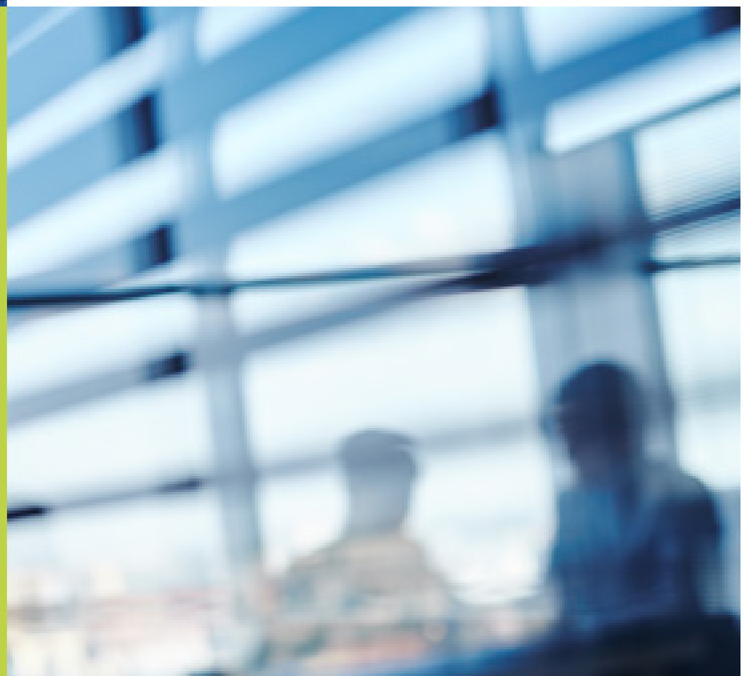
UNIVERSAL REGISTRATION DOCUMENT

2020



ACTIA®

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

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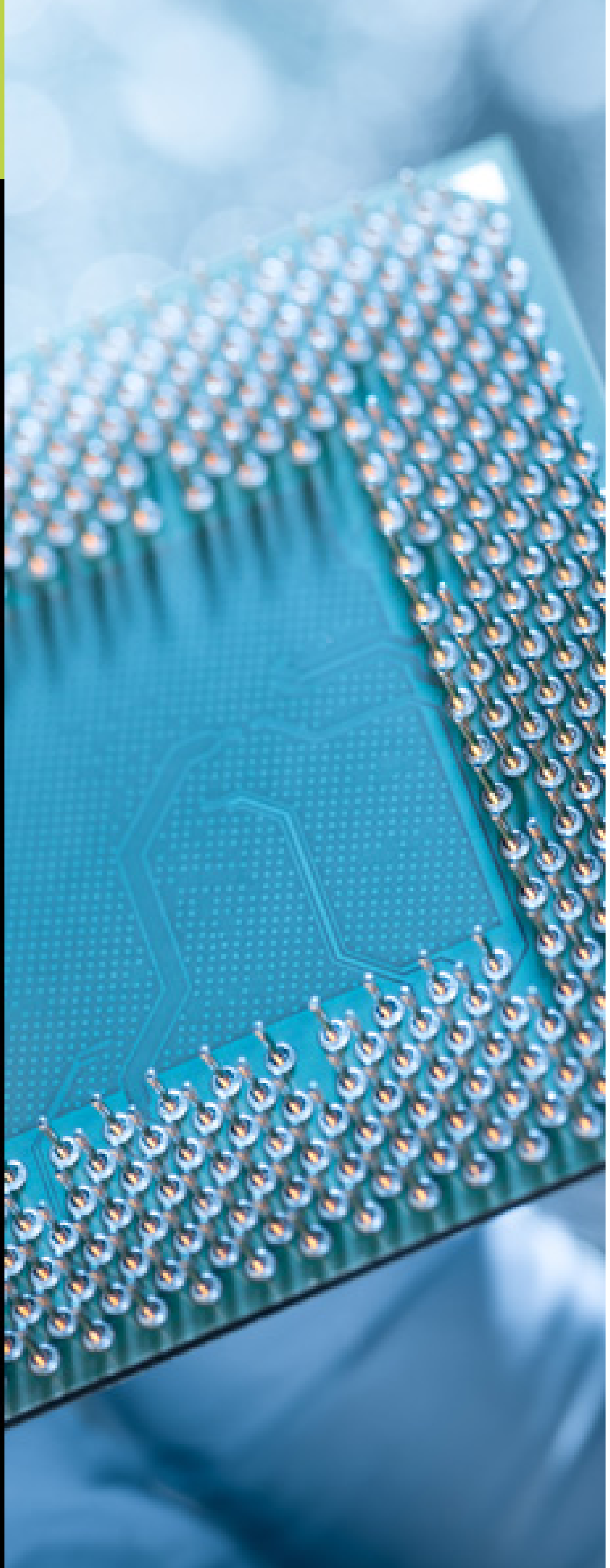

