HALF-YEARLY FINANCIAL REPORT

30 June 2021

www.actia.com

ACTIA Group
French limited liability company with a Board of Directors

with Share Capital of €15,074,955.75

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Toulouse Trade and Companies Register: 542,080,791

We present herein the interim financial report covering the six-month period ended 30 June 2021, drawn up in compliance with the provisions of Article L.451-1-2 III of the French Monetary and Financial Code and Articles 222-4 et seq. of the French Financial Markets Authority (AMF) General Regulation.

This report has been distributed in compliance with the provisions of Article 221-3 of the AMF General Regulation. It is also available on our company site - www.actia.com.

CONTENTS

1 CHAIRMAN'S STATEMENT

I hereby certify, to the best of my knowledge, that the condensed interim financial statements have been drawn up in compliance with the applicable accounting standards and give a true and fair view of the assets, financial health and results of all the companies included in the scope of consolidation and that the half-yearly management report in Chapter 2 "Half-yearly Management Report" gives a true and fair view of the important events that have occurred during the six months under review and of their effect on the interim accounts, the principal related party transactions, and a description of the principal risks and areas of uncertainty for the remaining six months of the financial year.

20 September 2021

Jean-Louis Pech

Chairman of the Board of Directors

2 HALF-YEARLY MANAGEMENT REPORT

2.1 The figures

2.1.1 Turnover

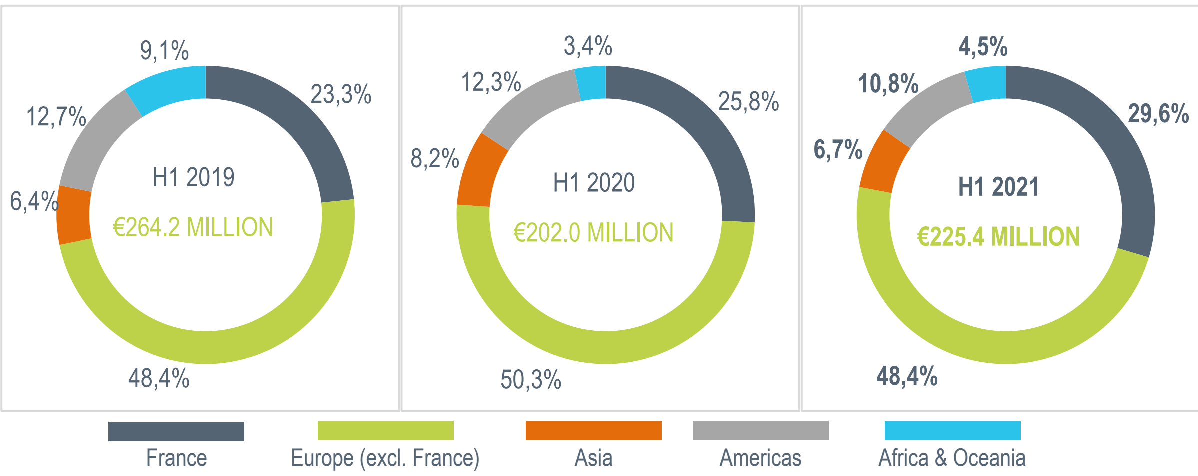
The Group's consolidated financial statements show turnover for the **first half of 2021** of **€225.4 million, up by 11.6%**.

In € millions:	2021			2020			% variance		
	Q1	**Q2**	**H1**	Q1	Q2	H1	Q1	Q2	H1
Automotive	**100.0**	**98.3**	**198.3**	108.5	76.6	185.1	(7.8 %)	28.3 %	7.2 %
Telecommunications	**13.2**	**13.9**	**27.1**	8.7	8.3	16.9	52.4 %	68.1 %	60.1 %
Total	**113.2**	**112.2**	**225.4**	117.1	84.9	202.0	(3.3 %)	32.2 %	11.6 %

ACTIA Group's activity for the **second quarter of 2021** is up by **32.2%** to **€112.2 million**. This growth demonstrates ACTIA Group's ability to adapt to the Covid-19 context, but it continued to be significantly hampered by the shortage of electronic components. Over the period, this shortage particularly constrained all Automotive Division series and international customers in a context of a forced slowdown in global production and prevented growth from returning to 2019 levels, even though the order book is significantly fuller.
The Group has generally resumed its normal mode of operating in the face of Covid-19 restrictions and continues to strongly mobilise its teams and production sites to manage the component shortage.

In terms of business development, new **multi-year contract wins** with major global manufacturers in the heavy vehicle and off-highway sectors support our target of a turnover exceeding €800 million in 4-5 years. These are in addition to the **major contract won in the satellite field in the first quarter**, which will benefit both divisions and bring in more than €150 million over five years.

In the second quarter, sales by the international subsidiaries amounted to €58.1 million (+13.7%). Turnover of the French companies stood at €54.1 million (+60.1%) benefiting from a favourable base effect as the Covid-19 crisis particularly affected deliveries in France in the second quarter of 2020. International customers accounted for 69.0% of sales in the second quarter, compared to 73.0% in the same quarter in 2020. Over the first half of the year, turnover of the French companies rose to €104.4 million (+29.4%).
International customers (-0.2%) accounted for **70.4% of consolidated turnover**, reflecting the impact of the pandemic, which is hindering international trade with China and economic recovery in South America, while all other regions (Europe, North America, Africa, Oceania) are up compared to the first half of 2020.



The **Automotive Division** generated 88.0% of the Group's first-half turnover, rising by 7.2%.
After a first quarter still marked by the base effect of the first quarter of 2020, which was still only slightly impacted by the Covid-19 crisis, **growth of 28.3% in the second quarter** was hampered by the component shortage. Effective mobilisation of the crisis unit set up by ACTIA in March and the flexibility adopted with regard to production plans allowed ACTIA to limit impact on its customers and achieve 26.5% growth in OEM(1) business (78.3% of Automotive turnover). The Aftermarket(2) business (10.7% of Automotive turnover) grew by 25.3%, benefiting from a favourable base effect and the resumption of investments by industry players. The electronic subcontracting business (MDS(3), 11.0% of Automotive turnover, +46.3%), illustrates the effectiveness of sales actions and operational measures implemented by the Group since the beginning of the Covid-19 crisis to promote the use of its production facilities.

The **Telecommunications Division** generated 12.0% of the Group's first-half turnover, up by 60.1%.
Growth of 68.1% in the second quarter was significantly below the Group's expectations due to delays in acceptance of export deliveries. This increase is due to the favourable base effect in SatCom and the ramping-up of solutions for the Rail and Energy markets, although the latter were also hampered by the component shortage.

Variations according to operating segment are as follows:

Operating segment (in € thousands)	**H1 2021**	**H1 2020** (2)	**H1 2019** (2)	**% variance H1 21 – H1 20**
OEM	155,252	143,342	184,842	+8.31%
Aftermarket	21,206	20,499	21,917	+3.45%
MDS	21,892	21,223	25,515	+3.15%
Total Automotive	**198,349**	**185,064**	**232,274**	**+7.18%**
SatCom	10,464	8,291	22,611	+26.2%
Energy (1)	9,461	3,213	4,701	+194.5%
Rail	7,186	5,431	4,547	+32.3%
Total Telecom	**27,110**	**16,935**	**31,859**	**+60.1%**
TOTAL	**225,455**	**201,988**	**264,181**	**+11.62%**

(1) The former Infrastructure - Networks - Telecommunications activity has been grouped under Energy since 1 January 2020.
(2) Data restated to re-adjust allocation of revenue to market segments

2.1.2 Results

The consolidated results were as follows:

In €K	**H1 2021**	H1 2020	H1 2019	Variation H1 21- H1 20
Turnover	**225,455**	201,988	264,181	+23,467
Operating income	**(2,488)**	(14,332)	8,504	+11,844
Financial result	**3,474**	(1,726)	(1,438)	+4,912
Income for the period	**(1,442)**	(16,277)	5,763	+14,835
attributable to Group shareholders	**(1,553)**	(15,636)	5,515	+14,083
Non-controlling interests	**111**	(641)	248	+752

The Group had an operating income of -€2.5 million, compared to -€14.3 million for the first half of 2020.

(1) OEM: Original Equipment Manufacturer
(2) Aftermarket: Aftermarket sector for maintenance and repairs
(3) MDS: Manufacturing Design & Services

After 2020 being marked by the Covid-19 crisis, ACTIA is experiencing its indirect effects with disruption to global component manufacturing capacity. The latter is no longer able to meet demand. Shortages started to appear at the beginning of the year, with the phenomenon intensifying at the end of the first quarter due to global economic recovery.

While carrying on operations in the context of restrictions caused by the ongoing Covid-19 crisis, particularly with regard to international travel arrangements, ACTIA had to promptly set up a crisis unit in the Automotive Division, led by Jean-Louis Pech, Chairman and CEO, to make the best decisions in cooperation with customers and suppliers to limit insofar as possible the impact of this shortage.

This mobilisation limited the impact of the shortage without however achieving our budgeted business targets. Meanwhile the order book continued to grow over the period (€405.2 million at 30 June 2021 compared to €374.3 million at 31 December 2020). Work in progress corresponds neither to forecasts nor to materials and supplies currently being received, and there is a lack of reliable forecasts from suppliers concerning orders to be produced, leading to difficulties in stock management (+€9.4 million compared to 31/12/20) without being able to constitute reserve stocks.

With the contracts wins of the previous months confirmed during the summer, the Group is maintaining its policy of restricting investments to focus on programmes backed by signed contracts, thus limiting the effects on the balance sheet. R&D financing by customers in the early stages of contracts amounts to 35.4% of the committed expenditure, compared to 30.9% at 30 June 2020 and 22.6% in the first half of 2019, showing a prioritisation of programmes with contractual commitments from our customers for the future. Overall expenses increased by 8.7% to €41.8 million compared to €38.5 million at 30 June 2020.

Headcount decreased from 3,718 at the end of 2020 to 3,605 at 30 June 2021 (-3.0%) reflecting the adjustments made to adapt to the Covid-19 crisis and its consequences by implementing a freeze on hiring, non-replacement of employees leaving due to natural attrition and, in certain cases, redundancies, particularly in countries not supported by their governments whose economic activity collapsed due to the Covid-19 crisis and has not yet recovered. ACTIA may occasionally recruit employees that are essential for serving current and future customers, and to secure its development in places where sales efforts must continue. Lastly, the arduous start-up of the new industrial facility for the production of circuit boards in the United States since the second half of 2019 generates fixed costs that were not absorbed by production levels until the second quarter of 2021 when this site broke even for the first time (impact on net income at 30/06/2021: -€0.7 million.) The other industrial sites producing electronic circuit boards (France and Tunisia) are also affected by component shortage with deliveries of materials not corresponding to requirements, leading to a need to launch production in smaller series to limit the impact on our customers. This does not allow the production tools to be used at their optimum productivity levels as required to rationalise automation.

Meanwhile, the Group recorded the end of the government aid put in place in the first half of 2020, amounting to €4.7 million. By maintaining operations despite Covid-19 restrictions, the French subsidiary of the Automotive Division benefited from the “APLD” (long-term furlough) scheme for an amount of €0.3 million. At 30 June 2021, subsidies were also halved to €0.5 million, but the agreements obtained on the programmes presented as part of the Automotive Industry Recovery Plan (Coram) during the summer will allow the Group to receive €9 million in aid over 2 to 4 years in the form of grants, repayable advances and subsidised loans.

