.4	(0.8)
% change	+11%	(48.4%)	+2.4%	(20.7%)	(8.6%)	(9.30%)	+5.7%	(8.6%)

The following graph highlights an increase in water consumption per employee since 2016:



Consumption at the facilities except for the manufacturing sites such as ACTIA Automotive in Colomiers (France), CIPI ACTIA in Tunis (Tunisia) and ACTIA Telecom in Saint Georges de Luzençon (France) relates to “research services”.

Waste management

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 11.0% 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. Whereas Tunisia had until now posed a specific problem as it had no valid industry for treating hazardous industrial waste, the problem was resolved in 2018 and all the accumulated waste has been removed since March 2018 (5.8 tons), by a service provider approved to treat this type of waste.

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;
- initiation by the Toulouse production facility of a study on achieving a "zero paper" objective, with a gradual roll-out since 2016. In 2018, several steps were taken with the centralization of the databases, an action to open up the ranges, and routing sheets;
- setting up of the "zero paper" objective 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, actions have been taken on the portal and the control units in the factory. The program will continue 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 e-mails, etc.);
- maintaining the level of raw material recycling at an annual cost of €50.0 k.

The active waste separation collection policy is already in place at most facilities and covers 96.1% of all employees worldwide. The rate of coverage for French sites remained at 100% in 2018.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2018, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste represented 83.7% 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	Telecommunications	Total France	Total Group
Recovery	168.5	70.2	83.7	35.5	358.0	42.6	211.1	400.6
Energy recovery	100.2	18.1	0.6	0.0	118.9	1.0	101.3	119.9
Controlled disposal	6.4	0.0	65.4	0.0	71.8	0.0	6.4	71.8
Special treatment*	4.9	5.1	4.7	1.0	15.7	0.0	4.9	15.7
TOTAL	**280.1**	**93.4**	**154.3**	**36.5**	**564.3**	**43.6**	**323.7**	**607.9**
% HIW** / waste	5.7%	37.3%	8.0%	0.0%	11.2%	13.9%	6.8%	11.4%

*Special treatment means either a chemical process or incineration.

**HIW: Hazardous Industrial Waste

The 2018 financial year saw an increase in total waste of 58.8 tons and HIW of 15.6 tons, the result of a number of contributing factors:

- in France, the demolition of a building on the site in Puy-Sainte-Réparade resulted in the recovery of 21.1 tons of metals and 4.6 tons of HIW (various PCs, screens, measuring devices, obsolete products, etc.);
- Toulouse
  - the Colomiers factory acquired a new cleaning machine; this new equipment is used to separate the water used in processing, which is now recycled in the same way as waste. During the year, this machine generated 5.7 tons of used water classified as HIW;
  - ACTIA eliminated 15.1 tons of metals from powertrains by reprocessing in compliance with the customer's request.

The balance relates to the natural growth in the Group's business, with 5.1 tons of cardboard in India and 6.2 tons of wood for ACTIA CZ, which was recycled.

In 2018, CIPI ACTIA in Tunisia suffered from a one-off event that badly affected the sorting of its waste. In fact, the local recycling channel was confronted by a lack of outlets for its recycled products and was therefore unable to absorb all the waste it usually deals with. The 2 people at CIPI ACTIA in charge of sorting internally were therefore forced to stop sorting and, accordingly, the proportion of recycled waste fell sharply, with a mechanical increase in the amount sent for controlled disposal.

It should be noted that some subsidiaries have waste separation collection systems but do not systematically produce quantified data for this activity. Certain subsidiaries may make estimates that are then analyzed at Group level in order to validate the consistency of the data.

The Group remains attentive to applying all available means of separating and recycling waste. However, depending on the geographic area, the possibilities of taking action vary considerably. Therefore, as soon as an opportunity presents itself locally, as in Tunisia in 2018, the Group does all it can to contribute to the progress.

Finally, to allow for a comparison between wastes from one financial year to the next and maintain consistency in the figures in relation to the business, ACTIA 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 ageing 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: developing products and software contributing to fuel efficiency improvements, by monitoring vehicle fuel consumption and driver performance.

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

There are two types of energy that continue to be largely used by all sites:

- electricity: 15,498.4 MWh, up by 28.5% compared to 2017. With considerable variances from one site to the next, changes in electricity consumption are explained by increased activity, headcount, surface area and the building works undertaken.
- natural gas: the 2,688.1 MWh represents a decrease of 14.6% from 2017, due to this type of energy no longer being used at the Lucé site in France, following the move made in July 2018;

Total consumption was 19,925.0 MWh in 2018, up by 23.7% from 2017.

This substantial increase is mainly explained by a mistake in the electricity consumption reported by the production site in Tunisia in 2017, with a shortfall of 1.9 MWh. Restated for this shortfall in reporting, the increase was 10.4%.

Converted into consumption per employee, there was an increase of 16.3%. The main sites concerned saw a major increase in their surface area (Germany, Spain, Tunisia). Restated for the mistake in 2017, the change was no more than an additional 3.8%.

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 decreases 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.

Fuel consumption is extremely limited; it is mainly used by the Spanish subsidiary. It is not significant in relation to the overall consumption of energy.

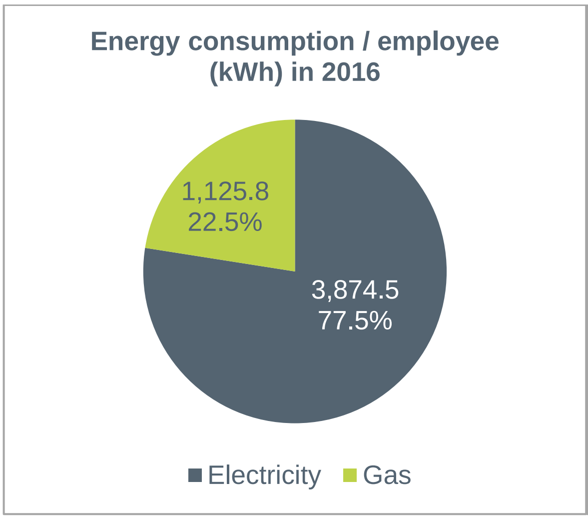
Energy consumption can be summarized as follows:

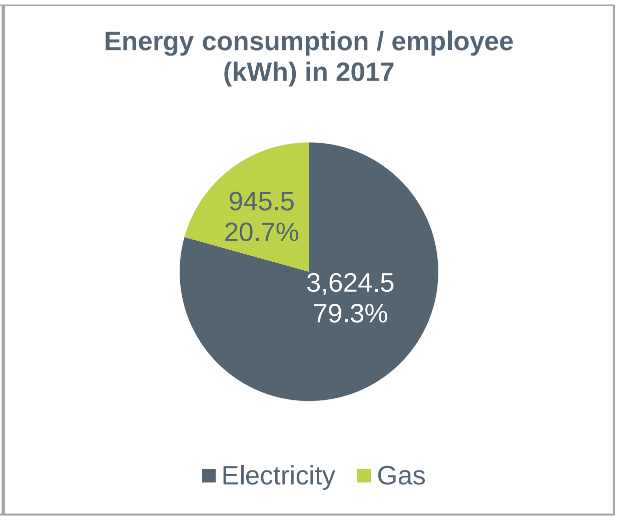
kWh per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Average Automotive	Telecommu-nications	Average France	Average Group
2016	7,247.2	4,339.7	4,526.8	3,408.9	5,024.6	8,259.9	7,451.8	**5,274.2**
2017	6,749.3	4,511.2	3,778.5	3,283.9	4,608.1	7,660.0	6,927.9	**4,840.7**
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**
Change/2017	(150.6)	+1,480.5	+1,669.6	+255.8	+919.3	(672.5)	(282.5)	+787.2
% change	(2.2%)	+32.8%	+44.2%	+7.8%	+19.9%	(8.8%)	(4.1%)	+16.3%

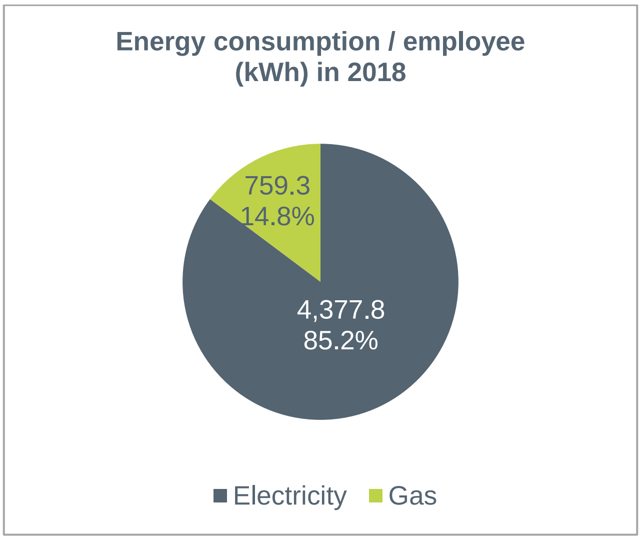
Restated for the mistake in 2017, the annual change would be:

kWh per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Average Automotive	Telecommu-nications	Average France	Average Group
2016	7,247.2	4,339.7	4,526.8	3,408.9	5,024.6	8,259.9	7,451.8	**5,274.2**
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**
Change/2017	(150.6)	+1,480.5	(5.1)	+255.8	+286.8	(672.5)	(282.5)	+206.0
% change	(2.2%)	+32.8%	(0.1%)	+7.8%	+5.5%	(8.8%)	(4.1%)	+3.8%

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







After several years of decline, the energy consumption ratio per annum per employee across the whole Group increased to 5,627.9 kWh in 2018, as compared to 4,840.7 kWh (5,421.9 kWh when restated) in 2017 and 5,274.2 kWh in 2016.

When examining the changes by type of site (production / non-production), the results do indeed confirm that the increase in energy use is linked to the level of activity; the smaller increase noted at non-production sites in 2018 is the result of adapting the infrastructure to the headcount.

Total energy consumption	Production	Non-production	Total Group
2016	7,383,045	9,278,093	16,661,138
2017	8,860,019	9,180,031	18,040,050
2018	**10,213,408**	**9,710,789**	**19,924,197**
Change/2017	1,353,389	530,758	1,884,147
% change	+15.3%	+5.8%	+10.4%

This table shows a certain stability in the consumption of non-production subsidiaries, while, at the same time, production related consumption shows a steady increase, consistent with the Group's business. The surface area devoted to production at CIPI ACTIA should also be taken into account, as it grew 26.3% from 4,097 m² in 2014 to 5,177 m² as at June 2017, and again by 25.0% to 6,473 m².

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 (46 MWh) and tidal power (150 MWh). Accordingly, 196 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 a consumption of 211 MWh, as compared to 194 MWh in 2017.

Our German subsidiary also uses energy for heating originating entirely from energy recovery. This consumption represents a total of 1,465 MWh, as compared to 707 MWh in 2017, a 100% increase due to an additional surface area of 7,600 m², made available for its Battery Management System business. This figure represents 7.4% of the Group's total energy consumption.

Lastly, Market-IP in Belgium uses geothermal power but has no means of measuring its consumption of this type of energy.

Air emissions and greenhouse gases

Bien heavily committed to sustainable mobility through the numerous solutions and services the Group offers its customers, the sites in Toulouse have acquired electric vehicles to be used for travel on company business over short distances (light and utility vehicles) and have drawn up a Company Mobility Plan.

For the second year running, they have also conducted a campaign providing support for the purchase of an electric bicycle by employees for the purposes of commuting. Benefiting from an agreement negotiated by the purchasing department with a local brand, subsidies made available locally for some of them and support from ACTIA, employees have been able to buy electric bicycles at a very attractive price. A carpooling incentive has also been put in place to compensate for the temporary suspension of the bus route serving one of the sites, following roadworks.

The production site in Tunisia had also drawn up a Company Mobility Plan and then created a collective transport solution for the personnel, outsourced to an external service provider.

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

As for the engineering services office in Tunisia, they have made available to employees a 50-seater shuttle bus for commuting.

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

The operations carried on at the facilities do not generate any significant air emissions. Nevertheless, certain sites voluntarily carry out quantitative and qualitative assessments of their air emissions, including two production sites: the results are perfectly satisfactory. In Tunisia, CIPI ACTIA conducts an analysis every 3 years (the last one was in 2014). If there is a problem, correctives actions are taken before making further measurements; if the problem persists, additional or specific measurements are taken. In January 2016, a specific measurement was carried out at the site for dust, a significant issue for the production of circuit boards, and the site was declared compliant with the current regulations. It should be noted that 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 CO² eq. 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.

Expressed in Tons CO_2 eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommunications	Total France	Total ACTIA Group
2016	681	366	2,296	879	**4,222**	305	**986**	**4,527**
2017	545	394	2,008	907	**3,854**	268	**813**	**4,122**
2018	**453**	**542**	**3,146**	**936**	**5,076**	**234**	**687**	**5,310**

In 2016, ACTIA Group 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 2018, 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:

Expressed in tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecomm-unications	**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:

Expressed in tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecommu-nications	**Total France**	**Total ACTIA 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%**

In 2016, the following amounts were recorded:

Expressed in tons CO² eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	**Total Automotive**	Telecom-munications	**Total France**	**Total Group**
Emissions from operated vehicles	672	217	8	136	**1,033**	135	**807**	**1,168**
Emissions from operations	681	366	2,296	879	**4,222**	305	**986**	**4,527**
% operated vehicles / operations	98.6%	59.4%	0.3%	15.4%	**24.5%**	44.4%	**81.8%**	**25.8%**

Vehicles used by sales staff, with large numbers in some subsidiaries, explain the ratios between operated vehicles and operations.

It should be noted that since 2017, ACTIA Automotive S.A. has provided two electric vehicles and one electric van for travel between the two sites in Toulouse.

Climate change and biodiversity

As demonstrated throughout this section, the environmental impact of the Group's activity is limited and all measures have been adopted to take into consideration climate change, both with respect to actions taken to limit water and energy consumption and raise employee awareness through:

- brochures;
- regularly displaying objectives, plans for improvement and the results of audits;
- certification audits;
- intranet and e-mails;
- 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;
- locally, 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, where 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.

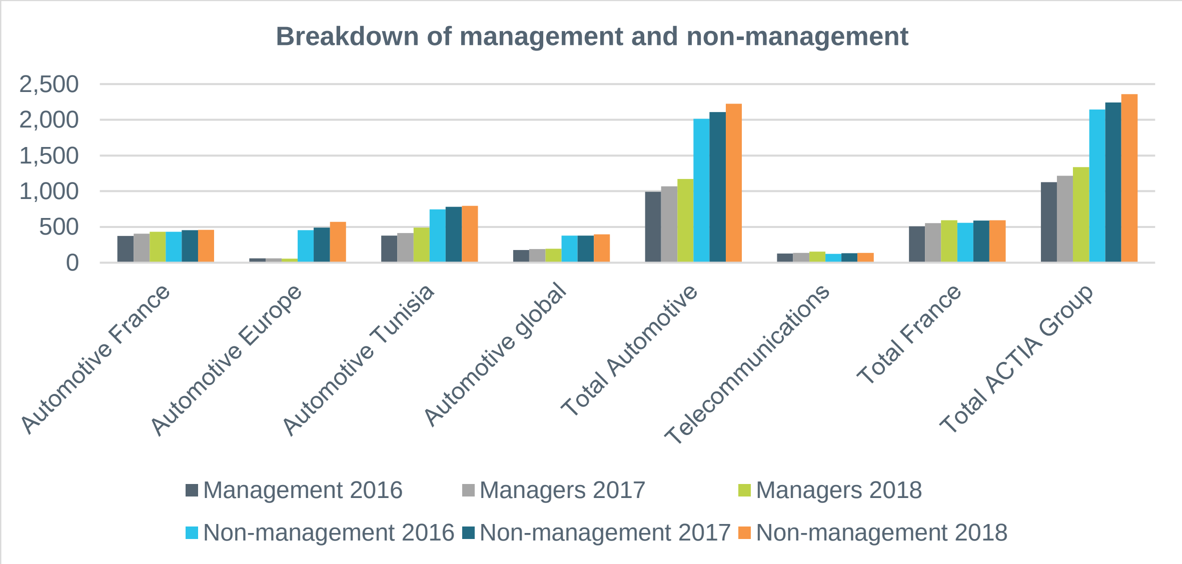
At the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We note that all Group risks are described in Note 25 "Risk factors" in the notes to the consolidated and in Subsection 5.10 "Risk factors".

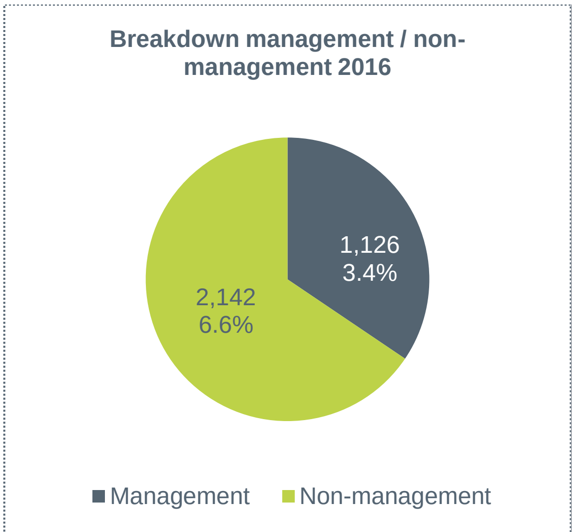
5.7.9 Other challenges

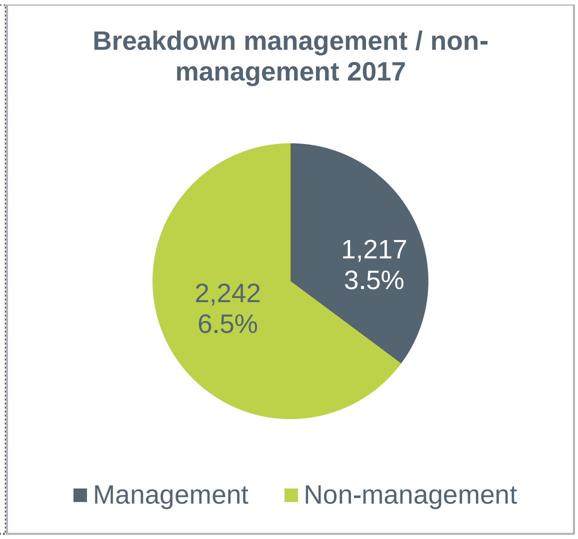
To ensure transparency, the ACTIA Group has decided to continue providing information on all of the indicators normally monitored by the Group.

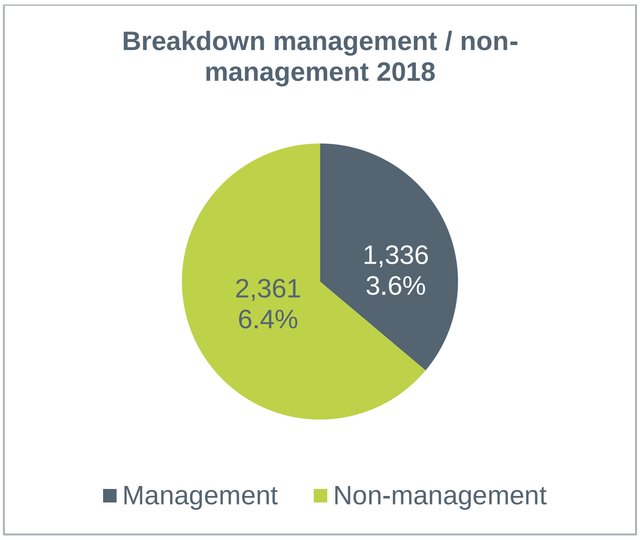
Human resources

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





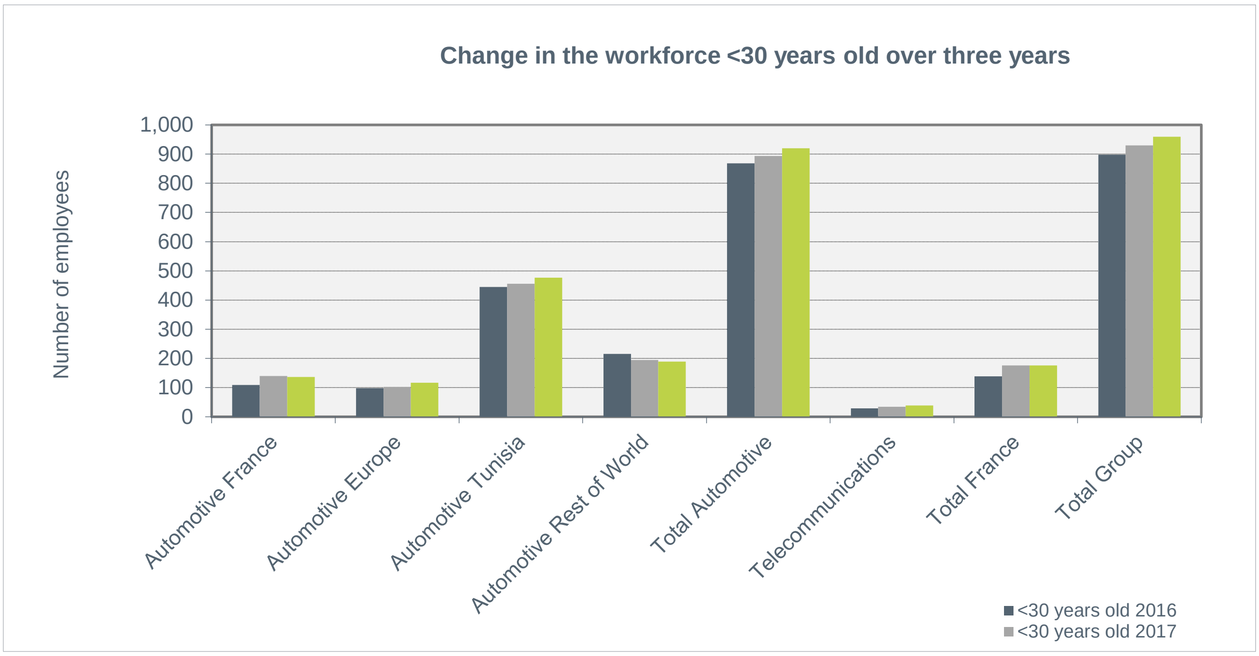


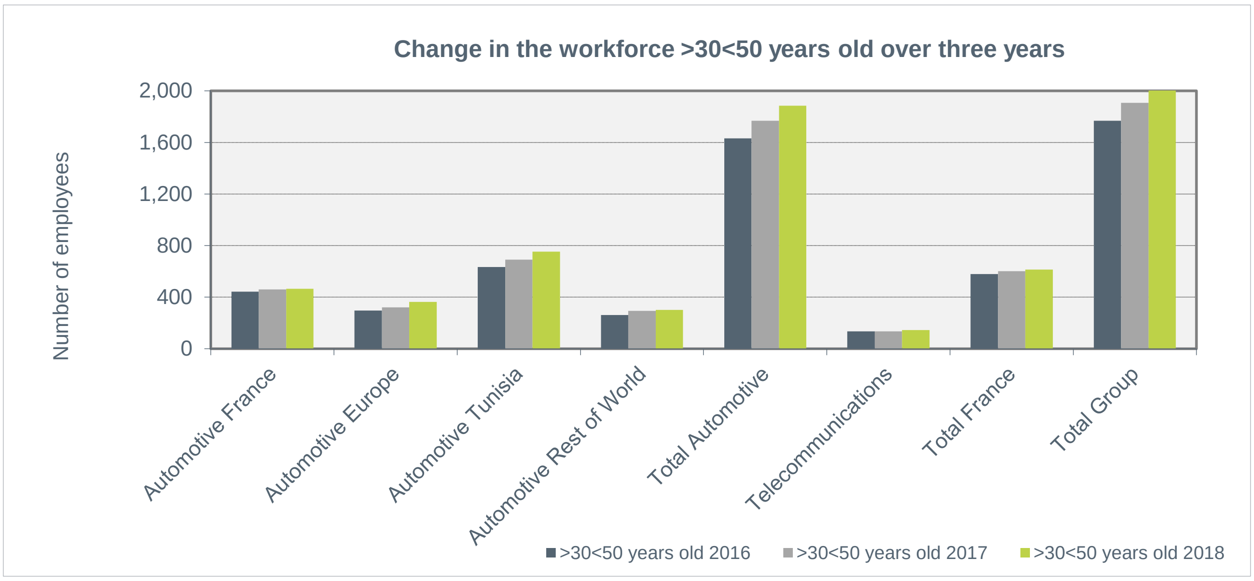


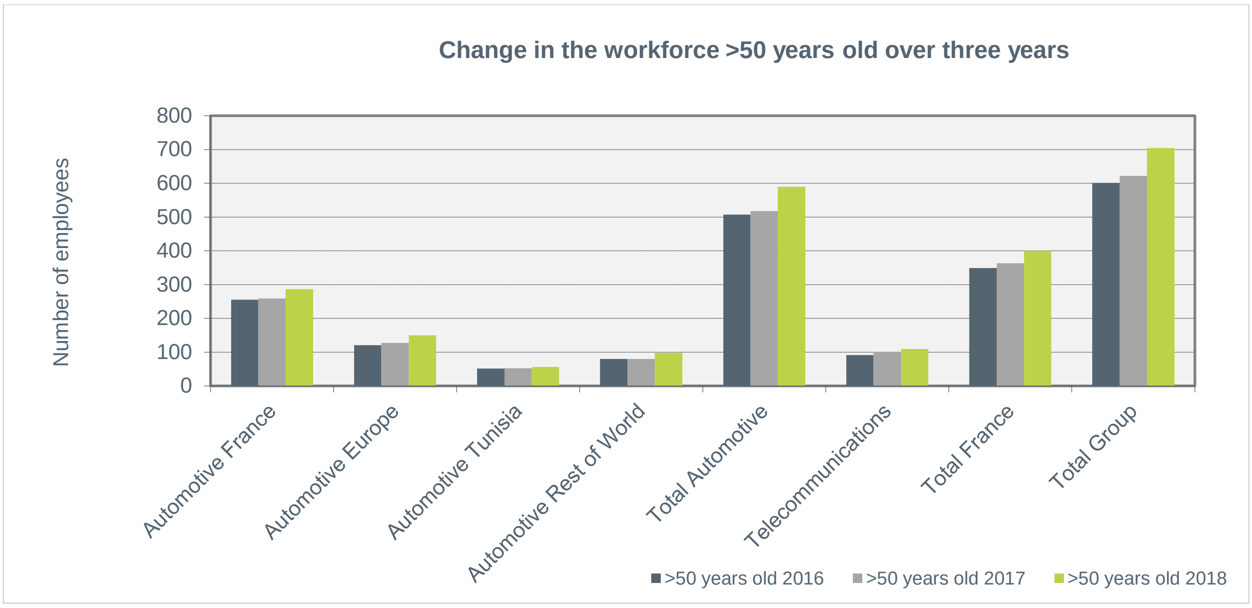
The changes in management/non-management staff were completely balanced over the period (119 new employees in each category). Contrary to the general trend in Europe (excluding France), management decreased whereas non-management increased more significantly than in the rest of the Group.

At the end of the financial year, management accounted for 36.1% of Group staff, reflecting consistent growth. In France, management accounted for 50.0%, up consistently over three financial years. This is explained by the size of the engineering services department which represents nearly one quarter of the Group's research and development capabilities.

Breakdown by age: this changed as shown below:





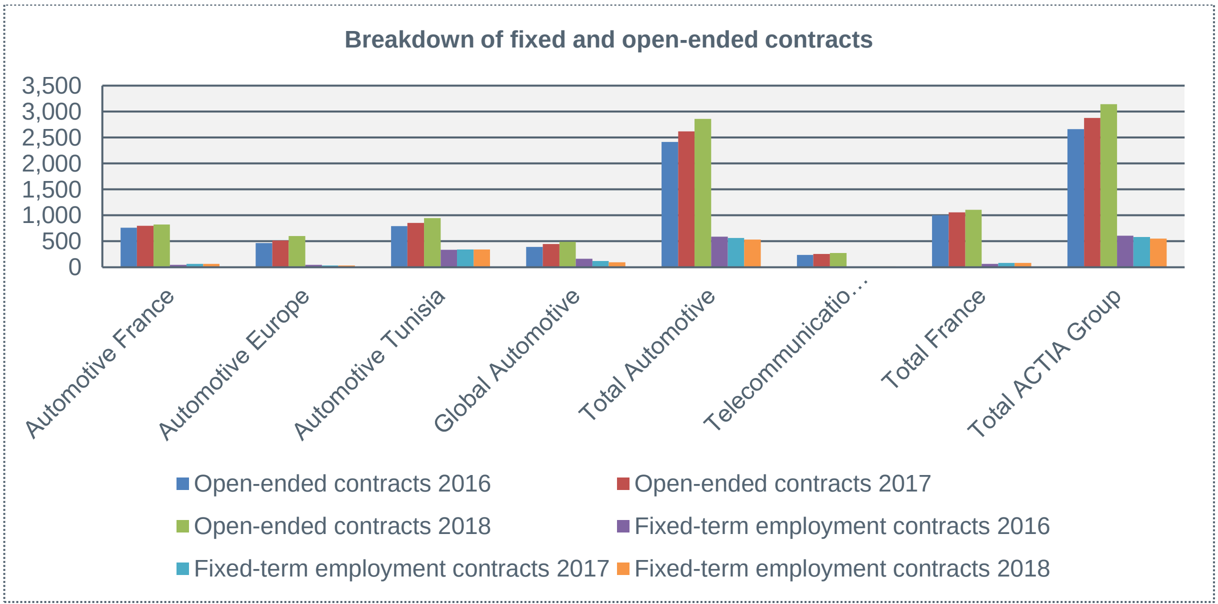


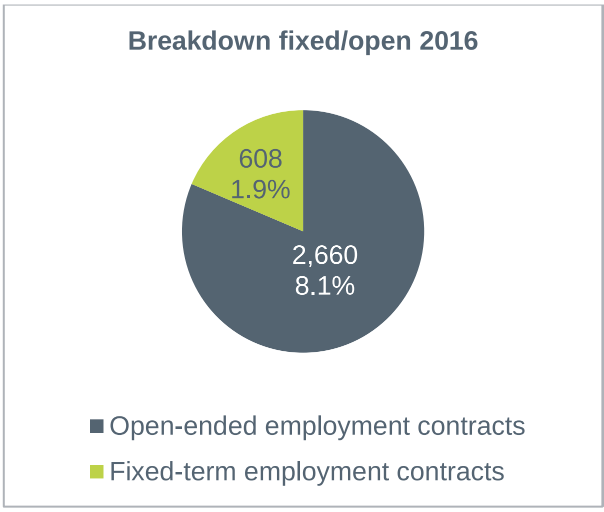
Overall, the increase in headcount was inconsistent from one region to the next and from one financial year to the next.

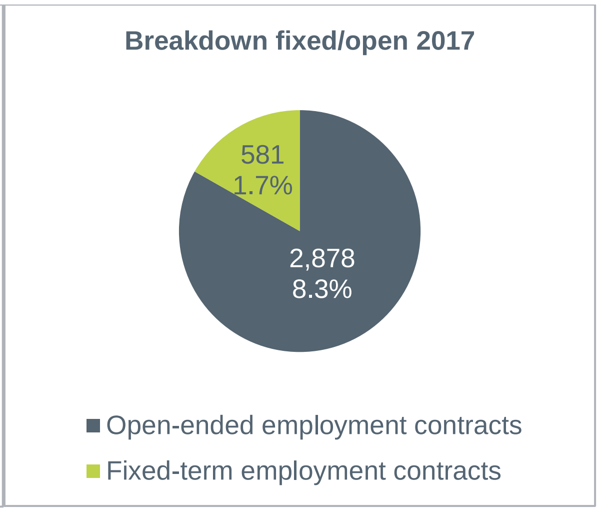
Over three years, the under 30s consistently represent a quarter of the numbers; the over 50s represent roughly 19%, also stable; finally, the 30 to 50-year old represent more than half of the workforce.