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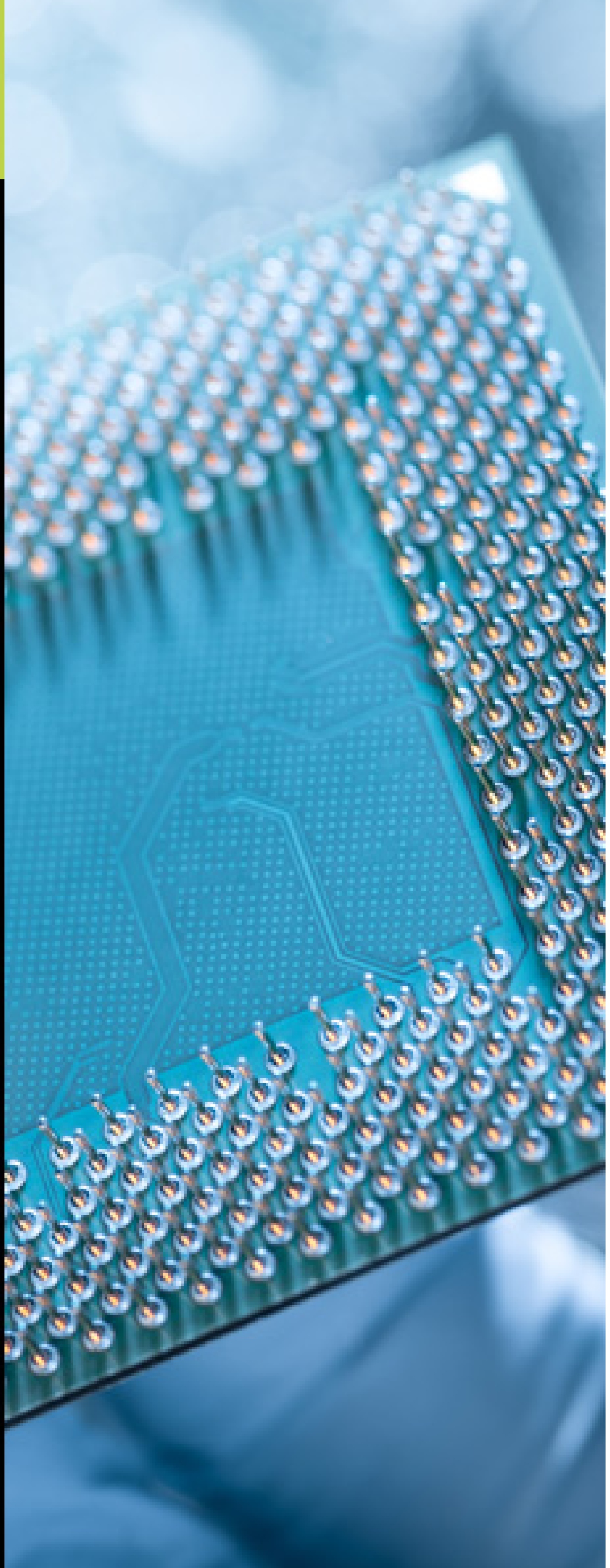
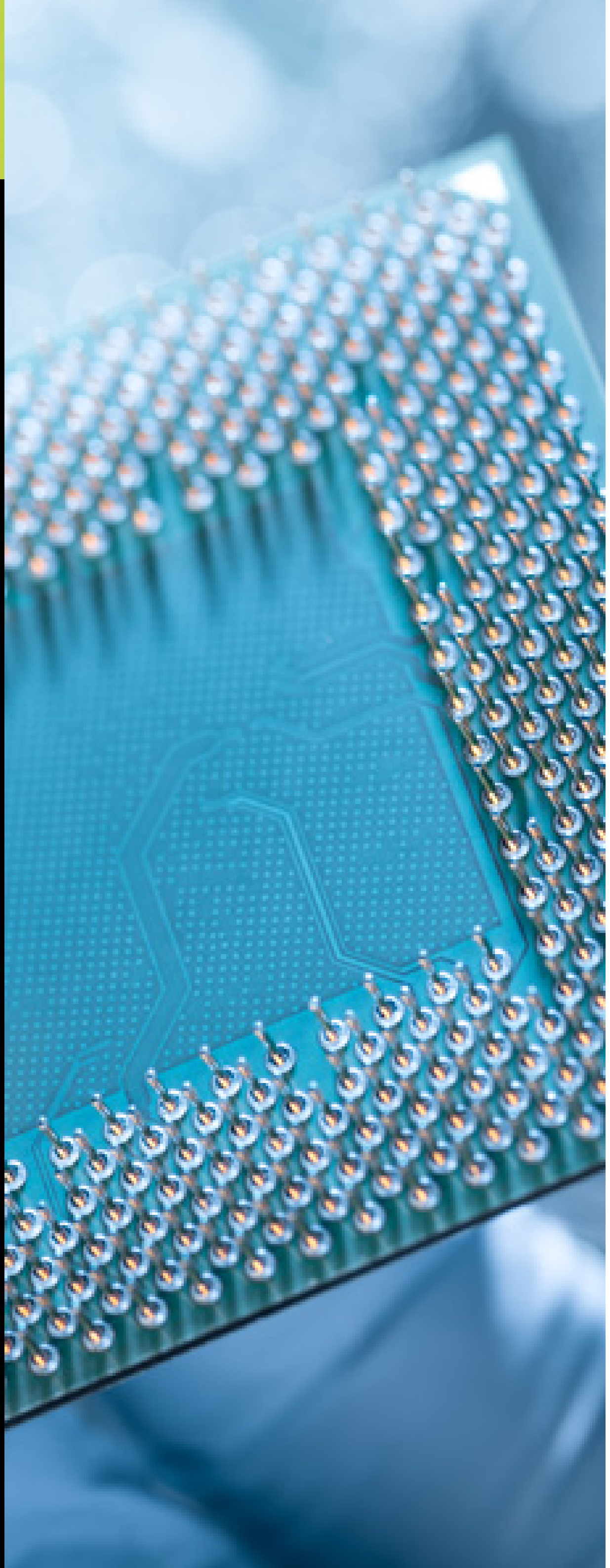