The Group also recorded a further drop in external costs of €7.3 million (-21.3%), reflecting efforts made to greatly limit the outsourcing of R&D and the use of temporary labour, although adapting plant production to smaller series may at times require outside support, e.g. logistics. However, some items increased significantly, such as transport costs (+53.3%), due to recovery of activity and a hike in prices. Lastly, the Group recorded an exceptional entry that led to expenses being reduced by €2 million, resulting from a claim made by ACTIA over two years ago, which was settled during the first half of the year.

Due to a favourable base effect, the **Telecommunications** Division reported 60.0% growth in the first half with turnover of €27.1 million, bringing the operating margin back up to 0.8% (compared to -10.8% at 30/06/20) with an operating income of €0.2 million, the level of turnover affecting this structure with a fixed cost base. Materials and supplies represented 24.5 % of turnover, compared to 32.5 % at 31 December 2020.

The **Automotive** Division saw its activity grow by 7.2% with orders thriving in many markets. However, supply shortages mean that not all orders are fulfilled and there are production delays. Although the component shortage affects this division more severely, the product mix continues to be dominated by long production runs and the truck sector's contribution to this division's turnover increased significantly (+70.4%) during the half-year. Diversification of the division allowed it to curb the fall in its sales in 2020 and most of its market segments have recovered to their pre-pandemic levels. However, due to the component shortage, this dynamism has not been transformed into consolidated turnover and a return to profits. The Automotive Division recorded an operating income of -€3.6 million compared to -€12.4 million at 30 June 2020.

Concerning the impact of the dollar, fluctuations in the EUR/USD exchange rate and the use of hedging tools by the Group made it possible to limit the impact of currency fluctuations on the cost of our purchases. In fact, thanks to its hedging strategy, ACTIA was able to purchase dollars at an average rate over the period of 1.1995 as compared to 1.1476 for the first half of 2020. The Group thus failed to outperform the cash market, where the average exchange rate over the period was 1.2024, compared to 1.1015 in the first half of 2020, but secured an average currency rate in its usual tunnel. However, in comparison with the valuation of hedging instruments at 31 December 2020, the change in fair value positively impacted the financial result by €5.4 million.

Despite the decrease in net debt, financial interest rose by 4.6% to €1.8 million, as a result of lesser use of short-term financing lines (overdraft and mobilisation of trade receivables) and the structuring of subsidised financing ("PGE" state-guaranteed loans in France). Indeed, the Group decided to repay this financing over 5 years without any additional deferrals for the amount funded in 2020 (€41.4 million). ACTIA also requested to borrow almost the full outstanding amount possible (€52.1 million) and has already obtained 89.2% of the agreements. In this way, the average interest rate rose slightly to 1.43% compared to 1.36% at 30/06/20. Therefore, the financial result, marked by the entry for valuation of hedging instruments, stood at €3.5 million compared to -€1.7 million at 30 June 2020.
The change in net debt is -€6.6 million compared to 30 June 2020, reflecting ACTIA's efforts to keep debt under control at a time when the Covid-19 crisis and the component shortage prevented it from fulfilling the orders in its books. The upturn in activity led to an increase in Working Capital Requirements, which stood at €2.7 million for the first half of 2021 compared to -€0.3 million. Business generated €12.3 million in cash, compared to €3.7 million for the first half of 2020. Apart from the increase in stocks, the difference of almost 30 days between supplier and customer payment terms is indicative of the difficulties experienced by ACTIA.

Whereas usually, medium-term financing, used in particular for R&D, is mainly put in place in the third quarter, the balance of the amount authorised under the state-guaranteed loans ("PGE") replaced traditional financing. Some banks continue to support R&D but to an insufficient extent, so that taking out state-guaranteed loans ("PGE") is still necessary to preserve employment in a key area.
The losses generated in the first half of the year may yet be offset by business in the second half of the year but this will depend in particular on the level of supplies in the fourth quarter, regarding which our suppliers have not yet given us any undertakings. The Group's financial ratios may not recover to the level forecast, although they should improve with the upturn in business. Depending on how the situation develops, discussions may be initiated with ACTIA's financial partners early in the fourth quarter. They have shown a good understanding of the situation and a willingness to support us in this exceptional period.

With an increase in the tax charge to €2.5 million, compared to €0.3 million in the first half of last year, net income stood at a loss of €1.5 million, up by €14.8 million.

The impacts of the health crisis are clearly reflected in gearing, which stood at 177.3%, compared to 176.0% at 30 June 2020, and 174.7% at 31 December 2020. Gearing, excluding the mobilisation of receivables, grew from 159.6% at 31 December 2020 (167.1% at 30 June 2020) to 164.2%, with a weak mobilisation of trade receivables at 30/06/2021.

EBITDA increased sharply over the period to €13.2 million, compared to €0.2 million at 30 June 2020.

The calculation method is detailed below:

In €K	**H1 2021**	H1 2020	H1 2019
Income	**(1,442)**	(16,277)	5,763
Taxation	**2,498**	302	1,359
Interest and financial costs	**1,798**	1,719	1,894
Provisions for depreciation	**15,807**	14,351	13,270
Impairment of goodwill	**0**	0	0
Financial instruments	**5,444**	(121)	672
Total EBITDA	**13,217**	**215**	**21,614**

2.2 Business activity

2.2.1 Automotive Division

The automotive activity generated €198.3 million, i.e. 88.0% of Group turnover. It reported growth of 7.1%, which is unfortunately not at the level expected by the Group.
Indeed, the division is particularly hard hit by the component shortage that has affected it since March, resulting in significant production delays close to €18 million, and continues to be held back by Covid-19 measures put in place in every country (lockdown, isolation, etc.).
To best manage this shortage, ACTIA has set up a team known as the “War Room”, led by Jean-Louis Pech, Chairman and CEO, bringing together buyers, procurement staff, sales staff, members of the design office, production and legal departments, tasked with making the best decisions based on discussions with customers and suppliers. The aim is to keep the effect of this shortage to a minimum.

Despite the difficult context, sales momentum remained strong in the first half with bids submitted for many calls for tender, which can go on for several months, resulting in new contracts being won, both in the heavy vehicle and off-highway sectors, reflecting our customers’ renewed confidence in ACTIA to support them in their projects, despite the current restrictions.
With regard to invoicing, turnover increased in almost all market segments, with double-digit growth. For example, the Heavy Vehicle Manufacturers sector recorded a growth of 70.4% over the half-year. Not forgetting the base effect, this situation demonstrates the vigour and efforts ACTIA devoted to obtaining supplies in a context of shortages, thus reducing the impact on our customers. However, while the segment held up rather well in the first half of 2020, the Light Vehicle segment fell by 18.1% over the period, reflecting both supply difficulties and the gradual decline in telematics in this segment with the end of the Volvo Car contract being announced. Lastly, Vehicle Inspection (-33.6%) and Aeronautics (-16.5%) are a reflection, for the former, of the difficulties experienced by states in re-introducing regulatory topics in a challenging context, and, for the latter, of a sector with long-term prospects hit by the Covid-19 crisis.

The division generated 77.0% of its sales from exports at 30 June 2021, down slightly on 30 June 2020 (78.7%) and 30 June 2019 (78.9%), reflecting the impact of Covid-19 restrictions on our international deliveries.

Europe, which accounts for 54.7% of the division’s consolidated turnover, recorded a net growth of €8.6 million, or 8.4%, mainly due to Sweden, the country recording the sharpest growth (+€6.7 million) – very closely followed by France (+€6.6 million).

The Americas were down by 2.8% with contrasting environments depending on the local economic situation and market cycles. The Group recorded an upturn in the United States (+1.3%) while Mexico continued to decline (-23.5%) with the country ground to a halt due to Covid-19-related travel suspensions, which have led to the freezing of investments from bus fleet operators. South America is also heavily impacted by Covid-19 and was down 28.3%, despite continued product development work for contracts won in 2019 and 2020 thanks to our teams working from home in Brazil. These efforts will be visible in our turnover from 2023 onwards.

Asia, for its part, fell by 11.4%, no longer benefiting from the deployment of Vehicle Inspection equipment in the Philippines. The Chinese market, which continues to be highly competitive, fell by 6.5% in the period compared to the first half of 2020. Lastly, changes to our organisation in India could not be implemented at the desired pace due to Covid-19 restrictions and the Group recorded a 28.8% decline in this country.

Variations in the fortunes of individual business lines over the first half are not an exact reflection of the expected annual trends, especially concerning turnover in R&D, which has not been consistent over the period under review.

The significant events of the first half of 2021 in the division’s 3 business segments are as follows:

- Original Equipment Manufacturer (OEM) Business Unit

  The OEM business unit generated turnover of €155.2 million (+8.3%), accounting for 68.9% of the Group’s business.

With its activity now accounting for 19.8% of the division's turnover, the **Heavy Vehicle** sector, which was already showing signs of recovery at the end of the 2020 financial year, recorded significant growth (+70.4%). Turnover for this sector exceeds the level achieved in the first half of 2019 by 8.2% to reach an unprecedented level for the Group in this segment. However, the component shortage is affecting it severely, causing production delays. Despite this, telematics sales, which are sensitive to customer volumes, drove the activity up by 54.0% over the first half of 2021 as did Special Vehicles, which ramped up over the period (+103.6%).

With less volume-sensitive activities, such as the Diagnostics business, in which the Group continues to have recognised expertise enabling it to generate sales on a regular basis, **automobile manufacturers** account for 24.7% of the Automotive Division’s sales compared to 36.6 % at the end of June 2020, maintaining an historically significant share of consolidated turnover. This drop is due to the downturn in the telematics contract, also impacted by the components crisis, which should gradually come to an end by the end of the first quarter of 2022, and the Diagnostics business will recover its prime position in sales to car manufacturers.

The **Bus & Coach** segment, reliant on long-standing relationships with its customers, was severely affected by the freezing of fleet operator investments for inter-city travel, particularly in Latin America, but is almost back up to the activity levels of the first half of 2019 (-2.8%). With a growth of +18.9%, Bus & Coach customers account for 12.7% of the division's business. **Off Highway** (construction and agricultural machinery, etc.) was up by 26.8% compared to the first half of 2020 and by 5.6% compared to the first half of 2019, now accounting for 9.1% of Automotive business. These two market segments, which are also sensitive to the component shortage, were easier to preserve over the period, due to the smaller series that serve them. Developments in the situation may have a greater impact on them in the second half of the year.

One of the rare sectors to progress for the Group in the first half of 2020, the **rail** sector, saw its turnover increase by 15.7%, confirming its role as a growth driver. It still only represents 3.7 % of the Automotive Division’s business compared to 2.5% at 30 June 2019.

Lastly, the **electric vehicle** segment, comprising several types of manufacturers, was up by 19.9%. It did not recover to its first-half 2019 level, when the delivery of prototypes had a positive impact on business. Activities directly related to supporting vehicle electrification are currently being transferred to a new Power division, which will raise the profile of this activity at the end of the year.

- Aftermarket Business Unit

Its turnover amounted to €21.2 million at 30 June 2021, up by €0.7 million (+3.45%), accounting for 9.4% of the Group's consolidated turnover .

While activity had ground to a halt in garages and among fleet operators due to the Covid-19 crisis, there has been a resumption of customer investments leading to growth in ACTIA’s turnover of 14.6% and 63.3%, respectively. Although garage equipment exceeded the level of business in the first half of 2019, this was not the case for the Fleet Management segment, as business has not yet recovered in Latin America.