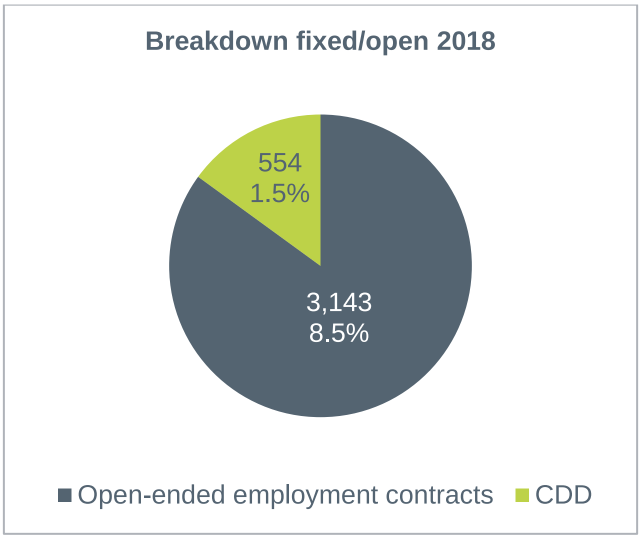
Distribution of Open-ended contracts/Fixed-term contracts: the Group consolidated its workforce with 70.7% of new hires with open-ended contracts in order to strengthen its skills to support future business growth. The share of open-ended contracts increased over the 2018 financial year in all regions. Overall, 85% of staff had open-ended employment contracts, compared to 83.2% at end 2017. It should be noted, however, that the length of fixed-term contracts can vary significantly according to local regulations. The maximum cumulative duration of the contracts in Tunisia is four years, which ensures that our organization can better meet its needs.

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



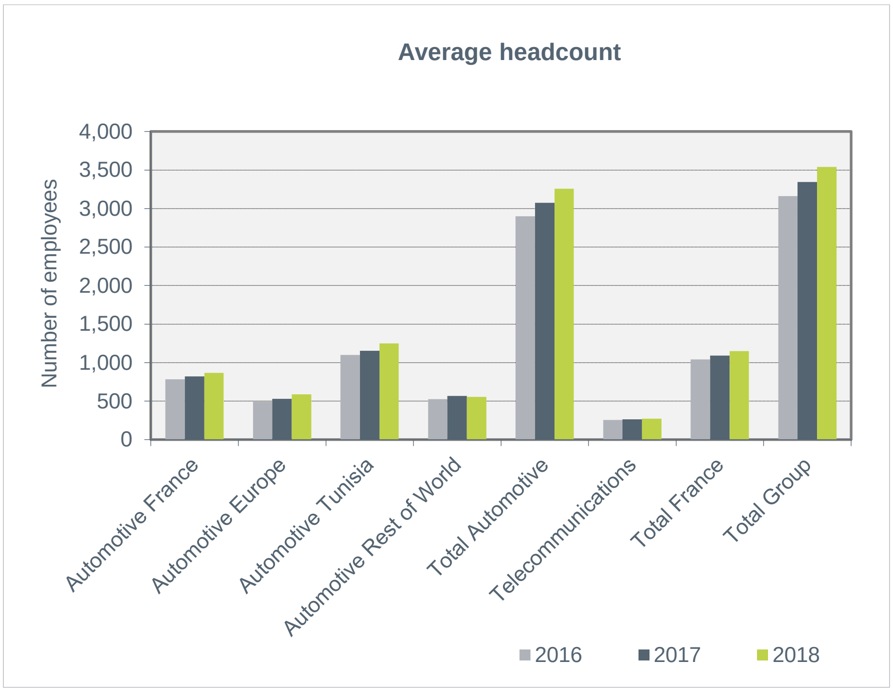






Overall, employees on fixed-term contracts now account for 15%, compared to 16.8% in 2017 and 18.6% in 2016.

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.



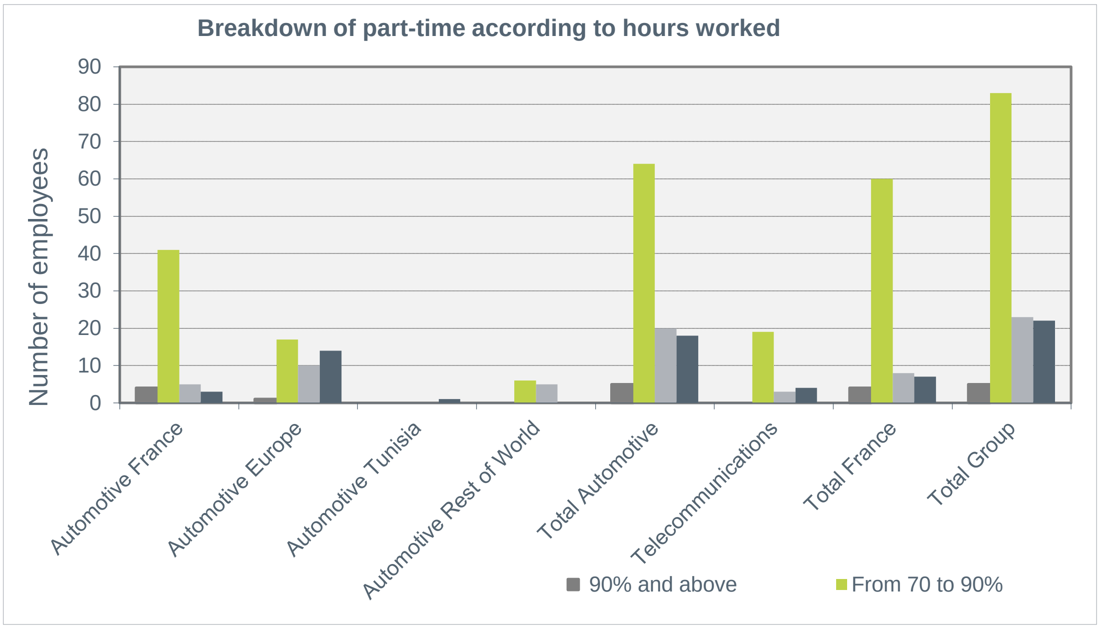
Working hours

In France, the French companies operate on the basis of a five-day workweek. Within the framework of current legislation and under the "Rebond" agreement signed by the main French company (2014), managers and similar employees work based on a set 218 working days a year which is the maximum authorized in France. Other employees benefit from the legal weekly schedule of 35 annualized full-time hours.

The Indian and Mexican subsidiaries, in accordance with local regulations, operate according to six-day workweeks.

As for manufacturing plants for circuit boards, the Colomiers site 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) according to the requirements of production volumes, performance and/or the workload for production units and have adopted a six-day work week.

Group-wide, there were 133 part-time employees, which was the same as in 2017. Of these, 74.9% were women. The part-time breakdown is shown in the graph below:



The total number of overtime hours was 105,711, up in relation to 2017: 96% involved non-management staff. The production sites in Tunisia accounted for 39.3% of overtime hours worked, similar to previous years.

The ACTIA Group employed 48 persons with disabilities in 2018. Certain local regulations require the employment of disabled workers and the Group does not meet the mandatory number of 93 such positions to be filled by law. On that basis, there exists a shortfall and so the sites have recourse to sheltered work facilities (*Centres d'Aide par le Travail* or CAT). This outsourcing represented the equivalent of 11 persons and, unfortunately, was not sufficient to cover the shortfall. The Group was obliged to pay a total fine of €155.8 k for non-compliance with its obligations in this area. The ACTIA Group did not reach its improvement goals for these indicators. The Group is committed to continuing its efforts to ensure that it gradually makes up the lost ground.

However, while addressing the issue, it became clear in France that some people with a right to disabled worker status did not wish to claim it. Therefore, apart from employment, a more in-depth job needs to be done to encourage acceptance of disability, both within the Company and society in general.

Respect for human rights

For all entities the Group actively promotes 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 4 areas covered by the Global Compact and must submit an annual report called Communication on Progress (COP) explaining the progress they have made.

Finally, 89.3% of entities using subcontractors declare that they ensure that these subcontractors respect 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. However, this notion of collective bargaining does not exist in all countries where the Group operates.

58.3% of the Group's staff work in entities where labor unions are present.

There are 115 employee representatives.

All Group employees receive information from management through different means of communication that vary from one subsidiary to the next. In general, bulletin boards are systematically used, along with e-mail, 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).

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

- health: supplementary insurance, provident scheme for 86.0% of employees [(1)];
- restaurant vouchers, for 56.0% of employees;
- maternity (maternity bonus) for 26.6% of employees;
- complementary retirement scheme for 17.3% of employees.

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

Depending on the entity, 72.3% 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**	Telecommu-nications	**Total France**	**Total Group**
2016	59,261	55,986	9,138	22,249	**32,951**	61,254	**60,210**	**35,423**
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**

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**	Telecommu-nications	**Total France**	**Total Group**
2016	46.9%	29.1%	14.8%	26.6%	**34.9%**	55.9%	**49.0%**	**37.5%**
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%**

In terms of the burden of payroll and social contributions, and despite the setting up of the French competitiveness and employment tax credit system (CICE), it should be noted that employer charges in France are still particularly high, even though there was a bigger decrease in 2018, for the second year in a row.

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 in €k	Automotive France	Automotive France	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total Group
2016	0	166	0	25	**191**	0	**0**	**191**
2017	0	198	0	108	**306**	0	**0**	**306**
2018	**0**	**285**	**0**	**110**	**395**	**0**	**0**	**395**

Incentive scheme (€k)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of World	Total Automotive	Telecommu-nications	Total France	Total Group
2016	1,038	561	0	325	**1,924**	1,288	**2,327**	**3,212**
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**

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 Group'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. They share their 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 is 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 do Brasil (Brazil) and ACTIA China (China) have a total full-time equivalent staff of more than 12 people. This means that 72.8% 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 recovering 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 m³.

In line with its increasing commitment to environmental monitoring of its activities, ACTIA Group has developed reporting on data relating to its consumption of chemical products. This survey reveals that the Group used about 27.4 m³ of miscellaneous chemical products, compared to 28.1 m³ in 2017 and 32.9 m³ in 2016: mainly varnishes, solvents, soldering cream, isopropyl alcohol. The measures implemented on the main Tunisian production site have enabled the decrease, despite the increase in production. The main measurements are:

- improvement of the pumping system has enabled a decrease in the varnish used;
- the use of solvents has been limited;
- lastly, the optimization of the number of solder pastes, combined with the stabilization of the screen printing processes, has provided good results.

To be more meaningful, the Group decided to take into account only the main products used at its principal production sites, and namely varnishes, solvents, diluents and soldering cream, to more efficiently monitor changes in the future. The increase in this figure is linked to the growth of the business.

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 28 hectares. Of this surface area, 43.8% is covered by landscaped green areas (62.2% in France). Wooded areas represent 0.7% 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 (Waste management

Noise and odor pollution

Our activities are not noisy and are odorless. Two incidents were reported by our subsidiaries:

- in India, in 2015, the use of chemical products, namely varnishes, indisposed staff, but did not have any effect outside. Protective measures were immediately taken, including providing gloves and masks and the installation of a machine to automate this part of the production process and thus limit any risk;
- in Tunisia, engineering services department staff are sometimes bothered by odors emanating from the nearby treatment plant. This is clearly not related to our activity. Measures were taken with local authorities and have yet to produce results. The move to the new site in 2019 and the air filter planned for installation at the time of construction will prevent odors.

Excluding these two reported items, no incident has been recorded by the various facilities and there were no complaints from neighbors in 2018 or in the previous year.

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 2018, or in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2018 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, as far as possible, this issue in the next round of 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 selected a service provider who is very involved in the subject. Among other things, they have proposed many initiatives to reduce waste and for recycling, and 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;
- a positive environmental impact by limiting travel by car: employees do not leave the site 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 10 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;
- several solidarity actions were organized during the first eight months of the collaboration, notably with the sale of sweet buns for a non-profit association for the disabled.

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

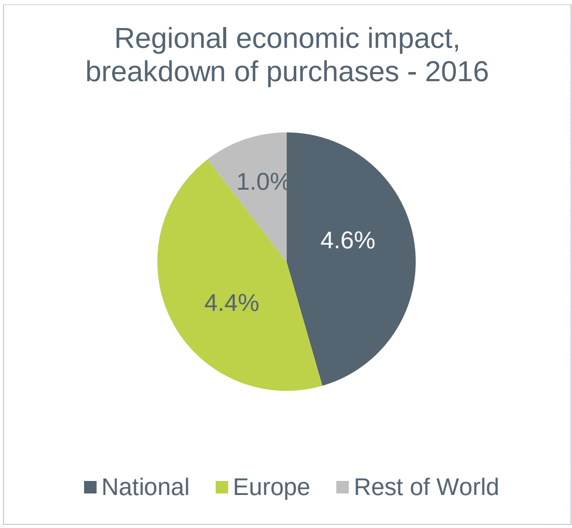
Most of the sites covered outsource different tasks of which there are two main types:

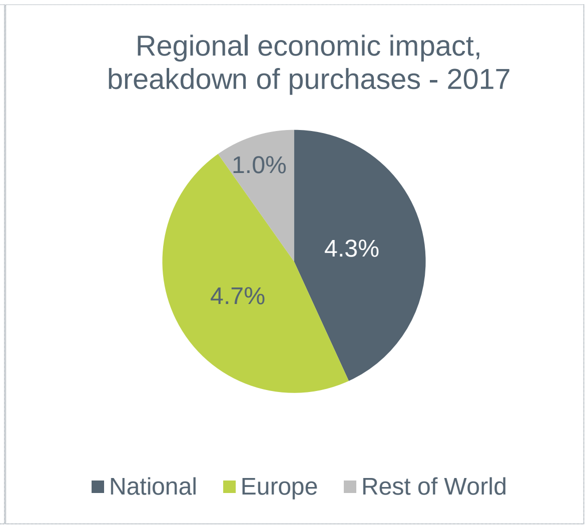
- in manufacturing, some sub-assemblies, such as embedded audio and video systems, may be outsourced by certain subsidiaries. This production is performed directly at the sites of subcontractors approved by the Group;
- For R&D, depending on the specific nature of the requests, the subcontractors may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

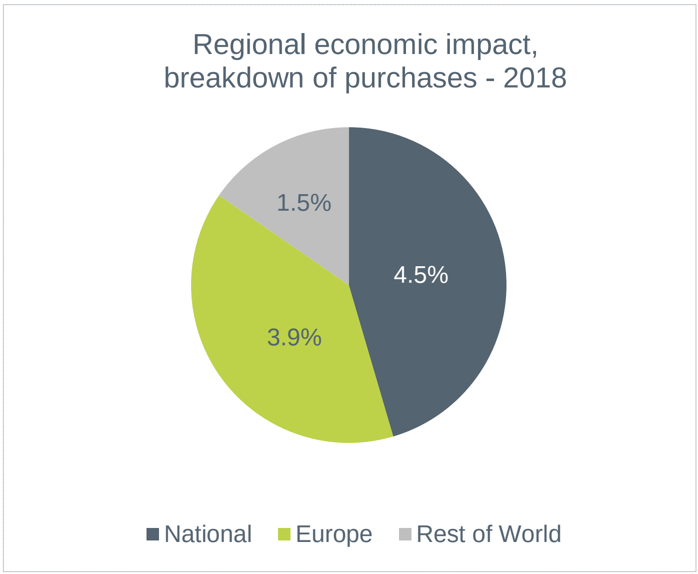
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

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:







Given stable growth from one financial year to the next and thanks to international growth, the Group's continuity enables it to maintain its positive financial impact in France.

However, global electronics manufacturing is primarily concentrated in Asia and North America. As a result, it is impossible to promote the local regions given that they do not have the resources required.

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), 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. Abroad, 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. ACTIA Group has signed a partnership agreement with six major educational establishments in France ("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), all part of the E+ excellence program initiated by the Group in 2008.

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.

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'), which develops local schools for underprivileged children (kindergarten and primary). They are also active in Spain via their membership in 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 places (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 this non-profit 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, disability.

For its part, ARDIA has chosen to support a primary school by providing its sponsorship for the refurbishment of the school premises and the improvement of the students' learning environment. It selected the Sidi Ammar primary school in the Fernana region (Governorate of Jendouba). The partnership will be implemented in several steps:

- visit to the school by teams of ARDIA volunteers and inventory of the premises;
- creation of a road map to provide assistance to the school;
- organization of visits to initiate and monitor the work;
- support to the students during the next school years.

The resources deployed are:

- financial, with donations by employees and the Company;
- human, to help with the work, both with respect to assistance and with follow-up which is to be provided by employees during their time off;
- logistical, with the Company paying for travel (depending on the number of participants, either by providing a bus or by paying for travel expenses and meals).

The first visit took place on September 29, 2018. It provided the supplies required by students based on the priorities identified by the school director.

ARDIA wants this community project to be a Company project implemented by employees. It provides concrete proof of its commitment to improving the living conditions of its employees' fellow citizens.

The Group encourages all of its subsidiaries to participate and support local training, integration and equal opportunity without, however, setting specific rules. In addition, the internal ACTIA Flash newsletter provides regular updates on the actions undertaken to encourage and support them. Action will be taken in France in 2019 to enable employees to present and support charity initiatives which will be put to a vote by employees. The Company will provide support to the winning project.

Fair practices and tax evasion

ACTIA Group set up a commission to establish a **charter of ethical** conduct at the Group level with the goal of transmitting to all staff the values of respect and integrity upheld by its founding families. Deployed in France during the 2014 financial year, the charter was rolled out internationally at end 2016. The ACTIA Group's **anti-corruption code of conduct** was rolled out in 2018 throughout the entire Group together with a whistleblower scheme for employees and stakeholders to report breaches of the anti-corruption code of conduct. Finally, the Group is also studying **a values code of conduct** for the following themes: professional relations, conflicts of interest, communication, protection of Group assets, the responsible use of resources provided, ethics, confidentiality, protection of the environment, etc.

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 Group 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. The Group opened facilities in Tunisia between 1997 and 2005 to develop its card 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

The ACTIA Group's sustainable development goals and positive contributions to the world were recognized with an award in 2018. Specifically, ACTIA Group joined the 70 companies forming the GAÏA Index, the benchmark Sustainable Development Index for midcaps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 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). As increasing numbers of companies are paying attention to these issues, the progress made in this index is a just reward for ACTIA Group's efforts.

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 2018 results are encouraging:

- For ACTIA Automotive:

❖ For ACTIA Telecom:

In July 2018, ACTIA Telecom further improved its results and obtained a score which entitled it to a "Gold" rating, placing it among the top 5% of companies rated by ECOVADIS.

5.8 Report of one of the Statutory Auditors', designated an independent third party, on the consolidated social, environmental and societal statement performance 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, we hereby present[1] our report on the consolidated social, environmental and societal information (hereinafter referred to as the "Declaration") provided in the Group's Management Report for the financial year ended December 31, 2018 pursuant to the legal and regulatory provisions of Articles L225-102-1, R225-105 and R225-105-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Executive Board to prepare a Declaration 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 Declaration was prepared in application of the procedures of the entity (hereinafter the "Standards"), the material elements of which are presented in the Declaration and available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L822-11-3 of the French Commercial Code and the ethics code 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 applicable laws and regulations.

Responsibility of the Statutory Auditor 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 Declaration to the provisions of Article R225-105 of the French Commercial Code;
- the truthfulness of the information provided in application of Paragraph 3 of Sections I and II of Article R225-105 of the French Commercial Code, i.e. the results of the policies, including the key performance indicators and the actions taken with respect to the main risks, hereinafter the "Information".

On the other hand, we are not required to provide an opinion on:

- the Company's compliance with other applicable legal and regulatory provisions, notably in terms of the prevention of corruption and tax evasion;
- the conformity of the products and services with applicable regulations.

Nature and scope of our work

We undertook the work described below in accordance with the Articles A225-1 et seq. of the French Commercial Code which set out the conditions in which an independent third party conducts its mission, as well as the professional doctrine of the French National Order of Statutory Auditors relative to this assignment and international Standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

We carried out work which enabled us to appreciate the conformity of the Declaration with legal and regulatory provisions and the truthfulness of the Information:

- we reviewed the business activity of all of the companies included in the scope of consolidation, the exposure to the main social and environmental risks related to the business activity and its impact on the respect for human rights, the prevention of corruption and tax evasion, as well as the related policies and their results;
- 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;

[1] The accreditation scope of which may be consulted at www.cofrac.fr.

- we verified that the Declaration covers each information category provided for in Section III of Article L225-102-1 with respect to social and environmental matters and compliance with human rights and the prevention of corruption and tax evasion;
- we verified that the Declaration includes an explanation of the reasons why the information required in Paragraph 2 of Section III of Article L225-102-1 was missing;
- we verified that the Declaration presents the business model and main risks related to the business activity of all of the companies included in the scope of consolidation, including, when relevant and proportional, the risks created by business relationships, products or services and policies and actions and results, including key performance indicators;
- we verified, when relevant with respect to the main risks and policies presented, that the Declaration provides the information required by II of Article R225-105;
- we assessed the selection and approval process for the main risks;
- we inquired as to the existence of internal control procedures and the risk management implemented by the Company;
- we assessed the consistency of results and of the key performance indicators selected with respect to the main risks and policies presented;
- we verified that the Declaration covers the scope of consolidation, i.e. all of the companies included in the scope of consolidation, in accordance with Article L233-16, with the limitations described in the Declaration;
- we assessed the collection process implemented by the Company intended to ensure the completeness and truthfulness of the Information;
- we implemented the following for the key performance indicators and other[2] 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 and covered[3] between 24% and 42% of the consolidated data for the key performance indicators and results selected for the tests;
- we consulted documentation and carried out interviews to corroborate the qualitative information (actions and results) which we deemed most important[4];
- we assessed the overall consistency of the Declaration 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 five people. It was conducted between November 2018 and April 2019 over a total period of approximately two working weeks.

[2] Social indicators: Year-end headcount, Turnover, Number of women on the Board of Directors, Number of women on the Management Committee, Number of lost working days due to illness per employee, number of training hours by average headcount, Number of accidents resulting in lost working days, Frequency of occupational accidents resulting in lost working days and Rate of severity of occupational accidents.

Environmental indicators: Total water consumption, Total energy consumption, Greenhouse gas emissions linked to total energy consumption, Quantity of hazardous and non-hazardous waste products and percentage of waste recycled.

[3] CIPI ACTIA, ARDIA

[4] Quality of life at work and prevention of risks to employee health and safety, Business ethics policies, Environmental footprint reduction policies, Environmental certification procedures.

We were assisted in our work by our sustainable development and social responsibility experts. We interviewed a dozen people responsible for preparing the Declaration.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Declaration 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, 2019

KPMG S.A.

Philippe Arnaud *Partner* *Sustainability Services*	Philippe Saint-Pierre *Partner*	Mathieu Leruste *Partner*

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 of an SCI partially owned by the Group.

Name	Site	Business activity	Type of interest
ACTIA Group	Toulouse	Holding company	I (1)
Automotive			
ACTIA Automotive	Toulouse	Electronic studies and marketing	I (1)
	Colomiers	Electronics manufacturing	P (2)
	Chartres	Manufacturing and distribution of mechanical equipment for garages and inspection centers	L
	Toulouse	Logistics	L
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	L
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	L
ACTIA UK	Newtown *(United Kingdom)*	Electronics research & manufacturing	P
ACTIA Systems	Getafe, Madrid *(Spain)*	Research and manufacturing of audio and video equipment	I (3)
ACTIA de Mexico	Mexico City (*Mexico*)	Manufacturing and distribution of audio and video equipment	L
ACTIA do Brasil	Porto Alegre (*Brazil*)	Electronics research & manufacturing	L
ACTIA Inc.	Dearborn - Michigan *(USA)*	Electronics research & manufacturing	L
ACTIA CZ	Tabor (*Czech Republic*)	Electronics research & manufacturing	P
ACTIA Italia	Torino *(Italy)*	Electronics research & manufacturing	P
ACTIA I + Me	Braunschweig (*Germany*)	Electronics research & manufacturing	P/L
ACTIA Corp.	Elkhart - Indiana (*USA*)	Electronics research & manufacturing	P
ACTIA Electronics	Romulus - Michigan (USA)	Electronics manufacturing	P
ACTIA Polska	Piaseczno *(Poland)*	Electronic studies and marketing	L
CIPI ACTIA	Tunis *(Tunisia)*	Electronics manufacturing	P
ACTIA Tunisie	Tunis *(Tunisia)*	Electronics manufacturing	L
ACTIA India	New Delhi *(India)*	Electronics research & manufacturing	L
ACTIA China	Shanghai *(China)*	Electronics research & manufacturing	L
	Wuhan *(China)*	Electronics research & design	L
ACTIA Nordic	Sollentuna *(Sweden)*	Electronics research & manufacturing	L
	Linköping *(Sweden)*	Electronics research & design	L
	Göteborg *(Sweden)*	Electronics research & design	L
Telecommunications			
ACTIA Telecom	Saint-Georges-de-Luzençon	Electronics research & manufacturing	P (4)
	Dinard	Electronics research & manufacturing	P / L
	Puy-Sainte-Réparade	Electronics research & manufacturing	P
	Manosque	Electronics research & manufacturing	P
ARDIA	Tunis (*Tunisia*)	Electronics research & design	L
ACTIA Africa	Tunis *(Tunisia)*	Marketing, sales and technical support	L
MARKET-IP	Namur *(Belgium)*	Electronics research & design	L

(1) SCI des Coteaux de Pouvourville
(2) SCI de l'Oratoire
(3) SCI Los Olivos
(4) SCI Sodimob

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 the participation rate, the average value was €43 million.

Independently of the companies accounted for under the equity method, the assets held directly by the Group were assessed at €43 million on December 31 and their net carrying value was €14.7 million, corresponding primarily to the last work done in 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 site, an ACTIA Automotive S.A. company, located in Colomiers, is wholly owned by the Group via SCI de l'Oratoire. The latter managed the construction project at the Chartres site, the second ACTIA Automotive company dedicated to production, which was completed at the end of March 2019. It was only included in the valuation in the amount of the assets delivered on December 31, 2018. The second 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 early 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 financed through medium-term bank loans, because this solution is not available through the local banks.

The Group's production is now organized around the 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 2018, the **Colomiers facility** (France) had the following activities:

- electronics manufacturing;
- a repair center;
- support services.

These activities made it possible to produce for over 300,000 hours, i.e. 30% more compared to 2017, and facility usage averaged over 95%. This growth is the result of increased long automotive production runs and the launch of new Rail and Telecommunications products. This infrastructure also continued to evolve in order to optimize production areas while improving the working environment for our teams. Our logistics center continues to grow and has expanded with the rental of a third building on the same Fondeyre site (Toulouse, France).

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.

Activity at our Tunisian sites grew consistently, led primarily by high telematics volumes for light vehicles, trucks and special equipment, as well as by new products.

The master plan for our **Tunisian sites** is as follows:

- CIPI ACTIA: medium-sized and long production runs of cards and electronic equipment, mainly for the automobile sector or heavy vehicles;
- ACTIA Tunisia: assembly and integration of medium-sized and large production runs for all types of markets.

In 2018, the CIPI ACTIA production center reached over 550,000 hours of activity. Facility usage was 90%, with four eight-hour shifts over 6.5 days, for half the equipment.

The infrastructure of our CIPI ACTIA site continued to evolve with the complete review of the production line installations and the opening, in mid-December, of a new, ultramodern logistics warehouse located a few meters from the plant to improve our efficiency, our product flows and our storage environment.

Activity at the ACTIA Tunisia plant remained stable over the year. It had a production output of more than 100,000 hours or 60% of capacity. Construction work began on a building on land belonging to ACTIA Tunisie at the end of 2017. It will house all of the latter's activities, putting an end to the leasing of the current building, which does not have the capacity to accommodate the growing business. The move to the new industrial site is currently planned for the end of 2019, early 2020.

Our Tunisian electronics operation continues to be one of the top electronics production sites in the Mediterranean basin.

The set-up of our new ACTIA Electronics (United States) site has been in progress since September 2018. Production should begin in May 2019 with a first Marine electronic printed circuit board for ACTIA Corp. This will be followed by a telematics product for Volvo Truck during the summer of 2019 after the certifications required for this type of production have been obtained. This site will meet North American needs with the same production tools as our existing sites in France and Tunisia.

The site will employ 50 production employees by mid-2020. It will have the capacity for four SMD lines and all of the workstations necessary for the integration of complete products.

The coming financial year will focus on areas to improve the plants in terms of:

- processes to track the technological changes to our products and anticipate customer requirements;
- the start-up of the site based in the USA;
- the preparation and migration of the new ERP M3 system (during 2020);
- increased global coordination of production and qualification procedures;
- robotization and co-robotization to improve our production efficiency and flexibility;
- the securing of X-ray inspection resources for the CIPI ACTIA site;
- the replacement of the small SMD production runs at Colomiers and continuous improvement of certain Tunisian SMD lines;
- the interconnectivity of the industrial sites to improve management of product, test and production data;
- the improvement of processes upstream of production to simplify and accelerate data preparation for production (coding, MES, etc.).

Excluding these three electronics printed circuit board production sites which require significant production resources, the Group's other facilities include offices (administrative, engineering services) and integration workshops. As a general rule, these latter facilities are not subject to specific requirements and are consequently easier to occupy on a rental basis. Nevertheless, the Group has over the years taken advantage of opportunities to acquire real estate representing assets that may originate from entities obtained from acquisitions. In 2018, our Italian subsidiary acquired premises it was renting in Turin at a very attractive price compared to the local market. It has in this way directly or indirectly acquired ownership of certain buildings.

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 breakdown in the share capital of the latter is as follows:

Breakdown in the share capital of SCI les Coteaux de Pouvourville	%
ACTIA Group	27.5 %
LP2C	50.1 %
Individuals	22.4 %
Total	**100.0 %**

The Group ensured, via an appraiser external to the Group, when the commercial lease was signed, that the rents for these latter two facilities are consistent with market rates. They are subject to lease increases based on the index published by INSEE, the French National Institute for Statistics and Economic Studies and its Spanish equivalent.

5.9.2 Environmental impact resulting from their use

This information is further detailed in 5.7.9, "Other challenges" of Section 5.7, "Sustainable development" in the Executive Board's Management Report.

5.10 Risk factors

In addition to the other information set out in this Registration Document, shareholders and potential shareholders should carefully consider the factors set out below when assessing the Group and its business activities.

ACTIA Group has conducted assessments of risks that could have a material adverse effect on its business, financial position, results and ability to meet its objectives. This section presents the relevant material risk factors identified as of the date of publication of this Registration Document.

The ACTICA Group believes that there are no other significant risks other than those presented below and the financial risks described in Note 28 "Risk factors" of notes to the consolidated financial statements which provide information about the risks related to financial instruments in the financial statements, in accordance with IFRS 7 standard, Appendix B6.

5.10.1 Legal and tax risks

To the best of our knowledge, there are no legal or tax risks relating to the regulatory environment and/or the performance of contracts that could or have had a material impact on the Group's financial position or profitability in the last 12 months (see Subsection 7.3.2, "Legal and arbitration proceedings").

5.10.2 Industrial and environmental risks

As mentioned in our environmental report included in this Registration Document in Subsection 5.7.9, "Amount of provisions and guarantees", the Group does not have any particular exposure to environmental risks.

The Group's activities do not pose any material risks to the environment and the Group is not subject to any actual regulatory constraints specifically related to its business.

5.10.3 Operational risks

The primary operational risk involves the supply of electronic components for the Group. The current strong development of connected objects combined with somewhat slower global growth can impact the purchasing organization, for example due to the discontinuation of a component or a manufacturer's lack of capacity.

Given the growing worldwide demand for electronics, a number of different events can disrupt the supply of a component or family of components, i.e.:

- the end of production of a component: 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). This penalizes heavily used inventories, 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. This subject is reviewed by the teams on a regular basis. It can occasionally impact the balance sheet, as it did in 2015, when the supply of a component had an impact of several million Euros on the Group's inventory, which was used as normal in 2016;

- lack of manufacturer capacity: the quantities manufactured by a supplier are not sufficient to meet market demand. When this impacts a specific component, as was the case for the Group in 2017, the customer's specifications will make it difficult to obtain supplies from another source. 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 to customers to ensure that their production lines would not shut down;
- market shortages: without creating a specific shortage, increased demand (telephony, connected objects, etc.) can result in market shortages for the component and lead to increased lead times and/or delivery by allotment. When consumer goods like a new-generation tablet come to market, the demand for components of all categories can sometimes significantly disrupt the market. Tensions have not been tied to the production of a specific product since fall 2017. They have been the result of general enthusiasm, which has been all the more apparent because most countries grew in 2018. As a result, all component families have been impacted given that manufacturers did not correctly anticipate capacity needs. They have announced a "return to normal" not before 2020. The trend is, however, for an improvement in 2019 due to the slowdown in growth in some countries. Some components have begun to experience a price decrease even though there are still supply constraints. This type of tension is difficult to manage because purchasing has to be organized around different manufacturers, distributors, and even brokers, to deal with it. This led to an increase in the price of components in 2018 in a market which is normally bearish.