MESSAGE FROM THE CHAIRMAN AND CEO OF ACTIA GROUP

2020 was an exceptional year in many ways for ACTIA.

As an intermediate-sized family business, with the human focus that characterises us, we spare a thought for all those who passed away during the year, either as a result of long illness or due to Covid-19, here in France and abroad. Our staff were deeply moved by these losses, especially by the passing of one of the Group's founders, Louis Pech. The many messages received have shown us that the values he held dear remain deeply rooted in ACTIA.

Proof lies in the courage and commitment of our staff during this year in which the crisis ushered in major upheavals in all aspects of the business, from the way we work to relations with our stakeholders. At all our sites throughout the world each person, through their actions, did everything they could to keep the business going, cut costs and seize opportunities, while adapting our ways of working to put in place the barrier precautions required to protect all our staff from Covid-19. My heartfelt thanks to everyone for the commitment shown.

In concrete terms, business in all our structures came to a standstill for several weeks, reflecting stoppages in the businesses of our customers and suppliers, in light of the constraints imposed by various governments. We had expected to post growth of over 5%, but in reality our revenue decreased by 15.7%, further underscoring the importance of having diversified business interests. In practice, then, the decrease varied between 13.4% (light vehicles) and 41.8% (aeronautics & defence), but at the same time, business grew in the satellite sector (+74.0%) and the rail sector (+28.4%), reflecting the upsurge in these growth drivers for ACTIA. The fact is that during this period, the drop in business recorded corresponds to sales that were not concluded by our customers. Regarding the innovation programmes run by our customers, in which we have a stake, activities were rescheduled for a later date, but no project has been shelved. In other words, ACTIA has retained the trust of its customers without putting a strain on its future.

Furthermore, if we look at how business fared quarter by quarter, the 2nd quarter was strongly affected by lockdown, leading to a sharp drop in revenue, which then grew again in the 3rd quarter, reaching a level comparable to that of 2019 during the 4th quarter. Likewise, the Group built back its profitability, resulting in an EBITDA of €24.0 million for the 2nd half-year, despite the fact that only a fragile balance had been achieved during the first half-year. While government subsidies (€4.7 million) helped cushion the blow of worldwide stoppages in spring 2020, the cost-saving measures taken very quickly allowed us to build up profitability again once business resumed. Due to the health safety constraints, mission-related expenses fell as in-person meetings gave way to virtual meetings, but the biggest drop was actually in transportation costs, the combined result of price negotiations conducted in late 2019 and the drop in volume (<33.4%>). Efforts were also made with regard to R&D organisation, which is the most expensive cost item after component purchasing, with the aim of reducing the use of outsourcing (<31.9 %>) by reassigning work to in-house teams.

In short, in operational terms, although the 2nd half-year did not allow us to fully make up for the losses sustained in the first part of the year, it proved our ability to bounce back quickly. However, the end of the year was also marked by an exceptional provision of €3 million for our Indian subsidiary in anticipation of its closure, and by the valuation of hedging instruments, which impacts the net financial items by <€8.8 million> with a euro/US dollar exchange rate of 1.227 at the end of the financial year. The average market value for the year was 1.141 and those instruments enabled us to purchase at an average rate of 1.162.

In financial terms, the Group raised €58.8 million, of which €41.4 million was in the form of state-guaranteed loans. As a result, the losses sustained during the year were financed with no impact on supplier rules and no deferral of corporate taxes. Investments of around €22.8 million were made, a sharp decrease compared with 2019 (€43.5 million), the last year of the three-year plan geared to developing the Group's production and real estate resources. With significant action on stocks and a controlled WCR, the Group's net liabilities only rose by 4.6%, while retaining short-term lines of credit, of which only 30.8% had been used by year end. In this way, ACTIA was able to protect its resources in order to build its future.

The health crisis prompted an acceleration in certain areas, which strengthens the outlook for ACTIA. Examples include the digitisation of its tools, which had admittedly begun before the crisis, but took on a whole new importance in 2020, and the launch of the "ACTIA Cross Border Engineering" programme. The goal of the latter is to build an extended Design Office, resulting in lower outsourcing costs and, above all, drawing on a company-wide skills map that enables us to optimise the work produced, share common tools and determine training needs and skills to be recruited, thereby preparing the Group for its future needs.