Unlike the first half of 2020 where Vehicle Inspection benefited from both the export market to the Philippines, where the majority of deliveries got through before the borders were closed, and from a French government decision to continue this activity despite lockdown and grant extensions to deadlines for conducting inspections, this sector recorded a decline of 33.6%. Export activities were not able to resume due to Covid-19 restrictions and governments are not launching any programmes for regulatory changes in this area (e.g. France where inspections on two-wheeled vehicles were announced in July, then abandoned two weeks later).

- Manufacturing-Design & Services Business Unit

This business unit's activity brought in €21.9 million, up 3.2%, corresponding to 9.7% of the Group’s consolidated turnover. To maintain a diversified customer portfolio for its manufacturing plants, both in France and Tunisia, the Group has ramped up sales efforts, in a context of lower manufacturing volumes at the Group’s plants, which is having a particularly negative impact in terms of absorbing the costs of our high-quality, latest-generation production tools. International competition remains fierce, but the Group’s size, as well as the diversity of its production and expertise, continue to be strengths. One of the sectors where the Group diversified, Aeronautics, has enabled us to get through many past crises, but continues to be severely affected by the Covid-19 crisis, hence business from our leading customer fell by 24.7% in the first half of the year. In contrast, the home automation sector was up 26.8%, slightly exceeding its level in the first half of 2019. However, the component shortage threatens to thwart growing demand from our customers in this segment.

Over the period, the impact of fluctuations in the EUR/USD exchange rate on our purchases was mitigated through the use of hedging tools. They provide a tunnel for purchasing dollars, thus offsetting the impact of financial market turbulence. Contrary to 30 June 2020, when hedging instruments showed an decline in valuation of -€0.2 million compared to 31 December 2019, the variation is +€5.5 million compared to 31 December 2020. Through its hedging strategy, the Automotive division was able to purchase dollars at an average exchange rate over the period of 1.1983 compared to 1.1687 in the first half of 2020, a rate slightly below the cash market where the average exchange rate over the period was 1.2024, compared to 1.1015 in the first half of 2020.

Wiping out efforts made to improve profitability, the Covid-19 crisis and the ensuing component shortage have affected sales volumes, production organisation, and stock management. Indeed, the electronic components market remains under strain with supply no longer meeting international demand, resulting in sudden revisions of deliveries with suppliers not honouring firm orders placed. This leads to difficulties in stock management and production schedules, as components no longer arrive at the plants in an organised manner. Supplies and materials currently being received correspond neither to forecasts nor the order book, and consequently do not correspond to work in progress. There is a lack of reliable forecasts from customers concerning orders to be produced.

Since 30 June 2020, headcount dropped by 211 to 3,287 employees (-6.0%), which does not directly correspond to the increase in personnel costs (+4.8%) due to the end of government aid (€3.9 million in the first half of 2019, compared to €0.3 million at 30 June 2021) to maintain employment, particularly in France and Germany, during the first wave of the Covid-19 pandemic. Furthermore, implementation of the “APLD” (long-term furlough) scheme at the main French entity resulted in a lower consumption of annual leave days, leading to a significant increase in the provision for paid leave (+€0.8m). The need to adapt to the various difficulties led to continued application of the freeze on hiring, non-replacement of employees leaving due to natural attrition and also reductions in headcount at structures that do not have immediate prospects for recovery and where the legislation allows action to be taken quickly. R&D activity over the period, which could generate significant variances in capitalised production from one situation to another, fell to €4.7 million from € 6.2 million (-43.1%).

In support of the development of new contracts and to further reinforce sales in growth areas, spending on R&D reached €35.5 million over the first half, i.e. +€3.4 million, reflecting efforts to reduce such costs without creating difficulties for the future. R&D expenditure corresponded to 17.9% of turnover, compared to 17.3% at 30/06/20. With a slightly lower level of capitalisation (-€0.6 million compared to 30/06/20) and other contributions that remained stable (research tax credit and subsidies), R&D costs in the income statement increased by €3.0 million. This desire to maintain the programmes that will drive tomorrow's business means that internal resources were used more intensively to the detriment of outsourcing, which was greatly reduced.

Employee travel continued to be greatly reduced, resulting in another drop in travel expenses (-€0.4 million). Transport costs, for their part, increased significantly (+€1.2 million) under the double impact of business growth and price hikes.

With continued R&D investment, provisions for depreciation increased by 9.5% to €14.5 million.

In the first half of the year, these elements were reflected in the operating income of the Automotive division, which came to -€3.6 million , or -1.8% turnover compared to 6.7% at 30 June 2020, thus recording strong improvement compared to the first half of 2020, the division being doubly impacted by the component shortage, which prevented it from fulfilling the orders in its books and disrupted its supply chain and production The contribution to Group net income was -€2.0 million.

It should be noted that the division's stocks increased by €5.9 million compared to 31/12/20, a shortage of certain components leading to an accumulation of others.

2.2.2 Telecommunications Division

With a contribution of €27.1 million to consolidated turnover, up by 60.1%, the Telecommunications Division represented 12.0% of the Group’s business. Although less sensitive to the component shortage than the Automotive Division with less materials required for its activities, the division did not grow as quickly as expected due to continued Covid-19 restrictions on international travel. Indeed, products and systems for export require on-site configuration of settings and training, which were more difficult to schedule due to the successive implementation and lifting of lockdown measures. International sales thus remained stable, representing 21.3% of the division's sales at 30 June 2021, the same figure as at 30 June 2020.

The significant events of the first half of 2021 in the division's 3 business segments are as follows:

- SatCom Business Unit

  With half-yearly turnover of €10.5 million, compared to €8.3 million in the same period 2020, this business unit experienced growth due to the contract in Egypt. This contract, which could not proceed as initially planned, in particular in the first half of 2020 due to the closure of borders, was scheduled to end in 2020 for its land component but is now continuing in 2021. Repositioning of the various milestones, which always required ACTIA Telecom teams to be present on site to configure final settings and provide training, continued to be problematic, however, as each new lockdown or isolation for a positive case/close contact delayed the next milestone accordingly. Nevertheless, the final technical milestones were completed this summer, allowing the Marine phase of the programme to be launched.

  Apart from the time lags caused by the health crisis, business generated by its multi-year contracts remained in line with expectations.

- Energy Business Unit

  Turnover at 30 June reached €9.5 million, up by €6.2 million compared to the first half of 2020. This dramatic increase can be explained by both the base effect for the first half of 2020, a period impacted by the Covid-19 crisis, and the growth forecast for 2020 which is now fully in play. However, this business unit is sensitive to adequate component supply in its LV substation and smart metering management activities. With smaller series than the Automotive division, component shortages were able to be managed in the first half of the year, but uncertainties remain for the months to come.

- Rail

  This business unit continued to see growth with an increase in turnover of €1.8 million, up 32.3% compared to the first half of 2020, thanks to the ramping-up of programmes acquired in previous years as part of the growth drivers developed by the Group. Although implementation was disrupted by the Covid-19 crisis, by relying on a spate of new contract wins, this operational entity continued to grow.

With an upturn in business in comparison to the first half of 2020, operating income stood at €0.2 million as opposed to -€1.8 million at 30 June 2020. With a level of business that allowed it to absorb its fixed costs, the Telecom division continued its efforts to support the beginning of major programmes requiring R&D expertise. Headcount increased slightly compared to 30 June 2020 (+ 9 employees), but personnel costs decreased by 5.4% despite the end of French state aid, as efforts made to reduce R&D outsourcing paid off. R&D expenditure was stable in the income statement at €2.2 million (-23.7%), reflecting efforts to control costs and contracts wins, with the re-invoicing rate increasing by 20.8% over the period. External charges were up 3.3% compared to the first half of 2020 with an increase in transport costs of 35.5% and costs related to product certification.

The sustained activity expected in the second half of the year should allow this mainly fixed-charge structure to recover a good level of operating margin, as evidenced by the increase between the first half of 2020 (-10.8%) and 30 June 2021 (0.8%).

2.3 Outlook

For the time being, as the business is forced to adapt to the pace of delivery of electronic components, growth remains below the Group's expectations.
Faced with the instability of successive implementation/lifting of lockdown measures, the Group continues to adapt, keeping its production sites operational to try to limit the impact on its customers. Thanks to the efforts of its teams, ACTIA was able to ensure continuity in its deliveries, although adjustments to the production pace had a negative impact on productivity.
The order book exceeded the initial target of returning to 2019 activity levels by 2021, and the production tools in which the Group had heavily invested before the Covid-19 crisis are able to absorb most of the backlog. However, supply shortages persist and a lack of information from manufacturers on their component deliveries for the fourth quarter does not allow us to confirm the activity level expected for the end of the year. Regardless, ACTIA is putting measures in place to be more agile in monitoring components likely to be in short supply, to search for alternative solutions to propose, and to monitor direct and indirect costs resulting from the shortage, and we will inform our customers of such measures.

In financial terms, ACTIA had €49.4 million in cash at 30 June 2021, meaning it was able to meet its short-term repayment obligations and less than one third of its short-term lines are drawn. However, in a particularly uncertain context, and in order to secure the Group's known financing requirements over the coming months, management made the decision to ask its banking partners to make available almost the full outstanding amount possible of the state-guaranteed loans ("PGE"), for an amount of €50.7 million. To date, 89.2% of the application has been granted, with some financial partners yet to respond. In addition, some banking partners showed interest in supporting ACTIA in its projects, especially in the field of sustainable mobility. ACTIA also participated in several calls for projects as part of the Recovery Plan, which were successful during the third quarter, allowing it to receive €9 million to support core programmes over 2 to 4 years, in the form of grants, repayable advances and subsidised loans. Obtaining a large share of this financing potential, or alternative financing, is a pre-requisite for the Group to ensure it can pursue its development strategy.

In addition, the cost structure, which is lower than in the first half of 2020, will be able to absorb some of the additional costs caused by the supply shortages and the increase in the price of certain raw materials. A share of the additional costs is borne by customers. The Group continues to tightly control expenses and implemented furlough measures at the beginning of 2021 (10% of APLD in France, in Automotive).

Adjustments have been made to the commercial strategy and cost-saving measures have been implemented, particularly in R&D where priority is being given to customers' development programmes. Outsourcing is being limited insofar as possible. The Group is studying different scenarios to adapt to current and future changes; the situation of each entity is assessed on a case-by-case basis, taking into account changes made to order books by customers, the capacity to generate new business opportunities, and trends forecasts in target markets.

ACTIA is committed to long-term growth and to having the capacity to serve cutting-edge technology markets, driven by both digital and energy transformation. With modern industrial plants that meet the highest quality and safety standards, ACTIA continues to deploy the latest generation of industrial management solutions (PLM, ERP), which improve operational and financial efficiency.
Meanwhile, ACTIA is restructuring by bringing together all its vehicle electrification activities under its new Power division before the end of the year. The aim is to raise the profile of these activities in which the Group has invested for many years and which fully meet market expectations. In addition, this visibility will make it easier for ACTIA to build industrial or financial partnerships.
In addition to the current uncertainty weighing on the global economy, due to the component shortage and also the different variants of Covid-19, the Group, which is broadly diversified and present internationally, is making every effort, as it has always done, to ensure its long-term development, driven by cutting-edge expertise on major markets. Its customer portfolio and order book for the next few years give us reason to forecast solid growth which should enable it to aim for revenue of more than €800 million within 4 to 5 years' time.

Consequently, the ACTIA Group Board of Directors approved the financial statements on 30 June 2021 according to the going concern principle.

2.4 Principal related party transactions

The principal transactions between related parties are described in Note 21 "Transactions with related parties" in the notes to the condensed consolidated interim financial statements at 30 June 2021.