Therefore, thanks to long-term experience in these matters, and an internal "optimization" team responsible for monitoring the regulations for sensitive components (ITAR, EAR), all regulatory changes at the world level and end of production announcements, the Group has the means to manage these situations which can, occasionally, become quite significant.

The other area of concern for the Group is skills management. The challenge is to operate at a global level without necessarily having the resources of a major group. In countries with full employment, like the United States and China, once trained, staff do not always show a great deal of loyalty to the Company and move on to the best offer. This situation can also arise in Europe in certain skills categories such as software engineering, where demand has grown significantly as a result of digitization. The impact even extends to North Africa where major groups sometimes attempt to poach the engineers of our Tunisian research department. As a result, the Group has gradually implemented skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. The ACTIA Academy, which provides career training, was initially implemented in Tunisia by the design office. It is intended to be deployed gradually throughout the Group to ensure the loyalty of internal teams to the Group. In-depth work is also being done on the employer brand to enrich our approach to promoting ACTIA's family company values.

Despite constantly growing R&D teams (105 new dedicated staff), the Group continues to use external R&D subcontractors, notably for highly technical items and during periods of intense activity, as was the case in 2018, given the difficulty of finding the skill sets required through recruiting. The teams were used both for customer projects and for the Group's own projects. This topic is being followed closely given that subcontracting is more expensive than in-house resources.

Given the geopolitical situation, which continues to be risky, the Group remains attentive to events in Tunisia although there have been no disruptions to either production or R&D for several years. The local teams are constantly working to improve processes and quality to renew customer trust in our know-how.

Globalized trade continues to be sensitive to the weight of certain countries like the United States. In 2018, all business with Iran had to be stopped even though the French government encouraged French companies to support its economic development. Although it did not account for significant revenue (€0.7 million in 2017), prospects (about €5 million a year) immediately evaporated due to the American policy.

As a result, the Group is monitoring closely, particularly in countries in which it has sites such as Mexico and China. Even though our subsidiaries in those countries do not do work for the United States, the potential economic slowdown resulting from American tariff barriers could eventually impact us. However, our customers are generally international and are managing this risk.

5.11 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 adaptation to the Group's organization.

Control of operating related risks

ACTIA Group is an electronics equipment manufacturer operating in two business segments:

- the Automotive Division through ACTIA Automotive S.A. and its subsidiaries;
- the Telecommunications 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;
  - Aftermarket: multi-make diagnostics, workshop equipment, technical inspection and fleet management solutions, telematics systems;
  - MDS (Manufacturing-Design & Services): electronic production and associated services, lifecycle optimization.
- For the Telecoms Division:
  - Satcom: earth station equipment;
  - 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 necessary quality certifications to exercise its activities and in particular ISO 9001. Information on Group certifications is provided in 5.11.2Certification of Group company quality systems at December 31, 2018”. The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing and product control 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 impacts and of the estimated level of control over the main risks identified is performed on the basis of the information set out in Note 28 "Risk factors" in the notes to the consolidated financial statements and in Subsection 5.10 of “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). The Group's e-mail system and internal television channel, ACTIA Flash, are also tools used when broadcasting is required to as many people 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 or by the financial manager of the subsidiary, depending on the size of the subsidiary.

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 executive management on short- and medium-term forecasts;
- 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, 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 Financial 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 structure 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, tax, 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 system is in progress. The M3 software package was selected, from the same publisher as MOVEX. The product will be deployed over 2018/2020.

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. Our subsidiary ARDIA (engineering services in Tunisia) was certified ISO 27001 in 2015. ACTIA Automotive and Market-IP received ISO 27001 certification in 2018; ACTIA Telecom will submit its certification request in 2020.

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 2018 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 5.11.2Certification of Group company quality systems at December 31, 2018".

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 business resumption 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 2019.

Lastly, video surveillance systems will also be deployed in order to reinforce the surveillance at our French sites.

5.11.1 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”, of the Executive Board's report. In addition, Group risks are further covered in Note 28 “Risk factors” of the notes to the consolidated financial statements and in Subsection 5.10, “Risk factors”.

5.11.2 Certification of Group company quality systems at December 31, 2018

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					
Market-IP	Certified					
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Certified					
ACTIA China	Certified	Certified	Certified			
ACTIA do Brasil	Certified					
ACTIA Corp.	Certified					

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
CIPI ACTIA	Certified	Certified	Certified			
ARDIA	Certified					
ACTIA Tunisie	Certified	Certified	Certified			
ACTIA Telecom	Certified		Certified		Certified	

- Other certifications:
  - ACTIA Telecom: 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 Quality Management System, according to the criteria of the Slovakian government;
  - 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);

    for Toulouse: EN 9110 (aerospace repairs); Part 145 (aerospace); ISO 27001 (information security management) since 2018;
  - Market-IP: ISO 27001 since 2018;
  - ARDIA: ISO 17025, ISO 27001 and CMMI DEV V.1.2.
- Certifications pending official approval:
  - ACTIA India: OHSAS 18001 V2007 in progress;
  - ACTIA Telecom: ISO 450001, in progress.

5.12 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €1.7 million, an increase of 38.3% in relation to 2017. This decrease is due to the reworking of coordination and assistance agreements at the Group level. It should be noted that LP2C's invoicing of ACTIA Group declined by 82.9% and totaled €0.3 million over the financial year. For its part, after matching its internal resources with its international strategy, ACTIA Group saw its share of re-invoicing increase by €398 million. The resulting net income amounted to €2,219 k, compared to a profit of €5,767 k one year earlier. This change was due to the decrease in dividends paid by subsidiaries for 2017.

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 €306.4 k for the financial year, compared to €253.1 k in 2017. The increase was due primarily to Statutory Accounting fees for changes in IFRS standards.

Highlights of the 2018 separate financial statements are presented below:

Net income (€k)	2018	2017	2016
Net sales	**1,713**	2,777	2,395
Operating revenue	**2,573**	3,563	3,037
Operating expenses	**3,590**	4,574	3,954
Operating income	**(1,017)**	(1,011)	(918)
Financial result	**3,275**	6,611	3,262
Non-recurring items	**3**	10	1
Net income	**2,219**	5,767	2,263

We will ask shareholders to approve these separate financial statements.

5.12.1 Highlights

No material event has affected the organization of the holding company excepting the reworking of the agreements discussed above.

5.12.2 Appropriation of earnings

In accordance with the law and our Articles of Association, the following appropriation of earnings for the period ended December 31, 2018 will be proposed at the General Meeting:

Source		
"Retained earnings" at December 31, 2018		€11,140,926.32
Profit for the period: appropriation		€2,219,271.53
Appropriation		
To "Retained earnings" resulting in a balance of:	€11,350,203.75	
Dividends	€2,009,994.10	
TOTAL	**€13,360,197.85**	**€13,360,197.85**

Amount - Payment - Tax regime for dividends

The General Meeting notes that the total gross dividend per share is set at €0.10.

The ex-dividend date will be on June 12, 2019; the dividend will be paid on June 14, 2019.

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%.

5.12.3 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	
2015	€2,009,994.10* Equivalent to €0.10 per share		
2016	€3,014,991.15* Equivalent to €0.15 per share		
2017	€2,411,992.92* Equivalent to €0.12 per share		

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

5.12.4 Indebtedness

In financial year 2018, ACTIA Group carried out two medium-term financing rounds for external growth and acquisitions of minority stakes in the Group. It bought out the minority shareholders of its subsidiary ACTIA PCs which is now wholly owned by the Group. Other acquisitions are planned and can be carried out thanks to financing which has not yet been released.

None of the short-term lines (overdraft, commercial paper) was used as of December 31, 2018 and the organization does not have the ability to finance its customer receivables item because it is entirely dedicated to the Group.

However, changes in the Group's financial situation led to non-compliance with the covenants of seven loans as of the end of 2018. Waivers were requested on March 25, 2019 after the Supervisory Board meeting held to approve the annual financial reports for submission to the General Meeting of May 28, 2019. As of April 19, two of the three financial institutions in question had accepted the waiver requests.

This information is presented in Note 3.10, “Debt” of the notes to the separate financial statements.

5.12.5 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 €2,267, relating to surplus depreciation on company cars.

No taxes are due for the 2018 financial year.

5.12.6 Equal opportunity employment

ACTIA Group S.A. is the Group's holding company. As of December 31, 2018, it had 10 employees to handle its holding company functions.

To date, as indicated in Subsection 5.7.4, “The fight against discrimination” have occurred in the Group or the holding company where no professional inequality involving gender has been reported.

5.12.7 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 12/31/2018						
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) Ageing buckets						
Number of invoices	500					2
Total of all invoices, excluding VAT,	3,450,866				301	301
% of the total amount of purchases for the financial year, excluding VAT					0.01%	0.01%
(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					

5.12.8 Analysis of accounts receivable

At year end, the aged trial balance for accounts receivable was as follows:

Invoices issued and due but not paid as of 12/31/2018						
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) Ageing buckets						
Number of invoices	173					22
Total of all invoices, excluding VAT,	4,768,456	212		61,343	113,792	175,347
% of the total amount of purchases for the financial year, excluding VAT		0.00%		1.29%	2.39%	3.68%
(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					

5.12.9 Events after the balance sheet date

COOVIA, an ACTIA Group subsidiary since May 2, 2016, submitted a request for compulsory liquidation on February 15, 2019. The process was pronounced complete by the Commercial Court of Toulouse on March 5, 2019. Provisions were created for all of the debts owed on December 31, 2018 and for the securities held by ACTIA Group S.A.

5.12.10 Financial results over the past five years

Euros	2018	2017	2016	2015	2014
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	0
Results from operations					
Sales excluding tax	**1,712,968**	2,777,018	2,394,764	2,527,501	2,264,219
Earnings before tax, depreciation, amortization and provisions	**3,093,994**	5,818,496	2,345,915	4,120,084	3,446,339
Income tax	**40,722**	(156,586)	82,566	70,465	42,203
Earnings after tax, depreciation, amortization and provisions	**2,219,272**	5,766,829	2,262,529	4,353,577	3,402,633
Earnings distributed	**2,411,993**	3,014,991	2,009,994	2,009,994	2,009,994
Earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.15**	0.30	0.11	0.20	0.17
Earnings after tax, depreciation, amortization and provisions	**0.11**	0.29	0.11	0.22	0.17
Dividends allocated to each share	**0.12**	0.15	0.10	0.10	0.10
Staff					
Number of employees (average workforce)	**8**	7	5	5	4
Payroll for the financial year	**953,523**	667,535	595,203	564,687	472,840
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**375,186**	283,796	258,119	244,267	200,748

5.12.11 Special Report of the Statutory Auditor on regulated agreements and commitments

To the 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 and commitments with related parties.

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 already 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 and commitments submitted for approval to the Shareholders' Meeting

Agreements and commitments approved and signed in the financial year ended

In application of Article L. 225-88 of the French Commercial Code, we have been advised of the agreements and commitments below, concluded during the past financial year, which received the prior approval of your Supervisory Board.

With S.C.I. Les Coteaux de Pouvourville

- **Nature and purpose**: Commercial lease contract.
- **Parties concerned**: Pierre Calmels.
- Reasons justifying his interest in the company/procedures:

  According to a rental agreement, S.C.I. Les Coteaux de Pouvourville leases premises located at 5, Rue Jorge Semprun in Toulouse to your company with re-invoicing of the property tax.
- Amounts paid or received over the past financial period:

  The rental payments made in the financial year amounted to €42,850 excluding VAT;

  Property tax charged back in the period amounted to €10,941.

Agreements and commitments previously approved by the General Meeting

We draw your attention to the following agreements and commitments authorized and approved during financial year N-1 which are included in our special report on regulated agreements and commitments for financial year N-1 and which have not been approved by the General Meeting approving the financial statements for financial year N-1.

With LP2C S.A.

- **Nature and purpose**: Coordination agreement.
- **Parties concerned:** Marine Candelon, Catherine Mallet and Louis Pech, Jean-Louis Pech and Pierre Calmels.
- Reasons justifying their interest in 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.

  For this purpose, LP2C S.A. invoices a global annual amount of €370,000 for all of the Group companies, allocated between the companies of the Group based on the added value of 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.

- Amounts paid or received over the past financial period:

  As of December 31, 2018, the amount invoiced by LP2C to ACTIA Group was €1,000.

- **Nature and purpose**: Assistance and service agreements.
- **Parties concerned**: Marine Candelon, Catherine Mallet and Louis Pech, Jean-Louis Pech and Pierre Calmels.
- Reasons justifying their interest in 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 ongoing 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 procedures used to set the amounts invoiced, excluding VAT, for the services rendered are as follows: LP2C S.A. receives compensation based on a provisional budget established at the beginning of the financial 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.

- Amounts paid or received over the past financial period:

  As of December 31, 2018, the amount invoiced by LP2C to ACTIA Group was €321,204.

- **Nature and purpose**: Assistance and specific services agreement.
- **Parties concerned**: Marine Candelon, Catherine Mallet and Louis Pech, Jean-Louis Pech and Pierre Calmels.
- Reasons justifying their interest in 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 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.

- Amounts paid or received over the past financial period:

  As of December 31, 2018, the amount invoiced by ACTIA Group S.A. to LP2C was €46,484.

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.: 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, Jean-Louis Pech and Pierre Calmels;
  - SCI los Olivos: Louis Pech, Pierre Calmels and Jean-Louis Pech;
  - ACTIA UK: Catherine Mallet and Jean-Louis Pech and Louis Pech;
  - ACTIA Italia: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech;
  - 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: Louis Pech and Catherine Mallet;
  - ACTIA India: Pierre Calmels, Jean-Louis Pech and Catherine Mallet;
  - ACTIA Corp: Catherine Mallet and Louis Pech, Pierre Calmels and Jean-Louis Pech;
  - ACTIA: Louis Pech, Jean-Louis Pech and Pierre Calmels;
  - ACTIA Tunisie: Louis Pech and Jean-Louis Pech;
  - Market-IP: Jean-Louis Pech.

Reasons justifying their interest in 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.

Amounts paid or received over the past financial period:

As of December 31, 2018, the amounts invoiced by ACTIA Group, excluding tax were as follows:

- ACTIA Automotive S.A.: €612,260 for an assistance and services agreement and €40,187 in current account interest. At December 31, 2018, the current account debit balance of ACTIA Automotive S.A. was €9,387,507;
- ACTIA 3E S.A.: €6,472 for an assistance and services agreement;
- ACTIA Telecom S.A.: €164,104 for an assistance and services agreement;
- ACTIA PCs S.A.: €14,076 for an assistance and services agreement;
- SCI les Coteaux de Pouvourville: €88,984 for an assistance and services agreement;
- SCI de l'Oratoire: €33,436 for an assistance and services agreement;
- ACTIA CZ: €12,560 for an assistance and services agreement;
- ACTIA I+Me: €102,964 for an assistance and services agreement;
- ACTIA Systems: €48,592 for an assistance and services agreement;
- ACTIA UK: €13,536 for an assistance and services agreement;
- ACTIA Italia: €41,280 for an assistance and services agreement;
- ACTIA Polska: €3,116 for an assistance and services agreement;
- ACTIA Nordic: €139,400 for an assistance services agreement;
- ACTIA do Brasil: €6,088 for an assistance and services agreement;
- ACTIA de Mexico: €18,900 for an assistance and services agreement;
- ACTIA Corp.: €81,044 for an assistance and services agreement;
- ACTIA China: €30,876 for an assistance and services agreement;
- ACTIA India: €3,208 for an assistance and services agreement;
- CIPI ACTIA: €65,456 for an assistance and services agreement;
- ACTIA Tunisie: €9,964 for an assistance and services agreement;
- ARDIA: €166.568 for an assistance and services agreement and €774 in current account interest. As of December 31, 2018, ARDIA's current account debit was €264,052;
- Market-IP: €3,600 for an assistance and services agreement.

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 their interest in 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, 2018, was close to €17 million. ACTIA Automotive S.A. has a special insurance policy for aerospace products in the amount of €200 million per event. ACTIA Group cannot be held liable beyond that 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.

- Amounts paid or received over the past financial period:

  The 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 their interest in 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.

- Amounts paid or received over the past financial period:

  As of December 31, 2018, the balance of the Coovia S.A.S. current account was €800,000, fully amortized in the accounts. The amount of interest invoiced was €14,157.

Agreements and commitments previously approved by the General Meeting

Agreements and commitments approved in prior years

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, approved by the Annual General Meetings in prior years, remained in effect during the period under review.

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 their interest in 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. therefore took out a special insurance policy for aerospace products in the amount of €200 million per event. ACTIA Group cannot be held liable beyond that 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.

  Amounts paid or received over the past financial period.

  The guarantee did not result in any invoicing by your Company during the financial year.

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 their interest in 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.
- Amounts paid or received over the past financial period:

  The authorization did not result in any invoices during the financial year.
- **Nature and purpose**: Treasury agreement.
- **Persons concerned**: Marine Candelon, Louis Pech, Pierre Calmels and Jean-Louis Pech.
- Reasons justifying their interest in 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 maximum amount under the treasury agreement is €3 million paying interest at the intermediary rate between the borrowing rate and the interest rate on short-term investments.
- Amounts paid or received over the past financial period:

  This guarantee was not in effect in 2018.

With S.C.I. de L'Oratoire

- **Nature and purpose**: Treasury agreement.
- **Parties 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. Given that SCI de l'Oratoire does not need the cash, it can provide €2 million to ACTIA Group S.A., which is the balance remaining after the reimbursement of bank loans. The first amount of €1.5 million was released 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 0.5.
- Amounts paid or received over the past financial period:

  This authorization was not in effect in 2018.

Labège, April 24, 2019

KPMG S.A.

Paris, April 24, 2019

Philippe Saint-Pierre
Partner

Mathieu Leruste
Partner

Eric Blache

5.13 Major shareholders

5.13.1 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, 2016

	Number of shares % of share capital		Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	19,837,695	63.68%	19,837,695	63.72%
Individuals - Pech and Calmels families	67,196	0.33%	134,392	0.43%	134,392	0.43%
Family subtotal Pech and Calmels families	10,083,362	50.17%	19,972,087	64.11%	19,972,087	64.15%
SIDMIA International	1,171,848	5.83%	2,328,750	7.48%	2,328,750	7.48%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,172,061	5.83%	2,329,176	7.48%	2,329,176	7.48%
Total concert agreement	**11,255,423**	**56.00%**	**22,301,263**	**71.59%**	**22,301,263**	**71.63%**
SGPFEC	1,037,141	5.16%	1,037,141	3.33%	1,037,141	3.33%
Public	7,791,004	38.76%	7,795,776	25.03%	7,795,776	25.04%
Treasury shares	16,373	0.08%	16,373	0.05%	0	0.00%
Total	**20,099,941**	**100,00%**	**31,150,553**	**100.00%**	**31,134,180**	**100.00%**

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%
Family subtotal Pech and Calmels families	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	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,172,061	5.83%	2,329,176	7.24%	2,329,176	7.24%
Total concert agreement	11,255,423	56.00%	22,301,263	69.28%	22,301,263	69.30%
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	0.00%
Total	20,099,941	100.00%	32,191,262	100.00%	32,179,048	100.00%

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%
Family subtotal Pech and Calmels families	**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	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	**1,172,061**	**5.83%**	**2,330,860**	**7.23%**	**2,330,860**	**7.24%**
Total concert agreement	**11,255,423**	**56.00%**	**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	0.00%
Total	**20,099,941**	**100.00%**	**32,219,971**	**100.00%**	**32,201,177**	**100.00%**

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 Subsection 5.13.3 ”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 8.2.3 “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 sub-concert agreement between the Pech and Calmels families and LP2C, which they control, exceeded the 50% threshold of the share capital of the Company (AMF Notice 216C2280) on October 5, 2016;
- 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 2018, 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 2018, total volume of ACTIA Group shares traded was 5,403,055 compared to 8,500,146 in 2017 and 8,250,387 in 2016, representing average daily trading volume of 21,188 shares over 255 trading days compared to 33,334 shares in 2017 and 32,103 shares in 2016.

In 2018, the share price trading range was as follows:

- highest: €9.07 on May 14, 2018;
- lowest: €2.93 on December 24, 2018;
- and a close on 12/31/2018 of €3.38.

The volume of shares traded stabilized in 2017 and the share lost value at the end of the financial year. In 2018, the number of ACTIA Group shares traded fell compared to 2017 and the share suffered a significant loss in value of 51.6% compared to December 31, 2017. The share outperformed the CAC Mid & Small index at the start of the financial year, but the trend reversed significantly in September 2018 following the publication of the first-half results and the Group's debt level. It ended down by 54.8% while the CAC Mid & Small by only 18.7%.

More than 281,486 shares were purchased through the liquidity contract in 2018 and 274,906 sold over the full year, representing 10% of total trading volume. These daily interventions contributed to optimizing the day-to-day and intra-day trading activity for the share by reducing sharp fluctuations.

In 2015, 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 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). The ACTIA Group debuted in the rankings in 2015 and further improved its position in 2018 thanks to its 2017 results. It finished 25th out of 230 in the overall ranking, up five places, and sixth out of 78 in the "revenue between €150 and €500 million" category, up one spot when the 11 companies added to the category over the financial year are taken into account.

On March 27, 2019, 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	0.02%
CAC MID & SMALL	0.02%
CAC SMALL	0.13%
ENT PEA-PME 150	0.19%

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
2016	44.6 %	7.2 %	34.1%	17.1 %
2017	(7.5)%	22.0 %	30.9%	10.7 %
2018	**(51.58) %**	**(21.57) %**	**41.7%**	**13.7 %**
past six months	(52.62) %	(9.45) %	40.8%	12.0%

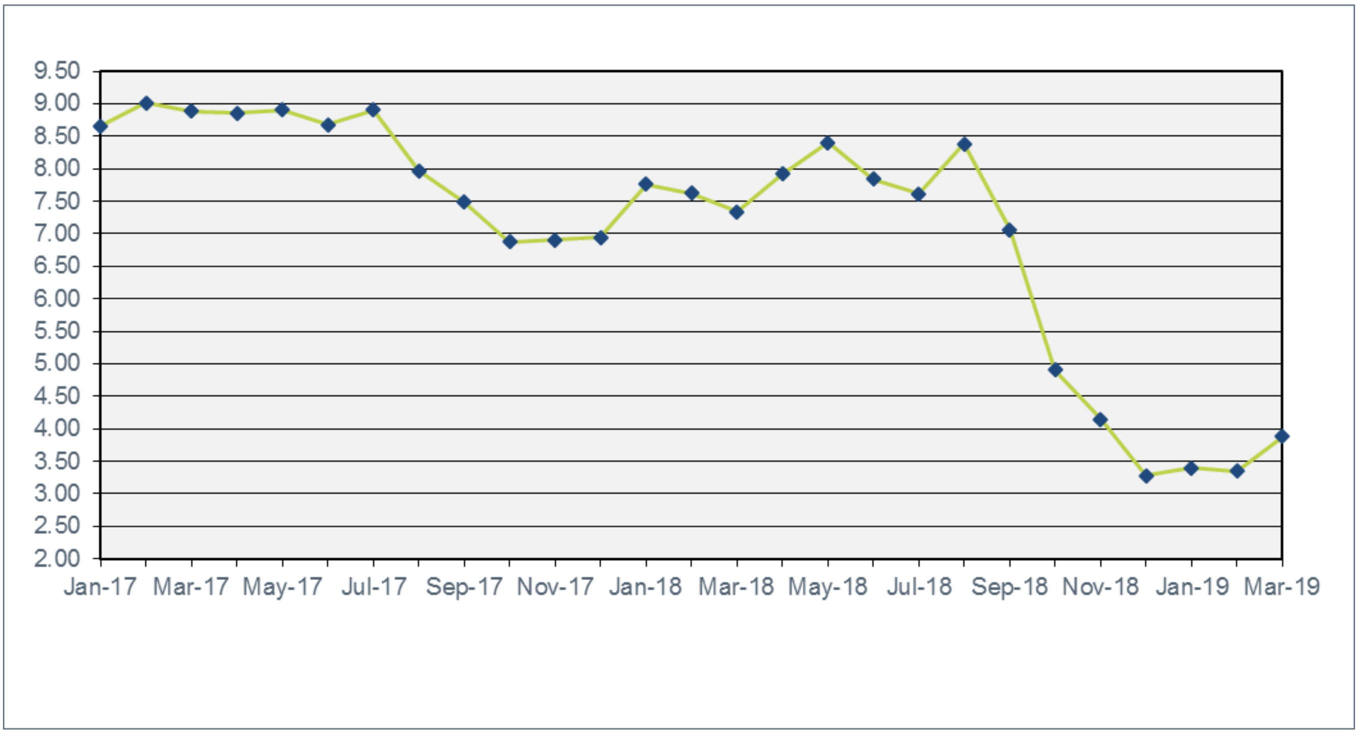
Closing prices and trading volumes from January 1, 2017 to March 29, 2019 (closing price in Euros)

2017	High	Low	Average	Trading volume
Jan-17	9.69	7.90	8.66	1,123,590
Feb-17	9.51	8.65	9.02	803,827
Mar-17	9.14	8.67	8.89	737,455
Apr-17	9.43	8.33	8.86	861,411
May-17	9.20	8.40	8.91	698,724
Jun-17	8.90	8.50	8.67	748,424
Jul-17	9.19	8.51	8.91	467,426
Aug-17	9.09	7.56	7.97	769,716
Sept-17	7.65	7.35	7.49	473,381
Oct-17	7.12	6.58	6.87	695,324
Nov-17	7.51	6.56	6.90	813,825
Dec-17	7.14	6.75	6.94	307,043

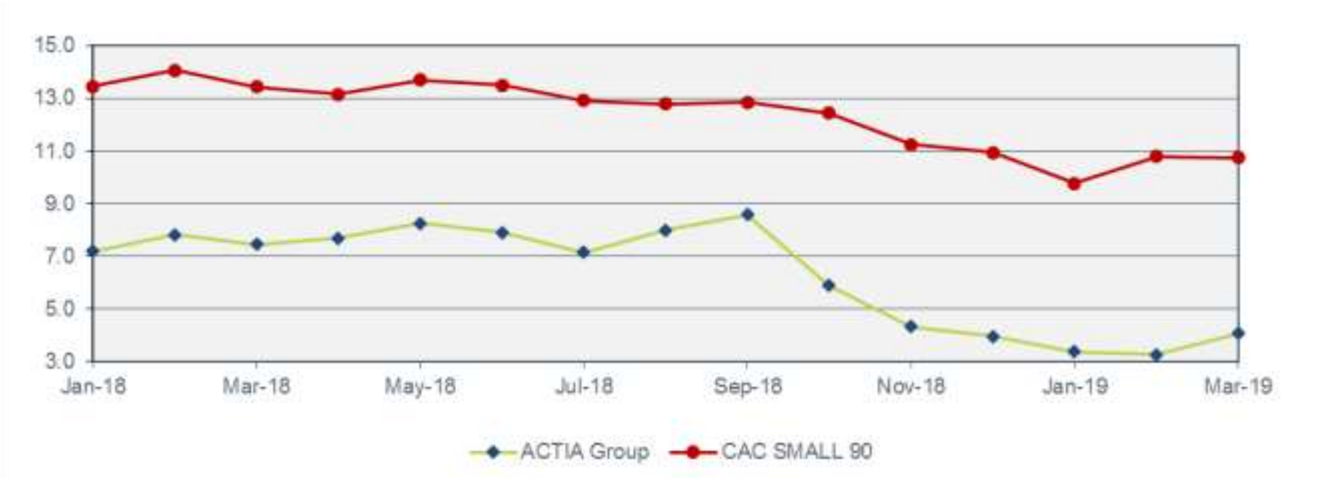
2018	High	Low	Average	Trading volume
Jan-18	7.96	7.19	7.76	473,241
Feb-18	7.89	7.27	7.63	430,377
Mar-18	7.84	7.07	7.34	353,382
Apr-18	8.15	7.55	7.92	325,298
May-18	9.07	8.00	8.41	518,671
Jun-18	8.05	7.21	7.84	196,395
Jul-18	7.91	6.89	7.62	360,060
Aug-18	8.58	8.00	8.39	211,388
Sept-18	8.58	6.10	7.06	362,031
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

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

Share price trends (average monthly closing price in Euros)



Share price trends since January 1, 2018 (closing price on 1st day of the month)



5.13.2 Control and ownership

Information about holding and voting rights is provided in Subsection 5.13.1 “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 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 6.3.1 “Executive Board members”. The Pech and Calmels families hold the positions of Chairman (Louis Pech) and Vice-Chairman (Pierre Calmels) of the Supervisory Board. Of the eight other Board members, one other member, Laura Pech, belongs to the family of one of the founders. The other members are not related. 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 Pech and Calmels families are also represented on the Executive Board, via Marine Candelon (daughter of Pierre Calmels), Catherine Mallet (daughter of Louis Pech) and Jean-Louis Pech (son of Louis Pech and father of Laura Pech), the Executive Board's Chairman.

The founding families have in this way ensured the continuity and long-term development of the Group while maintaining independent governance within the Board.

5.13.3 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 on the same price and payment terms as it got from the buyer.

As of December 31, 2018, this agreement covered a total of 11,225,423 shares (56.0% interest) and 22,322,317 voting rights (69.32% control).

5.13.4 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.

5.13.5 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	Sept-22-16	Sept-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, 2018, representing 1.1% of the Company's share capital.

5.13.6 Treasury shares

Information about this topic is presented in Note 3.7 "Treasury shares" of the notes to the separate annual financial statements.

5.13.7 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 2018 financial year.

5.13.8 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: 281,486;
- number of shares sold during the financial year: 274,906;
- average purchase price €6.87;
- average sales price: €6.76;
- trading costs: €12,057.80;
- number of shares registered in the Company's name at the close of the financial year: 15,466;
- value of the securities at the average purchase price: €106,196.28;
- par value for each purpose: 100% 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: 0.08%.

5.13.9 Authorization to implement a share buyback program

Under the tenth 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 eleventh resolution of the General Meeting held on May 30, 2018.

The transactions may be carried out to:

- to stimulate the secondary market or liquidity per share via an investment services provider (ISP) 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 €5,627,972.

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.

5.13.10 Group Savings Plan (PEG) and International Group Savings Plan (PEGI)

There is no PEG or PEGI.

5.13.11 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 L.225-102 of the French Commercial Code.

5.13.12 Reserved share capital increase

We submit this resolution to your vote to ensure conformity with the second Paragraph of Article L225-129-6 of the French Commercial Code under the terms of which the Extraordinary General Meeting must decide at least every three years on a resolution for a capital increase under the conditions provided for in Articles L3332-18 et seq. of the French Labor Code.

Under this delegation, we propose that your authorize the Executive Board to increase the share capital in one or more steps by issuing ordinary shares or securities giving access to the capital of the Company for the benefit of the members of one or more company or group savings plans set up by the Company and/or the French or foreign companies related to it under the terms of Article L225-180 of the French Commercial Code and Article L3344-1 of the French Labor Code.

In application of the provisions of Article L3332-21 of the French Labor Code, the Executive Board may allocate to the beneficiaries free shares, to be issued or already issued, or other securities giving access to the capital of the Company, issued or to be issued, for (i) a top-up, which could be paid in application of the rules for company or group savings plans, and/or, if applicable, for the discount.

In accordance with the law, the General Assembly would eliminate the preferential subscription right of the shareholders.

The maximum nominal amount of the capital increases that may be carried out by exercising this delegation would be 3% of the amount of share capital reached at the time of the Executive Board's decision to carry out the increase, this amount being independent of any other ceiling that may apply to a delegation to increase the share capital. This amount may be increased, where appropriate, by the additional number of ordinary shares to be issued necessary to preserve, in accordance with the law and, as applicable, the contractual clauses stipulating other means of preservation, the rights of the holders of securities giving access to the Company's equity securities.

The delegation will be in effect for 26 months.

It should be noted that, in accordance with the provisions of Article L3332-19 of the French Labor Code, the price of the shares to be issued cannot be lower than by more than 20% (or by 30% where the vesting period specified by the plan under the terms of Articles L3332-25 and L3332-26 of the French Labor Code is equal to or greater than ten years) to the average of the prices quoted during the 20 trading sessions preceding the day upon which the Executive Board decides to set the date for opening the subscription, nor greater than that average;

The new provisions will be applied should this rule be changed in legislation.

The Executive Board would have, within the limits set above, the powers necessary to set the conditions of the issue(s), record the implementation of the resulting capital increases, proceed with the related modification of the Articles of Association, allocate, at its sole initiative, the costs of the capital increases to the amount of the related premiums and deduct from this amount the amounts required to increase the legal reserve to a tenth of the new capital after each increase and, generally, to take all steps required in this matter.