When the crisis struck, ACTIA had been anticipating several years of growth, fuelled partly by the increasing importance of growth drivers that are set to counter the expected termination of the light vehicles telematics contract (2021-2022). Choices therefore had to be made. The investment programme had to be downsized in order to maintain an expenditure rate of 17.3% and focus our efforts on developments that are directly linked to the many commercial success stories notched up over the past few years. In 2020, despite the health crisis, which had a major impact on travel and commercial contracts, the Group managed to submit numerous tenders and won some contracts that will be crucial to its future in the sustainable mobility sector. While continuing its historic activities via embedded electronics in the transport and telecommunications sectors, the rail sector is gradually becoming a key area for the Group, along with the electrification of vehicles, a field in which ACTIA, boosted by the contracts already won, has undertaken a major reorganisation aimed at setting up a specific division - proof of its ambitions in this area.

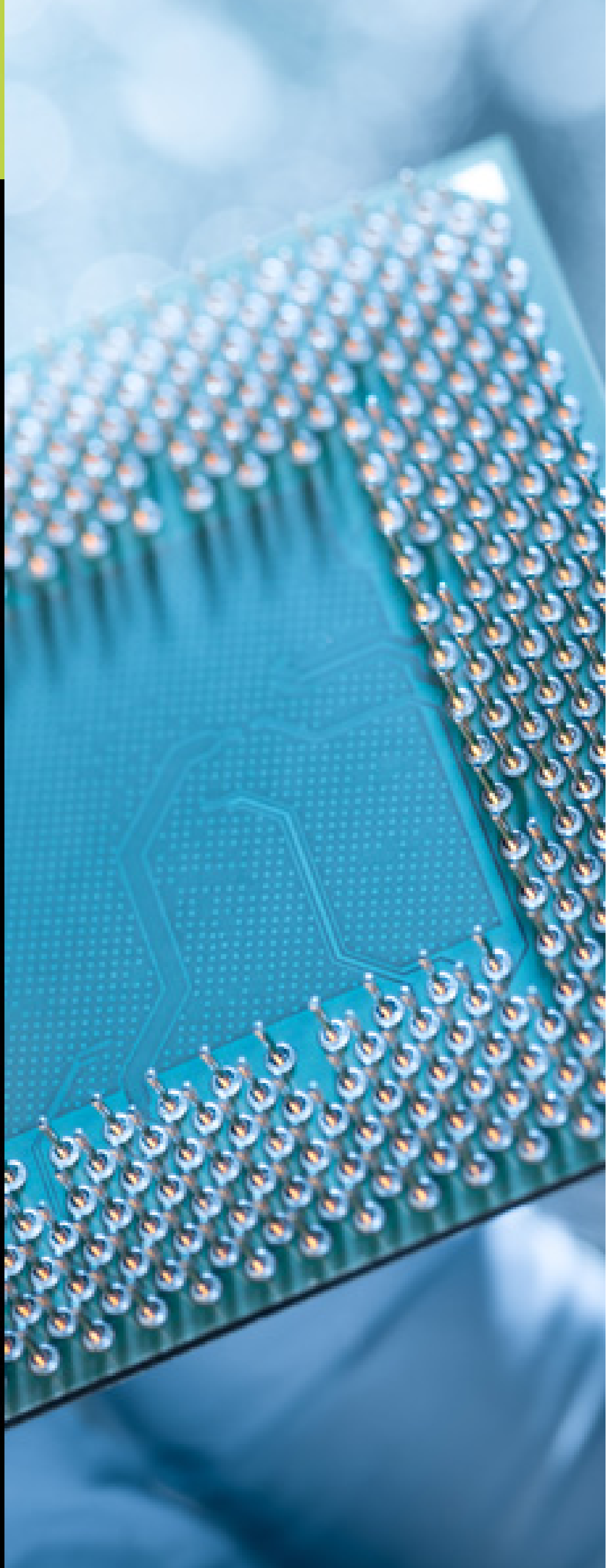
To sum up, the difficulties encountered in 2020 have confirmed the strategic priorities fixed by ACTIA, offering electronic solutions for systems management and efficiency: electric public transport, managed and connected energy networks to expand renewable energies, powerful communications networks, optimised fleet management, etc. We are involved in all of these solutions which, no doubt, will be further developed and be the subject of recovery policies that will also need to tackle the major challenges facing the planet in terms of environmental protection, energy, communications and sustainable mobility.

There is no denying that 2021 has begun in exceptionally challenging circumstances—a daunting combination of health crisis and component shortages—but, building on its experience, responsiveness and commitment, ACTIA is working closely with its customers and suppliers to meet expectations even more effectively, build lasting relations and guarantee ACTIA has a firm stronghold on its markets. The contracts won so far give us reason to aim for a new revenue threshold of €800 million 4 or 5 years from now. Let's set our sights on that goal!