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1 Consolidated balance sheet

Consolidated assets in €K	Notes	30/06/2021	31/12/2020
Goodwill	Note 4	24,148	24,148
Development costs	Note 4	57,077	59,518
Other intangible assets	Note 4	2,352	1,585
Total intangible assets	**Note 4**	**83,577**	**85,251**
Land	Note 5	3,625	3,612
Buildings	Note 5	38,068	38,445
Technical equipment	Note 5	19,987	20,647
Other tangible assets	Note 5	12,904	14,730
Total tangible fixed assets	**Note 5**	**74,585**	**77,434**
Equity method investments		831	774
Non-current financial assets	Note 11	1,900	1,751
Deferred taxation	Note 10	12,148	13,163
Non-current tax credit	Note 11	14,121	11,910
TOTAL NON-CURRENT ASSETS		**187,163**	**190,284**
Stocks and work in progress	Note 6	158,980	149,564
Trade receivables	Note 7	139,880	141,364
Other current receivables from operations	Note 7	11,315	8,814
Current tax credit	Note 7	11,544	11,855
Other miscellaneous current receivables	Note 7	2,742	1,408
Current financial assets	Note 9.2		
Total current receivables		**324,461**	**313,005**
Cash equivalents	Note 9.1	80	79
Cash	Note 9.1	49,379	53,335
Total cash and cash equivalents	**Note 9.1**	**49,459**	**53,414**
TOTAL CURRENT ASSETS		**373,920**	**366,419**
TOTAL ASSETS		**561,083**	**556,703**

Equity and consolidated liabilities in € thousands	Notes	30/06/2021	31/12/2020
Capital	Note 13	15,075	15,075
Premiums	Note 13	17,561	17,561
Reserves	Note 13	75,166	95,631
Retained earnings	Note 13	12,715	11,075
Translation reserve	Note 13	(3,983)	(4,363)
Treasury shares	Note 13	(162)	(162)
Income for the period	Note 13	(1,553)	(19,043)
Group common shareholders' equity	**Note 13**	**114,818**	**115,773**
Income from non-controlling interests	Note 13	111	(398)
Reserves from non-controlling interests	Note 13	256	711
Non-controlling interests	**Note 13**	**367**	**313**
EQUITY	**Note 13**	**115,185**	**116,087**
Borrowings from credit institutions	Note 12	138,468	144,047
Miscellaneous liabilities	Note 12	962	986
Debt – lease financing	Note 12	11,232	13,270
Total non-current debt	**Note 12**	**150,662**	**158,302**
Deferred tax liabilities	Note 10	5,028	4,186
Provision for pensions and other long-term benefits	Note 15	11,447	11,507
TOTAL NON-CURRENT LIABILITIES		**167,137**	**173,995**
Other provisions	**Note 15**	**9,855**	**10,526**
Short-term debt	Note 12	103,057	97,918
Derivatives	Note 9.2	2,042	7,486
Total current debt		**105,099**	**105,404**
Suppliers	Note 16	73,841	69,893
Other operating liabilities	Note 16	68,859	63,213
Corporate taxes (IS)	Note 16	1,355	2,003
Other miscellaneous liabilities	Note 16	583	646
Deferred income		19,169	14,935
TOTAL CURRENT LIABILITIES		**278,761**	**266,622**
TOTAL EQUITY AND LIABILITIES		**561,083**	**556,703**

3.2 Consolidated income statement

Consolidated income statement in € thousands	Notes	H1 2021	H1 2020
Revenue from operations (*Turnover*)	**Note 17**	**225,455**	**201,988**
- Materials and supplies	Note 17	(120,002)	(110,744)
- Personnel costs	Note 17	(67,878)	(60,753)
- External charges	Note 17	(26,767)	(34,023)
- Taxes		(2,702)	(3,219)
- Provisions for depreciation	Note 17	(15,807)	(14,351)
+/- Changes in stocks of finished goods and work in progress		1,065	2,590
+/- Exchange gains / losses on operating activities		1,212	1,310
+ Research tax credit		2,573	2,870
Current operating income	**Note 17**	**(2,852)**	**(14,331)**
- Other operating income and expenses		343	54
+/- Profit / loss on disposal of assets		21	(54)
- Impairment of goodwill	Note 4		
Operating income	**Note 17**	**(2,488)**	**(14,332)**
+ Income from cash and cash equivalents		5	94
- Interest and financial costs	Note 17	(1,798)	(1,719)
+ Other financial income / (costs)		5,267	(101)
Financial result	**Note 20**	**3,474**	**(1,726)**
+ Net income Group share equity method consolidated companies		70	82
+ Taxation	Note 17	(2,498)	(302)
Income for the period	**Note 17**	**(1,442)**	**(16,277)**
* attributable to Group shareholders		(1,553)	(15,636)
* non-controlling interests		111	(641)
Basic and diluted earnings per share (in €) - Group share	**Note 14**	**(0.08)**	**(0.78)**

3.3 Statement of comprehensive income

Statement of comprehensive income in € thousands	H1 2021	H1 2020
Income for the period	**(1,442)**	**(16,277)**
Items that will not be reclassified to profit or loss		
Defined benefit pension plans – Actuarial differences	537	200
Deferred taxation on defined benefit pension plans – Actuarial differences	(247)	(93)
Items that may subsequently be reclassified to profit or loss		
Cumulative translation differences	347	1,452
Other comprehensive income, net of tax	**637**	**1,559**
Comprehensive income for the period	**(800)**	**(14,718)**
* attributable to Group shareholders	(888)	(14,285)
* non-controlling interests	83	(433)

3.4 Statement of changes in equity

In €K	Capital	Treasury shares	Premiums	Consolidated reserves, retained earnings,	Translation reserve	Total attributable to the Group	Non-controlling interests	Total Shareholders' funds
At 01/01/2020	**15,075**	**(162)**	**17,561**	**109,713**	**(2,597)**	**139,589**	**799**	**140,388**
Comprehensive income								
Consolidated income				(15,636)		(15,636)	(641)	(16,277)
Other comprehensive income				108	(1,273)	(1,166)	(6)	(1,172)
Comprehensive income for the period	**0**	**0**	**0**	**(15,528)**	**(1,273)**	**(16,801)**	**(648)**	**(17,449)**
Transactions with shareholders								
Distributions to shareholders				(3,015)		(3,015)	0	(3,015)
Issuance and repayment of shares						0		0
Changes in scope						0		0
Other				(160)		(160)	(3)	(164)
At 30/06/2020	**15,075**	**(162)**	**17,561**	**91,010**	**(3,870)**	**119,613**	**147**	**119,760**
At 01/01/2021	**15,075**	**(162)**	**17,561**	**87,663**	**(4,363)**	**115,773**	**313**	**116,087**
Comprehensive income								
Consolidated income				(1,553)		(1,553)	111	(1,442)
Other comprehensive income				285	380	665	(28)	637
Comprehensive income for the period	**0**	**0**	**0**	**(1,268)**	**380**	**(888)**	**83**	**(805)**
Transactions with shareholders								
Distributions to shareholders						0	(29)	(29)
Issuance and repayment of shares						0		0
Changes in scope						0		0
Other				(67)		(67)	(1)	(68)
At 30/06/2021	**15,075**	**(162)**	**17,561**	**86,328**	**(3,983)**	**114,818**	**367**	**115,185**

3.5 Consolidated cash flow statement

Consolidated cash flow statement in € thousands	Notes	H1 2021	H1 2020
Income for the period	**3.2**	**(1,442)**	**(16,277)**
Adjustments for:			
Depreciation and provisions	3.2	14,839	16,320
Profit / loss from disposal of assets	3.2	(25)	(62)
Interest charges	3.2	1,798	1,719
Current tax charge (excl. research tax credit)	3.2	866	810
Changes to deferred taxation	3.2	1,632	(508)
Research tax credit	3.2	(2,573)	(2,741)
Other income / expense (*)	3.2	(5,569)	1,804
Share of the profit / loss of associates	3.2	(70)	(82)
Operating cash flow before changes to working capital requirements		***9,456***	***983***
Changes to working capital requirements related to the business	Note 24.1	2,720	(327)
Cash flow from operating activities		***12,176***	***655***
Income tax paid (excluding research tax credit)		(1,514)	(777)
Research tax credit collected		1,603	3,859
Net cash flow from operating activities		**12,265**	**3,738**
Capital purchases	Note 4	(10,242)	(12,332)
Dividends received from associates		14	0
Income from disposal of assets	3.2	116	70
Changes in loans and advances		716	120
Acquisitions during the period under net of cash acquired			
Net cash flow from investing activities		**(9,396)**	**(12,143)**
Dividends paid to the owners of the parent company			(3,015)
Dividends paid to non-controlling interests in consolidated companies		(29)	(0)
New borrowings	Note 12	15,498	40,015
Repayment of borrowings	Note 12	(24,245)	(12,676)
Interest paid	Note 20	(1,798)	(1,719)
Net cash flow from financing activities		**(10,574)**	**22,606**
Effect of exchange rate changes		(49)	(486)
Cash and cash equivalents - opening balance	Note 9.1	12,489	(13,801)
Cash and cash equivalents - closing balance	Note 9.1	4,736	(86)
Changes in cash and cash equivalents		**(7,753)**	**13,715**

(*) As from 30 June 2021, the impact of the fair value of financial instruments is shown under the heading "Other income / expense".

3.6 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 Company's registered head office is located at 5, Rue Jorge Semprun - 31400 Toulouse. The Company's consolidated financial statements include the Company and its subsidiaries (jointly referred to as the "Group"). The principal business areas of the Group are high-added-value, on-board electronic systems for the automotive and telecommunications markets.

The condensed consolidated financial statements at 30 June 2021 were approved by the Board of Directors on 20 September 2021.

Note 2. Accounting principles

Note 2.1 Basis for the preparation of the financial statements

The accounting methods and means of calculation have been applied in an identical manner for all the periods presented.

The sums stated in these financial statements are expressed in thousands of Euros (€K).

The consolidated interim financial statements have been prepared in accordance with IFRS as published by the IASB and adopted by the European Union. Compliance with these standards includes the definitions and the accounting and valuation methods recommended by IFRS, as well as all the information that they require. In compliance with Standard IAS 34, Interim financial information, they do not include all the information required for annual financial statements and must be read in conjunction with the Group's financial statements for the year ended 31 December 2020.

Note 2.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to exercise judgement, and make estimates and assumptions that have an impact on the application of the accounting methods and on the value of assets, liabilities, income and expenditure. These underlying estimates and assumptions are made on the basis of past experience and other factors considered to be reasonable in view of the circumstances. They therefore serve as the basis for exercising the judgement needed to determine the book value of certain assets and liabilities that cannot otherwise be determined directly from other sources. The actual value may differ from the estimated value.

These underlying estimates and assumptions are constantly re-examined. The impact of changes to accounting estimates is recognised during the period in which the change occurs if they only affect that period, or in the period in which the change occurs and the subsequent periods if these are also affected by the change.

The principal line items in the balance sheet that are affected by these estimates are deferred tax (see Note 10, "Deferred taxation"), goodwill (see Note 4 "Intangible assets"), capitalised development costs (see Note 4 "Intangible assets"), and provisions (see Note 15, "Provisions").

Note 2.3 Changes to IFRS

The new IAS/IFRS texts and interpretations that became effective on 1 January 2021 and have been **applied by the Group** when preparing these consolidated financial statements at 30 June 2021 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	01/01/2021	13/01/2021	01/01/2021

New standards, interpretations and amendments to IFRS published and **applied early** by the Group as of 1 January 2021: none.