5.13.13 Appointment of employee shareholders to the Supervisory Board

With employee ownership as per the terms of Article L.225-102 of the French Commercial Code under 3% of the Company's share capital, there is no need to put in place procedures for the appointment of members of the Supervisory Board by employees.

5.13.14 Appointment of Supervisory Board members by employees

In accordance with Article L225-79-2 of the French Commercial Code, the General Meeting of May 30, 2018 authorized a change to the Articles of Association to allow for the procedures for the appointment of the members of the Supervisory Board representing the employees.

The election by the employees of the Company and its direct and indirect subsidiaries, whose registered head office is domiciled in France under the conditions stipulated in Article L225-28 of the French Commercial Code, was held on November 5 and 6, 2018. Michel Damiani, elected with 52.76% of the votes of employees in France taking part in the vote, joined the Supervisory Board of ACTIA Group during the first Meeting held after the election.

5.13.15 Powers for legal formalities (twelfth resolution)

It is proposed, in this respect, after recording a material error in the number of shares and voting rights held by the Shareholders who attended the General Meeting of May 30, 2018, to grant all necessary powers to the bearer of an original, a copy or a short-form certificate of the minutes of the meeting for the purposes of performing any formalities required to file the corrected minutes with the Clerk of the Court of Toulouse.

It is also requested that you grant all powers to the holder of an original, a short-form certificate or a copy of the minutes to the next meeting to carry out all the publication, filing and other formalities that may be required by law.

5.14 Statutory Auditors

The terms of office of the Statutory Auditor, Eric Blache, and of the Alternate Auditor, Euraudit, will expire at the end of this General Meeting.

The Supervisory Board will submit its recommendations for these offices to you.

5.15 Conclusion

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

6. CORPORATE GOVERNANCE REPORT

This report on corporate governance was approved by the Supervisory Board on March 25, 2019 and forwarded to the Statutory Auditors.

6.1 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"). The Supervisory Board reviewed the items presented in the "vigilance points" section at its meeting of December 17, 2018.

6.1.1 Membership of the Supervisory Board

At December 31, 2018, the Supervisory Board had the following members:

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, grand-father of Laura Pech	2002	2020
Pierre Calmels, Vice-Chairman of the Supervisory Board, father of Marine Candelon-Bonnemaison	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 (grand-daughter 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, 2018:

Last name, first name	Year of first appointment	End of term
Jean-Philippe Brinet	2009	January 14, 2019*
Christian Desmoulins	2014	2022
Frédéric Thrum	2017	2021

* Jean-Philippe Brinet, a non-voting observer since 2009, submitted his resignation letter on January 14, 2019 for personal reasons. The Supervisory Board recorded his resignation at its meeting of March 25, 2019.

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;
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;
3. not be a majority shareholder of the Company or hold a significant percentage of voting rights;
4. not be in a close relationship or have a close family tie with a Corporate Officer or a majority shareholder;
5. not have been a Statutory Auditor of the Company in the past six years.

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 L.233-3 of the French Commercial Code.

The summary table below shows whether or not the members of the Supervisory Board conform to each Code criterion:

Last name, first name and position	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Conclusion
Louis Pech, Chairman of the Supervisory Board	NO	YES	NO	NO	YES	**NO**
Pierre Calmels, Vice-Chairman of the Supervisory Board	YES	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**
Michel Damiani, member of the Supervisory Board, representing the employees	NO	YES	YES	YES	YES	**NO**
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**

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.

6.1.2 Compliance with the Middlenext Code of Corporate Governance

The Company complies with all of the recommendations of the Middlenext Code with the exception of the following provisions of the Code which the Group has waived:

- Compensation of the Supervisory Board members (R10)

To date, contrary to the Reference Code which recommends that a minimum amount of directors' fees be allocated, notably to independent members, no directors' fees have been paid, in accordance with the policy of the Group since its founding. However, this topic is under study, notably to provide fair compensation for the independent members of the Supervisory Board.

In addition, the following provisions of the Code have been adapted to the Group's structure in line with the options specifically provided for by the Middlenext Code:

- Audit Committee

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 L.823-20 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 at least twice a year to review the annual and half-year financial statements prior to the Supervisory Board meeting called to approve the financial statements.

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 the 2018 financial year, the Supervisory Board met as an Audit Committee four times, primarily to present the annual results of the 2017 financial year, for the first-half 2018 results and for the launch of a call for tenders for the selection of Alternate Auditors, and later, of Statutory Auditors.

- Compensation and Appointments Committee

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.

6.1.3 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 with respect to the expiring terms of the Statutory Auditors and Say-on-Pay;
- Approve the terms of the Corporate Governance Report;
- Renew the non-voting observers’ terms of office;
- Renew the Executive Board;
- 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;
- In accordance with the Reference Code, review the "points of vigilance" of the Code, evaluate the executive succession plan, undertake an annual review of conflicts of interest, review the independence criteria of the members and conduct an assessment of the operation of the Supervisory Board;
- Update the Supervisory Board's internal rules;
- Discuss issues related to the time required to prepare Board meetings and training for the new Supervisory Board member representing the employees;
- Analyze the Group's Ethics Committee charter.

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 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 policies and methods applied, and main accounting options used;

- the impact of any changes in method;
- changes in consolidation scope;
- 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 provided 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, e-mail 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 e-mail 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 of procedure, 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. Board members were in regular attendance and no particular non-attendance needs to be censured. The attendance rate of members present at the Board meetings was stable at 76%.

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, 2018 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	0.00%	546	0.00%
Henri-Paul Brochet,	100	0.00%	200	0.00%
Catherine Casamatta,	0	0.00%	0	0.00%
Alain Costes,	5	0.00%	10	0.00%
Michel Damiani	26	0.00%	52	0.00%
Carole Garcia (1)	1	0.00%	1	0.00%
Laura Pech	0	0.00%	0	0.00%

Corporate officer	Number of shares and percentage of share capital		Number and percentage of gross voting rights	
Supervisory Board				
Günther Thrum	213	0.00%	426	0.00%
Véronique Védrine	20	0.00%	40	0.00%
Executive Board				
Jean-Louis Pech	2,996	0.01%	5,992	0.02%
Marine Candelon	74	0.00%	148	0.00%
Catherine Mallet	796	0.00%	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 Subsection 5.13.1, “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 Registration Document was issued.

Number of Supervisory Board members elected by employees

In accordance with Article L225-79-2 of the French Commercial Code, the General Meeting of May 30, 2018 authorized a change to the Articles of Association to allow for procedures for the appointment of members of the Supervisory Board representing the employees.

The election by the employees of the Company and its direct and indirect subsidiaries, whose registered head office is domiciled in France under the conditions stipulated in Article L225-28 of the French Commercial Code, was held on November 5 and 6, 2018. Michel Damiani, elected by 52.76% of the employees in France who took part in the vote, joined the Supervisory Board of ACTIA Group.

Number of observers appointed

There were two as of the publication date of this document. At its meeting of March 25, 2019, the Supervisory Board recorded the resignation by letter sent on January 14, 2019 of Jean-Philippe Brinet for personal reasons.

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 2018 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, the members of the Supervisory Board were asked to provide their opinion on its operations during the Board meeting held on December 17, 2018. No issues were reported.

6.1.4 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 under 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.

6.1.5 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 mail.

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.

6.2 Factors that might have an impact in the event of public offerings

Pursuant to Articles L.225-68 and L.225-37-5 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 5.13 “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 5.13.3Shareholders' 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 is available 8.2.2Members 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 6.5 “Authorizations granted in respect of capital increases”. In addition, the powers of the Executive Board with respect to the purchase of shares 5.13.9Authorization 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.

6.3 Administrative, management and supervisory bodies

6.3.1 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;
- Catherine Mallet: Executive Board member, daughter of Louis Pech.

Other than the above, there are no family ties between the Corporate Officers.

6.3.2 Offices and positions held by Corporate Officers over the past 5 years – Management expertise and experience of Directors and Officers

- **Louis Pech** (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 will it expire on the date of the Annual General Meeting held in 2020 to approve the financial statements for the year ending December 31, 2019. He also holds the following offices and positions in the Companies listed below:

- Offices

Current offices and directorships		
Offices	**Offices**	**Country**
Chairman of the Executive Board	LP2C	France
Chairman of the Board of Directors and Director	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
Advisory Board member	ACTIA do Brasil	Brazil
Permanent Representative of LP2C	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ARDIA	Tunisia
	ACTIA Telecom	France
	ACTIA Systems	Spain
Permanent Representative of ACTIA Automotive	ACTIA 3E	France
Co-Manager	SCI de l'Oratoire	France
Honorary Advisor	Banque de France de Toulouse	France
	Conseil du Commerce Extérieur de la France	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	**Offices**	**Country**	**End of term**
Permanent Representative of ACTIA Automotive	ACTIA Muller	France	2015
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
Director	ACTIA Nederland	Netherlands	2017
	ACTIA Tunisie	Tunisia	2016
	CIPI ACTIA	Tunisia	2014
	ARDIA	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 on April 27, 1934 in Ferrals-Les-Corbières (Aude)
    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 S.A. on January 2, 1963 after creating the company
    since ABG SEMCA - Sales Manager, then Deputy CEO 1963 - 1989
    Left the Company after three years after simultaneously holding a position
    at MICROTURBO and management positions at MERCIE and ACTIA Automotive
    ACTIA Automotive since 07/1989
    LP2C (Group holding) since 07/1994
  - 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
    Toulouse Chamber of Commerce and Industry 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 (Export Charter)	1991 - 1995
Member of the Toulouse Chamber of Commerce and Industry	1991 - 1997
Adviser to the Banque de France, Toulouse	1993 - 2005
Chairman 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 Education, the Economy 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** (father of Marine Candelon-Bonnemaison) 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 financial year ending December 31, 2019. He also holds the following offices and positions in the Companies listed below:

- Offices

Current offices and directorships		
Offices	**Offices**	**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
	ARDIA	Tunisia
	ACTIA Telecom	France

Current offices and directorships		
Offices	**Offices**	**Country**
	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	**Offices**	**Country**	**End of term**
Director	CIPI ACTIA	Tunisia	2014
	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 on November 29, 1936 in Ploubazlanec (Côtes d'Armor)

    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 SA – Toulouse since 12/1990

    LP2C (Group holding company) since 07/1994

❖ **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 ending December 31, 2019. He also holds the following offices and positions in the Companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Offices**	**Country**	
Manager	SIDMIA International SARL	France	
Director	INTELLIGENT GENERATION LLC	USA	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**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 on June 9, 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 financial year ending December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Offices**	**Country**	
Chairman of the Board of Directors	Gip RENATER	France	
	GROUPE ESC de Toulouse	France	
	INP-Ensat de Toulouse	France	
	IUT de Figeac	France	
Vice-Chairman	CANCEROPOLE de Toulouse	France	
	AMPERE	France	
Director	MAPPING Conseils	France	
	Pôle de Compétitivité Cancer Bio Santé	France	
	AVAMIP	France	
	PRES Université Toulouse	France	
	RTRA Aéronautique	France	
Associate Member	CCI de Toulouse	France	
Chairman of the Scientific Committee	Fondation de Recherche InNaBioSanté	France	
Scientific Advisory Board member	Sciences-Animation	France	
Consultative Chairman Research/Innovation	CRCI Midi-Pyrénées	France	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
Director	ACTIA Automotive	France	2016

❖ Positions

- Professor, INP – 6, Allées Emile Monso – 31000 Toulouse;
- Career scientist at LAAS-CNRS – 7, Avenue du Colonel Roche – 31077 Toulouse Cedex 04;
- Member of the French Technology Academy.

❖ Address

MAPPING Conseils – 26, Rue Saint-Antoine du T - 31000 Toulouse

❖ Expertise and experience

- CIVIL STATUS:

  Born on July 29, 1939 in Toulouse (Haute-Garonne)

- ACADEMIC BACKGROUND:

  Licence ès 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

  Docteur ès Sciences 1972

- PROFESSIONAL BACKGROUND:

  Researcher, Higher Education Institute President
  Member of the design and validation team for
  dependable computer systems at the CNRS LAAS

(French National Center for Scientific Research, Laboratory for Analysis and Architecture of Systems) 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 of the Dependable Computing and Fault Tolerance Group	1981 - 1985
Vice-Chairman of the Association for the Development of Education, the Economy and 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 - 1996
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 CNRS Board of Directors	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

  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 financial year ending December 31, 2019. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Offices**	**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 on June 25, 1959 in Mantes-La-Jolie (Yvelines)

  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 1988 - 2005
  Director of Réseau Sud Méditerranée OSÉO BDPME
  (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées) since 02/2005
  Director of Réseau Sud Méditerranée OSÉO
  (OSEO Financement – OSEO Innovation) since 10/2006
  Director of Réseau Sud Méditerranée OSÉO
  (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées, Aquitaine) since 01/2009
  Director of Réseau Sud Bpifrance since 07/2013
  (the public investment bank is the result of the merger of OSEO,
  CDC Entreprises, FSI and FSI Régions)

- 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

  Chair of I.F.A. (French Institute of Independent Directors) Midi-Pyrénées.

❖ **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 financial year ending 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">Offices</th><th>Country</th></tr>
<tr><td rowspan="2">Chairman</td><td colspan="2">ALIAGE</td><td>France</td></tr>
<tr><td colspan="2">CANCEROPOLE Grand Sud-Ouest
Société HBIC</td><td>France</td></tr>
<tr><td>Manager</td><td colspan="2">Holding MBBCS</td><td>France</td></tr>
<tr><td>Director</td><td colspan="2">SOGECLAIR</td><td>France</td></tr>
<tr><td>Qualified Personality</td><td colspan="2">CESER</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>Offices</th><th>Country</th><th>End of term</th></tr>
<tr><td colspan="4">None</td></tr>
</table>

❖ Positions

- Member of the Scientific Advisory Board of Université Paul Sabatier,
- Technical Adviser I.P. to the CCIT.

❖ Address

132, Chemin Saint Pierre – 31170 Tournefeuille

❖ Expertise and experience

- CIVIL STATUS:

  Born on September 12, 1945 in Limoges (Haute-Vienne)

- 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, then ALCATEL - SPACE

  (after 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 site2007 - 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 financial year ending December 31, 2019. She also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships			
Offices	**Offices**	**Country**	
Chairman	SAS Graine de pastel	France	
Chairman and Director	Financière Graine de pastel	France	
Manager	SCI Clément Laffont	France	
Honorary Consul	Principality of Monaco	Monaco	
Member	Cercle d'oc	France	
	New economy and growth committee at the Toulouse ICC	France	
Advisor Member of the Midi-Pyrénées office	French foreign trade adviser	France	
Founding member	Académie des Arts et des Sciences du Pastel	France	
Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
None			

Address

Graine de Pastel – 4, Place Saint Etienne 31000 Toulouse

Expertise and experience

- CIVIL STATUS:

Born on September 10, 1971 in l'Union (Haute-Garonne)

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 financial year ending December 31, 2022. She also holds the following offices and positions in the companies listed below:
- Offices

Current offices and directorships			
Offices	**Offices**	**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	**Offices**	**Country**	**End of term**
Director	IAE Toulouse, Université Toulouse Capitole	France	2015
Director	IAE Toulouse	France	2017

- Address

  10, Rue Ernest Mérimée - 31000 Toulouse
- Expertise and experience
  - CIVIL STATUS:

    Born on January 1, 1973 in Bastia (Corsica)
  - 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 grand-daughter 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 financial year ending December 31, 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>Offices</th><th colspan="2">Country</th></tr>
<tr><td>Deputy Chief Executive Officer</td><td>ALPHA Recyclage Franche-Comté</td><td colspan="2">France</td></tr>
<tr><td>CEO</td><td>ALPHA Recyclage Composites</td><td colspan="2">France</td></tr>
<tr><td>Director</td><td>ACTIA Automotive</td><td colspan="2">France</td></tr>
<tr><td rowspan="2">Manager/Co-Manager</td><td>ALPHA Carbone</td><td colspan="2">France</td></tr>
<tr><td>IDE Environnement</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>Offices</th><th>Country</th><th>End of term</th></tr>
<tr><td>Manager/Co-Manager</td><td>ALPHA Recyclage Composites</td><td>France</td><td>2017</td></tr>
</table>

❖ Address

ALPHA Recyclage Franche-Comté – 4, rue Jules Védrines – B.P. 94204 – 31031 Toulouse CEDEX 4

❖ Expertise and experience

- CIVIL STATUS:

  Born on February 26, 1988 in Toulouse (Haute-Garonne)

- 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

<table>
<tr><th colspan="4">Current offices and directorships</th></tr>
<tr><th>Offices</th><th>Offices</th><th colspan="2">Country</th></tr>
<tr><td colspan="4">NONE</td></tr>
<tr><th colspan="4">Offices and directorships held within the last 5 years</th></tr>
<tr><th>Offices</th><th>Offices</th><th>Country</th><th>End of term</th></tr>
<tr><td>Elected: WC, PR, CHSCT (Secretary)</td><td>ACTIA Automotive – Toulouse</td><td>France</td><td>2018</td></tr>
</table>

❖ Positions

Marketing and Sales Manager

❖ Address

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on March 12, 1956 in Meknes (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 - 1988
Director of the Siemens Banking Projects and Software Department	1998 - 1999
Wincor Nixdorf - Director of the Projects and Software Department - Nanterre	
(French subsidiary leader in retail solutions)	1998 - 2004
ACTIA Automotive	
Customer Services Department Manager	2004 - 2013
Business Support Manager MERCOSUR	2014
Marketing and Sales Manager – OEM – BU Off-Highway	
Business Support Manager Asia (to 2016)	

- SOCIAL ACTIVITIES:

  Charitable organizations

- **Jean-Philippe Brinet** was a non-voting observer on the Company's Supervisory Board. He was appointed at the Supervisory Committee meeting of September 14, 2009. His term was renewed at the Supervisory Board meetings of September 6, 2013 and June 19, 2017. Jean-Philippe Brinet ended his term on January 14, 2019 for personal reasons. The Supervisory Board meeting of March 25, 2019 recorded his resignation. Prior to his resignation, he also held the following offices and positions in the companies listed below:

- Offices

Current offices and directorships		
Offices	**Offices**	**Country**
Director	KGF	France
	Université Bordeaux 4	France
Offices and directorships held within the last 5 years		
NONE		

- Positions
  - Manager of JPF Conseil
- Address

  16, Rue du Temple – CAVALIERE – 83980 Le Lavandou
- Expertise and experience
  - CIVIL STATUS:

    Born on March 14, 1943 in Neuilly sur Seine
  - ACADEMIC BACKGROUND:

    Business degree from the Institut d'Administration des Entreprises

    Graduate of the Centre d'Études Supérieures de Banque de Paris

    Advanced degree in Private Law
  - PROFESSIONAL BACKGROUND:

Research Director for the Quebec Ministry of Labor	1968 - 1969
Assistant to the Chief Financial Officer, Procter & Gamble	1970 - 1971
Account Manager, Major Accounts Commercial Banking Division, BRED	1971 - 1974
Assistant to the Chief Operating Officer, BRED	1974 - 1975
Group Manager, BRED - Paris-Est	1975 - 1977
Group Manager, BRED - Rouen	1978 - 1981
Regional Director, BRED - Est Parisien	1981 - 1989
Marketing Director, BRED	1989 - 1991
Vice-President for branch operations, BRED	1991 - 1993
Managing Director, CIC Société Bordelaise	1994 - 2009

❖ **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	**Offices**	**Country**
Chairman of the Board of Directors and Director	ACTIA Telecom	France
Director	ENSIACET: École Nationale Supérieure des Ingénieurs en Arts Chimique et Technologiques	France
	Université Paul Sabatier	France
Advisor	*Conseil du Commerce Extérieur de la France*	France
Honorary Chairman	Cercle d'Oc	France
Manager/Co-Manager	SCI Bridge – Bayard	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	**Offices**	**Country**	**End of term**
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
	ARDIA	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
	YMCA Cépière	France	2015
	Aerospace Valley	France	2015

Offices and directorships held within the last 5 years			
Offices	**Offices**	**Country**	**End of term**
	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
Permanent Representative of ACTIA Group	ARDIA	Tunisia	2014
Permanent Representative of ACTIA Automotive	ACTIA Tunisie	Tunisia	2014
Chairman of the Executive Board	ACTIA Group	France	2014
CEO	ACTIA Automotive	France	2014
Chairman of the Board of Directors and Director	ACTIA PCs	France	2014
	ACTIA Muller UK	England	2014

❖ 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 on October 18, 1951 in Safi (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 Auvergne ANVAR 1986 - 1991

  Regional Director of Industry, Research and the Environment for Midi-Pyrénées and Directeur of the École des Mines of Albi 1991 - 1998

  Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry 1988 - 1999

  Director of Technological Research at the CEA and Chairman of CEA Valorisation 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 March 2021 to approve the financial statements of the year ending December 31, 2020. He 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>Offices</th><th colspan="2">Country</th></tr>
<tr><td>Chairman</td><td>Fives Cryo SAS</td><td colspan="2">France</td></tr>
<tr><td>Chairman, Director</td><td>Fives Cryo Inc.</td><td colspan="2">USA</td></tr>
<tr><td>Chairman of the Board of Directors, Director</td><td>Fives Cryo (Suzhou) Co. Ltd</td><td colspan="2">China</td></tr>
<tr><td>Chairman of the Board of Directors</td><td>Fives Cryomec AG</td><td colspan="2">Switzerland</td></tr>
<tr><td>Member of the Board</td><td>EEIGM (Ecole Européenne d'Ingénieurs en Génie des Matériaux)</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>Offices</th><th>Country</th><th>End of term</th></tr>
<tr><td>Director</td><td>Fives Cail SA</td><td>France</td><td>2016</td></tr>
<tr><td>Manager</td><td>Fives Cail Fletcher S. de R.L. de CV</td><td>Mexico</td><td>2014</td></tr>
</table>

❖ Address

SIDMIA International – 48, Quai Alphonse Le Gallo – 92100 Boulogne-Billancourt

❖ Expertise and experience

- CIVIL STATUS:

  Born on May 27, 1972 in Neuilly-sur-Seine (92), married, three children

- ACADEMIC BACKGROUND:

  ESME–Sudria, Engineering - Telecoms 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 1996

  Internship

- **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, 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 and Director	ACTIA Automotive S.A.	France
CEO	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
Director	ACTIA de Mexico	Mexico
	ACTIA Nederland	Netherlands
	ACTIA Polska	Poland
Non-voting observer	ACTIA China	China
Advisory Board member	ACTIA do Brasil	Brazil
Permanent Representative of LP2C	ACTIA PCs	France
Permanent Representative of ACTIA Group	ACTIA Telecom	France
	Co-Manager SCI SODIMOB	France
Permanent Representative of ACTIA Automotive	CIPI ACTIA	Tunisia
	ACTIA Tunisie	Tunisia
	ARDIA	Tunisia
	ACTIA Systems	Spain
Manager/Co-Manager	IDE Ingénierie	France
	ALPHA CARBONE	France
	SOREGOM	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	Prospective commission CNPA	France
	GIE France Recyclage Pneumatique	France
	Cluster Automotech	France
	Leader Toulouse	France
	Fondation INSA Toulouse	France
Regional Chairman Occitanie	CNPA	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	OC-TV	France	2014
	ACTIA Telecom	France	2016
	ARDIA	Tunisia	2016
Sole Director	ACTIA Muller España	Spain	2017
Member, for CGPME (*Confédération Générale des Petites et Moyennes Entreprises*), the French small and medium-sized employers' organization	Advisory Commission on Waste	France	2014
Manager/Co-Manager	SOPYRAM	France	2016
	ALPHA RECYCLAGE COMPOSITES	France	2017
National Treasurer	CNPA	France	2015
Deputy National Treasurer	CNPA	France	2017
Chairman of the Used Tires Committee	CNPA	France	2017
Chairman of the Board of Directors and Director	ACTIA Muller	France	2015

- Address

  ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- Expertise and experience

  - CIVIL STATUS:

    Born on December 19, 1960 in Toulouse

    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 of 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, 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 rowspan="2">Chairman of the Board of Directors and Director</td><td>Banque Populaire Occitane</td><td colspan="2">France</td></tr>
<tr><td>ACTIA PCs</td><td colspan="2">France</td></tr>
<tr><td>Supervisory Board member</td><td>BPCE</td><td colspan="2">France</td></tr>
<tr><td rowspan="10">Director</td><td>ACTIA UK</td><td colspan="2">United Kingdom</td></tr>
<tr><td>ACTIA China</td><td colspan="2">China</td></tr>
<tr><td>ACTIA Italia</td><td colspan="2">Italy</td></tr>
<tr><td>ACTIA de Mexico</td><td colspan="2">Mexico</td></tr>
<tr><td>ACTIA Corp</td><td colspan="2">USA</td></tr>
<tr><td>ACTIA Inc.</td><td colspan="2">USA</td></tr>
<tr><td>ACTIA India</td><td colspan="2">India</td></tr>
<tr><td>CIPI ACTIA</td><td colspan="2">Tunisia</td></tr>
<tr><td>ACTIA Systems</td><td colspan="2">Spain</td></tr>
<tr><td>Fédération Nationale des Banques Populaires</td><td colspan="2">France</td></tr>
<tr><td>Advisory Board member</td><td>ACTIA do Brasil</td><td colspan="2">Brazil</td></tr>
<tr><td rowspan="2">Permanent Representative of Action Logement (MEDEF)</td><td>Ma Nouvelle Ville</td><td colspan="2">France</td></tr>
<tr><td>Promologis S.A. H.L.M.</td><td colspan="2">France</td></tr>
<tr><td>Chairman of the Audit Committee</td><td>Promologis S.A. H.L.M.</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>Director</td><td>ACTIA Muller</td><td>France</td><td>2015</td></tr>
<tr><td>Permanent Representative of MEDEF 31</td><td>CILEO</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 Louis Pech

  Born on May 26, 1969 in Toulouse (Haute-Garonne)

  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 - 2003

  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, 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	
Director	ACTIA Telecom	France	
Permanent Representative of LP2C	ACTIA 3E	France	
Permanent Representative of ACTIA Group	ACTIA Automotive	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Muller	France	2015
	ACTIA 3E	France	2016
	ACTIA PCs	France	2016

❖ Address

ACTIA Group – 5, Rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Daughter of Pierre Calmels

  Born on December 2, 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

The criteria for independence adopted as well as the list of Independent Directors are presented in 6.1 "Corporate governance".

6.3.3 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.

6.3.4 Conflicts of interest within Administrative, Management and Supervisory bodies and Executive Management

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 which 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 5.13.3Shareholders' agreement

6.3.5 Appointments, reappointments and confirmation of cooption

No Supervisory Board member is up for reappointment at this General Meeting.

6.4 Corporate Officer compensation

6.4.1 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.

In addition, note that, under an assistance agreement, LP2C only invoices the Group a portion of the salaries paid for the various technical services described in Subsection 5.12.11 “Special Report of the Statutory Auditor on regulated agreements and commitments”. The balance relating to its own operating costs are charged to LP2C based the rule for allocating time worked. The compensation paid by LP2C in no way affects the 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 detail of the amounts invoiced for the assistance agreement is provided by type of service in Note 24.1 "SA holding company related party transactions" in the notes to the consolidated financial statements. The amount invoiced for 2018 was €1,526 k calculated in compliance with the agreement based on the direct and indirect costs actually incurred by LP2C plus 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.

6.4.2 Approval of compensation policy items (ex-ante say-on-pay)

Approval of the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items that comprise the total compensation and benefits of any kind due for the duties carried out by the Chairman of the Executive Board of ACTIA Group (subject to the General Meeting vote of May 28, 2019, in the 9th resolution):

- The Chairman of the ACTIA Group Executive Board receives gross fixed annual compensation for his position. The fixed portion tracks trends for employees of the main French organization of the Group.

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.

6.4.3 Corporate Officer compensation and benefits

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 (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, 2018 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 the compensation of each Corporate Officer paid by the issuer and by any other Group company						
Name and function of Executive Corporate Officer	**Amounts payable**	**Amounts paid**	Amounts payable	Amounts paid	Amounts payable	Amounts paid
	In 2018		In 2017		In 2016	
Jean-Louis Pech - Chairman of the Executive Board						
Fixed compensation	222,731	222,731	218,498	218,498	215,122	215,122
Annual variable compensation(2)	100,000	100,000	100,000	100,000	100,000	100,000
Multi-year variable compensation						
Exceptional compensation						
Directors' fees						
Benefits in kind(2)	4,548	4,548	4,499	4,499	4,472	4,472
TOTAL	**327,279(1)**	**327,279(1)**	322,997	322,997	319,594	319,594
Catherine Mallet - Executive Board member						
Fixed compensation(2)	94,572	94,572	105,498	105,498	100,276	100,276
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	17,064	17,064	17,056	17,056	1,810	1,810
Directors' fees						
Benefits in kind(2)	2,603	2,603	1,790	1,790	2,343	2,343
TOTAL	**114,239**	**114,239**	124,344	124,344	104,429	104,429
Marine Candelon - Executive Board member						
Fixed compensation(2)	74,055	74,055	73,078 (3)	73,078 (3)	49,927	49,927
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation(2)	11,731	11,731	11,526	11,526	1,345	1,345
Directors' fees						
Benefits in kind(2)	1,998	1,998	1,513	1,513	2,078	2,078
TOTAL	**87,784**	**87,784**	86,117	86,117	53,350	53,350

(1) Compensation for the office exercised at the French limited corporation LP2C: €276,831 + Compensation for executive offices within the ACTIA Group: €50,448, of which €9,202 for the ACTIA Group office.

(2) Compensation for offices held in the French corporation LP2C.

(3) Increase due primarily to an increase in work time in 2016.

The variable compensation of the Chairman of the Executive Board was assessed based on the growth in Group revenue and on the Group's improved corporate, environmental and societal commitment via actions in France and other countries. The level of achievement of these criteria is not made public for confidentiality reasons. The maximum amount of variable compensation for 2017 (paid in 2018) 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. The criteria were fully achieved.

Benefits in kind correspond to the provision of a company car by LP2C.

During the General Meeting of May 30, 2018, approval of the compensation policy for the members of the Executive Board was submitted in the 9th resolution, which was approved by 96.65% of the vote.

It should be noted that, as of the date of this document, the Supervisory Board does not have a budget for directors' fees.

Table 2 - Directors' fees and other compensation received by the Non-executive Corporate Officers from the issuer and any other Group company			
Non-executive Corporate Officers – Name and office	**Amounts paid in 2018**	Amounts paid in 2017	Amounts paid in 2016
Louis Pech - Chairman of the Supervisory Board Directors' fees Other compensation (1)	**107,918**	105,941	104,690
Pierre Calmels - Vice-Chairman of the Supervisory Board Directors' fees Other compensation (1)	**60,000**	60,000	60,000
Henri-Paul Brochet – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Catherine Casamatta, Supervisory Board member Directors' fees Other compensation (1)	**NONE**	NONE	NONE
Alain Costes – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Michel Damiani - member of the Supervisory Board representing the employees Directors' fees Other compensation	**NONE** **80,546**	N/A	N/A
Carole Garcia – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Laura Pech - Supervisory Board member Directors' fees Other compensation (1)	**NONE**	NONE	NONE
Günther Thrum – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
Véronique Védrine – Supervisory Board member Directors' fees Other compensation	**NONE**	NONE	NONE
TOTAL	**167,918**	165,941	164,690

(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 Beginning of term: 07/01/14 End of term: 11/12/22	**No**	**No**	**No**	**No**
Name: **Marine Candelon** Post: Executive Board member Beginning of term: 11/12/02 End of term: 11/12/22	**No**	**No**	**No**	**No**
Name: **Catherine Mallet** Post: Executive Board member Beginning of term: 11/12/02 End of term: 11/12/22	**No**	**No**	**No**	**No**

Under the agreements signed by LP2C, the issuer and its subsidiaries, LP2C charges back 88.8% of the compensation paid to its Corporate Officers for all of the services provided to the Group.

Part of the information is detailed in Note 24.1 "Related-party transactions with holding company: LP2C" in the notes to the consolidated financial statements.

6.4.4 Compensation items submitted to a vote (Say-on-Pay ex-post)

The compensation paid or granted for the office of Chairman of the Executive Board exercised at ACTIA Group by Jean-Louis Pech in 2018 determined in application of the compensation principles and criteria approved by the General Meeting of May 30, 2018, in its ninth resolution, which will be submitted for the approval of the General Meeting in its eighth resolution, is as follows:

Summary of the compensation paid to each Corporate Officer by the issuer		
Name and function of Executive Corporate Officer	**Amounts payable**	**Amounts received**
	2018	
Jean-Louis Pech - Chairman of the Executive Board		
Fixed compensation	9,202	9,202
Variable compensation		
Exceptional compensation		
Directors’ fees		
Benefits in kind		
TOTAL	**9,202**	**9,202**

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.