Jean-Louis Pech

Chairman and CEO

ACTIA Group



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INDIVIDUAL RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

1.1 INDIVIDUAL RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Jean-Louis Pech - Chairman and CEO

ACTIA Group

5 rue Jorge Semprun - BP 74215 - 31432 TOULOUSE Cedex 4

Tel: +33 (0)5 61 17 61 98

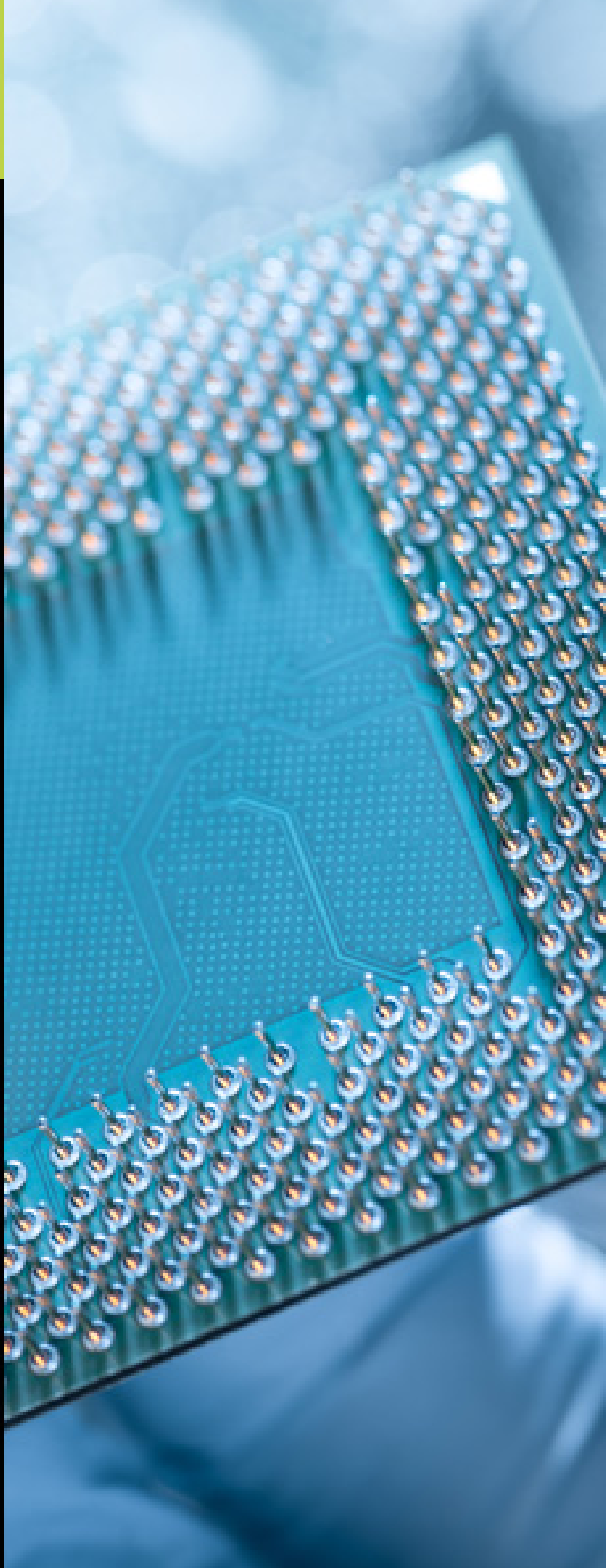
1.2 UNIVERSAL REGISTRATION DOCUMENT RESPONSIBILITY STATEMENT

I declare that to the best of my knowledge the information presented in this Universal Registration Document is accurate and there are no omissions likely to alter its import.

I declare, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and are a fair reflection of the assets and income of the Company and of all the companies included in the scope of consolidation, and that the Management Report on page 20 presents an accurate picture of the business, results and financial situation of the Company and of all the companies included in the scope of consolidation and that it describes the principal risks and uncertainties that they face.

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

Jean-Louis Pech
Chairman and CEO



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STATUTORY AUDITORS

- **KPMG AUDIT** – KPMG S.A. Department – Rue Carmin – BP 17610 – 31676 LABEGE Cedex