Note 3. Consolidated companies

Coovia has been involved in legal proceedings since the first quarter of 2019 and was removed from the scope of consolidation during the first half of 2021. Its liquidation was ordered on 13 April 2021. The impact on the financial statements is not significant.

Note 4. Intangible assets

During the first half of 2021, capitalised development costs amounted to €6.3 million compared to €7.1 million for the same period of 2020.

Details of acquisitions of intangible assets are given in the following table:

In €K	30/06/2021	30/06/2020
Development costs		
Automotive Division	5,922	6,442
Telecoms Division	398	624
Total	**6,320**	**7,066**
Other intangible assets		
Automotive Division	392	286
Telecoms Division	555	26
Other (incl. Holding company)		
Total	**947**	**312**

The value of **goodwill** did not change from 31 December 2020. Impairment tests are conducted each year at closing on 31 December, or in the event of indications of loss of value (15% drop in turnover or 30% drop in operating income of the CGU at constant scope). No indication of loss of value was detected at 30 June 2021.

Note 5. Tangible fixed assets

During the first half of 2021, acquisitions of tangible assets amounted to €5.7 million (compared to €6.6 million for the same period of 2020), of which €2.8 million from leases; all were acquired from outside suppliers.

Details of these acquisitions are given in the following table:

In €K		30/06/2021	30/06/2020
Land			
Automotive Division		-	-
Telecoms Division		-	-
Sub-total			
Buildings			
Automotive Division		570	886
	of which Leases	*485*	*357*
Telecoms Division		251	615
	of which Leases	*4*	8
Other (incl. Holding company)		-	-
Sub-total		**821**	**1,501**
Technical equipment			
Automotive Division		2,618	2,171
	of which Leases	*1,796*	*1,180*
Telecoms Division		407	89
Sub-total		**3,025**	**2,260**
Other tangible assets			
Automotive Division		1,698	2,637
	of which Leases	*485*	*364*
Telecoms Division		161	210
	of which Leases		*41*
Other (incl. Holding company)			
	of which Leases		
Sub-total		**1,859**	**2,847**
Total		**5,705**	**6,607**
	f which Leases	***2,770***	***1,950***

Note 6. Stocks and work in progress

The net realisable value of stocks was as follows:

In €K	30/06/2021	31/12/2020	30/06/2020	31/12/2019
Raw materials	72,951	61,824	75,679	72,399
R&D costs pursuant to the execution of contracts	44,514	40,125	38,135	35,056
Intermediate and finished products	30,545	32,834	38,933	39,801
Goods	10,970	14,781	12,051	13,879
Total	**158,980**	**149,564**	**164,798**	**161,135**

During the first half of 2021, stocks grew overall by €9.4 million, compared to +€3.7 million in the first half of 2020.

Details of their **half-yearly changes** are given in the following table:

In € thousands	Gross	Depreciation	Net
At 31/12/2019	**172,764**	**(11,630)**	**161,135**
Change over the period	6,110		6,110
Net depreciation		(1,169)	(1,169)
Changes in scope	(184)	184	0
Effect of exchange rates	(1,290)	11	(1,279)
At 30/06/2020	**177,401**	**(12,605)**	**(164,798)**
Change over the period	(15,443)		(15,443)
Net depreciation		598	598
Changes in scope	0	0	0
Effect of exchange rates	(427)	39	(388)
At 31/12/2020	**161,531**	**(11,967)**	**149,564**
Change over the period	9,795		9,795
Net depreciation		(1,010)	(1,010)
Changes in scope	0	0	0
Effect of exchange rates	661	(31)	631
At 30/06/2021	**171,988**	**(13,007)**	**158,980**

Pledged inventories are set out in Note 23 "Encumbered assets".

Note 7. Trade and other receivables

The details of trade receivables and other current receivables are given in the following table:

In €K	Net value at 31/12/2020	Changes over the period	Depreciation / reversals	Changes in scope	Effect of exchange rates	Net value at 30/06/2021
Trade receivables	**141,364**	**(1,867)**	**(198)**		**581**	**139,880**
Pre-payments	**3,537**	1,034			28	**4,599**
Social security receivables	**510**	93			20	**623**
VAT claims	**2,408**	547			(0)	**2,956**
Accrued charges	**2,358**	773			6	**3,137**
Other current receivables from operations	**8,814**	**2,447**			**54**	**11,315**
Tax receivables	**2,215**	1,179			74	**3,468**
Research tax credit	**9,641**	(1,565)				**8,076**
Current tax credit	**11,855**	**(386)**			**74**	**11,544**
Other miscellaneous current receivables	**1,408**	**1,273**			**61**	**2,742**
Total	**163,441**	**1,467**	**(198)**		**771**	**165,481**

At 30 June 2021, the schedule for gross trade receivables not yet due and past due (aged balance) was as follows:

In €K	Not yet due	Past due by 0 to 30 days	Past due by 31 to 60 days	Past due by 61 to 90 days	Past due by more than 91 days	Total trade receivables (Gross)
Gross at 30/06/2021	63,075	20,061	14,135	9,237	37,144	**143,652**
Gross at 31/12/2020	120,692	6,367	5,357	1,953	10,527	**144,896**

No significant uncollectable debt was recognised at 30 June 2021 or at 30 June 2020.

Note 8. Other contractual assets and liabilities

As part of the application of the new IFRS 15 "Revenue from contracts with customers", for any given contract, the cumulative sum of revenues recognised in exchange for all the contractual service obligations, after deduction of the payments received and the trade receivables accounted for separately, are presented below under the headings contractual assets or contractual liabilities, if the balance is negative.

Any provisions for onerous contracts, known as forecast losses, are excluded from these balances and presented under provisions for liabilities and charges.

In €K	At 30/06/2021	At 31/12/2020	At 30/06/2020
Contractual assets	**8,613**	26,076	42,715
Contractual liabilities	**(8,368)**	(3,977)	(3,901)

Note 9. Cash, cash equivalents and financial instruments at fair value through profit and loss

Note 9.1 Cash and cash equivalents

These changed as follows:

In €K	30/06/2021	31/12/2020	Change
Cash equivalents	80	79	1
Cash	49,379	53,335	(3,956)
Cash and cash equivalents	**49,459**	**53,414**	**(3,955)**
(Short-term bank borrowings)	**(44,723)**	**(40,925)**	**(3,798)**
Total	**4,736**	**12,489**	**(7,754)**

Short-term bank borrowings are included in "Short-term debt" under Current liabilities.

Marketable securities are recognised at their market value on the date of closing. The impact on income for the period is as follows:

In €K	Fair value at 30/06/2021	Fair value at 31/12/2020	Impact
Marketable securities	80	79	1

Note 9.2 Financial instruments at fair value through profit and loss

These include:

- Interest rate hedging instruments

The subsidiary ACTIA Automotive S.A. has taken out interest rate swaps with a maturity of less than one year at 30 June 2021.

These hedging instruments are not linked to specific finance contracts but they cover the Group's indebtedness to a level of €5.3 million at 30 June 2021.

ACTIA Group recognises these hedging instruments at fair value through profit and loss.

The impact of this treatment on the results is shown in the following table:

In €K	30/06/2021		31/12/2020		30/06/2020	
	Fair value	Impact	Fair value	Impact	Fair value	Impact
ASSET / (LIABILITY) Financial instruments						
SWAP	(13)	55	(69)	92	(114)	47
Total	**(13)**	**55**	**(69)**	**92**	**(114)**	**47**

An analysis of the Group's exposure to interest rate risk is given under Note 24.2 "Market risks".

- Currency hedging instruments

At 30 June 2021, ACTIA Automotive and ACTIA Systems held currency hedging contracts. Details of these hedges are given in the following table:

In currency	Maximum amount remaining to be acquired at 30/06/2021	Maturity
Currency purchases		
EUR/USD Tunnel	$ 7,000,000	< 1 year
EUR/USD Tunnel	$ 6,000,000	< 2 years
EUR/USD Accumulator	$71,395,096	< 1 year
EUR/USD Accumulator	$37,700,000	< 2 years
EUR/USD Option	$ 19,000,000	< 1 year

The Group recognises these currency hedging instruments at fair value through profit and loss.

The impact of this treatment on the results is shown in the following table:

In €K	30/06/2021		31/12/2020		30/06/2020	
	Fair value	Impact	Fair value	Impact	Fair value	Impact
ASSET / (LIABILITY) Financial instruments						
EUR/USD Hedges	(2,029)	5,388	(7,418)	(8,795)	1,209	(168)
Total	**(2,029)**	**5,388**	**(7,418)**	**(8,795)**	**1,209**	**(168)**

Note 10. Deferred taxation

In €K	30/06/2021	31/12/2020
Tax assets recognised under:		
Timing differences	7,631	8,195
Of which provision for pension benefits	*2,381*	*2,795*
Of which profits on stocks	*377*	*498*
Of which other adjustments	*4,873*	*4,902*
Losses carried forward	4,517	4,968
Net total tax assets	**12,148**	**13,163**
Tax liabilities recognised under:		
Deferred tax liabilities	5,028	4,186
Net total tax liabilities	**5,028**	**4,186**
Net total deferred tax assets and liabilities	**7,120**	**8,978**

Note 11. Financial assets and liabilities

Financial assets and liabilities are carried at amortised cost with the exception of financial instruments, cash equivalents, and repayable advances, recorded at fair value.

The Group distinguishes between three categories of financial instruments according to the consequences of their characteristics in terms of their valuation method, and uses this classification to present some of the types of information required by the standard 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 11.1 Financial assets

In €K	30/06/2021				31/12/2020			
	Amortised cost	Financial assets at fair value through profit and loss	Financial assets at fair value through OCI	Consolidated Group accounts (*)	Amortised cost	Financial assets at fair value through profit and loss	Financial assets at fair value through OCI	Consolidated Group accounts (*)
Non-current assets								
Non-current financial assets	1,900			**1,900**	1,751			**1,751**
Non-current research tax credit	14,121			**14,121**	11,910			**11,910**
Current assets								
Trade receivables	139,880			**139,880**	141,364			**141,364**
Current tax credit	11,544			**11,544**	11,855			**11,855**
Other miscellaneous current receivables	2,742			**2,742**	1,408			**1,408**
Derivatives				**0**				**0**
Cash equivalents		80		**80**		79		**79**
Cash	49,379			**49,379**	53,335			**53,335**
Total	**219,567**	**80**	**0**	**219,647**	**221,623**	**79**	**0**	**221,702**

(*) Fair value is identical to the value recognised in the consolidated accounts for all financial assets.

In €K	Level 1 Market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Derivatives			
Cash equivalents	80		
Total	**80**	**-**	**-**

Note 11.2 Financial liabilities

In €K	30/06/2021			31/12/2020		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Consolidated Group accounts (*)	Financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Consolidated Group accounts (*)
Non-current liabilities						
Bond issues	20,000		**20,000**	20,000		**20,000**
Borrowings from credit institutions	118,468		**118,468**	124,047		**124,047**
Miscellaneous liabilities	168	794	**962**	322	664	**986**
Debt – lease financing	11,232		**11,232**	13,270		**13,270**
Current liabilities						
Short-term debt	102,007	1,050	**103,057**	96,794	1,124	**97,918**
Derivatives		2,042	**2,042**		7,486	**7,486**
Suppliers	73,841		**73,841**	69,893		**69,893**
Other miscellaneous liabilities	583		**583**	646		**646**
Total	**326,299**	**3,887**	**330,185**	**324,972**	**9,274**	**334,246**

(*) Fair value is close to the value recognised in the consolidated accounts for financial liabilities.