6.5 Authorizations granted in respect of capital increases

6.5.1 Share capital increase

At the balance sheet date, there were no authorizations in respect of capital increases in effect.

6.5.2 Stock option plan

No stock option plans exist within the Company or in other Group companies.

6.5.3 Bonus share plan

No bonus share plans exist within the Company or in other Group companies.

6.6 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.

6.6.1 Specific disclosure on related party agreements

We hereby inform you that no agreements have been entered into, in accordance with the provisions of Articles L.225-68 and L.225-37-4 of the French Commercial Code relating to agreements entered into between members of the Executive Board or of the Supervisory Board or with a Shareholder holding more than 10% of a company's voting rights and another company in which it holds, directly or indirectly, more than half the capital.

6.6.2 Nature and amount of related party agreements entered into by the Company

We will ask shareholders to approve the new agreements covered by Article L.225-86 of the French Commercial Code, which were duly authorized by the Supervisory Board. These items are covered in the first part of the Special Report of the Statutory Auditor on regulated agreements and commitments and reproduced in full 5.12.11 “Special Report of the Statutory Auditor on regulated agreements and commitments”.

The main assistance and services agreement is invoiced based on quarterly advances calculated based on a budget prepared at the start of the financial year. The definitive invoice is established at the start of the following financial year based on the services actually provided. The final invoice established at the start of 2019 to close the 2018 financial year did not reveal any discrepancies with respect to the budgets.

Part of the information about the agreements is detailed in Note 24 “Related party transactions" in the notes to the consolidated financial statements and in the special report of the Statutory Auditors on regulated agreements and commitments in Subsection 5.12.11 “Special Report of the Statutory Auditor on regulated agreements and commitments”.

Detailed information on the relations between LP2C and ACTIA Group, on the one hand, and between ACTIA Group and its subsidiaries, on the other hand, is provided in Subsection 4.3, “Brief overview of the Group".

The Combined General Meeting of May 30, 2018 rejected the fourth resolution on the agreements and commitments signed by ACTIA Group in 2018. The resolution was rejected by 62.05% of the votes cast on the very limited basis of 9.6% of shareholders voting at the General Meeting given that the shareholders concerned did not take part in the voting. All of the regulated agreements were authorized before their implementation by the Supervisory Board of ACTIA Group. They were studied in the interest of the Group in order to share skills and achieve an overall reduction in management costs via economies of scale on fixed costs. They were negotiated at market conditions to the extent that the services are invoiced on time spent plus a margin rate. They are required for the proper operation of the Group and in line with its interests. Readers should note that, in accordance with Article 225-89 of the French Commercial Code, they continue in effect. They will be reviewed at the next General Meeting.

6.6.3 Related party transactions

See Note 24 in the notes to the consolidated financial statements, “Related party transactions”.

6.7 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, 2018.

Pursuant to the provisions of Article L.225-68 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, 2018.

6.7.1 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, 2018:

  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, 2018.

  The Board asks you to approve the resolutions proposed by the Executive Board.

6.7.2 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.

6.7.3 Terms of the Statutory Auditors and of the Alternate Auditors

Note that the terms of the Statutory Auditor Eric Blache and of the Alternate Auditor Euraudit will expire at the end of the next General Meeting.

With respect to the term of the Statutory Auditors, a call for tenders procedure was implemented at the conclusion of which the Board met as an Audit Committee and issued the following recommendations and preferences:

- Euraudit, for its proximity and size. As the co-Statutory Auditors of LP2C, the parent company of the Group, Euraudit already knows the ACTIA Group very well. Euraudit has assisted the Group on technical missions in the past. Its professionalism was recognized, as was its flexibility due to its size and its cost management;
- BMA, due to its intermediate size, which matches the ACTIA Group's. ACTIA Group already works with a large Statutory Auditor which is a leader in its field. In addition, BMA works very actively with small-cap companies and, therefore, understands the challenges facing this type of organization in an increasingly stringent regulatory environment.

The Supervisory Board, meeting in the form of an Audit Committee, expressed a preference for BMA because, on review of medium-sized companies, BMA provided an independent organization which is sufficiently large to meet the Group's challenges without being oversized and it also has the skills to assist the Group internationally. Finally, BMA is heavily involved in professional bodies and can contribute to the studies of the profession and it is well positioned to anticipate changes in accounting methods and standards.

On proposal of the Board, meeting as an Audit Committee, the Supervisory Board proposes the appointment of the BMA firm as the Statutory Auditors replacing Eric Blache for a period of six financial years, i.e. until the Annual Ordinary General Meeting held in 2025 to approve the financial statements of the year ending on December 31, 2024.

Note that, over the past two financial years, BMA has not reviewed any contributions or mergers of the Company or of the companies it controls as meant by Article L233-16 of the French Commercial Code.

The Board, meeting as an Audit Committee, confirmed that it was not influenced by any third parties when taking its decision and that no contractual clauses restricting its choice were imposed on it.

At the recommendation of the Board, meeting as an Audit Committee, the Supervisory Board proposed that the term of Euraudit as the Alternate Statutory Auditors not be renewed and that it not be replaced, in accordance with the law.

6.7.4 Say-on-Pay (eighth and ninth resolutions)

Approval of the compensation paid or allocated to Jean-Louis Pech for the 2018 financial year for his office as Chairman of the Executive Board (eighth resolution):

The information about the fixed, variable and exceptional elements 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 6.4.4 “Compensation items submitted to a vote (of the 2018 Registration Document.

Approval of the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items of total compensation and the benefits of any kind payable to the Chairman of Executive Board (ninth resolution).

The information about the principles and criteria used to determine, apportion and allocate the fixed, variable and exceptional items comprising the total compensation and benefits of any kind due for the duties carried out by the Chairman of the Executive Board, are set out in this Corporate Governance Report in 6.4.2 “Approval of compensation policy items (ex-ante say-on-pay)" of this 2018 Registration Document.

The Executive Board asks you to vote in favor of the proposed resolutions.

Toulouse
March 25, 2019
The Supervisory Board

7. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

7.1 Consolidated financial statements

The balance sheet for the financial year closed on December 31, 2017 was changed compared to the one presented in the consolidated financial statements of December 31, 2017 to take into account application of IFRS 15 as of January 1, 2018, retroactively, and the restatement of the comparative financial periods (see Note 2.4, "Change in method", restated data are indicated with an "*".

7.1.1 Consolidated balance sheet

Consolidated assets (€k)	Notes	12/31/2018	12/31/2017 restated *
Goodwill	Note 4	24,148	24,532
Development costs	Note 4	54,703	47,019
Other intangible assets	Note 4	1,182	582
Total intangible assets	**Note 4**	**80,032**	**72,133**
Land	Note 5	3,619	3,557
Buildings	Note 5	8,977	6,427
Plant and equipment	Note 5	17,860	15,137
Other property, plant and equipment	Note 5	24,754	8,205
Total property, plant and equipment	**Note 5**	**55,210**	**33,326**
Investments in associates (equity method)	Note 6	613	718
Non-current financial assets	Note 13	1,197	1,472
Deferred tax	Note 12	11,460	11,105
Non-current tax credit	Note 13	13,190	12,224
TOTAL NON-CURRENT ASSETS		**161,702**	**130,978**
Inventory and work-in-process	Note 8	136,051	108,898
Accounts receivable	Note 9	150,262	125,065
Other current receivables from operations	Note 9	11,011	9,020
Current tax credit	Note 9	17,910	8,129
Miscellaneous current receivables	Note 9	688	1,603
Current financial assets	Note 11.2	1,209	
Total current receivables		**317,132**	**252,715**
Cash equivalents	Note 11.1	95	163
Cash	Note 11.1	36,941	45,416
Total cash and cash equivalents	**Note 11.1**	**37,036**	**45,579**
TOTAL CURRENT ASSETS		**354,168**	**298,295**
TOTAL ASSETS		**515,870**	**429,273**

Shareholders' Equity & Liabilities (€k)	Notes	12/31/2018	12/31/2017 restated *
Share capital	Note 15	15,075	15,075
Share premiums	Note 15	17,561	17,561
Reserves	Note 15	83,301	80,653
Retained earnings	Note 15	11,141	7,784
Cumulative translation differences	Note 15	(3,840)	(3,204)
Treasury shares	Note 15	(162)	(162)
Net income	Note 15	9,027	8,264
Shareholders' equity attributable to Group shareholders	**Note 15**	**132,102**	**125,970**
Net income attributable to non-controlling interests	Note 15	167	246
Reserves attributable to non-controlling interests	Note 15	548	1,235
Non-controlling interests	**Note 15**	**716**	**1,481**
SHAREHOLDERS' EQUITY	**Note 15**	**132,817**	**127,451**
Bank borrowings	Note 14	72,069	92,640
Other financial liabilities	Note 14	2,547	1,982
Finance lease liabilities	Note 14	4,437	2,937
Total non-current financial liabilities	**Note 14**	**79,053**	**97,559**
Deferred tax liabilities	Note 12	3,812	3,631
Provisions for pensions and other non-current employee benefits	Note 17	9,905	9,315
TOTAL NON-CURRENT LIABILITIES		**92,770**	**110,506**
Other provisions	**Note 17**	**8,312**	**6,771**
Current financial liabilities	Note 14	126,547	60,086
Financial instruments	Note 11.2		5,296
Total current financial liabilities		**126,547**	**65,381**
Accounts payable	Note 18	79,594	55,471
Other operating liabilities	Note 18	60,149	48,239
Tax payables (income tax)	Note 18	2,029	2,083
Miscellaneous liabilities	Note 18	1,434	1,592
Deferred income		12,216	11,780
TOTAL CURRENT LIABILITIES		**290,282**	**191,316**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**515,870**	**429,273**

7.1.2 Consolidated income statement

Consolidated income statement (€k)	Notes	2018	2017 restated *
Revenue *(Sales)*	**Note 19**	**476,520**	**433,320**
- Purchases consumed	Note 19	(268,310)	(226,644)
- Staff costs	Note 19	(110,191)	(102,851)
- External charges	Note 19	(79,228)	(68,342)
- Taxes and duties other than on income		(5,792)	(5,494)
- Depreciation and amortization	Note 19	(20,688)	(18,654)
+/- Changes in inventories of work-in-process and finished goods		12,832	2,419
+/- Translation gains and losses on operating transactions		(382)	1,923
+ Research tax credit		3,905	3,290
Current operating income	**Note 19**	**8,667**	**18,967**
+/- Other operating income and expenses		993	884
+/- Gains (losses) on disposals of non-current assets		(85)	(47)
- Goodwill impairment	Note 4		
Operating income	**Note 19**	Note 19	**19,803**
+ Income on cash and cash equivalents		35	30
- Interest expense and other financial charges	Note 19	(3,260)	(2,626)
+ Other financial income		6,615	226
- Other financial expenses		(18)	(6,619)
Financial result	**0**	**3,371**	**(8,988)**
+ Share in the earnings of equity-method associates	Note 6	(885)	(449)
+ Income tax	Note 19	(2,867)	(1,856)
Net income for the period	**Note 19**	**9,194**	**8,510**
* attributable to Group shareholders		9,027	8,264
* attributable to non-controlling interests		167	246
Basic and diluted earnings (loss) per share (in €) – Attributable to the Group	**Note 16**	**0.45**	**0.41**

7.1.3 Statement of comprehensive income

Statement of comprehensive income (€k)	2018	2017 restated *
Net income for the period	**9,194**	**8,510**
Items that will not be subsequently reclassified in profit or loss		
Post-employment benefits - actuarial gains and losses	45	370
Deferred taxes on post-employment benefits - actuarial gains and losses	(17)	(126)
Items that may be subsequently reclassified in profit or loss		
Cumulative translation differences	(922)	(3,163)
Other comprehensive income net of tax	**(894)**	**(2,919)**
Comprehensive income for the period	**8,300**	**5,591**
* attributable to Group shareholders	8,419	5,691
* attributable to non-controlling interests	(118)	(100)

7.1.4 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 12/31/2016	**15,075**	**(162)**	**17,561**	**91,442**	**(386)**	**123,528**	**1,707**	**125,235**
Comprehensive income								
Consolidated income				8,264		8,264	246	8,510
Other comprehensive income				244	(2,817)	(2,573)	(345)	(2,919)
Comprehensive income for the period	**0**	**0**	**0**	**8,508**	**(2,817)**	**5,691**	**(100)**	**5,591**
Transactions with shareholders								
Dividends paid				(3,013)		(3,013)	(266)	(3,279)
Changes in scope						0		0
Other				(236)		(236)	140	(96)
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)
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**

7.1.5 Consolidated statement of cash flows

Consolidated Statement of Cash Flows (€k)	Notes	2018	2017 restated *
Net income for the period	**7.1.2**	**9,194**	**8,510**
Adjustments for:			
Depreciation, amortization and provisions	7.1.2	16,988	28,264
(Gains) losses on disposal of non-current assets	7.1.2	(1)	10
Interest expense	7.1.2	3,260	2,626
Current income tax (excluding research tax credit)	7.1.2	3,096	2,277
Change in deferred taxes	7.1.2	(229)	(421)
Research tax credit	7.1.2	(3,911)	(3,290)
Other income and expenses	7.1.2	2,041	1,754
Share in the earnings of equity-method associates	7.1.2	885	449
Operating cash flows before change in working capital requirements		***31,324***	***40,179***
Change in working capital requirements from operating activities	Note 28.5	(26,278)	(19,710)
Cash generated by operating activities		5,046	20,468
Income tax paid (excluding research tax credit)		(3,151)	(1,651)
Research tax credit collected		620	2,344
Net cash generated by operating activities		**2,515**	**21,161**
Acquisitions of non-current assets	Note 4	(48,769)	(28,450)
Proceeds from disposals of non-current assets	7.1.2	77	333
Change in loans and advances granted		(526)	(228)
Acquisitions of the period subject to deduction of the cash acquired		(711)	(2,746)
Net cash used by investing activities		**(49,929)**	**(31,091)**
Dividends paid to parent company shareholders		(2,410)	3,013)
Dividends paid to non-controlling interests in subsidiaries		(228)	(266)
Increases in borrowings	Note 14	60,948	70,320
Repayment of borrowings	Note 14	(33,632)	(28,149)
Interest payments	Note 23	(3,260)	(2,626)
Net cash generated (used) by financing activities		**21,417**	**36,266**
Impact of changes in exchange rates		(607)	(1,073)
Opening cash and cash equivalents	Note 11.1	16,61)	(8,650)
Closing cash and cash equivalents	Note 11.1	(9,991)	16,612
Net cash and cash equivalents		**(26,604)**	**25,263**

7.1.6 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 - 31432 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, 2018 were approved by the Executive Board on March 25, 2019 and will be submitted for ratification at the General Meeting of May 28, 2019.

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 IFRS provisions mandatory at December 31, 2018. 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 expenses 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, 2018 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 15 - Revenue from contracts with customers	01/01/2018	09/22/2016	01/01/2018
Clarification of IFRS 15	01/01/2018	10/31/2017	01/01/2018
IFRS 9 - Financial instruments	01/01/2018	11/22/2016	01/01/2018
Amendments to IFRS 2: Classification and measurement of share-based payments	01/01/2018	02/26/2018	01/01/2018
Interpretation of IFRIC 22 - Foreign currency transactions and advance consideration	01/01/2018	03/26/2018	01/01/2018
Annual improvements to IFRS / 2014-2016	01/01/2017	02/07/2018	01/01/2018

The impacts of the implementation of IFRS 15 are presented in Note 2.4 “Change in method".

The other laws applicable as of January 1, 2018 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, 2018 are 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
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
Interpretation of IFRIC 23 - Uncertainty over Income Tax Treatments	01/01/2019	10/23/2018	01/01/2019

The Group decided not to implement these standards early.

With respect to IFRS 16 on leases, the Group inventoried all of its leasing contracts. The new standard will be applied using the modified retrospective method as of January 1, 2019. As a result, the 2018 comparative accounts presented in the 2019 financial statements will not be restated. As of December 31, 2018, minimal future payments for operating leases will be deemed to provide a reasonable estimate of the overall impact of IFRS 16. The application of this standard should not have a significant impact on shareholders' equity as of January 2019 while the Group's net debt should be impacted by about €14 to €18 million and EBITDA by €3 to €6 million. The transition should, therefore, improve the leverage ratio and, on the contrary, deteriorate gearing.

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
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A
Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and an associate or joint venture	Delayed indefinitely	Adoption delayed	Adoption delayed
Amendment to IAS 19 - Modification, reduction or liquidation of plans	01/01/2019	2019?	01/01/2019?
IFRS 17 - Insurance contracts	01/01/2021	?	01/01/2021?
Change in the references to the conceptual framework of the standards	01/01/2020	2019?	01/01/2020?
Annual improvements to IFRS / 2015-2017	01/01/2019	2019?	01/01/2019?

Note 2.4 Change in method

The Group applied the **IFRS 15** standard on revenue recognition on January 1, 2018. As application of the standard is it retrospective, the financial statements published on December 31, 2017 were modified as a result. The impacts are presented in the tables below.

An in-depth study of the sales contracts and transactions enabled the identification of the modifications described below on the presentation of revenue and the procedure for recognition over time.

- Sale of equipment and goods

  Revenue is recognized on the date control of the service obligation is transferred (which generally occurs on delivery) and the application of IFRS 15 did not change the pace of recognition. The Group has not identified any changes in the transaction price applicable according to IFRS 15.

- Study sales

  Each study constitutes a separate service obligation to the extent that development control is transferred to the customer.

  Revenue is recognized via cost when the transfer of control is ongoing or following the completion of the service provided when the transfer of control takes place at a precise moment.

The application of IFRS 15 has no incidence on this type of service.

- Service contracts (maintenance, guarantee, hotline or other "stand ready" obligation)

  The percentage of completion measurement method which best reflects the Group's performance, is the percentage of completion via costs. The inputs identified are consumed uniformly throughout the period required to meet the performance obligation. Given that the revenue was initially recognized on a *prorata temporis* basis, the application of IFRS 15 has no impact.

- Multiple item contracts

  - Development and limited series supply contracts: one or several performance obligations were identified based on the links between design and production. Revenue is recognized by percentage of completion via costs because the contracts meet the following criterion:

    - the ACTIA Group does not have another use for the asset provided;
    - the ACTIA Group has an enforceable right to payment for performance completed on time in the event of the termination of the contract at the customer's convenience.

    These contracts notably concern the "Defense" and "Energy" sectors of the Telecoms Division for which the Group already applied revenue recognition based on percentage of completion via costs. The application of IFRS 15 did not, therefore, have an impact on this type of contract.

  - 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.

    The Group carried out an analysis as part of the implementation of the IFRS 15 standard 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 not 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.

In summary, the implementation of IFRS 15 did not have a significant impact on consolidated shareholders' equity at January 1, 2017 or on the annual revenue of the Group in its current scope. The broadening of the scope of application of IAS 38 resulting from the implementation of IFRS 15 did, however, have an impact on the presentation of cash flow from operations and investment and on the determination of EBITDA.

Order book and balance sheet

The order book (presented in Note 20.5) corresponds to the revenue remaining to be recognized for service obligations not yet completed or partially completed on the close date.

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 in Note 10 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.

Consolidated assets (€k)	01/01/2017 after IFRS 15	Impact IFRS 15*	01/01/2017 before IFRS 15
Goodwill	21,668	0	21,668
Development costs	44,515	10,578	33,937
Other intangible assets	590	0	590
Total intangible assets	**66,773**	**10,578**	**56,195**
Land	2,849	0	2,849
Buildings	6,620	0	6,620
Plant and equipment	13,739	0	13,739
Other property, plant and equipment	5,885	0	5,885
Total property, plant and equipment	**29,093**	**0**	**29,093**
Investments in associates (equity method)	985	0	985
Non-current financial assets	1,433	0	1,433
Deferred tax	10,898	0	10,898
Non-current tax credit	11,722	0	11,722
TOTAL NON-CURRENT ASSETS	**120,904**	**10,578**	**110,326**
Inventory and work-in-process	97,026	3,249	93,778
Accounts receivable	118,378	0	118,378
Other current receivables from operations	6,297	0	6,297
Current tax credit	5,489	0	5,489
Miscellaneous current receivables	814	0	814
Current financial assets	692	0	692
Total current receivables	**228,696**	**3,249**	**225,447**
Cash equivalents	184	0	184
Cash	27,162	0	27,162
Total cash and cash equivalents	**27,346**	**0**	**27,346**
TOTAL CURRENT ASSETS	**256,042**	**3,249**	**252,793**
TOTAL ASSETS	**376,945**	**13,827**	**363,119**

Shareholders' Equity & Liabilities (€k)	01/01/2017 after IFRS 15	Impact IFRS 15*	01/01/2017 before IFRS 15
Share capital	15,075	0	15,075
Share premiums	17,561	0	17,561
Reserves	61,994	0	61,994
Retained earnings	8,534	0	8,534
Cumulative translation differences	(386)	0	(386)
Treasury shares	(162)	0	(162)
Net income	20,914	0	20,914
Shareholders' equity attributable to Group shareholders	**123,528**	**0**	**123,528**
Net income attributable to non-controlling interests	371	0	371
Reserves attributable to non-controlling interests	1,336	0	1,336
Non-controlling interests	**1,707**	**0**	**1,707**
SHAREHOLDERS' EQUITY	**125,235**	**0**	**125,235**
Bank borrowings	54,568	0	54,568
Other financial liabilities	1,941	0	1,941
Finance lease liabilities	3,965	0	3,965
Total non-current financial liabilities	**60,474**	**0**	**60,474**
Deferred tax liabilities	3,786	0	3,786
Provisions for pensions and other non-current employee benefits	9,075	0	9,075
TOTAL NON-CURRENT LIABILITIES	**73,335**	**0**	**73,335**
Other provisions	**5,466**	**0**	**5,466**
Current financial liabilities	61,497	0	61,497
Financial instruments	0	0	0
Total current financial liabilities	**61,497**	**0**	**61,497**
Accounts payable	52,351	0	52,351
Other operating liabilities	46,715	13,827	32,888
Tax payables (income tax)	1,457	0	1,457
Miscellaneous liabilities	79	0	79
Deferred income	10,810	0	10,810
TOTAL CURRENT LIABILITIES	**178,375**	**13,827**	**164,548**
TOTAL LIABILITIES	**376,945**	**13,827**	**363,119**

(*) The figures restated in the balance sheet for the first application of IFRS 15 were for:

- the recognition of development costs specific to a contract and financed in the "Inventory and work-in-process" item offset by the recognition of the liabilities for down payments received (item included in Contract liabilities);
- the reclassification of generic development costs from "Inventory and work-in-process" to "Development costs".

The figures were restated retroactively to 01/01/2017 and for each close presented.

Consolidated assets (€k)	12/31/2017 after IFRS 15	Impact IFRS 15*	12/31/2017 before IFRS 15
Goodwill	24,532	0	24,532
Development costs	47,019	13,149	33,870
Other intangible assets	582	0	582
Total intangible assets	**72,133**	**13,149**	**58,984**
Land	3,557	0	3,557
Buildings	6,427	0	6,427
Plant and equipment	15,137	0	15,137
Other property, plant and equipment	8,205	0	8,205
Total property, plant and equipment	**33,326**	**0**	**33,326**
Investments in associates (equity method)	718	0	718
Non-current financial assets	1,472	0	1,472
Deferred tax	11,105	0	11,105
Non-current tax credit	12,224	0	12,224
TOTAL NON-CURRENT ASSETS	**130,978**	**13,149**	**117,829**
Inventory and work-in-process	108,898	1,520	107,378
Accounts receivable	125,065	0	125,065
Other current receivables from operations	9,020	0	9,020
Current tax credit	8,129	0	8,129
Miscellaneous current receivables	1,603	0	1,603
Current financial assets	0	0	0
Total current receivables	**252,715**	**1,520**	**251,195**
Cash equivalents	163	0	163
Cash	45,416	0	45,416
Total cash and cash equivalents	**45,579**	**0**	**45,579**
TOTAL CURRENT ASSETS	**298,295**	**1,520**	**296,774**
TOTAL ASSETS	**429,273**	**14,669**	**414,603**

Shareholders' Equity & Liabilities (€k)	12/31/2017 after IFRS 15	Impact IFRS 15*	12/31/2017 before IFRS 15
Share capital	15,075	0	15,075
Share premiums	17,561	0	17,561
Reserves	80,653	0	80,653
Retained earnings	7,784	0	7,784
Cumulative translation differences	(3,204)	0	(3,204)
Treasury shares	(162)	0	(162)
Net income	8,264	0	8,264
Shareholders' equity attributable to Group shareholders	**125,970**	**0**	**125,970**
Net income attributable to non-controlling interests	246	0	246
Reserves attributable to non-controlling interests	1,235	0	1,235
Non-controlling interests	**1,481**	**0**	**1,481**
SHAREHOLDERS' EQUITY	**127,451**	**0**	**127,451**
Bank borrowings	92,640	0	92,640
Other financial liabilities	1,982	0	1,982
Finance lease liabilities	2,937	0	2,937
Total non-current financial liabilities	**97,559**	**0**	**97,559**
Deferred tax liabilities	3,631	0	3,631
Provisions for pensions and other non-current employee benefits	9,315	0	9,315
TOTAL NON-CURRENT LIABILITIES	**110,506**	**0**	**110,506**
Other provisions	**6,771**	**0**	**6,771**
Current financial liabilities	60,086	0	60,086
Financial instruments	5,296	0	5,296
Total current financial liabilities	**65,381**	**0**	**65,381**
Accounts payable	55,471	0	55,471
Other operating liabilities	48,239	14,669	33,569
Tax payables (income tax)	2,083	0	2,083
Miscellaneous liabilities	1,592	0	1,592
Deferred income	11,780	0	11,780
TOTAL CURRENT LIABILITIES	**191,316**	**14,669**	**176,647**
TOTAL LIABILITIES	**429,273**	**14,669**	**414,603**

(*) The figures restated in the balance sheet for the first application of IFRS 15 were for:

- the recognition of development costs specific to a contract and financed in the "Inventory and work-in-process" item offset by the recognition of the liabilities for down payments received (item included in “Contract liabilities”);
- the reclassification of generic development costs from "Inventory and work-in-process" to "Development costs".

The figures were restated retroactively to 01/01/2017 and for each close presented.

Consolidated income statement (€k)	2017 after IFRS 15	Impact IFRS 15*	2017 before IFRS 15
Revenue *(Sales)*	**433,320**	**(2,809)**	**436,130**
- Purchases consumed	(226,644)	0	(226,644)
- Staff costs	(102,851)	4,573	(107,424)
- External charges	(68,342)	2,015	(70,357)
- Taxes and duties other than on income	(5,494)	0	(5,494)
- Depreciation and amortization	(18,654)	(2,002)	(16,652)
+/- Changes in inventories of work-in-process and finished goods	2,419	(1,777)	4,196
+/- Translation gains and losses on operating transactions	1,923	0	1,923
+ Research tax credit	3,290	0	3,290
Current operating income	**18,967**	**0**	**18,967**
+ Other operating income	1,535	0	1,535
- Other operating expenses	(652)	0	(652)
+/- Gains (losses) on disposals of non-current assets	(47)	0	(47)
- Goodwill impairment	0	0	0
Operating income	**19,803**	**0**	**19,803**
+ Income on cash and cash equivalents	30	0	30
- Interest expense and other financial charges	(2,626)	0	(2,626)
+ Other financial income	226	0	226
- Other financial expenses	(6,619)	0	(6,619)
Financial result	**(8,988)**	**0**	**(8,988)**
+ Share in the earnings of equity-method associates	(449)	0	(449)
+ Income tax	(1,856)	0	(1,856)
Net income for the period	**8,510**	**0**	**8,510**
* attributable to Group shareholders	8,264	0	8,264
* attributable to non-controlling interests	246	0	246

(**) The figures restated in the consolidated income statement for the first application of IFRS 15 were for:

- the recognition of the financing of R&D activities as revenue during the production phase instead of in the R&D phase as was done prior to the Application of IFRS 15. This entry is offset by the "Change in inventories of products in process and finished products" and, therefore, has no impact on the profit and loss of the period;
- The reclassification of Generic development costs in "Changes in inventories of products in process and finished products" to "Staff costs" and "Depreciation and amortization".

Consolidated Statement of Cash Flows (€k)	2017 after IFRS 15	Impact IFRS 15*	2017 before IFRS 15
Net income for the period	**8,510**	**0**	**8,510**
Adjustments for:	0	0	0
Depreciation, amortization and provisions	28,264	2,002	26,262
(Gains) losses on disposal of non-current assets	10	0	10
Interest expense	2,626	0	2,626
Current income tax (excluding research tax credit)	2,277	0	2,277
Change in deferred taxes	(421)	0	(421)
Research tax credit	(3,290)	0	(3,290)
Other income and expenses	1,754	0	1,754
Share in the earnings of equity-method associates	449	0	449
Operating cash flows before change in working capital requirements	***40,179***	***2,002***	***38,177***
Change in working capital requirements from operating activities	(19,710)	2,571	(22,281)
Cash generated by operating activities	20,468	4,573	15,895
Income tax paid (excluding research tax credit)	(1,651)	0	(1,651)
Research tax credit collected	2,344	0	2,344
Net cash generated by operating activities	**21,161**	**4,573**	**16,588**
Acquisitions of non-current assets	(28,450)	(4,573)	(23,877)
Dividends received from associates		0	
Proceeds from disposals of non-current assets	333	0	333
Change in loans and advances granted	(228)	0	(228)
Acquisitions of the period subject to deduction of the cash acquired	(2,746)	0	(2,746)
Net cash used by investing activities	**(31,091)**	**(4,573)**	**(26,518)**
Dividends paid to parent company shareholders	(3,013)	0	(3,013)
Dividends paid to non-controlling interests in subsidiaries	(266)	0	(266)
Capital increase in cash at the parent company	0	0	0
Capital increase in cash at the subsidiaries	0	0	0
(Share paid to non-controlling interests)	0	0	0
Increases in borrowings	70,320	0	70,320
Repayment of borrowings	(28,149)	0	(28,149)
Interest payments	(2,626)	0	(2,626)
Net cash generated (used) by financing activities	**36,266**	**0**	**36,266**
Impact of changes in exchange rates	(1,073)	0	(1,073)
Opening cash and cash equivalents	(8,650)	0	(8,650)
Closing cash and cash equivalents	16,612	0	16,612
Net cash and cash equivalents	**25,263**	**0**	**25,263**

(***) The figures restated in the consolidated Statement of Cash Flows during the first application of IFRS 15 correspond to the reclassification of generic development costs (i) of the WCR to acquisitions of non-current assets as described for the balance sheet impacts and (ii) changes in inventories to depreciation and amortization as described for the impacts of the income statement.

Note 2.5 Translation of financial statements of subsidiaries denominated in foreign currencies

The financial statements of foreign companies outside the Euro zone 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 structure 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 Group receives government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government grant management and 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.

The CICE tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétitivité et l'Emploi*) was introduced in France by the 3rd Amending Finance Act *(Loi de Finance rectificative*) for 2012 as from January 1, 2013. This tax credit is calculated by calendar year and for 2018 corresponds to 6% of wages equal to or less than 2.5 times the French minimum wage (SMIC). The Group has not considered the CICE as a subsidy but instead as a tax credit on compensation making it possible to reduce the cost of labor. On that basis, it has been recognized in accordance with IAS 19 as a deduction from staff costs as the corresponding compensation amounts are expensed. The amount of the CICE competitiveness and employment tax credit applied to staff costs for financial year 2018 amounted to €1,291 k compared to €1,457 k in 2017.

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

A subsidiary called ACTIA Africa was created in Tunisia during the first half of 2018. It is responsible for the promotion, marketing and technical support of Group products in Tunisia and Africa, to boost the economic development of ACTIA across the continent. It is 99.8% owned by ACTIA Group and consolidated using the full consolidation method.

The ACTIA Electronics subsidiary was also created in the United States during the first half to produce electronic circuit boards on US soil. It is 100% owned by ACTIA Corp. and consolidated using the full consolidation method.

ACTIA Group S.A. acquired the minority interests of ACTIA PCs during Q4 2018 for €610,902. The company is now 87.81% owned by ACTIA Automotive S.A. and 12.19% by ACTIA Group S.A.