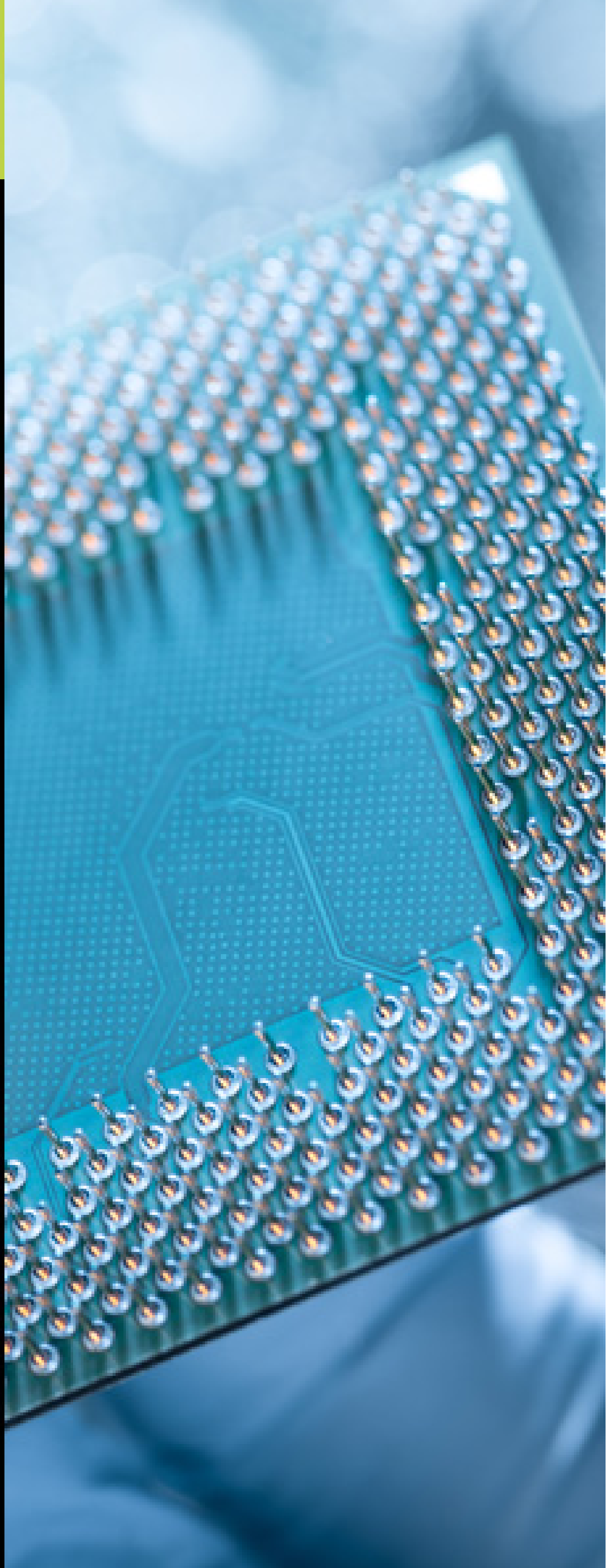
Appointed at the Combined Ordinary and Extraordinary General Meeting of 30 May 2018, for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending 31 December 2023.

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

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

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

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



3

INFORMATION ABOUT THE ISSUER

3.1 LEGAL INFORMATION

3.1.1 LEGAL AND COMMERCIAL NAME

Legal name: ACTIA Group

3.1.2 REGISTRATION PLACE AND NUMBER AND LEGAL ENTITY IDENTIFIER

The issuer is registered in the Toulouse Trade and Companies Register under no. 542 080 791.

The ACTIA Group's NAF code is 6420Z, corresponding to the activities performed by a holding company.

Its LEI number is 969500UPP3G1EYL1UI19.

3.1.3 DATE OF INCORPORATION AND TERM

Article 5 of the Articles of Association

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

3.1.4 REGISTERED OFFICE AND LEGAL FORM

Registered Office: 5, rue Jorge Semprun – TOULOUSE (31400)

Legal form: French limited liability company with a Board of Directors

Share Capital: € 15,074,955.75

Legislation governing the issuer's activities: French law

Country of origin: France

Postal address: 5 rue Jorge Semprun - BP 74215 - 31432 TOULOUSE Cedex 4

Tel: +33 (0)5.61.17.61.98

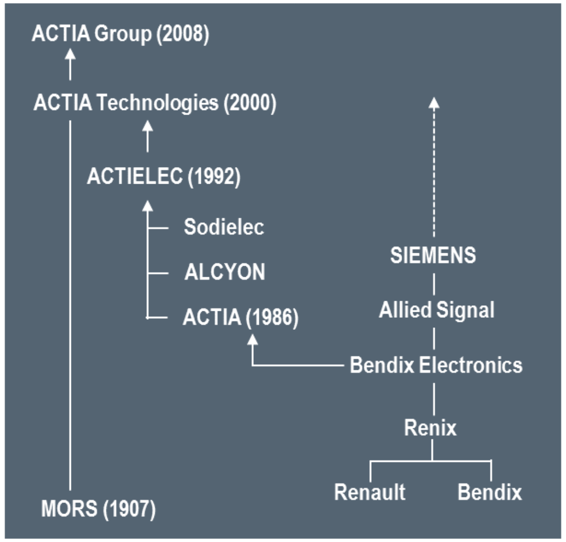
Website: www.actia.com

3.2 HISTORY

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

The original ACTIA S.A. management team included Louis Pech and Pierre Calmels, well-known figures in the region, and Eric Chabrerie, a business leader from the automotive industry. The Pech and Calmels families currently hold management positions via the Chairmanship and General Management of ACTIA Group S.A., and hold the majority of the share capital and voting rights, directly and indirectly.