In €K	Level 1 Market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Non-current liabilities			
Miscellaneous liabilities	794		
Current liabilities			
Short-term debt	1,050		
Derivatives		2,042	
Total	**1,844**	**2,042**	**-**

Note 12. Debt

The Group requested from its various banking partners to borrow almost the full outstanding amount possible of the state-guaranteed loans ("PGE") for its French subsidiaries. This additional amount corresponds to €50.7 million. At 30 June 2021, the amount of these state-guaranteed loans ("PGE") taken out corresponded to €5.5 million.

Financial debt by type and by maturity breaks down as follows:

In €K	30/06/2021				31/12/2020			
	<30/06/2022	>01/07/2022 <30/06/2026	<01/07/2026	Total	<31/12/2021	>01/01/2022 <31/12/2025	<01/01/2026	Total
Bond issues	4,583	14,583	833	**20,000**	4,583	14,583	833	**20,000**
Borrowings from credit institutions	46,309	109,021	14,031	**169,360**	45,283	112,864	15,766	**173,913**
Miscellaneous liabilities	1,437	840	122	**2,399**	1,556	863	122	**2,542**
Debt – lease financing	6,005	10,355	877	**17,237**	5,571	11,239	2,031	**18,840**
Short-term bank borrowings and overdrafts	44,723			**44,723**	40,925			**40,925**
Total	**103,057**	**134,798**	**15,864**	**253,719**	**97,918**	**139,549**	**18,753**	**256,220**

During the first half 2021, financial debt changed as follows:

In €K	At 01/01/2021	Monetary changes		Non-monetary changes					At 30/06/2021
		New borrowings	Repayments of borrowings	Changes of scope	IFRS 16	Changes in fair value	Translation differences	Other	
Bond issues	**20,000**								**20,000**
Borrowings from credit institutions	**173,913**	15,498	(20,504)				140	313	**169,360**
Miscellaneous liabilities	**2,542**		(150)				7		**2,399**
Debt – lease financing (*)	**18,840**		(3,591)		1,937		49		**17,236**
Short-term bank borrowings and overdrafts	**40,925**	3,607					192		**44,723**
Total	**256,220**	**19,105**	**(24,245)**	**0**	**1,937**	**0**	**388**	**313**	**253,719**

(*) see Note 5 "Tangible assets"

At 30 June 2021, the schedule for financial debt, including interest not yet accrued, breaks down as follows:

In €K	<30/06/2022		>01/07/2022 <30/06/2026		<01/07/2026		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bond issues	4,583	628	14,583	1,083	833	29	**20,000**	**1,740**	**21,740**
Borrowings from credit institutions	46,309	1,477	109,021	2,882	14,031	231	**169,360**	**4,590**	**173,950**
Miscellaneous liabilities	1,437		840		122		**2,399**	**0**	**2,399**
Debt – lease financing	6,005	312	10,355	507	877	16	**17,237**	**836**	**18,073**
Short-term bank borrowings and overdrafts	44,723	611					**44,723**	**611**	**45,334**
Total	**103,057**	**3,028**	**134,798**	**4,473**	**15,864**	**276**	**253,719**	**7,777**	**261,496**

Financial debt by currency breaks down as follows:

In €K	EUR	USD	Other	Total
Bond issues	20,000			**20,000**
Borrowings from credit institutions	166,220	3,140	0	**169,360**
Miscellaneous liabilities	1,942	0	457	**2,399**
Debt – lease financing	15,590	57	1,590	**17,237**
Short-term bank borrowings and overdrafts	40,783	1,917	2,024	**44,723**
Total	**244,535**	**5,114**	**4,070**	**253,719**

The net debt to equity ratio (gearing) was as follows:

In €K	30/06/2021	31/12/2020
Bond issues	20,000	20,000
Borrowings from credit institutions	169,360	173,913
Miscellaneous liabilities	2,399	2,542
Debt – lease financing	17,237	18,840
Short-term bank borrowings and overdrafts	44,723	40,925
Sub-total A	**253,719**	**256,220**
Cash equivalents	80	79
Cash	49,379	53,335
Sub-total B	**49,459**	**53,414**
Total net debt = A - B	**204,260**	**202,806**
Total equity	**115,185**	**116,087**
Gearing ratio	**177.3%**	**174.7%**

The gearing ratio, adjusted for the impact of the financing of trade receivables, the Research (CIR) and Competitivity and Employment (CICE) Tax Credits, was as follows:

In €K	30/06/2021	31/12/2020
Bond issues	20,000	20,000
Borrowings from credit institutions	169,360	173,913
Miscellaneous liabilities	2,399	2,542
Debt – lease financing	17,237	18,840
Short-term bank borrowings and overdrafts	44,723	40,925
- Financing of trade receivables	*(4,186)*	*(5,465)*
- CIR	*(10,050)*	*(10,050)*
- CICE	*(945)*	*(1,992)*
Sub-total A	**238,538**	**238,712**
Cash equivalents	80	79
Cash	49,379	53,335
Sub-total B	**49,459**	**53,414**
Total net debt = A - B	**189,079**	**185,298**
Total equity	**115,185**	**116,087**
Gearing ratio	**164.2%**	**159.6%**

The breakdown between fixed and variable rate debt was as follows:

In €K	30/06/2021			31/12/2020		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bond issues	20,000	0	**20,000**	20,000	0	**20,000**
Borrowings from credit institutions	163,366	5,993	**169,360**	166,617	7,296	**173,913**
Miscellaneous liabilities	2,399	0	**2,399**	2,542	0	**2,542**
Debt – lease financing	17,237	0	**17,237**	18,840	0	**18,840**
Short-term bank borrowings and overdrafts	9,686	35,037	**44,723**	7,012	33,913	**40,925**
Total	**212,688**	**41,030**	**253,719**	**215,011**	**41,209**	**256,220**
Percentage breakdown	83.8%	16.2%	**100.0%**	83.9%	16.1%	**100.0%**

All debt covenants and short-term borrowings must be checked on an annual basis at year end. At 30 June 2021, they applied to 17.3 % of debt.

At 31 December 2020, as a result of the Covid-19 crisis, the Group was no longer in compliance with financial ratios on 27 loans. However, by keeping banking partners regularly up to date, we were able to have these covenants suspended on this date, except for one loan in the USA, for which no request had been made.

At 30 June 2021, only the US bank loan was concerned by covenants. As there had been little change in the situation since 31 December, it remains classified as short-term.

The guarantees given for borrowings and financial debts are listed in Note 23 “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 13. Equity

Details of changes to the number of shares over the period were as follows:

In units	31/12/2020	Capital increase	30/06/2021
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At 30 June 2021, the share capital consisted of 7,788,124 shares with single voting rights, 12,308,489 shares with double voting rights and 3,328 treasury shares with no voting rights.

There are 12,474,129 registered shares and 7,625,812 bearer shares.

The company ACTIA Group S.A. has no priority dividend shares and no preference shares.

The nominal value of a share is €0.75.

During the first half 2021, changes to Group equity were primarily related to income for the period.

Note 14. Earnings per share

Note 14.1 Basic earnings per share

The calculation of basic earnings per share at 30 June 2021 was conducted on the basis of the income attributable to the Group, the details of which are given in the following table:

	30/06/2021	31/12/2020
Consolidated income attributable to Group shareholders *(in €)*	**(1,553,029)**	**(19,043,413)**
Weighted average number of shares		
Shares issued as at 1 January	20,099,941	20,099,941
Treasury shares held at the end of the period	(3,328)	(3,328)
Weighted average number of shares	**20,096,613**	**20,096,613**
Basic earnings per share *(in €)*	**(0.08)**	**(0.95)**

Note 14.2 Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2021 was conducted on the basis of the consolidated income for the period attributable to Group shareholders. No corrections have been made to this amount. The weighted average number of potential ordinary shares over the period was 20,096,613 shares.

The details of the calculations are shown in the following table:

	30/06/2021	31/12/2020
Diluted earnings *(in €)*	**(1,553,029)**	**(19,043,413)**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,613
Effect of stock option plans	0	0
Diluted weighted average number	**20,096,613**	**20,096,613**
Diluted earnings per share *(in €)*	**(0.08)**	**(0.95)**

Note 15. Provisions

During the first half 2021, provisions for pension and other long-term benefits fell by €60 thousand to €11,447 thousand at 30 June 2021. The actuarial difference recognised under other comprehensive income corresponds to a provision of €457 thousand. The assumptions underlying the calculation at 30 June 2021 changed as follows:

- Discount rate of 0.79% (0.34% at 31/12/20) for the French companies, 9.45% (9.40% at 31/12/20) for the Tunisian companies,

The other assumptions underlying the calculation did not change. They may be adjusted on the basis of internal analyses of the payroll.

The other provisions for risks and charges fell by a total of €672 thousand.

Note 16. Other current liabilities

The details of other current liabilities are given in the following table:

In €K	Net value at 31/12/2020	Changes over the period	Changes in scope	Effect of exchange rates	Net value at 30/06/2021
Suppliers of goods and services	**69,893**	**3,687**		**261**	**73,841**
Prepayments received	**34,072**	2,936		(24)	**36,984**
Social security liabilities	**21,987**	2,344		20	**24,352**
Corporate taxes	**7,154**	351		19	**7,524**
Other operating liabilities	**63,213**	**5,631**	**0**	**15**	**68,859**
Corporate taxes (IS)	**2,003**	**(640)**		**(8)**	**1,355**
Fixed asset liabilities	**26**	(26)		0	**0**
Advances payable	**80**	16		(1)	**95**
Miscellaneous liabilities	**540**	(61)		9	**488**
Other miscellaneous liabilities	**646**	**(72)**	**0**	**8**	**583**
Total	**135,756**	**8,607**	**0**	**275**	**144,638**

Note 17. Operating segments

In accordance with the provisions of IFRS 8, the information by operating segment is based on the approach taken by management, meaning the way in which management allocates resources depending on the performance of the different segments. Within the Group, the Chairman and CEO is the chief operating decision maker. The Group has two segments to present, which offer distinct products and services and are managed separately insofar as they require different technological and commercial strategies. The types of activities conducted by each of the two segments presented may be summarised as follows:

- The Automotive Division that includes Original Equipment Manufacturers (OEM), Aftermarket and Manufacturing-Design & Services (MDS) products;
- The Telecoms Division that includes SatCom, Energy, and Rail products.

In addition to these two operating segments there is also:

- An "Others" heading that includes the holding company ACTIA Group S.A. and the SCI Les Coteaux de Pouvourville property management company (both accounted for by the equity method).