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)
			Dec- 17	Dec- 18	Dec- 17	Dec- 18			
ACTIA Group	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company	135	-2,147
Automotive									
ACTIA Automotive	Toulouse	389 187 360	99.98	99.98	FC	FC	Electronics research & manufacturing	157,409	-2,661
ACTIA PCs[1]	Maisons-Alfort	384 018 263	87.80	100.0	FC	FC	Electronics research & manufacturing	4,087	-30
ACTIA UK	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing	3,907	232
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment	17,529	655
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate		4
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings		-85
ACTIA de Mexico		Mexico	100.00	100.00	FC	FC	Electronics research & manufacturing	9,111	214
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing	3,997	-156
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing		7
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing	1,626	690
ACTIA Italia	Turin	Italy	100.00	100.00	FC	FC	Electronics research & manufacturing	19,142	564
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	FC	FC	Electronics research & manufacturing	1,734	122
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing	45,593	1,558
ACTIA Corp.	Elkhart-Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing	22,546	2,484
ACTIA Electronics[2]	Romulus-Michigan	USA	-	99.98	-	FC	Electronics research		-739

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)
			Dec- 17	Dec- 18	Dec- 17	Dec- 18			
ACTIA NL[3]	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing		-194
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing	1,244	87
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing	182	363
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing	1,999	-214
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing	14,416	641
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing	110,383	1,765
ACTIA Tunisie	Tunis	Tunisia	96.96	96.96	FC	FC	Electronics manufacturing	6	294
Telecommunications									
ACTIA Telecom	St Georges de Luzençon	699 800 306	100.00	100.00	FC	FC	Electronics research & manufacturing	58,264	4,921
SCI SODIMOB	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate		71
ACTIA Africa[2]	Tunis	Tunisia	-	99.77	-	FC	Sales, marketing and technical support	70	-33
ARDIA	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research	762	282
COOVIA	Toulouse	788 665 149	19.98	19.98	EM	EM	Mobility consulting		-90
Market IP	Naninne	Belgium	100.00	100.00	FC	FC	Electronics research	2,378	289
SCI de l'Oratoire[4]	Colomiers	345 291 405	100.00	100.00	FC	FC	Real estate		298
SCI Les Coteaux de Pouvourville	Toulouse	343 074 738	27.50	27.50	EM	EM	Real estate		1

(1) : ACTIA Group bought out the minority interests in ACTIA PCs in Q4 2018.
(2) : New companies created during the financial year.
(3) : Being wound up.
(4) SCI de l'Oratoire is 86% owned by ACTIA Group and 14% by ACTIA Automotive.

Note 4. Intangible assets

Note 4.1 Changes in non-current assets

The gross amounts of intangible fixed assets changed as follows:

- In 2018:

(€k)	12/31/2017	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2018
Goodwill	25,787	(384)[1]				25,402
Development costs	102,404		(383)	21,055	(1,741)	121,335
Other intangible assets	11,854		(138)	480	349	12,545
Other intangible assets in process				2		2
Total	**140,044**	**(384)**	**(520)**	**21,538**	**(1,393)**	**159,285**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

(1) Re-valuation of the goodwill of Market-IP

- In 2017:

(€k)	01/01/2017	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2017
Goodwill	23,010	2,777				25,787
Development costs	88,703		(1,313)	14,967	46	102,404
Other intangible assets	11,521	39	(173)	497	(29)	11,854
Other intangible assets in process	65		(7)		(58,352)	
Total	**123,300**	**2,816**	**(1,493)**	**15,464**	**(42)**	**140,044**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

No intangible asset at ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

- In 2018:

(€k)	12/31/2017	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2018
Goodwill	1,254					1,254
Development costs	55,385		(287)	12,677	(1,142)	66,633
Other intangible assets	11,272		(126)	460	(240)	11,366
Total	**67,911**		**(414)**	**13,137**	**(1,382)**	**79,253**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2018.

- In 2017:

(€k)	01/01/2017	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2017
Goodwill	1,342	(88)				1,254
Development costs	44,188		(576)	12,863	(1,091)	55,385
Other intangible assets	10,996	37	(162)	728	(326)	11,272
Total	**56,526**	**(50)**	**(738)**	**13,591**	**(1,418)**	**67,911**
Of which finance leases						
Other intangible assets	*513*					*513*

Net carrying amounts:

- In 2018:

(€k)	12/31/2017	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					

- In 2017:

(€k)	01/01/2017	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2017
Goodwill	21,668	2,864			24,532
Development costs	44,515		(737)	3,241	47,019
Other intangible assets	525	2	(11)	66	581
Other intangible assets in process	65		(7)	(58)	
Total	**66,773**	**2,866**	**(755)**	**3,248**	**72,133**
Of which finance leases					
Other intangible assets	*0*				*0*
Other intangible assets in process					

Note 4.2 Goodwill

At the end of 2018, the carrying amounts of **goodwill** were as follows:

(€k)	Country	Net balance sheet amounts at 12/31/2018	Net balance sheet amounts at 12/31/2017
ACTIA Telecom	France	11,415	11,415
ACTIA Corp	USA	7,501	7,501
Market-IP	Belgium	2,480	2,864
ACTIA Nordic	Sweden	1,351	1,351
CIPI ACTIA	Tunisia	922	922
ACTIA PCs	France	390	390
SODIMOB	France	88	88
Total		**24,148**	**24,532**

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)	2018		2017	
	Europe	USA	Europe	USA
Automotive sector	between 8.4% and 9.2%[%]	between 7.6% and 8.7%	between 7.5% and 8.5%	between 7.3% and 8.4%
Telecommunications sector	between 7.0% and 8.0%	-	between 6.0% and 7.0%	-

[1]: CIPI-ACTIA (Tunisia): between 12.5% and 13.5% in 2018 and between 11.2% and 12.3% in 2017.

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 (2019 to 2022);
  - the rate used to discount cash flows is 7.34% after tax and is the result of the following parameters:
  - the cost of equity is 7.59%,
  - the releveraged beta is 0.92,
  - sector financial leverage is 3.9%;
  - the AAGR for sales is 2.7% 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 (2019 to 2022);
  - the rate used to discount the cash flows is 8.67% after tax and is the result of the following parameters:
  - the cost of equity is 8.80%,

- releveraged beta is 1.07,
- sector financial leverage is 2.5%;
- the AAGR for sales is 7.5% for the specific time-frame;
- 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;
- the cash flow forecasts take the American fiscal reform into account;
- 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 k and correspond to:

- a goodwill impairment loss for ACTIA Polska: €224 k (recognized in 2008);
- a goodwill impairment loss for ACTIA Telecom: €1 million (€500 k recognized in 2009 and €500 k in 2012);
- a goodwill impairment loss for KARFA: €30 k (recognized in 2015).

Note 4.3 Development expenses 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, when 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 ACTIA 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)	2018	2017
Development costs		
Automotive sector	18,563	13,112
o.w. Diagnostics	*3,391*	*396*
o.w. Embedded Systems	*15,172*	*12,716*
Telecommunications sector	2,492	1,855
Total	**21,055**	**14,967**
Other intangible assets		
Automotive sector	422	465
Telecommunications sector	61	32
Total	**482**	**497**

New intangible assets:

- produced in-house (capitalized development costs) for €21.1 million (€15.0 million in 2017);
- purchased externally for €0.5 million (€0.5 million in 2017).

The table below summarizes the changes in the total research and development expenditure:

(€k)	2018	2017
Automotive Division	**66,547**	**56,955**
o.w. Cost of research commissioned by customers	*19,560*	*18,588*
non-current assets	*17,748*	*13,112*
Period expenses	*29,239*	*25,255*
Telecommunications Division	**14,438**	**9,995**
o.w. Cost of research commissioned by customers	*9,742*	*5,991*
non-current assets	*2,492*	*1,855*
Period expenses	*2,203*	*2,149*
Total	**80,985**	**66,950**
Amortization of capitalized development costs not included in the total expenditure calculation	*12,677*	*12,839*

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 50.4% (approximately 48.2% in 2017) ACTIA I+Me (Germany) for 11.2% (11.4% in 2017) and ACTIA Nordic (Sweden) 23.6% (22.5% in 2017), 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 ARDIA 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 Telecommunications Division, the work is performed by all ACTIA Telecom establishments.

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 Group 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.

ACTIA Group operates in 16 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 15.2% of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€6.4 million for 2018 compared to €5.4 million in 2017).

In 2018, total R&D expenditure accounted for 17.0% of Group revenue compared with 15.4% in 2017. However, about a third of these expenses is shared with customers. This confirms the Group's commitment to meet market needs through innovation.

The level of R&D expenditure incurred in ACTIA Group's income statement, i.e. adjusting for the portion billed to customers, government subsidies and time lags (fixed assets/depreciation), accounted for 8.2% of revenue in 2018, as in 2017. The customer chargeback rate was 36.2% in 2018 compared to 36.7% in 2017. The Group recorded an increase in its capitalized R&D of 16.3%.

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. ACTIA 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 Group has identified three components of buildings:

- building shell: 40-year useful life;
- finishing work: 20-year useful life;
- fixtures: 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 2018:

(€k)	12/31/2017	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*

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Acquisitions (Transfers)	Disposals and other reductions	12/31/2017
Land	2,862		(274)	982		3,570
Buildings	17,172		(804)	739	(3)	17,104
Plant and equipment Facilities and tools	55,892	160	(2,354)	6,788	(668)	59,819
Other items of property, plant and equipment	22,473	416	(845)	4,812	(890)	25,967
Total	**98,399**	**577**	**(4,277)**	**13,322**	**(1,560)**	**106,460**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment *Facilities and tools*	*12,679*			*215*		*12,894*
Other items of property, plant and equipment	*4,269*			*312*		*4,581*

Depreciation:

- In 2018:

(€k)	12/31/2017	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*

- In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Provisions	Reversals	12/31/2017
Land	13					13
Buildings	10,552		(368)	557	(64)	10,677
Plant and equipment Facilities and tools	42,153	157	(1,418)	4,258	468)	44,682
Other items of property, plant and equipment	16,587	238	(537)	1,664	(190)	17,762
Total	**69,305**	**395**	**(2,324)**	**6,479**	**(722)**	**73,134**
Of which finance leases						
Land	*13*					*13*
Buildings	*5,120*		*(52)*	*154*		*5,222*
Plant and equipment *Facilities and tools*	*7,525*			*844*		*8,369*
Other items of property, plant and equipment	*3,011*			*406*		*3,417*

Net carrying amounts:

- In 2018:

(€k)	12/31/2017	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*

❖ In 2017:

(€k)	12/31/2016	Changes in scope	Cumulative translation differences	Net acquisitions (Disposals)	12/31/2017
Land	2,849		(274)	982	3,557
Buildings	6,620		(436)	244	6,427
Plant and equipment Facilities and tools	13,739	3	(935)	2,330	15,137
Other items of property, plant and equipment	5,886	178	(307)	2,448	8,205
Total	**29,093**	**181**	**(1,953)**	**6,005**	**33,326**
Of which finance leases					
Land	*247*				*247*
Buildings	*959*		*52*	*(154)*	*856*
Plant and equipment *Facilities and tools*	*5,154*			*(630)*	*4,524*
Other items of property, plant and equipment	*1,258*			*(94)*	*1,164*

Encumbered property, plant and equipment are detailed in Note 27 “Encumbered assets” in the notes to the consolidated financial statements.

The main acquisitions relate to:

(€k)	2018	2017
Land		
Automotive sector	174	967
Telecommunications sector		15
Subtotal	**174**	**982**
Buildings		
Automotive sector	2,302	381
Telecommunications sector	528	32
Other (incl. holding)		
Subtotal	**2,830**	**413**
Plant and equipment		
Automotive sector	6,117	6,475
Telecommunications sector	905	354
Subtotal	**7,022**	**6,829**
Other property, plant and equipment		
Automotive sector	20,211	4,845
Telecommunications sector	1,005	254
Other (incl. holding)	11	
Subtotal	**21,227**	**5,099**
Total	**31,254**	**13,324**

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, 2018, 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	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
SCI Los Olivos	412	408	4	(9)
SCI Les Coteaux de Pouvourville	201	220	1	(330)
Coovia	0	90	(890)	(110)
Total	**613**	**718**	**(885)**	**(449)**

Following the court supervised liquidation of Coovia (see Note 30, "Post-closing events"), its share of equity-accounted income included the impairment of its current account with ACTIA Group S.A.

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 to the consolidated financial statements, "Provisions").

Financial information on the investments in associates (equity method) is set out below:

- 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)

- At December 31, 2017:

(€k)	Total assets	Liabilities	Sales	Net income
SCI Los Olivos	2,648	1,628	136	(24)
SCI Les Coteaux de Pouvourville	7,028	5,855	515	43
Coovia	269	936	40	(548)

Note 7. Non-current financial assets

(€k)	12/31/2018			12/31/2017		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	297	(226)	**71**	297	(231)	**65**
Receivables on non-consolidated investments	961	(872)	**89**	727	(72)	**656**
Deposits and guarantees	1,008		**1,008**	722		**722**
Loans and miscellaneous	29	0	**29**	29	0	**29**
Total	**2,295**	**(1,098)**	**1,197**	**1,775**	**(303)**	**1,472**

In 2018, financial assets generated €82 k in income, included in the income statement under "Other financial income", comparted to €43 k in 2017.

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)	12/31/2018	12/31/2017
	Net	Net
Raw materials	61,906	48,414
R&D costs enforceable in contracts	27,150	21,241
Semi-finished and finished goods	35,755	29,276
Goods held for resale	11,240	9,967
Total	**136,051**	**108,898**

Changes in inventories in 2018 are set out below:

(€k)	Gross	Impairment	Net
At 12/31/2017	**119,475**	**(10,578)**	**108,898**
Change in the period	28,317		28,317
Net impairment		(404)	(404)
Impact of changes in exchange rates	(749)	(11)	(760)
At 12/31/2018	**147,044**	**(10,992)**	**136,051**

In 2017, scrapped inventories amounted to €2,078 k, compared to €1,233 k in 2017, and concerned primarily:

- ACTIA Automotive: €1,311 k (fully accrued in previous periods);
- ACTIA I+Me: €235 k (accumulated provision of €182 k from prior periods);
- ACTIA Italia: €245 k (accumulated provision of €23 k from prior periods);
- ACTIA Telecom: €176 k (accumulated provision of €155 k from prior periods).

The gross value of inventory increased €27.6 million in 2018 compared with €11.8 million in 2017. The breakdown of these changes is presented below:

€m			2018	2017
Raw materials			**+ 15.2**	**+ 9.7**
	o.w.	*Automotive Division*	*+ 12.9*	*+ 9.1*
		Telecommunications Division	*+ 2.2*	*+ 0.6*
R&D costs enforceable in contracts			**+ 7.5**	**+ 2.0**
	o.w.	*Automotive Division*	*+ 4.5*	*+ 1.0*
		Telecommunications Division	*+ 3.0*	*+ 2.2*
Semi-finished and finished goods			**+ 6.4**	**(0.4)**
	o.w.	*Automotive Division*	*+ 5.5*	*(0.1)*
		Telecommunications Division	*+ 0.9*	*(0.3)*
Goods held for resale			**(0.1)**	**+ 0.4**
	o.w.	*Automotive Division*	*(0.1)*	*+ 0.4*
		Telecommunications Division	*-*	*-*

Pledged inventories are set out in Note 27 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 12/31/2017	Change in the period	Net allowances/reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2018
Accounts receivable	**125,065**	**27,171**	**(1,092)**		**(881)**	**150,262**
Advances and prepayments	**3,859**	1,092			(82)	**4,869**
Amounts receivable from payroll tax agencies	**402**	57			(26)	**433**
VAT receivable	**2,705**	870			0	**3,576**
Prepaid expenses	**2,053**	98			(18)	**2,134**
Other current receivables from operations	**9,020**	**2,117**			**(126)**	**11,011**
Tax receivables	**3,955**	7,522			(66)	**11,411**
Research tax credit	**4,175**	2,325				**6,500**
Current tax credit	**8,129**	**9,847**			**(66)**	**17,910**
Miscellaneous current receivables	**1,603**	**(865)**			**(50)**	**688**
Total	**143,817**	**38,269**	**(1,092)**		**(1,122)**	**179,871**

At December 31, 2018, 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 12/31/2018	124,644	11,985	4,513	2,836	9,608	**153,587**
Gross amounts at 12/31/2017	104,353	8,727	4,100	1,854	8,290	**127,324**

No **significant losses for bad** debt were recognized in 2018 as in 2017.

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 01/01/2017	At 12/31/2017	At 12/31/2018
Contract assets	6,363	7,183	**16,182**
Contract liabilities	(3,048)	(3,352)	**(2,934)**

Note 11. Cash and 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)	12/31/2018	12/31/2017	Change
Cash equivalents	95	163	(68)
Cash	36,941	45,416	(8,475)
Cash and cash equivalents	**37,036**	**45,579**	**(8,543)**
(Current bank facilities)	**(47,028)**	**(28,967)**	**(18,060)**
Total	**(9,991)**	**16,612**	**(26,604)**

Current bank facilities are included under “Current financial liabilities”.

ACTIA Group 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 Group 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 Group 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 12/31/2018	Fixed rate	Inception date	Expiry date	Depreciation
SWAP 1	5,000	5,000	0.50%	06/01/2016	06/01/2021	End
SWAP 2	5,000	2,500	0.34%	06/01/2016	06/01/2021	quarterly
SWAP 3	5,000	2,750	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**	**15,250**				

While these interest rate hedges are not associated with specific financing agreements, they did cover Group debt for up to €15.3 million at December 31, 2018 (€17.3 million at December 31, 2017).

ACTIA 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)	12/31/2018		12/31/2017	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
SWAP	(219)	11	(230)	159
Total	**(219)**	**11**	**(230)**	**159**

The interest rate risk incurred by ACTIA Group is analyzed in Note 28 “Risk factors” in the notes to the consolidated financial statements.

❖ 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 12/31/2018 (in $)	Floor	Strike	Inception date	Expiry date
Currency purchases						
EUR/USD accumulator	16,000,000	0	1.1000	1.1700	04/07/2017	02/15/2019
EUR/USD accumulator	9,000,000	2,700,000	1.0585	1.1960	04/25/2017	02/22/2019
EUR/USD accumulator	7,800,000	1,200,000	1.0875	1.2300	06/30/2017	02/22/2019
EUR/USD accumulator	10,600,000	1,600,000	1.0500	1.2000	02/23/2017	02/25/2019
EUR/USD accumulator	16,000,000	2,200,000	1.0800	1.2167	06/07/2017	03/13/2019
EUR/USD accumulator	14,100,000	2,550,000	1.0600	1.1860	04/21/2017	04/25/2019
EUR/USD accumulator	5,200,000	2,600,000	1.1400	1.2720	11/14/2017	06/28/2019
EUR/USD accumulator	5,850,000	3,900,000	1.1600	1.2375	05/30/2018	06/28/2019
EUR/USD accumulator	3,300,000	1,925,000	1.1995	1.2430	04/13/2018	07/31/2019
EUR/USD accumulator	3,300,000	2,475,000	1.1700	1.2900	04/12/2018	09/30/2019
EUR/USD accumulator	12,000,000	10,000,000	1.1400	1.2535	07/26/2018	10/03/2019
EUR/USD accumulator	804,000	720,250	1.1150	1.2100	10/25/2018	10/23/2019
EUR/USD accumulator	16,000,000	12,000,000	1.1600	1.2420	05/29/2018	12/06/2019
EUR/USD accumulator	9,000,000	7,200,000	1.1200	1.2500	08/27/2018	12/16/2019
EUR/USD accumulator	13,300,000	8,400,000	1.2200	1.3040	01/25/2018	12/23/2019
EUR/USD accumulator	5,200,000	5,200,000	1.2170	1.3300	05/04/2018	12/31/2019
EUR/USD accumulator	15,000,000	13,000,000	1.1280	1.2570	09/20/2018	01/17/2020
EUR/USD accumulator	13,000,000	13,000,000	1.0900	1.2150	12/12/2018	02/18/2020
EUR/USD accumulator	15,000,000	14,000,000	1.1250	1.2390	11/07/2018	02/18/2020
EUR/USD accumulator	15,000,000	14,000,000	1.0500	1.2175	11/16/2018	02/27/2020
EUR/USD accumulator	1,300,000	1,300,000	1.0800	1.2150	11/29/2018	03/11/2020
EUR/USD accumulator	13,200,000	13,000,000	1.1400	1.2855	07/17/2018	03/30/2020
EUR/USD accumulator	15,000,000	15,000,000	1.0800	1.2370	12/20/2018	06/19/2020
Currency sales						
EUR/USD accumulator	4,000,000	-3,600,000	NA	1.1340	12/10/2018	09/10/2019

The ACTIA Group 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 $120.0 million compared to $87.5 million in 2017. 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)	12/31/2018		12/31/2017	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS (LIABILITIES)				
EUR/USD hedge	1,428	6,464	(5,035)	(6,164)
EUR/JPY hedge	0	30	(30)	17
Total	**1,428**	**6,494**	**(5,066)**	**(6,147)**

Note 12. Deferred tax

Deferred taxes stems in particular from:

- tax-loss carryforwards; and
- 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 Group now works with four-year budgets. In consequence, unused tax losses for which no deferred tax asset was recognized amount to €27.3 million, compared to €23.3 million at December 31, 2017. The potential tax gain represents €8.9 million, compared to €7.3 million at December 31, 2017. This change is related to a change in the corporate income tax in France. These tax losses do not expire.

The American fiscal reform has been taken into account in the calculation of the deferred taxes of ACTIA Corp., ACTIA Inc. and ACTIA Electronics.

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)	12/31/2018	12/31/2017
Tax assets recognized in respect of:		
Temporary differences	4,930	4,575
o.w. provision for retirement severance payments	*2,077*	*1,967*
o.w income from inventory	*429*	*423*
o.w other adjustments	*2,424*	*2,185*
Tax-loss carryforwards	6,530	6,530
Total net tax assets	**11,460**	**11,105**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	3,812	3,631
Total net tax liabilities	**3,812**	**3,631**
Total net deferred tax assets/(liabilities)	**7,647**	**7,474**

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

ACTIA 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 in Note 11.2 "Financial instruments at fair value through profit or loss".

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)	12/31/2018				12/31/2017			
	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 receivables	Group consolidated financial statements (*)
Non-current assets								
Non-current financial assets	152		1,045	**1,197**	713		759	**1,472**
Non-current research tax credit			13,190	**13,190**			12,224	**12,224**
Current assets								
Accounts receivable			150,262	**150,262**			125,065	**125,065**
Current tax credit			17,910	**17,910**			8,129	**8,129**
Miscellaneous current receivables			688	**688**			1,603	**1,603**
Financial instruments		1,209		**1,209**		0		**0**
Cash equivalents		95		**95**		163		**163**
Cash			36,941	**36,941**			45,416	**45,416**
Total	**152**	**1,305**	**220,035**	**221,492**	**713**	**163**	**193,196**	**194,072**

(*) Fair value is identical to the value recognized for all financial assets in the consolidated financial statements.

At December 31, 2018, financial assets measured at fair value were classified as follows:

(€k)	Level 1 Market price	Level 2 With observable inputs	Level 3 With non-observable inputs
Financial instruments		1,209	
Cash equivalents	95		
Total	**95**	**1,209**	**-**

Note 13.2 Financial liabilities

The following table presents the carrying value of financial liabilities:

(€k)	12/31/2018			12/31/2017		
	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			**0**	20,000		**20,000**
Bank borrowings	72,069		**72,069**	72,640		**72,640**
Other financial liabilities	322	2,225	**2,547**	322	1,660	**1,982**
Finance lease liabilities	4,437		**4,437**	2,937		**2,937**
Current liabilities						
Current financial liabilities	126,203	345	**126,547**	59,691	395	**60,086**
Financial instruments		0	**0**		5,296	**5,296**
Accounts payable	79,594		**79,594**	55,471		**55,471**
Miscellaneous liabilities	1,434		**1,434**	1,592		**1,592**
Total	**284,060**	**2,570**	**286,629**	**212,653**	**7,351**	**220,003**

(*) Fair value is close to the value recognized for financial liabilities in the consolidated financial statements.

At December 31, 2018, financial liabilities measured at fair value were classified as follows:

(€k)	Level 1 Market price	Level 2 With observable inputs	Level 3 With non-observable inputs
Non-current liabilities			
Other financial liabilities	2,225		
Current liabilities			
Current financial liabilities	345		
Financial instruments			
Total	**2,570**	**-**	**-**

Note 14. Financial liabilities

The distribution of financial liabilities by type of credit and by due date is impacted by the reclassification of €41.2 million in short-term debt (see the paragraph below on non-compliance with the covenants):

(€k)	12/31/2018				12/31/2017			
	<12/31/2019	>01/01/20 <12/31/23	>01/01/24	Total	<2/31/2018	>01/01/19 <12/31/22	>01/01/23	Total
Bonds	20,000			**20,000**			20,000	**20,000**
Bank borrowings	56,793	63,136	8,933	**128,863**	28,757	68,865	3,775	**101,398**
Other financial liabilities	836	2,431	116	**3,383**	900	1,621	361	**2,882**
Finance lease liabilities (*)	1,891	4,437		**6,328**	1,461	2,921	17	**4,399**
Bank facilities and overdrafts	47,028			**47,028**	28,967			**28,967**
Total	**126,547**	**70,004**	**9,049**	**205,601**	**60,086**	**73,406**	**24,153**	**157,645**

(*) See the "Property, plant and equipment" section

Changes in financial liabilities in 2018 are set out below:

(€k)	At 01/01/18	Monetary changes		Non-monetary changes					At 12/31/18
		Increases in borrowings	Repayment of borrowings	Changes in scope	Leaseback capitalization	Changes 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**

Changes in financial liabilities in 2017 are set out below:

(€k)	At 01/01/17	Monetary changes		Non-monetary changes					At 12/31/17
		Increases in borrowings	Repayment of borrowings	Changes in scope	Leaseback capitalization	Changes in fair value	Translation differences	Other	
Bonds	**0**	20,000							**20,000**
Bank borrowings	**77,080**	49,946	(25,672)	221			(188)	12	**101,398**
Other financial liabilities	**3,355**	374	(808)			(3)	(36)		**2,882**
Finance lease liabilities	**5,540**		(1,669)		527				**4,399**
Bank facilities and overdrafts	**35,996**		(6,832)				(197)		**28,967**
Total	**121,971**	**70,320**	**(34,981)**	**221**	**527**	**(3)**	**(421)**	**12**	**157,645**

At December 31, 2018, the maturity of financial liabilities <u>including non-accrued</u> 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, 2017, the maturity of financial liabilities <u>including non-accrued interest</u> was as follows:

(€k)	<12/31/18		>01/01/19 <12/31/22		>01/01/23		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bonds	0	625	0	2,500	20,000	625	**20,000**	**3,750**	**23,750**
Bank borrowings	28,757	1,018	68,865	1,552	3,775	78	**101,398**	**2,648**	**104,045**
Other financial liabilities	900		1,621		361		**2,882**	**0**	**2,882**
Finance lease liabilities	1,461	49	2,921	68	17	0	**4,399**	**118**	**4,517**
Bank facilities and overdrafts	28,967	371					**28,967**	**371**	**29,338**
Total	**60,086**	**2,063**	**73,406**	**4,120**	**24,153**	**703**	**157,645**	**6,887**	**164,532**

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**

At December 31, 2017, financial liabilities by currency break down as follows:

(€k)	EUR	USD	Other	Total
Bonds	20,000	0	0	**20,000**
Bank borrowings	100,043	1,355	0	**101,398**
Other financial liabilities	2,366	0	515	**2,882**
Finance lease liabilities	4,399	0	0	**4,399**
Bank facilities and overdrafts	27,033	303	1,631	**28,967**
Total	**153,840**	**1,658**	**2,146**	**157,645**

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 €15.7 million at December 31, 2018, compared to €9.8 million at December 31, 2017 and other government related receivables financing (CIR/CICE) amounting to €11.6 million at December 31, 2017, compared to €9.8 million at December 31, 2017.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€k)	12/31/2018	12/31/2017
Bonds	20,000	20,000
Bank borrowings	128,863	101,398
Other financial liabilities	3,383	2,882
Finance lease liabilities	6,328	4,399
Bank facilities and overdrafts	47,028	28,967
Subtotal A	**205,601**	**157,645**
Cash equivalents	95	163
Cash	36,941	45,416
Subtotal B	**37,036**	**45,579**
Total net debt = A - B	**168,565**	**112,065**
Total shareholders' equity	**132,817**	**127,451**
Gearing	**126.9%**	**87.9%**

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)	12/31/2018	12/31/2017
Bonds	20,000	20,000
Bank borrowings	128,863	101,398
Other financial liabilities	3,383	2,882
Finance lease liabilities	6,328	4,399
Bank facilities and overdrafts	47,028	28,967
- Financing receivables account	*(15,747)*	*(9,824)*
- CIR collateralization	*(8,241)*	*(7,862)*
- CICE collateralization	*(3,394)*	*(1,954)*
Subtotal A	**178,219**	**138,005**
Cash equivalents	95	163
Cash	36,941	45,416
Subtotal B	**37,036**	**45,579**
Total net debt = A - B	**141,183**	**92,425**
Total shareholders' equity	**132,817**	**127,451**
Gearing	**106.3%**	**72.5%**

The breakdown between variable and fixed rate debt is set out below:

(€k)	12/31/2018			12/31/2017		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bonds	20,000	0	**20,000**	20,000	0	**20,000**
Bank borrowings	117,121	11,741	**128,863**	82,970	18,427	**101,398**
Other financial liabilities	3,383	0	**3,383**	2,882	0	**2,882**
Finance lease liabilities	6,328	0	**6,328**	4,399	0	**4,399**
Bank facilities and overdrafts	5,206	41,821	**47,028**	3,597	25,370	**28,967**
Total	**152,038**	**53,563**	**205,601**	**113,848**	**43,797**	**157,645**
Breakdown by percentage	73.9%	26.1%	**100.0%**	72.2%	27.8%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 25.2% of borrowings, or €51.8 million.

In 2018, 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:

- With respect to the profitability of the Group impacting EBITDA:
  - an unfavorable product mix linked to the strong growth of an automotive contract (49.0%) with a low margin despite the gradual increase in new programs with better margins;
  - a very tight component market which generate price increases on products which are normally lower priced and quotas which reduced the plant productivity and increased inventories (WCR impact).
- With respect to debt:
  - the implementation of real estate financing for projects launched in 2017 and continuing in 2019;
  - the significant increase in the need for working capital due to an increase in inventories of €27.2 million (growth in the business + price increases + increase in delivery times).

These elements resulted in the non-compliance with the covenants of twenty-five loans on December 31, 2018 compared to compliance with all covenants on December 31, 2017.

Of the €51.8 million in debt subject to covenants, €41.2 million was reclassified under one year. A waiver was requested on March 25, 2019 after the Supervisory Board meeting held to approve the annual financial reports for submission to the General Meeting of May 28, 2019. The financial institutions concerned were provided with regular information on the topic. In addition, five of the six financial partners interviewed had already given a positive response as of the publication date of this Registration Document, accounting for €21.2 million of the reclassified debt. It should be noted that certain partners have conditioned the agreement on the acceptance of all of the stakeholders. The waiver request is still being reviewed by the last financial partner.