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



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

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

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

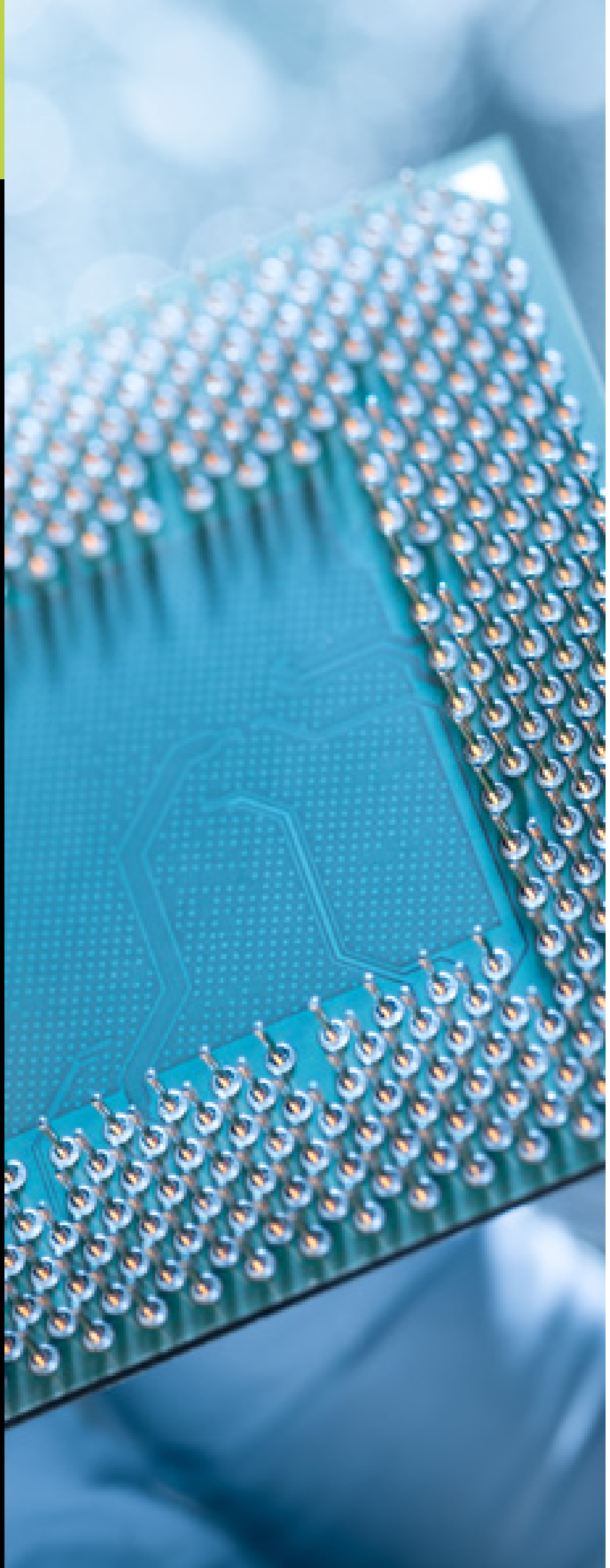
- 1989: MEIGA (France);
- 1990: AIXIA, renamed ACTIA 3E (France) and ACTIA UK (UK);
- 1991: TEKHNE, renamed ACTIA Muller UK (UK), wound up in 2014;
- 1992: VIDEO BUS, renamed ACTIA Systems (Spain) and ATAL, renamed ACTIA CZ (Czech Republic);
- 1993: ACVIBUS, renamed ACTIA de Mexico (Mexico) and I+Me, renamed ACTIA I+Me (Germany);
- 1994: ACTIA Inc. (USA) and DATENO S.A. (France);
- 1996: ATON Systèmes, renamed ACTIA PCs (France);
- 1997: ACTIA Do Brasil (Brazil) and CIPI, renamed CIPI ACTIA (Tunisia);
- 2000: ACTIA Italia (Italy), Advanced Technology Inc., renamed ACTIA Corp. (USA), BERENISCE SAS (France), ACTIA Nederland (the Netherlands) liquidated in 2020, merger of ACTIELEC S.A. and MORS S.A., a listed company, and creation of MORS Technologies and of OCEANO Technologies;
- 2001: ACTIA Polska (Poland) and EBIM S.A. (France);
- 2002: ACTIA India (India) and merger of ALCYON Production System and ACTIA;
- 2003: ACTIA China (China), LUDICAR, renamed ACTIA Muller España (Spain), acquisition of MULLER Bem (France) and MEIGA/BERENISCE SAS/MULLER Bem merge to become ACTIA Muller;
- 2004: NIRA Components A.B., renamed ACTIA Nordic (Sweden) and merger of DATENO/MORS Technologies (originating from MORS)/EBIM into SODIELEC;
- 2005: ARDIA, now ACTIA Engineering Services (Tunisia);

- 2008: ACTIA Tunisie (Tunisia);
- 2015: merger of ACTIA Automotive and ACTIA Muller;
- 2017: Market-IP, now ACTIA Telematics Services (Belgium), merger of ACTIA Systems (Spain) and ACTIA Muller España (Spain);
- 2018: ACTIA Africa (Tunisia) and ACTIA Electronics (USA);
- 2019: ACTIA Japan;
- 2020: ACTIA EMS, ACTIA Power, ACTIA Power France.