During the first half 2021, the key indicators by operating segment were as follows:

In €K	30/06/2021			
	Automotive	Telecoms	Other	Consolidated Group accounts
Revenue from ordinary activities				
(Turnover)	198,349	27,110	(5)	**225,455**
Materials and supplies	(112,797)	(6,642)	(563)	**(120,002)**
Personnel costs	(57,518)	(9,561)	(799)	**(67,878)**
External charges	(21,407)	(4,194)	(1,165)	**(26,767)**
Provisions for depreciation (A)	(14,464)	(1,317)	(26)	**(15,807)**
Current operating income	**(4,000)**	**264**	**884**	**(2,852)**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**(3,562)**	**225**	**848**	**(2,488)**
Interest and financial costs (B)	(1,257)	(122)	(419)	**(1,798)**
Fair value of hedging instruments (E)	5,444	0	0	**5,444**
Taxes (D)	(2,411)	(125)	38	**(2,498)**
NET INCOME (F)	**(1,956)**	**(25)**	**540**	**(1,442)**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**10,732**	**1,539**	**946**	**13,217**
SEGMENT ASSETS				
Non-current assets	155,752	30,325	1,085	**187,163**
Stocks	127,556	31,424	0	**158,980**
Trade receivables	100,598	39,270	12	**139,880**
Other current receivables	19,233	6,136	232	**25,601**
Cash and cash equivalents	42,523	6,753	182	**49,459**
TOTAL SEGMENT ASSETS	**445,662**	**113,909**	**1,511**	**561,083**
INVESTMENTS				
Intangible	6,314	954	0	**7,267**
Tangible	3,160	817	1	**3,978**
Financial	154	0	0	**154**
TOTAL INVESTMENTS	**9,628**	**1,771**	**1**	**11,399**
SEGMENT LIABILITIES				
Non-current liabilities	127,610	19,589	19,938	**167,137**
Short-term debt	79,676	15,266	8,115	**103,057**
Accounts payable	66,002	6,947	893	**73,841**
Other current liabilities	77,647	23,406	810	**101,863**
TOTAL SEGMENT LIABILITIES	**350,935**	**65,207**	**29,756**	**445,898**

During the first half 2020, the key indicators by operating segment were as follows:

In €K	30/06/2020			
	Automotive	Telecommunications	Other	Consolidated Group accounts
Revenue from ordinary activities				
(Turnover)	185,064	16,935	(11)	**201,988**
Materials and supplies	(104,357)	(5,832)	(555)	**(110,744)**
Personnel costs	(51,494)	(8,488)	(771)	**(60,753)**
External charges	(28,717)	(4,060)	(1,246)	**(34,023)**
Provisions for depreciation (A)	(13,203)	(1,128)	(20)	**(14,351)**
Current operating income	**(12,482)**	**(1,856)**	**7**	**(14,331)**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**(12,385)**	**(1,836)**	**(110)**	**(14,332)**
Interest and financial costs (B)	(1,175)	(118)	(426)	**(1,719)**
Fair value of hedging instruments (E)	(212)	91	0	**(121)**
Taxes (D)	(70)	(216)	(16)	**(302)**
NET INCOME (F)	**(13,821)**	**(2,078)**	**(378)**	**(16,277)**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**839**	**(708)**	**84**	**215**
SEGMENT ASSETS				
Non-current assets	162,318	29,688	944	**192,950**
Stocks	138,456	26,342	0	**164,798**
Trade receivables	76,020	40,183	26	**116,230**
Other current receivables	19,180	4,655	170	**24,005**
Cash and cash equivalents	37,749	3,150	575	**41,474**
TOTAL SEGMENT ASSETS	**433,723**	**104,018**	**1,716**	**539,457**
INVESTMENTS				
Intangible	6,729	649	0	**7,378**
Tangible	5,990	914	(0)	**6,904**
Financial	0	0	0	**0**
TOTAL INVESTMENTS	**12,718**	**1,563**	**0**	**14,282**
SEGMENT LIABILITIES				
Non-current liabilities	113,026	15,986	26,181	**155,194**
Short-term debt	90,181	20,672	1,422	**112,274**
Accounts payable	55,629	7,103	884	**63,616**
Other current liabilities	64,649	19,969	3,994	**88,613**
TOTAL SEGMENT LIABILITIES	**323,485**	**63,731**	**32,481**	**419,697**

Note 18. Order book

The Group applies IFRS 15 “Revenue from contracts with customers”, which introduces the notion of a financial order book (“revenue still to be recognised for service obligations that are either as yet unexecuted or partially executed at the date of closing”).

Therefore, the total order book for the Group (firm orders for multi-year contracts) stood at €405,220 thousand at 30 June 2021, of which 74.8% was expected to generate revenues within one year.

In €K	At 30/06/2021	At 30/06/2020
Order book	405,220	374,268

Note 19. Income taxes

The details of the Group's income taxes are as follows:

In €K		30/06/2021	30/06/2020
Income from consolidated companies		(1,512)	*(16,359)*
Current taxation (credit)		866	*810*
Deferred taxation (credit)		1,632	*(508)*
Of which	*Deferred taxation on temporary differences*	*788*	*(1,528)*
	Deferred taxation on changes in tax rates	*844*	*1,020*
Income from consolidated companies before tax		**986**	**(16,057)**

At 30 June 2021, there were no deferred taxes resulting from the deactivation of fiscal losses.

Note 20. Notes to the financial result

Details of the financial result are given in the following table:

In €K		30/06/2021	30/06/2020
Income from cash and equivalents		5	94
Interest and financial costs		(1,798)	(1,719)
Of which	*Interest on debt*	*(1,798)*	*(1,719)*
Other financial income		6,263	2,574
Of which	*Interest received*	*819*	*2,436*
	Dividends received	*0*	*0*
	Income from financial instruments	*5,444*	*138*
Other financial costs		(996)	(2,675)
Of which	*Costs on financial instruments*	*0*	*(259)*
Financial result		**3,474**	**(1,726)**

Note 21. Transactions with related parties

The details of transactions with parties related to the Group that occurred during the first half 2021 are presented below.

Note 21.1 With the holding company LP2C S.A.

The nature of the relationship with LP2C is set out in three agreements signed by LP2C and Group companies on 27 November 2018:

The ongoing services concern the following areas:

- Group promotion,
- Services in the following areas:
  - Administrative, legal, accounting and financial,
  - Quality,
  - Communications,
  - Human resources,
  - Property,
  - Management and internal Group procedures,
  - Business development.
- A specific agreement binds ACTIA Group to LP2C, with ACTIA Group carrying out the following services for the benefit of LP2C:
  - Management secretarial services,
  - Accounting.

Additional activities: LP2C may undertake, upon request by ACTIA Group and on its behalf, specific and clearly defined activities, which are limited in duration and do not enter into the normal framework of the services listed above. These specific additional activities are subject to separate agreements established according to the same terms and conditions as the agreement covering the ongoing services and are subject to prior authorisation by the Board.

These agreements have been entered into for a fixed period of five years, from 1 January 2018 to 31 December 2022.

The figures concerning balance sheet items are as follows:

In €K		H1 2021	H1 2020
Net amount of the transaction (expense)		**(566)**	**(738)**
Of which	*Ongoing services*	*(579)*	*(759)*
	Ad hoc services to the holding company	*12*	*21*
Net balance sheet entry (liability)		**(729)**	**(2,228)**
Of which	*Current accounts*		*(1,503)*
	Accounts payable	*(744)*	*(743)*
	Trade receivables	*14*	*18*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 21.2 With investments consolidated by the equity method

The relationships between SCI Los Olivos, SCI Les Coteaux de Pouvourville and the Group concern **property**:

- SCI Los Olivos owns land and a building in Getafe (Spain) which are leased to ACTIA Systems,
- SCI Les Coteaux de Pouvourville owns land and buildings located in Toulouse (Department 31) which are leased to ACTIA Group and ACTIA Automotive in proportion to the surface area occupied.

Furthermore, the Group, through its parent company ACTIA Group, had acquired a minority interest of 20% of the share capital of COOVIA, an internet start-up specialised in urban carpooling, in 2016. This company has been involved in legal proceedings since the first quarter of 2019 and was liquidated on 13 April 2021.

The figures concerning **SCI Los Olivos** are as follows:

In €K		H1 2021	H1 2020
Net amount of the transaction (expense)		**(88)**	**(88)**
Of which	*Invoicing of rents*	*(88)*	*(88)*
	Interest and financial costs	*0*	*0*
Net balance sheet entry (liability)		**346**	**313**
Of which	*Current accounts*	*344*	*313*
	Accounts payable	*0*	*0*
	Trade receivables	*2*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

The figures concerning **SCI Les Coteaux de Pouvourvil**le are as follows:

In €K		H1 2021	H1 2020
Net amount of the transaction (expense)		**(493)**	**(508)**
Of which	*Invoicing of rents*	*(484)*	*(479)*
	Reinvoicing of misc. costs	*(10)*	*(28)*
Net balance sheet entry (liability)		**(15)**	**9**
Of which	*Current accounts*	*0*	*0*
	Accounts payable	*(15)*	*0*
	Trade receivables	*0*	*9*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 21.3 With subsidiaries

These are the companies included in the scope of consolidation of the Group (see Note 3 - Consolidated companies of the 2020 Universal Registration Document).

Transactions with subsidiaries are eliminated in full in the consolidated accounts. They are of various kinds:

- Buying or selling of goods and services,
- Leasing of premises,
- Transfer of research and development,
- Buying or selling of capital assets,
- Licence agreements,
- Management fees,
- Current accounts,
- Loans, etc.

Note 21.4 With members of management bodies

This is the compensation paid to individuals who are **corporate officers of the company ACTIA Group S.A.**: :

- ACTIA Group: Chairman and CEO and the Deputy CEOs
- LP2C, the controlling company: members of the Management Board and Supervisory Board,
- In the controlled companies, subsidiaries of ACTIA Group.

The **details of compensation paid** to corporate officers are as follows:

In €K		H1 2021	H1 2020
Compensation of corporate officers		**237**	**238**
Of which	*Fixed*	*233*	*234*
	Variable	*0*	*0*
	Exceptional	*0*	*0*
	Benefits in kind	*4*	*4*
Other compensation for non-executive directors		**34**	**80**
Attendance fees		**0**	**0**
Total		**271**	**318**

Note 21.5 With other related parties

- GIE PERENEO

The company ACTIA Automotive S.A. holds 50% of GIE PERENEO. The purpose of this economic interest group is to respond to tenders for Maintenance in Operational Condition (MOC) and the upkeep of electronic systems.

The figures concerning transactions with GIE PERENEO are as follows:

In €K	H1 2021	H1 2020
Amount of the transaction (expense)	370	660
Balance sheet entry (liability)	272	393
Payment terms	Cash	Cash
Provisions for bad debt	0	0

The financial information concerning GIE PERENEO is as follows:

In €K	H1 2021	H1 2020
Total Assets	1,151	1,214
Debt	1,260	1,253
Turnover	1,450	1,625
Income	(63)	(10)

Note 22. Off-balance sheet commitments

The off-balance sheet commitments break down as follows:

In €K	30/06/2021	31/12/2020
Commitments received		
Bank guarantees	24,946	25,650
Total commitments received	**24,946**	**25,650**

The above information does not include:

- Lease financing balances that are covered under Note 12 “Financial debt”,
- Lease financing commitments and operating leases,
- Interest on borrowings that are covered under Note 12 “Financial debt”,
- Foreign currency term sales commitments and interest rate SWAPs that are covered under Note 9.2 “Financial instruments at fair value through profit and loss”.

Note 23. Security given against assets

Security given against assets corresponds to assets serving as security against debts recognised under liabilities. They break down as follows:

In €K	30/06/2021				31/12/2020			
	Automotive Division	Telecoms Division	Other subsidiaries	Total	Automotive Division	Telecoms Division	Other subsidiaries	Total
Interests in consolidated companies (*)	0	3,607	0	**3,607**	0	3,607	0	**3,607**
Secured debt balance	*0*	*1,528*	*0*	***1,528***	*0*	*1,773*	*0*	***1,773***
Assignment of trade receivables	1,624	4,174	0	**5,797**	1,557	4,950	0	**6,506**
Of which: Dailly secured	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Dailly with recourse	*1,624*	*4,174*	*0*	***5,797***	*1,557*	*4,950*	*0*	***6,506***
Discounted notes not yet matured	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Assignment of CIR & CICE	10,996	0	0	**10,996**	12,042	0	0	**12,042**
Assignment of stocks	23	0	0	**23**	3	0	0	**3**
Assignment of other receivables	0	0	0	**0**	0	0	0	**0**
Assignment of equipment	2,462	0	0	**2,462**	2,575	0	0	**2,575**
Mortgages/Security (land & buildings)	18,196	2,745	0	**20,941**	19,051	2,930	0	**21,980**
Total	**33,301**	**10,525**	**0**	**43,826**	**35,226**	**11,487**	**0**	**46,713**

(*) Book value of pledged securities

Note 24. Risk factors

The Group undertakes reviews of risks that may have a material adverse effect on its business, its financial health, its results, and its ability to achieve its objectives.