Detailed information on these covenants at December 31, 2018 is presented below:

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Level (1)	Year of inception	Balance as of 12/31/2018 €k	Final maturity	Ratios	Basis of calculation (2)	Year-end 2017	**Year-end 2018**	Year-end 2017	**Year-end 2018**
Borrowing									
L	2014	154	August 2019	Net debt to equity ≤ 1.15	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2015	438	Jan. 2020	Net debt (> 1 year) to equity ≤ 1.20	CA AG	R	B	0	88
				Net debt to EBITDA ≤ 4	CA AG	R	B		
L	2015	375	June 2019	Equity to Gross Debt ≥ 1	SA AA	R	B	0	0
				SN N ≥ 90% x SN N-2014	SA AA	R	R		
				Net debt to SN ≤ 2	SA AA	R	B		
L	2015	1,362	Sept. 2020	Net debt (> 1 year) to equity ≤ 1.20	CA AG	R	B	0	655
				Net debt to EBITDA ≤ 4	CA AG	R	B		
L	2015	800	Dec. 2020	Net debt to Equity ≤ 1.15	CA AG	R	B	0	400
				Net debt to EBE < 3.5	CA AG	R	B		
L	2015	649	Jul. 2020	Net debt to equity ≤ 1.15	CA AG	R	B	0	241
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2016	810	Dec. 2020	Net debt to equity ≤ 1.15	CA AG	R	B	0	405
				Net debt to EBE < 3.5	CA AG	R	B		
L	2016	1,313	Sept. 2020	Equity to net debt MLT ≥ 1	SA AA	R	B	0	563
				Net debt to SN ≤ 2	SA AA	R	B		
				SN N ≥ 90% x SN N-1	SA AA	R	R		
L	2016	1,510	Dec. 2021	Net debt to equity ≤ 1.20	CA AG	R	B	0	1,010
L	2016	1,139	Dec. 2021	Net debt to equity < 1.15	CA AG	R	B	0	739
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2016	2,519	Jul. 2023	Net debt to equity < 1.15	CA AG	R	B	0	2,022
				Net debt to EBITDA < 3.5	CA AG	R	B		
L	2017	1,884	June 2021	Net debt to equity ≤ 1.15	CA AG	R	B	0	1,134
				Net debt to EBE ≤ 3.5	CA AG	R	B		
L	2017	2,250	Nov. 2021	Equity to net debt MLT ≥ 1	SA AA	R	B	0	1,500
				Net debt to SN ≤ 2	SA AA	R	B		
				SN N ≥ 90% x SN N-2016	SA AA	R	R		
L	2017	750	Nov. 2021	Equity to net debt MLT ≥ 1	SA AA	R	B	0	500
				Net debt to SN ≤ 2	SA AA	R	B		
				SN N ≥ 90% x SN N-1	SA AA	R	R		
L	2017	1,408	Jun. 2022	Net debt to equity < 1.15	CA AG	R	B	0	1,009
				Net debt to EBITDA < 3.5	CA AG	R	B		
L	2017	2,160	Jul. 2022	Net debt to equity ≤ 1.20	CA AG	R	B	0	1,562
L	2017	736	Aug. 2022	Net debt to equity < 1.15	CA AG	R	B	0	537
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2017	736	Aug. 2022	Net debt to equity < 1.15	CA AG	R	B	0	537

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Level (1)	**Year of inception**	**Balance as of 12/31/2018 €k**	**Final maturity**	**Ratios**	**Basis of calculation (2)**	Year-end 2017	**Year-end 2018**	Year-end 2017	**Year-end 2018**
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2017	552	Aug. 2022	Net debt to equity < 1.15	CA AG	R	B	0	403
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA < 5	CA AG	R	B		
L	2017	15,000	Nov. 2024	Net debt to EBITDA ≤ 4	CA AG	R	B	0	15,000
L	2017	5,000	Nov. 2026	Net debt to EBITDA ≤ 4	CA AG	R	B	0	5,000
L	2018	1,869	Sept. 2023	Net debt to equity ≤ 1.20	CA AG	-	B	-	1,474
L	2018	3,000	Oct. 2022	Equity to gross debt MLT ≥ 1	SA AA	-	B	-	2,250
				Net debt to SN ≤ 2	SA AA	-	B		
				SN N ≥ 90% x SN N-2018	SA AA	-	-		
L	2018	2,557	Jan. 2023	Net debt to equity < 1.15	CA AG	-	B	-	1,963
				Net debt to EBITDA < 3.5	CA AG	-	B		
L	2018	2,852	Jul. 2023	Net debt to equity < 1.15	CA AG	-	B	-	2,260
				Net debt to EBITDA < 3.5	CA AG	-	B		
Overdraft facility									
O	-	0	-	HG debt to (CP + Group debt) <3	SA AC	R	R	0	0
				EBITDA to interest > 1	SA AC	R	R		
				Equity > $3,500,000	SA AC	R	R		
Total		**51,821**						**0**	**41,249**

(1) L = Loan
O = Overdraft

(2) CA AG = Consolidated Accounts - ACTIA Group
SA AA = Separate Accounts - ACTIA Automotive
SA AC = Separate Accounts - ACTIA Corp.

(3) R = Respected
B = Breached

(4) Non-current portion of debt reclassified under "Current financial liabilities"

Guarantees given in respect of borrowings and liabilities are set out in Note 27 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 Capital management

Ordinary shares, excluding own shares held in treasury (Note 15.3 of the notes to the consolidated financial statements, "Treasury shares") 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 carried double voting rights (see Subsection 8.2.3 “Rights, preferences and restrictions in respect of shares” this Registration Document).

The Group's main capital management goal is to maintain the balance between shareholders' equity and debt, so as to facilitate its business and increase shareholder value.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carrying 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, 2018, there were no stock option plans.

The General Meeting of May 30, 2017 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, 2018, 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	12/31/2017	Capital increase	12/31/2018
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2018, the share capital consisted of 7,976,583 shares with ordinary voting rights, 12,120,030 shares with double voting rights and 3.328 treasury shares with no voting rights. There are 12,316,041 registered shares and 7,783,900 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 2018 earnings proposed to the General Meeting of May 28, 2019 is set out in Subsection 5.12.2 “Appropriation of earnings”. A proposal will be submitted to distribute a dividend of €0.10 per share.

Note 15.3 Treasury shares

The treasury shares held by ACTIA 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, 2018 were calculated on the basis of consolidated income attributable to Group shareholders according to the breakdown provided below:

(€)	12/31/2018	12/31/2017
Consolidated net income (loss) attributable to Group shareholders	**9,026,805**	**8,264,191**
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 (loss) per share	**0.45**	**0.41**

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, 2018 were calculated on the basis of net income attributable to Group. 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:

(€)	12/31/2018	12/31/2017
Diluted net income	**9,026,805**	**8,264,191**
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	**0.45**	**0.41**

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 2018:

(€k)	12/31/2017	Changes in scope Cumulative 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	**1,872**	(98)	249	(225)		**1,798**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
Other expenses	**576**	(1)	213	(295)		**493**
Other provisions	**6,771**	**(115)**	**2,918**	**(1,262)**	**0**	**8,312**
Total	**16,086**	**(138)**	**4,142**	**(1,498)**	**(375)**	**18,217**

- In 2017:

(€k)	12/31/2016	Changes in scope Cumulative translation differences	Provisions	Reversals		12/31/2017
				Applied	Unused	
Provisions for pension and other non-current employee benefits	9,075	(32)	667	(227)	(168)	9,315
Other provisions						
Lawsuit contingencies	**94**		423			**517**
Warranties	**2,659**	(30)	334	(87)		**2,876**
Losses on contracts	**0**		121	0		**121**
Fines/penalties	**839**	(3)	310	(337)		**809**
Other risks	**1,579**	(123)	499	(84)		**1,872**
Investments in associates (equity method)	**0**					**0**
Tax	**0**					**0**
Other expenses	**294**	5	342	(65)		**576**
Other provisions	**5,466**	**(151)**	**2,029**	**(573)**	**0**	**6,771**
Total	**14,541**	**(183)**	**2,696**	**(800)**	**(168)**	**16,086**

Provisions for other risks are comprised primarily of tax and commercial litigation contingency provisions.

At December 31, 2018, 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 2018, provisions for pension and other non-current employee benefits rose €589 k to €9,905 k at December 31, 2018. This increase in the provision reflects the following items:

- service cost: €513 k;
- finance cost: €145 k;
- actuarial gains and losses: (€45 k).

The actuarial gain recognized in OCI results from the change in the:

- discount rate of 1.57% (1.30% in 2017) for French companies and 7.62% (7.50% in 2017) for Tunisian companies.

The other assumptions have not changed:

- Mortality table: INSEE 2013:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
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 old	30 years old	40 years old	50 years old	60 years old	65 years old
Low turnover rate	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%
High turnover rate	18.30%	10.90%	6.30%	4.20%	1.00%	0.00%

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 €1,086 k;
- a change of less than (1%) in the rate would have a negative impact on consolidated comprehensive income of €1,309 k.

In 2018-2017, provisions for retirement liabilities amounted **to**:

For all of the French companies	€8,269 k	€7,778 k
For the Italian subsidiary	€1,459 k	€1,372 k
For the Tunisian subsidiaries	€177 k	€165 k
TOTAL	€9,905 k	€9,315 k

Retirement liabilities at the end of the next financial year (12/31/2019) should total approximately €10,661 k at a consistent discount rate.

Retirement severance payments paid in financial year 2018 amounted to €236 k.

Concerning defined contribution schemes, pension contributions paid for financial year 2018 totaled €4,109 k, versus €3,747 k for 2017.

Note 18. Other current liabilities

A breakdown of other **current financial liabilities** is presented below:

(€k)	Net value at 12/31/2017	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2018
Accounts payable on goods and services	**55,471**	**24,342**		**(219)**	**79,594**
Advances and prepayments received	**22,040**	3,288		(678)	**24,651**
Amounts payable to payroll tax agencies	**20,264**	2,015		(257)	**22,022**
Tax payables (other than income tax)	**5,934**	7,605		(63)	**13,477**
Other operating liabilities	**48,239**	**12,908**	**0**	**(998)**	**60,149**
Tax payables (income tax)	**2,083**	**28**		**(82)**	**2,029**
Liabilities on non-current assets	**550**	126		0	**675**
Creditor current accounts	**316**	203		(19)	**500**
Other miscellaneous liabilities	**726**	(460)		(8)	**258**
Miscellaneous liabilities	**1,592**	**(131)**	**0**	**(27)**	**1,434**
Total	**107,385**	**37,147**	**0**	**(1,326)**	**143,206**

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”, of 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 “Telecommunications”.

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 ACTIA 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 Telecom 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 2018, the breakdown of key line items by operating segment was as follows:

(€k)	12/31/2018			
	Automotive sector	Telecommunications 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**
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**

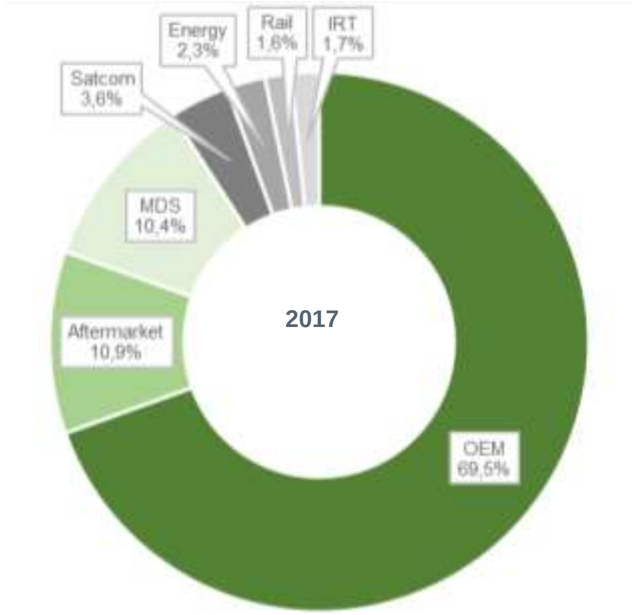
In 2017, the breakdown of key line items by operating segment was as follows:

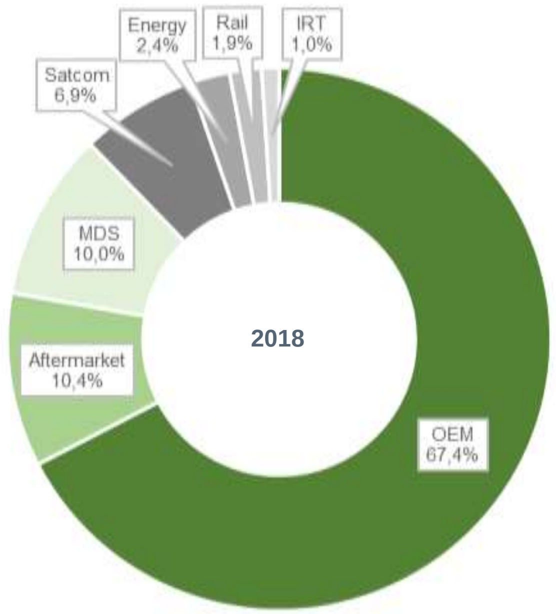
(€k)	12/31/2017			
	Automotive sector	Telecommunications sector	Other	Group consolidated financial statements
Income from ordinary activities				
(Revenue)	394,242	38,921	157	**433,320**
Purchases consumed	(213,690)	(12,588)	(365)	**(226,644)**
Staff costs	(87,447)	(14,442)	(962)	**(102,851)**
External charges	(59,121)	(6,062)	(3,159)	**(68,342)**
Depreciation and amortization (A)	(17,530)	(1,318)	193	**(18,654)**
Current operating income	**15,596**	**3,641**	**(270)**	**18,967**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**16,388**	**3,722**	**(307)**	**19,803**
Interest expense and other financial charges (B)	(2,373)	(63)	(190)	**(2,626)**
Fair value of hedging instruments (E)	(5,712)	(276)		**(5,988)**
Taxes (D)	(1,956)	(60)	160	**(1,856)**
NET INCOME (F)	**6,132**	**3,328**	**(950)**	**8,510**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**33,703**	**5,044**	**(1,114)**	**37,633**
SECTOR ASSETS				
Non-current assets	109,178	20,462	1,337	**130,978**
Stocks	96,749	12,149	0	**108,898**
Accounts receivable	103,324	21,615	125	**125,065**
Other current receivables	16,049	2,453	250	**18,752**
Cash and cash equivalents	28,859	4,240	12,480	**45,579**
TOTAL SECTOR ASSETS	**354,159**	**60,920**	**14,193**	**429,273**
INVESTMENTS				
Intangible assets	13,577	2,203	0	**15,780**
Property, plant and equipment	12,534	656	0	**13,190**
Financial	0	0	350	**350**
TOTAL INVESTMENTS	**26,111**	**2,859**	**350**	**29,320**
SECTOR LIABILITIES				
Non-current liabilities	78,307	6,658	25,540	**110,506**
Current financial liabilities	55,522	1,921	2,642	**60,086**
Accounts payable	50,515	4,157	798	**55,471**
Other current liabilities	60,789	13,745	1,226	**75,760**
TOTAL SECTOR LIABILITIES	**245,134**	**26,481**	**30,207**	**301,822**

Note 20. Revenue

The Group applied **IFRS 15** for **revenue recognition** from January 1, 2018. The impact on revenue is detailed in Note 2.4 “Change in method".

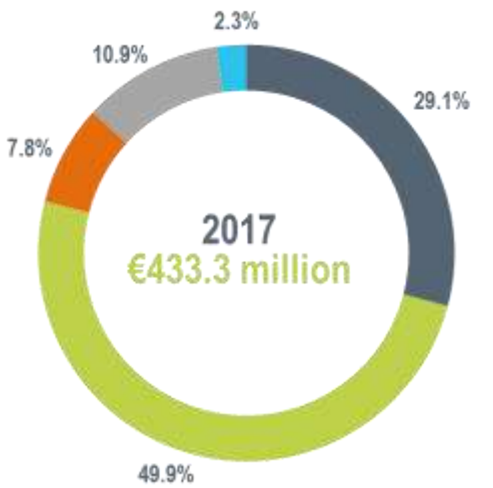
Revenue by sector breaks down as follows:

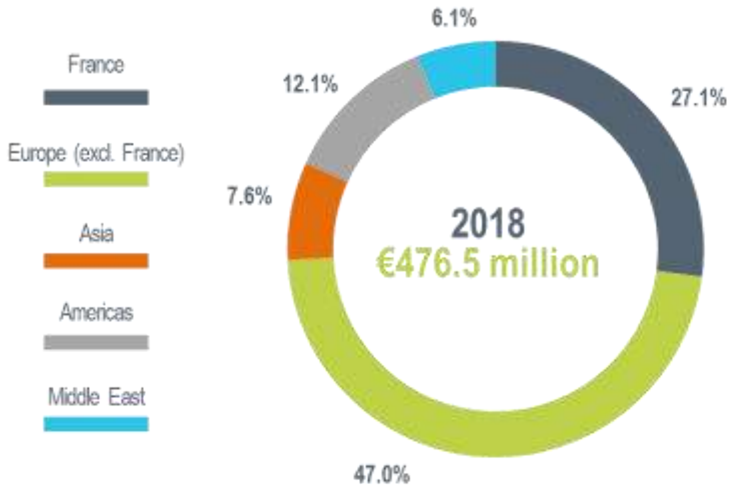




The impact of the application of the new IFRS 15 primarily impacts the OEM and Rail sectors.

Revenue by customer and region breaks down as follows:





In 2018, 72.9% of revenue was earned internationally compared to 70.9% in 2017.

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" obligations;
- multiple item contracts

Note 20.1 Sales 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:

- the ACTIA Group does not have another use for the asset provided;
- the ACTIA Group 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 long production run series 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.

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 has applied IFRS 15, "Revenue from contracts with customers", as of January 1, 2018. It introduced 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 €356,324 k as of December 31, 2018, of which 89.9% should be converted to revenue within a year.

(€k)	At 01/01/2017	At 12/31/2017	At 12/31/2018
Order book	209,145	253,581	**356,324**

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)	12/31/2018	12/31/2017
Earnings (loss) of consolidated companies	10,080	8,959
Current tax (credit)	3,096	2,277
Deferred tax (credit)	(229)	(421)
o.w. Deferred tax arising from timing differences	*(287)*	*(432)*
Deferred tax on change in tax rate	*(516)*	*10*
Pretax earnings (loss) of consolidated companies	**12,947**	**10,815**

The table below provides an analysis of tax in the consolidated financial statements:

(€k)		12/31/2018	12/31/2017
Theoretical income tax calculated at the standard rate in France	(theoretical tax rate: 33.33%)	4,315	3,605
Research tax credit		(1,302)	(1,096)
Competitiveness and employment tax credit		(430)	(485)
Tax on dividends		(8)	(440)
Impact on theoretical income tax of			
- Tax rate differential (between French and foreign rates)		(1,125)	*(843)*
- Impact of changes in deferred tax rates		(516)	(10)
- Non-capitalized tax losses		3,726	1,768
- Change in outlook for utilization of tax losses		(1,129)	(1,064)
Income on the utilization of non-capitalized tax losses		*(1,129)*	*(760)*
Income on modification of capitalization of tax losses		*0*	*(304)*
Losses on changes to capitalization of tax losses		*0*	*0*
- Tax on capital gains		0	0
- Adjustment of prior year's tax		(118)	25
- Adjustment of current year's tax		48	15
- Other (including permanent differences)		(595)	382
Income tax recognized	(actual tax rate: 22.15%)	**2,867**	**1,856**

Note 22. Other operating income and expense

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 consist primarily of an insurance repayment for an accident.

Note 23. Financial result

The financial result is detailed in the following table:

(€k)		12/31/2018	12/31/2017
Income on cash and cash equivalents		35	30
Interest expense and other financial charges		(3,260)	(2,626)
o.w.	*Interest on financial liabilities*	*(3,260)*	*(2,626)*
Other financial income		6,615	226
o.w.	*Interest income*	*90*	*67*
	Dividends received	*19*	*0*
	Income from financial instruments	*6,505*	*159*
Other financial expenses		(18)	(6,619)
o.w.	*Expenses on financial instruments*	*0*	*(6,147)*
Financial result		**3,371**	**(8,988)**

Given a EUR/USD exchange rate at the close of the period of 1.1450, the valuation of the currency hedging instruments was particularly positive compared to December 31, 2017 when the EUR/USD rate was 1.9993 and led to the recognition of fair value of €6.5 million with no incidence on the financial result.

It should be noted that the gross interest rate for the 2018 financial year was 1.59% compared to 1.67% in 2017.

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 2018.

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 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		-	

The **financial details** for 2017 are set out below:

(€k)		Dedicated staff (number of people)	2017
Recurring assignments			**1,881**
o.w.	*Management support*	*5*	*364*
	Business coordination support	*5*	*726*
	Communications support	*4*	*248*
	Accounting, legal and administrative support	*5*	*404*
	Financial support	*3*	*140*
Non-recurring assignments		-	

No particular benefit was granted under this agreement.

This agreement is also covered in 5.12.11, "Special Report of the Statutory Auditor on regulated agreements and commitments" in this Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€k)		2018	2017
Net transaction amount (expense)		**(1,500)**	**(1,721)**
o.w.	*Invoicing agreement*	*(1,526)*	*(1,881)*
	Sundry services to the holding company	*26*	*160*
Net balance sheet amount (liability)		**(575)**	**(525)**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*(590)*	*(641)*
	Accounts receivable	*15*	*116*
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. See Note 30, “Post-closing events".

The financial details for **SCI Los** Olivos are as follows:

(€k)		2018	2017
Net transaction amount (expense)		**(175)**	**(134)**
o.w.	*Rental charges*	*(176)*	*(136)*
	Interest expense and other financial charges	*0*	*2*
Net balance sheet amount (liability)		**0**	**0**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Accounts receivable	*0*	*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)		2018	2017
Net transaction amount (expense)		**(839)**	**(519)**
o.w.	*Rental charges*	*(743)*	*(515)*
	Re-invoicing of miscellaneous expenses	*(96)*	*(4)*
Net balance sheet amount (liability)		**27**	**8**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Accounts receivable	*27*	*8*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

The financial details for **COOVIA** are as follows:

(€k)		2018	2017
Net transaction amount (expense)		**14**	**9**
o.w.	*Interest expense and other financial charges*	*14*	*9*
Net balance sheet amount (liability)		**823**	**659**
o.w.	*Current accounts*	*800*	*650*
	Accounts payable	*0*	*0*
	Accounts receivable	*23*	*9*
Invoicing terms		Annual	Annual
Payment terms		Cash	Cash
Impairment of doubtful receivables		**0**	**0**

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.

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…

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 control Companies, subsidiaries of ACTIA Group.

The **breakdown of compensation paid** to Corporate Officers is set out below:

(€k)		2018	2017
Compensation of Corporate Officers		**529**	**533**
o.w.	*Fixed*	*391*	*397*
	Variable	*100*	*100*
	Non-recurring	*29*	*29*
	Benefits in kind	*9*	*8*
Other compensation of non-executive Corporate Officers		**168**	**166**
Directors’ fees		**0**	**0**
Total		**697**	**699**

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 retirement as well as other benefits is provided in Subsection 6.4, “Corporate officer compensation” in this 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)	12/31/2018	12/31/2017
Amount of transaction (expense)	1,334	1,759
Balance sheet amount (liability)	637	835
Payment terms	Cash	Cash
Impairment of doubtful accounts	0	0

Key **financial aggregates** for GIE PERENEO are set out below:

(€k)	12/31/2018	12/31/2017
Total assets	1,759	2,206
Liabilities	1,770	2,183
Sales	3,036	4,493
Net income	(38)	(11)

Note 25. Headcount

Headcount	2018	2017
France	1,191	1,140
Foreign operations	2,506	2,319
Total	**3,697**	**3,459**

The breakdown of headcount by operating segment at December 31, 2018 was as follows:

Headcount	Management	Non-management	Total
Automotive	1,171	2,224	3,395
Telecommunications	157	136	293
Other (o.w. the holding company)	8	1	9
Total	**1,336**	**2,361**	**3,697**

For more information, see Subsection 5.7.4 "Headcount" in the Executive Board's Management Report.

Note 26. Off-balance-sheet commitments

Off-balance-sheet commitments break down as follows:

(€k)	12/31/2018	12/31/2017
Commitments received		
Bank guarantees	27,799	947
Total commitments received	**27,799**	**947**

The above information does not include:

- amounts owed under finance leases dealt with in Note 14 of the notes to the consolidated financial statements, "Financial liabilities";
- commitments relating to capital leases and operating leases presented in Note 29 of the notes to the consolidated financial statements, "Other information";
- interest on borrowings presented in Note 14 of the notes to the consolidated financial statements, "Financial liabilities";
- commitments relating to forward currency sales and interest rate swaps described in Note 11.2 of 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)	12/31/2018				12/31/2017			
	Automotive Division	Telecomm-unications Division	Other subsidi-aries	Total	Automotive Division	Telecomm-unications Division	Other subsidi-aries	Total
Consolidated company securities (*)	0	3,607	0	**3,607**	0	4,916	0	**4,916**
Balance of debt guarantee	*0*	*2,519*	*0*	***2,519***	*0*	*3,011*	*0*	***3,011***
Trade receivables pledged	22,788	1,457	0	**24,246**	12,383	0	0	**12,383**
o.w.: Dailly-type, guaranteed	*6,698*	*0*	*0*	***6,698***	*2,466*	*0*	*0*	***2,466***
Dailly-type, with recourse	*16,090*	*1,457*	*0*	***17,548***	*9,917*	*0*	*0*	***9,917***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	11,634	0	0	**11,634**	9,816	0	0	**9,816**
Inventory pledged	0	0	0	**0**	0	0	0	**0**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,323	0	0	**1,323**	1,324	0	0	**1,324**
Mortgages/pledges (land/buildings)	16,099	1,102	0	**17,202**	8,198	0	0	**8,198**
Total	**51,845**	**6,167**	**0**	**58,012**	**31,722**	**4,916**	**0**	**36,638**

(*) Carrying value of pledged securities

Note 28. Risk factors

ACTIA Group has conducted assessments of risks that could have a material adverse effect on its business, financial position, results and ability to meet its objectives.

In addition to the other information set out in this Registration Document, shareholders and potential shareholders should carefully consider the factors set out below and those presented in Subsection 5.10, “Risk factors” when assessing the Group and its business activities.

The relevant material risk factors identified are described as of the date of publication of this Registration Document. ACTIA Group does not consider that there exist material risks other than those presented in those two subsections.

Note 28.1 Credit and/or counterparty risks

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 ten largest customers account for 57.7% of total sales. The largest customer in terms of sales accounts for 20.8% 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 accounts for more than 10% of revenue within three 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 8.2% and 1.8% of consolidated revenue. This situation did not change significantly over 2018 despite the termination of a contract which accounted for 9.9% of revenue in 2017.

The Group does not anticipate any material risks relating to customer default with respect to amounts not accrued (see Note 9 in the notes to the consolidated financial statements, "Accounts receivable").

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 ACTIA Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive, as they account for 79.5% of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

The Group increased its use of short-term financing by €18,061 k in 2018, broken down as follows:

- Dailly: €5,924 k (+60.3%);
- Overdraft facility: €4,544 k (+87.0%);
- Cash credit lines: €6,040 (+157.3%).

CIR and CICE financing also decreased, respectively by €379 k and €1,439 k, as a result of the natural evolution of these specific items. Note that the collateralization of €8,241 k of the CIR changed in 2018 in the amount of the difference between the collateralization of the 2017 CIR and the refund of the 2013 CIR from the government.

Note that approvals for short-term credit lines were stable and only 44.3% used by the end of the period.

The Group's gross debt increased by €48.0 million to €205.6 million over the 2018 financial year.

The funds raised over the period and the release of the credit lines authorized in 2017 were very important in 2018 given a significant, three-part investment program financed by debt:

1. 2017-2019 real estate program: acquisition, extension and renovation/refurbishing/re-fitting of many sites: France (7 sites), Spain (1 site), Italy (1 site), Germany (1 site), Tunisia (3 sites) and the United States (1 site);
2. Industrial equipment program: with the arrival of a new industrial site in the Group (United States), the goal was to acquire a complete SMD line per year for the past three years;
3. R&D program: with the prospect of the end of telematics contracts with the automotive sector, and thanks to commercial successes, the goal is to develop products lines and customer-specific products to replace over 20% of the Group's business and ensure its future growth.

For these ambitious programs, the Group has called on banking partners which have continued to provide their support. Regular and shared information enables the implementation of a long-term vision, despite a more difficult annual financial position as of December 31, 2018 which has led to noncompliance with financial ratios (see Note 14, "Financial liabilities" of the notes to the consolidated financial statements).

It should be noted that during this period of strong business activity, disrupted by a tight electronic components market, inventories increased significantly, resulting in the negative change in WCR of €26.3 million in 2018, after a negative €19.7 million in 2017 and therefore a part of the change in debt.

Nevertheless, given the significant potential to use customer receivables (only 10.5% used as of 12/31/18), the use of its short-term credit lines (37.6% as of 12/31/18) and the first cases authorized and implemented in 2019, the Group is in a position to handle the liquidity risk. It remains attentive to the level reached at the end of 2018 and has committed to returning to ratio levels consistent with its industry within three years. It is aware that the long-term strategy to ensure the Group's future with a revenue level above €500 million will require an exceptional effort.

A detailed analysis of financial assets and liabilities is provided in Note 13, “Financial assets and liabilities" of the notes to the consolidated financial statements. It is presented in the following tables by maturity:

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)**

At December 31, 2017:

(€k)	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Total financial assets	180,376	12,224	1,472	**194,072**
Total financial liabilities	(122,444)	(73,406)	(24,153)	**(220,003)**
Net position before hedging	**57,932**	**(61,182)**	**(22,681)**	**(25,931)**
Off-balance-sheet commitments	(947)			**(947)**
Net position after hedging	**56,985**	**(61,182)**	**(22,681)**	**(26,878)**

For ACTIA 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.

ACTIA 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 2018.

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, 2018.

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.

The Group's expertise is based on an active innovation strategy and research and development and acquisitions account for nearly 75% of medium-term investments. This situation is, however, occasionally modified as a result of the 2017-2019 real estate investment plan which accounts for approximately 40% of funds raised in 2018. However, the R&D share should return to about 75% of financing. 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;

  Combined with the 2017 bonds to support external growth opportunities, the funds raised in 2017 and 2018 have improved the Group's debt maturity;
- medium-term financing: the Group arranges medium-term financing in the form of bank loans or finance leases (production equipment and vehicles) for average terms of four to five years to ensure the sustainability of its developments and lay the foundations for its future. Bank loans are used to 5.6structural R&D projects (see Subsection 5.6, "Investments" of the Registration Document). The remaining R&D financing is assured either by customers, through different forms of public aid (grants, advances, research tax credits) or equity financing. Other investments concern the renewal of equipment to maintain high quality standards and manufacturing capacity for the Group's products that as a general rule are financed through capital leases (France) or medium-term loans (Tunisia);
- short-term financing: short-term credit lines were stable, down by just 4.3% in 2018. They are generally subject to requests for renewal, except for trade receivables financing which is adapted to business trends. These tools are used to manage working capital requirements.

It should be noted that short-term credit lines are rarely notified. The Group has accordingly requested that they be renewed on the same basis and has not experienced any difficulties as of December 31 with regards to these lines, which have a usage rate of 44.3%.

Note 28.3 Market risks

❖ Interest rate risk

The Company has conducted an analysis of its interest rate risk. The resulting figures are provided 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	207,106		160,085	47,491	47,021	(47,491)	15,250	(15,250)	**31,771**	**(32,241)**
From 1 to 2 years	4,731		21,969	2,847	(17,237)	(2,847)			**(17,237)**	**(2,847)**
From 2 to 3 years	3,460		19,701	954	(16,241)	(954)			**(16,241)**	**(954)**
From 3 to 4 years	4,020		15,006	663	(10,987)	(663)			**(10,987)**	**(663)**
From 4 to 5 years	979		7,507	1,357	(6,528)	(1,357)			**(6,528)**	**(1,357)**
> 5 years old	1,197		8,799	250	(7,602)	(250)			**(7,602)**	**(250)**
Total	**221,492**	**0**	**233,067**	**53,563**	**(11,575)**	**(53,563)**	**15,250**	**(15,250)**	**(26,825)**	**(38,313)**

* A description of financial assets and liabilities is provided in Note 13 of the notes to the consolidated financial statements.

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 ACTIA 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 2018. The breakdown of financial liabilities between variable- and fixed-rate debt is set out in Note 14Financial liabilities" of the notes to the consolidated financial statements. Given the level of market interest rates, and not expecting a significant rise in the short-term, the Group did not consider it necessary to hedge all its floating-rate debt exposure. Tools will gradually be put into place in order to take advantage of the exceptionally low interest rates, with the lowest possible risk, when rates begin to increase again.

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 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)	12/31/2018	
	Impact on pretax earnings	Impact on shareholders' equity before tax
Impact of a 1% increase in interest rates	**(383)**	**(383)**
Impact of a 1% decrease in interest rates	**383**	**383**

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 invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

For transactions denominated in foreign currencies, for example, purchases or sales by Euro zone 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.

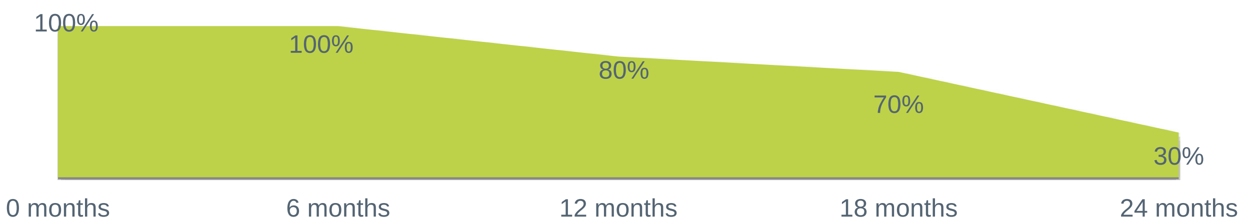
ACTIA Automotive, a French subsidiary of the Group, manages a very significant portion of the Group's component purchases. It subscribes to foreign exchange hedging contracts on a regular basis. Their characteristics are described in Note 11.2 “Financial instruments at fair value through profit or loss” in the notes to the consolidated financial statements. The purpose of the hedging tools is to secure the cost of acquisition of Dollars compared to the sales price to our customers, which do not allow for changes in pricing based on fluctuations in the EUR/USD exchange rate. 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 had very different outcomes based on short-term and medium-term approaches for 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 able to purchase Dollars at an average rate over the period of 1.178 compared to 1.162 in 2017, without, however, fully benefiting from market increases. As a result, the Group did not outperform the cash market whose average parity over the period was 1.181, compared to 1.130 in 2017. However, it protected itself against any movements with the potential to impact customer margins.

For information, the hedging tools are part of a policy, which 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	119,254	(58,914)	27,799	88,139		88,139
USD	15,672	(12,308)		3,364	9,052	12,417
Other currencies	18,661	(8,373)		10,288	0	10,288
Total	**153,587**	**(79,594)**	**27,799**	**101,791**	**9,052**	**110,843**

The majority of transactions are accordingly in Euros. Analysis of the sensitivity given a +/- 1% change in the exchange rate was carried out for the US Dollar, the second-most used currency in the Group. The other nine currencies shown in the table above in the "Other currencies" section do not present a major risk, even though some of the currencies, like the Brazilian Real, experience strong fluctuations.

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		12,417	12,417	12,417	12,417
USD	0.87336	0.88210	0.86463	0.88210	0.86463
Estimated risk		**+ 108**	**-108**	**+ 108**	**-108**

Lastly, given the particularly strong negative impact on the 2018 year-end of €6.5 million compared to €6.1 million in 2017, 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 Euro zone 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 last investments in the United States (new industrial site) include a foreign currency debt. The construction of two buildings in Tunisia are financed locally 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.

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.

Therefore, the exchange rate risk for subsidiaries outside of the Euro zone is primarily limited to the contribution to the Group's results.

- Risks on equities and other financial instruments

There are no investments in equities. Only a limited number of treasury shares are held for ACTIA Group S.A (see Note 15.3 “Treasury shares" in the notes to the separate financial statements). No financial instruments have been implemented other than those in connection with interest rate and foreign exchange hedging (see Note 11.2 in the notes to the consolidated financial statements, "Financial instruments at fair value through profit or loss").

- Raw material sourcing and energy supply risks

ACTIA Group does not implement hedges in connection with the sourcing of raw materials and/or energy. In effect, because the Group does not engage in purchases of source materials it is therefore not directly impacted by the current pressure on supplies in certain markets. However, shortages in the copper market, a metal required for the production of printed circuits or in the plastics market, can have an indirect impact on supplies or prices. Likewise, changes in prices in rare earths impact the price of electric vehicle motors, which we supply as part of the complete delivery of engine blocks.

Because the Group's energy consumption requirements are limited (see Subsection 5.7.8 “Energy” of this Registration Document), price increases in this area would not have a significant impact on the cost structure.

Note 29. Other information

- Operating leases

Operating leases mainly relate to lease agreements for buildings, vehicles and IT equipment.

As of December 31, 2018, minimum future payments for operating leases are deemed to provide a reasonable estimate of the overall impact of IFRS 16:

(€k)	12/31/2018			
	<12/31/19	>01/01/20 <12/31/23	>01/01/24	Total
Buildings	2,676	7,593	3,826	**14,094**
Equipment and vehicles	867	935	0	**1,802**
Total	**3,542**	**8,529**	**3,826**	**15,897**

At December 31, 2017:

(€k)	12/31/2017			
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Buildings	663	535	0	**1,198**
Equipment and vehicles	845	803	8	**1,656**
Total	**1,508**	**1,339**	**8**	**2,855**

As of December 31, 2017, minimum future payments for operating leases did not take into account real estate leases invoiced between Group entities, regardless of their consolidation method in the consolidated financial statements. In addition, the exhaustive inventory carried out for the transition to IFRS 16 provided a better understanding of the minimum future payments of certain contracts.

- Finance leases

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases.

Assets financed by means of finance leases are presented as assets at the lower of the fair value or the present value of minimum lease payments. This value is subsequently reduced to reflect cumulative depreciation and any impairment losses. The corresponding debt is recognized under financial liabilities using the effective interest rate method over the term of the lease.

The asset is depreciated in accordance with the useful life applied by the Group for similar assets.

Finance lease contracts relate to software, buildings and plant and equipment leases.

At December 31, 2018, the minimum future lease payments under these agreements were as follows:

(€k)	12/31/2018			
	<12/31/19	>01/01/20 <12/31/23	>01/01/24	Total
Software				**0**
Buildings				**0**
Plant and equipment	1,891	4,437		**6,328**
Total	**1,891**	**4,437**	**0**	**6,328**

At December 31, 2017:

(€k)	12/31/2017			
	<12/31/18	>01/01/19 <12/31/22	>01/01/23	Total
Software				**0**
Buildings				**0**
Plant and equipment	1,461	2,921	17	**4,399**
Total	**1,461**	**2,921**	**17**	**4,399**

Note 30. Post-closing events

Coovia, 20% held by ACTIA Group, declared that it was insolvent on February 15, 2019. A court supervised liquidation procedure has been underway since March 5, 2019. The current account was depreciated, and the equity-accounted securities decreased to zero generating a negative impact for the period of €852 k.

7.1.7 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 2018 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 2017 invoiced in early 2018.

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				Eric BLACHE			
	Amount excluding VAT		%		Amount excluding VAT		%	
	2018	2017	2018	2017	2018	2017	2018	2017
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	88	88	18.7%	19.7%	45	45	100.0%	100.0%
Fully consolidated subsidiaries	347	349	74.0%	78.0%	0	0	0.0%	0.0%
Other services directly related to statutory auditing:								
Issuer: ACTIA Group S.A.	34	10	7.2%	2.2%	0	0	0.0%	0.0%
Fully consolidated subsidiaries	0	1	0.0%	0.1%	0	0	0.0%	0.0%
SUBTOTAL	**469**	**447**	**100.0%**	**100.0%**	**45**	**45**	**100.0%**	**100.0%**
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	10	6	100.0%	59.3%	0	0		
Other	0	4	0.0%	40.7%	0	0		
SUBTOTAL	**10**	**10**	**100.0%**	**100.0%**	**0**	**0**	**0.0%**	**0.0%**
Total Group	**479**	**457**	**100.0%**	**100.0%**	**45**	**45**	**100.0%**	**100.0%**

Audit fees for the separate and consolidated financial statements for the financial years ended December 31, 2017 and 2018 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.

Other services provided related directly to missions performed by the auditors or a member of their networks concern those relating to 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 Eric Blache and his firm 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.

7.1.8 Report of the Statutory Auditors on the consolidated financial statements

To the shareholders,

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, 2018.

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, 2018 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 negating the opinion provided above, we nevertheless draw your attention to the point discussed in Note 2.4 of the notes to the consolidated financial statements regarding the implementation of IFRS 15, "Revenue from contracts with customers".

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 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, 2018, the net carrying amount of capitalized development costs was €54,703 k.

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:

- understanding the internal control procedures implemented to identify development projects and costs eligible under the criteria and conditions for activation of IAS 38;
- 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, 2018, the net carrying amount of goodwill was €24,148 k of which €18,916 k 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 2.6 of the notes to the consolidated financial statements.

Goodwill is allocated by cash generating unit (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 asset.

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, as required by law and regulations.

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 Declaration of social, environmental and societal information provided for by Article L225-102-1 of the French Commercial Code is included in the information about the Group provided in the Group's Management Report, it being noted that, in accordance with Article L823-10 of the Code, we did not review the information provided in the Declaration 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

KPMG S.A. and Eric Blache were appointed Statutory Auditors of ACTIA Group S.A. by the General Meetings held respectively on May 26, 2000 and May 28, 2013.

As of December 31, 2018, KPMG S.A. and Eric Blache were, respectively, in the nineteenth and sixth consecutive year of their mission with the Company.

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 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, 2019

KPMG Audit

Paris, April 24, 2019

Philippe Saint-Pierre
Partner

Mathieu Leruste
Partner

Eric Blache

7.2 Separate financial statements

7.2.1 Balance sheet of ACTIA Group S.A.

Balance sheet - assets (in €)	12/31/2018			12/31/2017
	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	62,560	62,511	**49**	71
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	45,888	**22,837**	28,555
Property, plant and equipment in process				
Advances and prepayments				
NON-CURRENT FINANCIAL ASSETS				
Investments in associates				
Other holdings	55,746,237	257,324	**55,488,913**	55,174,011
Receivables on investments	10,451,559	800,000	**9,651,559**	8,301,250
Other non-current investments				
Loans	778	113	**665**	675
Other non-current financial assets	4,635		**4,635**	4,573
TOTAL NON-CURRENT ASSETS	**66,334,494**	**1,165,837**	**65,168,658**	**63,509,136**
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	879,088	23,819	**855,269**	1,311,207
Other receivables	180,910		**180,910**	198,227
Subscribed and called capital but not yet paid up				
MISCELLANEOUS				
Marketable securities	258,286	149,124	**109,163**	181,985
o.w. treasury shares: 162,076				
Cash at bank and in hand	9,023,670		**9,023,670**	12,316,892
ACCRUAL ACCOUNTS				
Prepaid expenses	91,543		**91,543**	52,230
TOTAL CURRENT ASSETS	**10,433,497**	**172,942**	**10,260,555**	**14,060,541**
Deferred expenses				
Bond redemption premiums				
Translation difference - assets				
TOTAL ASSETS	**76,767,991**	**1,338,779**	**75,429,212**	**77,569,677**

Balance sheet - shareholders' equity and liabilities (in €)		12/31/2018	12/31/2017
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		11,140,926	7,783,639
NET INCOME/(LOSS) FOR THE PERIOD		**2,219,272**	**5,766,829**
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**47,692,470**	**47,882,740**
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		7,197,733	8,159,113
Other financial liabilities	(including equity loans: 0)		
Advances and prepayments on orders			
OPERATING LIABILITIES			
Accounts payable		320,643	859,274
Amounts payable to payroll tax agencies		189,747	223,371
OTHER MISCELLANEOUS LIABILITIES			
Liabilities on non-current assets			393,641
Other liabilities		28,620	51,539
ACCRUAL ACCOUNTS			
Deferred income			
LIABILITIES		**27,736,742**	**29,686,937**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**75,429,212**	**77,569,677**

7.2.2 Separate income statement of ACTIA Group S.A.

Income statement (in €)	12/31/2018	12/31/2017
Sales of goods held for resale		
Sales of work		
Sales of services	1,712,968	2,777,018
NET SALES	**1,712,968**	**2,777,018**
Stored production		
Capitalized production		
Operating subsidies		
Reversals of depreciation, amortization and provisions and expense reclassifications	860,008	*786,215*
Other income		
OPERATING INCOME	**2,572,976**	**3,563,234**
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	2,206,512	3,591,698
Taxes and duties other than income tax	25,999	23,996
Wages and salaries	953,523	667,535
Payroll charges	375,186	283,796
OPERATIONAL APPROPRIATIONS		
On non-current assets: depreciation and amortization	5,490	5,490
On non-current assets: provisions		
On current assets: provisions	23,464	355
For contingencies and expenses: provisions		
Other expenses	200	
OPERATING EXPENSES	**3,590,374**	**4,574,029**
NET OPERATING INCOME/(LOSS)	**(1,017,398)**	**(1,010,796)**
JOINT VENTURES		
Profits attributed or losses transferred		
Losses incurred or profits transferred		
FINANCIAL INCOME		
Financial income from investments	4,396,358	6,576,552
Income from other marketable securities and capitalized receivables	529,928	457,203
Other interest and similar income	17,507	
Reversals of provisions and expense reclassifications	322	2,043
Foreign exchange gains	848	82
Net gains on disposal of marketable securities	18,148	16,988
FINANCIAL INCOME	**4,963,111**	**7,052,867**
Amortization and provisions	805,368	202,850
Interest and similar charges	796,651	201,823
Foreign exchange losses	384	
Net losses on disposal of marketable securities	85,935	85,935
FINANCIAL EXPENSES	**1,688,338**	**442,302**
NET FINANCIAL INCOME/(LOSS)	**3,274,773**	**6,610,566**
NET INCOME/(LOSS) BEFORE INCOME TAX	**2,257,375**	**5,599,770**

Income statement (in €)	12/31/2018	12/31/2017
Non-recurring income from hedging transactions	14	477
Non-recurring income from capital transactions	13,986	11,200
Reversals of provisions and expense reclassifications		
NON-RECURRING INCOME	**14,000**	**11,677**
Non-recurring expenses on hedging transactions	80	7
Non-recurring expenses on capital transactions	11,302	1,198
Non-recurring depreciation, amortization and provisions		
NON-RECURRING EXPENSES	**11,382**	**1,205**
NON-RECURRING ITEMS	**2,618**	**10,473**
Statutory employee profit-sharing scheme		
Income tax	40,722	(156,586)
TOTAL INCOME	**7,550,087**	**10,627,778**
TOTAL EXPENSES	**5,330,815**	**4,860,949**
NET INCOME/(LOSS)	**2,219,272**	**5,766,829**

7.2.3 Notes

Note 1. Highlights of the period

ACTIA Group S.A. fulfilled its role as Group holding company in 2018.

ACTIA Group created a subsidiary called ACTIA Africa in Tunisia during the first half of 2018. It is responsible for the promotion, marketing and technical support for Group products in Tunisia and Africa, to boost the economic development of ACTIA across the continent. The capital consists of 3,000 shares, of which 2,993 are held by ACTIA Group S.A. and the seven other shares by natural persons in order to meet the requirements of Tunisian law.

ACTIA Group S.A. also bought out the minority interests held in the ACTIA PCs subsidiary in Q4 2018 for €610,902. This subsidiary is now 87.81% owned by ACTIA Automotive S.A. and 12.19% by ACTIA Group S.A.

Note 2. Accounting policies

The financial statements for the 2018 financial year were approved by the Executive Board on March 25, 2019 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;
- 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: 1.57% (1.30% in 2017),
- salary escalation rate: 2.25%;
- retirement age: 67;
- low turnover rate:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
Turnover rate (management and non-management)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2013:

Age of employee	20 years old	30 years old	40 years old	50 years old	60 years old	65 years old
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 €177,367.

Note 3. Additional information on the balance sheet and the income statement

The balance sheet date of the financial statements is December 31, 2018 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

(In €)	12/31/2017	Acquisitions	Disposals and write-offs	12/31/2018
Start-up expenses	0			0
Other intangible assets	62,610	113	163	62,560
Total	**62,610**	**113**	**163**	**62,560**

The amortization was as follows:

(In €)	12/31/2017	Provisions	Reversals	12/31/2018
Start-up expenses	0			0
Other intangible assets	62,539	135	163	62,511
Total	**62,539**	**135**	**163**	**62,511**

Note 3.2 Property, plant and equipment

Gross amounts of **property, plant and equipment** changed as follows:

(In €)	12/31/2017	Acquisitions	Disposals and write-offs	12/31/2018
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools	0			0
Other	77,282	10,938	19,495	68,725
Property, plant and equipment in process	0			0
Total	**77,282**	**10,938**	**19,495**	**68,725**

The amortization was as follows:

(In €)	12/31/2017	Provisions	Reversals	12/31/2018
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools	0			0
Other	48,727	5,355	8,193	45,888
Total	**48,727**	**5,355**	**8,193**	**45,888**

Note 3.3 Non-current financial assets

These changed as follows:

(In €)	Amounts of Securities in the Balance Sheet				Held at 12/31/18 (%)	Shareholders' equity prior to earnings appropriation at 12/31/18	2018 sales excl. VAT	Net income at 12/31/18
	12/31/2017		12/31/2018					
	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	100.0%	34,929,563	60,850,147	5,401,252
ACTIA Automotive	24,894,195	24,894,195	24,894,195	24,894,195	99.98%	53,300,359	271,660,714	(801,230)
Market-IP	4,094,578	4,094,578	3,698,5780	3,698,5780	99.00%	1,306,514	2,623,466	289,010
ACTIA Pcs			610,902	610,902	12.19%	3,604,595	4,583,219	(18,166)
SCI Oratoire	199,098	199,098	199,098	199,098	86.00%	780,995	527,777	264,560
ARDIA(*)	151,680	151,680	151,680	151,680	53.33%	1,234,108	10,074,006	678,174
ACTIA Africa(*)			100,000	100,000	99.77%	91,502	114,713	(33,595)
SCI Pouvourville	41,161	41,161	41,161	41,161	27.50%	1,172,816	756,133	7,158
Coovia	200,010	0	200,010	0	19.98%	(670,315)	110,391	(187,876)
MORS INC			0	0	100.00%	ND	ND	ND
CYT	33,494	0	33,494	0	15.00%	ND	ND	ND
Subsidiaries and holdings < 10%								
CIPI-ACTIA(*)	10,138	10,138	10,138	10,138	0.20%	3,123,442	11,768,790	425,436
SCI SODIMOB	7,030	7,030	7,030	7,030	2.00%	218,781	103,056	71,353
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	ND	ND	ND
Continentale	47	0	47	0	NM	ND	ND	ND
STEM	22,812	0	22,812	0	NM	ND	ND	ND
CGC	960	0	960	0	NM	ND	ND	ND
Total	**55,431,335**	**55,174,011**	**55,746,237**	**55,488,913**				
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	675	778	665				
Miscellaneous receivables	4,573	4,573	4,635	4,635				
Total	**5,352**	**5,248**	**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

(In €)	Gross values	Net values	Expiry < 1 year	Expiry > 1 year
Investment related receivables	10,451,559	9,651,559	600,000	9,051,559
Accounts receivable	879,088	855,269	855,269	
Current accounts on investments				
Other receivables (including deferred expenses)	272,453	272,453	272,453	
Total	**11,603,100**	**10,779,282**	**1,727,723**	**9,051,559**

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 30, 2017 for a period of 18 months. This program complies with Articles L.225-209 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 5.13.9, "Authorization to implement a share buyback program" in this Registration Document.

As of December 31, 2018, ACTIA Group S.A. held 3,328 treasury shares.

A provision for the treasury shares is calculated based on the closing price, i.e. €3.38 at December 31, 2018, for a total of €148,314.

Breakdown of treasury shares at December 31, 2018:

Origin (in €)	Number of shares	Gross value	Provisions	Net value
Merger with MORS S.A. in 2000	1,399	153,043	148,314	4,729
Share buyback programs	1,929	9,033	-	9,033
Total	**3,328**	**162,076**	**148,314**	**13,762**

In addition, as of December 31, 2018 as part of **the liquidity contract**, ACTIA Group held **15,466 treasury shares** and €31,091.72 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, 2018, 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:

(In €)	Balance at 12/31/2017 prior to appropriation of earnings	Appropriation of earnings 2017: Retained earnings	Appropriation of earnings 2017: Dividends		Share capital increase	Balance at 12/31/2018 prior to proposed appropriation of earnings
			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	7,783,639	3,354,836		2,451		11,140,926
Net income for 2017	5,766,829	(3,354,836)	(2,409,542)	(2,451)		0
Net income for 2018	0					2,219,272
Total	**47,882,740**	**0**	**(2,409,542)**	**0**	**0**	**47,692,470**

At December 31, 2018, restricted reserves set aside to cover treasury shares totaled €13,762.

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:

(In €)	12/31/2018			Total
	<12/31/19	>01/01/20 <12/31/23	>01/01/24	
Other bonds	20,000,000			20,000,000
Bank borrowings and debts to credit establishments Crédit	5,833,327	974,107	390,299	7,197,733
Of which MLT borrowings	*5,627,290*	*974,107*	*390,299*	*6,991,696*
o.w. ST bank lines and commercial paper	*0*			*0*
o.w. Interest accruing on financial liabilities	*206,037*			*206,037*
Other financial liabilities				0
Advances and prepayments on orders				0
Accounts payable	320,643			320,643
Amounts payable to payroll tax agencies	189,747			189,747
Other liabilities (including deferred income)	28,620			28,620
Total	**26,372,337**	**974,107**	**390,299**	**27,736,742**

Certain medium- to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €25,196,506 or 93.3% 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.

The long-term portion of the debt reclassified as "Current financial liabilities" was €23,538,468 at the close.

At December 31, 2018 the breakdown of the medium- to long-term borrowings and covenants was as follows:

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2018	Covenant				
				Ratios at year-end 2018 (calculated on the consolidated financial statements)	Respected [1]		Reclassification under current borrowings [2]	
					Year-end 2017	**Year-end 2018**	Year-end 2017	**Year-end 2018**
1,000,000	2014	5 years old	154,334	Net debt to equity ≤ 1.15	R	B	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	B		
1,500,000	2014	5 years old	233,402	-				
2,000,000	2015	5 years old	648,535	Net debt to equity ≤ 1.15	R	B	0	240,607
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	B		
2,000,000	2016	5 years old	1,138,977	Net debt to equity < 1.15	R	NR	0	738,679
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	B		

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2018	Covenant				
				Ratios at year-end 2018 (calculated on the consolidated financial statements)	Respected (1)		Reclassification under current borrowings (2)	
					Year-end 2017	Year-end 2018	Year-end 2017	Year-end 2018
3,500,000	2016	7 years old	2,518,644	Net debt to equity < 1.15	R	B	0	2,022,429
				Net debt to EBE < 3.5	R	B		
1,000,000	2017	5 years old	736,016	Net debt to equity < 1.15	R	B	0	536,754
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5	R	B		
15,000,000	2017	7 years old	15,000,000	Net debt to EBITDA ≤ 4	R	B	0	15,000,000
5,000,000	2017	9 years	5,000,000	Net debt to EBITDA ≤ 4	R	B	0	5,000,000
4,000,000	2018	7 years old	610,902	-				
1,000,000	2018	5 years old	950,885	-				
Total			**26,991,696**				**0**	**23,538,468**

(1) R = Respected - B = Breached

(2) Long-term portion of debt reclassified under "Current financial liabilities"

In 2018, 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:

- With respect to the profitability of the Group impacting EBITDA:
  - an unfavorable product mix linked to the strong growth of an automotive contract (49.0%) with a low margin despite the gradual increase in new programs with better margins,
  - a very tight component market which generate price increases on products which are normally lower priced and quotas which reduced the plant productivity and increased inventories (WCR impact);
- With respect to debt:
  - the implementation of real estate financing for projects launched in 2017 and continuing in 2019,
  - the significant increase in the need for working capital due to an increase in inventories of €27.2 million (growth in the business + price increases + increase in delivery times).

These elements resulted in the non-compliance with the covenants of seven loans on December 31, 2018 compared to compliance with all covenants on December 31, 2017.

With respect to the covenants that were not met at the end of 2018, a waiver was requested on March 25, 2019 following the Supervisory Board meeting held to approve the annual financial statements for submission to the General Meeting of May 28, 2019. The financial institutions concerned were provided with regular information on the topic. In addition, two of the three financial partners interviewed had already given a positive response as of the publication date of this Registration Document, accounting for €3.5 million of the reclassified debt. It should be noted that certain partners have conditioned the agreement on the acceptance of all of the stakeholders.

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 Transfer of operating expenses

Under operating expenses, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for its subsidiaries:

- Licenses: €429,772
- Insurance (including brokerage services): €429,535

Note 3.13 Financial result

The most significant items of **financial income** are:

- Dividends received from subsidiaries: €4,341,240
- Interest on current accounts of subsidiaries: €55,118
- Income from off-balance sheet commitments in favor of subsidiaries: €529,858

Financial expenses are mainly comprised of:

- Interest and other financial charges related to financial liabilities with banking institutions €796,581
- Interest on bank current account credit balances: €70

Note 3.14 Non-recurring items

There were no other material non-recurring items in financial year 2018.

Note 3.15 Earnings per share

Basic earnings per share at December 31, 2018 are calculated on the basis of the net income of €2,219,272 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

(In €)	12/31/2018	12/31/2017
Net income	2,219,272	5,766,829
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	**0.11**	**0.29**

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 €218,912,289, 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 €62,465,027 at December 31, 2018 versus €51,120,290 at December 31, 2017.

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 Expenses payable

Accrued expenses consist of auditors' fees in the amount of €26,858.

Note 4.2 Dividends

The appropriation of 2018 earnings is set out in Subsection 5.12.2, “Appropriation of earnings” of this Registration Document. A proposal will be submitted to the General Meeting of May 28, 2019 to distribute a dividend of €0.10 per share.

Note 4.3 Unrealized tax position

At December 31, 2018, the unrealized tax position was comprised of losses of €8,685,097 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2018	2017
Managers and supervisors	8	8
Employees	1	2
Students on work placements		
Workers		
Total	**9**	**10**

Note 4.5 Related party transactions

Related party balances at 12/31/2018	Parent	Subsidiaries	Other related companies
Total Assets			
Investment related receivables		10,451,559	
Provision for receivables on investments		(800,000)	
Accounts receivable	14,564	839,762	
Other receivables		62,370	
Total shareholders' equity and liabilities			
Accounts payable	96,661	30,285	
Income statement			
Operating expenses	322,204	128,534	
Financial expenses		800,010	
Non-recurring expenses			
Operating revenue	49,429	2,517,120	
Financial income		4,926,217	
Non-recurring income		13,986	

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, 2018:

(In €)	2018			2017		
	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	6,603,959	387,736	**6,991,696**	6,603,906	1,458,592	**8,062,498**
Commercial paper/short-term bank lines			**0**			**0**
Total value	**26,603,959**	**387,736**	**26,991,696**	**26,603,906**	**1,458,592**	**28,062,498**
Total in %	99%	1%	**100%**	95%	5%	**100%**

The sensitivity to a 1% increase in the benchmark (3-month Euribor) was calculated on a pre-hedging basis. At December 31, 2018, this represented €4 k and was only impacted by medium- and long-term borrowings (€15 k as of December 31, 2017).

- Equity risk

At December 31, 2018, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a €1 decline in the share price is consequently €3 k.

- 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 6.4 “Corporate Officer compensation”.

Note 4.8 Post-closing events

Coovia, 20% held by ACTIA Group, declared that it was insolvent on February 15, 2019. A court-supervised liquidation procedure has been underway since March 5, 2019. The entire current account and all of the shares held were depreciated on December 31, 2018 for a total amount of €1,023,839.

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

7.2.4 Report of the Statutory Auditors on the annual financial statements of ACTIA Group S.A.

To the shareholders,

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, 2018, as attached to this report.

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, 2018 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, 2018 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 L823-9 and R823-7 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 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, 2018 in the net amount of €55,488,913. 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 fairness and compliance with the annual financial statements of the information given in the Executive Board's Management Report and in the documents addressed to the shareholders on the financial condition and annual 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 Article 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 their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your Company from companies exercising control over or controlled by it. 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 Eric Blache were appointed Statutory Auditors of ACTIA Group S.A. by the General Meetings held respectively on May 26, 2000 and May 28, 2013.

As of December 31, 2018, KPMG S.A. and Eric Blache were, respectively, in the nineteenth and sixth consecutive year of their mission with the Company.

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 Auditor 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, 2019

KPMG S.A.

Paris, April 24, 2019

Philippe Saint-Pierre
Partner

Mathieu Leruste
Partner

Eric Blache
Partner

7.3 Miscellaneous financial information

7.3.1 Dividend policy

FY	Dividend per share (in €)	Total dividend distributed (in €)
2015	0.10	2,009,994.10
2016	0.15	3,014,991.15
2017	0.12	2,411,992.92

ACTIA Group proposes to its shareholders the distribution of dividends in line with its policy for Shareholders' Equity described in Note 15 "Shareholders' equity" of the notes to the consolidated financial statements and in line with its consolidated earnings. 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 in order to permit the Group to reduce debt for all Group structures. The same will hold true in the future.

It is furthermore specified that this policy covers all qualifying Group companies showing a profit to which is applied a percentage of distribution defined in accordance with their authorized capital spending requirements and legal constraints.

7.3.2 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 2018, 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 "Provisions"). However, none of these disputes constitutes material risks for the Group.

7.3.3 Significant changes in the issuer's financial or trading policies

There have been no material events since the balance sheet date of December 31, 2018 in connection with the Group's financial or trading position.

8. ADDITIONAL INFORMATION

8.1 Share capital

ACTIA Group S.A. shares are classified in Segment C of Euronext Paris for capitalizations below €150 million, under ISIN FR0000076655.

8.1.1 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.

8.1.2 Shares not representing capital

Not applicable.

8.1.3 Treasury shares

Information on these securities is provided in Note 3.7, "Treasury shares" of the notes to the separate financial statements, "Treasury shares".

8.1.4 Convertible or swappable securities or securities with warrants

Not applicable.

8.1.5 Vesting conditions

Not applicable.

8.1.6 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.

8.1.7 History of the share capital

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
1993		FFR 50	FFR 113,645,832	FFR 142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	FFR 10	FFR (113,645,832)	FFR 28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	FFR 10	FFR 129,917,897	FFR 92,772,550	9,277,255
January 1995	Capital increase via the exercise of share warrants	FFR 10	FFR 6,696	FFR 92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	FFR 10	FFR 2,400	FFR 92,776,340	9,277,634
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	FFR 4	FFR (129,926,993)	FFR 37,110,536	9,277,634

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
February 1999	Issue of share warrants in favor of Electropar	FFR 4	FFR 1	FFR 37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	FFR 0.5	-	FFR 4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	FFR 0.5	FFR 31,737,488	FFR 77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	FFR 5	-	FFR 77,341,040	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

8.1.8 Description of the Company's share buyback program

See Subsection 5.13.8, “Share buyback program under way” in this Registration Document.

8.2 Memorandum of Incorporation and Articles of Association

8.2.1 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.”

8.2.2 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 Subsection 6.3.1, "Executive Board members", of this 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.

When making appointments, 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 three members, 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.

8.2.3 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."

8.2.4 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.

8.2.5 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.

8.2.6 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 5.13.3, "Shareholders' agreement", in this Registration Document, exists.

8.2.7 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."

8.2.8 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.”

9. MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in Subsection 5.3, “Business overview”, in this 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 Registration Document.

10. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

11. 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 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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12. 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".

13. CONCORDANCE TABLES

13.1 Registration Document concordance table

In compliance with Annex I of EC Regulation 809/2004 and Article 212-13 Paragraph 1 of the General Regulation of the French securities market regulator, the AMF, and to facilitate the reading of the Registration Document, the table below provides cross-references between the AMF Instruction No. 2005-11 of December 13, 2005 and the corresponding pages of the Registration Document.

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13.2 Annual Financial Report concordance table

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13.3 Incorporation by reference of 2016 and 2017 financial statements

The following information has been incorporated by reference in this Registration Document:

- reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2016 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, 2017 as well as the related Statutory Auditors' reports;
- selected financial information.

This information is included in the French language versions of the 2016 Registration Document filed on April 26, 2017 and the 2017 Registration Document filed on April 25, 2018 with the AMF.

14. 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;
- **TVSE** (semi-embedded video transmission) **cabinet**: intended to transmit video information from all of the doors of a train in a station to the driver's cabin to enable the latter to monitor passengers boarding and getting off the train, therefore contributing to safe departures once the confirmation signal to close the doors has been given;
- **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 Defense 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 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;
- **FAR:** an acronym for *Fonctions Avancées de Régulation* in reference to advanced control features for optimizing the yields of electric lines and transformers based on a significant increase in the number of measures making it possible to more efficiently distribute the energy flows;
- **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…;
- **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 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;
- **ONE WEB**: a constellation project with approximately 650 telecommunications satellites in low orbit to provide private individuals with global access to high-speed Internet starting in 2022;
- **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;
- **OTC Lan**: a new communications protocol that is mandatory for all new equipment installed in a technical inspection center since July 1, 2014. As from July 1, 2016, all equipment of a technical inspection center must be in compliance or replaced by compliant equipment. This protocol makes it possible to standardize and secure all information collected and transmitted by different equipment during a technical inspection;
- **SMART ELECTRE PHASE**: the *Palier de contrôle commande numérique* (PCCN) is a digital protection and command control system for RTE source substations. It is located in the digital command control cabinet. The Smart Electre phase is used to manage high-voltage equipment;
- **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. SIL 4 requirements correspond to the safest level (high reliability). 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.