The principal risks to which Group is exposed have been identified and are described in the 2020 Registration Document (Chapter 7).

The most relevant and material risk factors identified at the date of publication of this Half-yearly Report are presented in this section.

Other than the risks presented below, the Group considers that there are no other significant risks.

Note 24.1 Liquidity risks

The Company has undertaken a specific review of its liquidity risk and considers that it is in a position to meet its future commitments. Such reviews are undertaken on a regular basis in order to be prepared for any eventualities and to be able to provide a rapid response if necessary.

A detailed study of financial debt, the cash position, net debt and debt including interest is provided under Note 12 “Financial debt”.

Generally, the half-yearly accounts do not allow for the presentation of the medium-term financing required for investments in R&D because these will be put in place during the second half. In 2021, the consequences of the Covid-19 crisis led to a decision to ask our banking partners to borrow almost the full outstanding amount possible of the state-guaranteed loans (“PGE”). The amount requested was €50.7 million and 89.2% of this has been approved to date, with some partners yet to respond.

The consequences of the Covid-19 crisis and the component shortage substantially modified financing needs:

- Upturn in WCR along with the increase in stocks and the difference of almost 30 days between supplier and customer payment terms, which is unfavourable to us;
- R&D projects ranked according to priority to reduce the associated costs;

- Limitation of production investments to what is strictly necessary for the maintenance of our means of production, a substantial part of which was replaced in the last 5 years.

Only the Digitisation plan has been maintained at the initial level.

By taking out state-guaranteed loans ("PGE") in France, the Group has the means to meet its needs for 2021. A request has been made to financial partners to support design development. Some have already given their approval, while others wish to position themselves at the end of the year, to see whether trend forecasts are confirmed.

A detailed review of financial assets and liabilities is provided in Note 11 "Financial assets and liabilities" and is shown again in the following tables:

At 30 June 2021:

In €K	<30/06/2022	>01/07/2022 <30/06/2026	<01/07/2026	Total
Total financial assets	203,625	14,121	1,900	**219,647**
Total financial liabilities	(179,523)	(134,798)	(15,864)	**(330,185)**
Net position before management	**24,102**	**(120,677)**	**(13,964)**	**(110,539)**
Off-balance sheet commitments	(24,946)			**(24,946)**
Net position after management	**(844)**	**(120,677)**	**(13,964)**	**(135,485)**

At 31 December 2020:

In €K	<31/12/2021	>01/01/2022 <31/12/2025	<01/01/2026	Total
Total financial assets	208,041	11,910	1,751	**221,703**
Total financial liabilities	(175,944)	(139,549)	(18,753)	**(334,246)**
Net position before management	**32,098**	**(127,638)**	**(17,002)**	**(112,543)**
Off-balance sheet commitments	(25,650)			**(25,650)**
Net position after management	**6,447**	**(127,638)**	**(17,002)**	**(138,194)**

For the Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and the collection of receivables. In this respect, there are no difficulties to be reported.

The Group companies independently manage their future cash needs. The parent company only intervenes in the event of difficulties. Cash is generated mainly by the business and sometimes by bank borrowings obtained locally. Major investments are decided on by senior Group management (acquisitions, buildings, production equipment and significant R&D projects) and are generally financed by loans or leasing contracts taken on by the entity in question. ACTIA Automotive S.A., as the leading company in the Automotive Division, may be called upon to finance major investments on behalf of its subsidiaries (e.g. the investment in telematics with its subsidiary ACTIA Nordic and the investment in the production facility in the United States with its subsidiary ACTIA Corp.).

Lastly, to enable the Group to take advantage of cash surpluses from certain subsidiaries, it put in place bilateral cash management agreements which are triggered according to needs, so that it can use any surplus cash available within the Group most effectively.

It should be noted that the purpose of these agreements is to use the cash available within the Group in order to limit use of the parent company's short-term lines of credit and so reduce financial costs: the intention is not to transfer bank borrowings into the subsidiaries.

Note 24.2 Market risks

❖ Interest rate risk

Interest rate fluctuations pose a risk for the Group that could have an impact on its financial costs.

The analysis conducted by the Group yielded the figures presented in the table below:

In €K	Financial assets* (a)		Financial liabilities* (b)		Net exposure before hedging (c) = (a) - (b)		Interest rate hedging instruments (d)		Net exposure 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	203,625		139,966	39,556	63,659	(39,556)	5,250	(5,250)	**58,409**	**(34,306)**
1 to 5 years	14,121		133,324	1,474	(119,202)	(1,474)			**(119,202)**	**(1,474)**
> 5 years	1,900		15,864		(13,964)	0			**(13,964)**	**0**
Total	**219,647**	**0**	**289,154**	**41,030**	**(69,507)**	**(41,031)**	**5,250**	**(5,250)**	**(74,757)**	**(35,780)**

* A description of financial assets and liabilities is provided in Note 11 to the consolidated financial statements.

At Group level, checks are conducted to ensure that the overall interest rate risk is spread in such a way as to achieve a reasonable cost for bank borrowings.

Benefiting from the low interest rate environment and in light of the setting up of a zero floor for variable borrowings, the Group has continued to prefer setting up financing at fixed rates. The breakdown of fixed and variable rate financial debt is given in Note 12 “Financial debt”.

The Group implemented staggered hedging instruments in 2015, reducing the share of variable-rate bank borrowings to 15.3%. The characteristics of the rate swaps held by ACTIA Automotive S.A. are described under Note 9.2 “Financial instruments at fair value through profit and loss”.

The sensitivity of a +/- 1% variance in the benchmark rate has been calculated on a post-hedging basis. The figures resulting from this analysis are given below:

In €K	30/06/2021	
	Impact on pre-tax income	Impact on pre-tax equity
Impact of a variance of + 1% in interest rates	**(358)**	**(358)**
Impact of a variance of - 1% in interest rates	**358**	**358**

❖ Foreign exchange risk

In countries where the currency related risk is most acute, the Group invoices in Euros for all intragroup transactions and limits customer credit in countries with “soft” currencies.

For transactions conducted in foreign currencies such as purchases or sales in US dollars (USD) or Japanese yen (JPY) by entities in the Euro zone, the companies concerned manage their foreign exchange risk independently, putting in place currency hedging tools if necessary when the volumes involved allow for it.

At 30 June 2021, the companies ACTIA Automotive and ACTIA Telecom held foreign exchange hedging contracts, the details of which are given in Note 9.2 under the sub-heading “Currency hedging instruments”.

The Group was thus able to purchase dollars at an average rate over the period of 1.1995 as compared to 1.1476 for the first half of 2020. As the average rate on the financial markets was 1.2024 over the first half of 2021, the Group was penalised by €0.1 million during the period.

The Group has analysed the foreign exchange risk on trade receivables and payables after hedging and the resulting figures are presented in the table, below:

In €K	Trade receivables - gross (a)	Accounts payable (b)	Off-balance sheet commitments (c)	Net exposure before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	106,101	(60,467)	4,496	50,130		50,130
USD	23,746	(6,882)	20,450	37,314	3,519	40,833
Other currencies	13,805	(6,493)	0	7,313	0	7,313
Total	**143,652**	**(73,841)**	**24,946**	**94,757**	**3,519**	**98,276**

The majority of transactions are therefore conducted in Euros. An analysis was conducted of sensitivity to a +/- 1% variance in the US Dollar exchange rate. It is the second most widely used currency by the Group, with the nine other currencies grouped together in the following table under the heading “Other currencies” presenting no material risk, even if certain currencies tend to fluctuate considerably, such as the Brazilian Real.

The sensitivity of a variance of +/- 1% in the EUR/USD exchange rate has been calculated on a post-hedging basis. The figures resulting from this analysis are given below:

In €K		Impact on pre-tax income		Impact on pre-tax equity	
		Rise of 1%	Fall of 1%	Rise of 1%	Fall of 1%
Net position after hedging in USD		40,833	40,833	40,833	40,833
USD	0.84147	0.84988	0.83306	0.84988	0.83306
Estimated risk		**+ 344**	**-344**	**+ 344**	**-344**

Note 25. Post-balance sheet events

On 1 July 2021, ACTIA Automotive transferred its Electromobility business to ACTIA Power France, which was set up in the context of establishing the Group’s Power Division in December 2020. Furthermore, on 21 July 2021, ACTIA Automotive transferred 100% of the shares in its subsidiary ACTIA UK Limited to ACTIA Power, the holding company of the new division.

These two operations confirm the Group's objective to create a third division dedicated to activities relating to vehicle electrification.

4 STATUTORY AUDITORS' REPORT

ACTIA Group S.A.
Registered head office: 5, Rue Jorge Semprun - 31400 Toulouse
Share Capital: €15,074,956

Rapport des commissaires aux comptes sur l'information financière semestrielle 2021

Période du 1er janvier 2021 au 30 juin 2021

Ladies and Gentlemen Shareholders,

Under the terms of the assignment entrusted to us by your General Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have carried out:

- a limited review of the condensed consolidated interim financial statements of the company ACTIA Group S.A. in respect of the period 1 January 2021 to 30 June 2021, as attached to this report,
- a verification of the information provided in the half-yearly management report.

The global crisis caused by the Covid-19 pandemic resulted in a difficult context for the preparation and limited review of the condensed consolidated interim financial statements. Indeed, this crisis and the exceptional measures imposed under the public health state of emergency had a huge impact on companies, with significant consequences for business and financing, resulting in heightened uncertainty regarding their outlook. Some of the measures, such as travel restrictions and home-working, also had an impact on the way companies organise their business internally, and the way in which our audit work is conducted.

These condensed consolidated interim financial statements were compiled under the responsibility of Management. Our role, on the basis of our limited review, is to express our opinion on these accounts.

I – Conclusion on the financial statements

We have carried out our limited review in accordance with the generally accepted professional standards in France.

A limited review primarily involves discussions with the members of management in charge of accounting and financial matters and the application of analytical procedures. The scope of this review is less extensive than that required for an audit conducted in accordance with generally accepted professional standards in France. Consequently, the assurance that the accounts, taken as a whole, are free of material misstatements, obtained within the framework of a limited review, is only a moderate assurance, with less weight than that obtained within the framework of a full audit.

On the basis of our limited review, we have noted no material misstatements leading us to believe that the condensed consolidated interim financial statements do not comply with the requirements of standard IAS 34 – an IFRS accounting standard adopted by the European Union regarding interim financial information.

II – Specific verification

We have also carried out a verification of the information provided in the half-yearly management report, commenting on the condensed consolidated interim financial statements, which we have examined as part of our limited review.

We have no matters to report as to its fair presentation of and consistency with the condensed consolidated interim financial statements.

Labège, 20 September 2021

KPMG S.A.

Mathieu Leruste
Associé

Paris, 20 September 2021

BM&A

Eric Seyvos
Associé