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

In 2020, ACTIA seized the opportunity to acquire a small production facility from Flextronics, in order to complete its manufacturing structure geared to prototyping and small production runs, which employs around twenty people in Sweden.

Created in December of last year, ACTIA Power and its subsidiary ACTIA Power France underscore the Group's objective of setting up a third division devoted to electrification activities.



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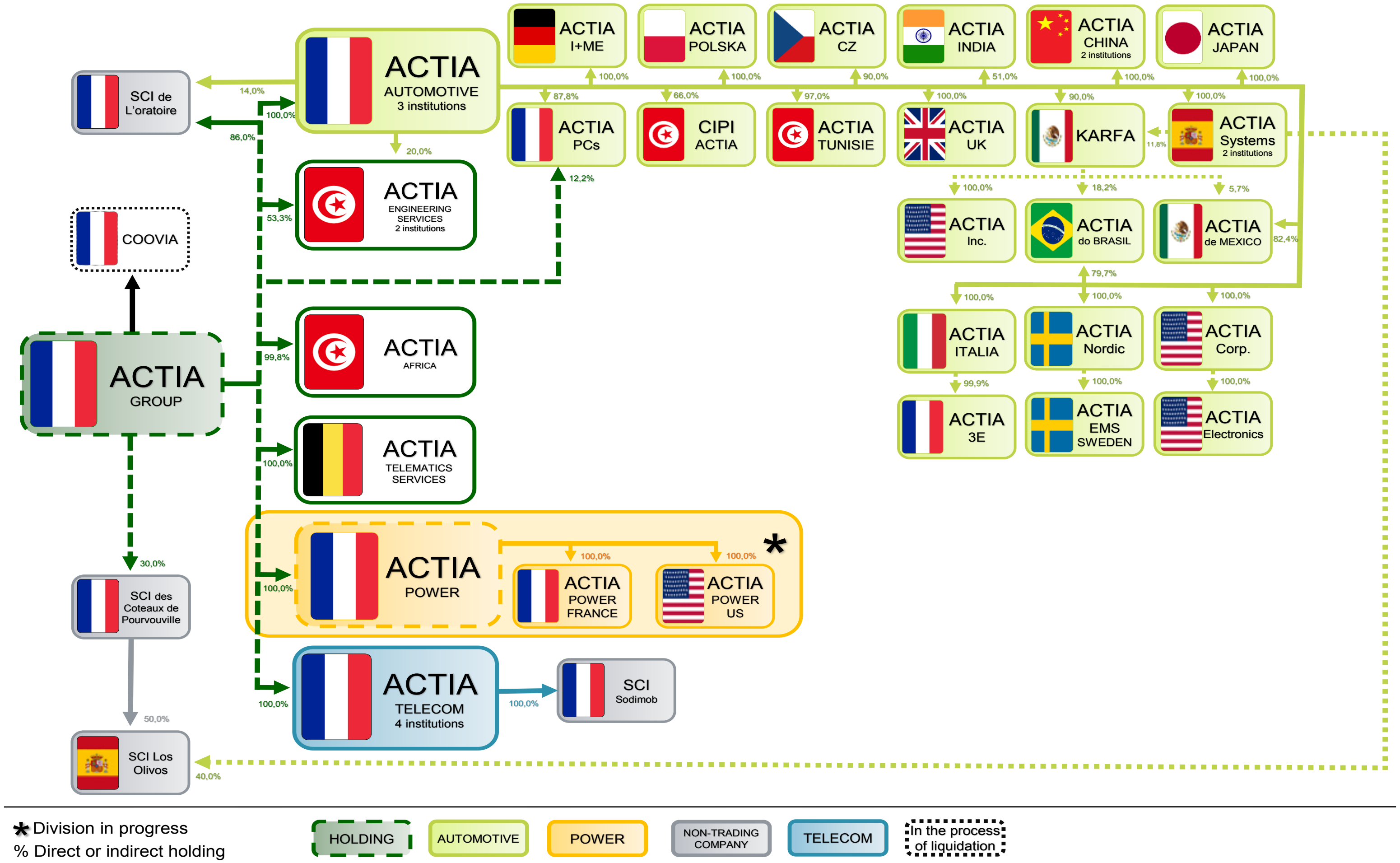
ORGANISATIONAL STRUCTURE

4.1 ORGANISATIONAL STRUCTURE

The Group's organisational chart on 31 December 2020 was as follows:



4.2 SCOPE OF CONSOLIDATION

This chapter is covered in Note 3.2 “Consolidated companies” in the notes to the consolidated financial statements.

4.3 BRIEF OVERVIEW OF THE GROUP

ACTIA Group is the publicly traded company of the Group. The “Notes” to the separate financial statements in § 9.2.3 provide a clearer explanation of its role and balance sheet structure.

The Group is organised as follows:

- **LP2C S.A., a holding company**, the Group’s reference shareholder, which is in charge at Group level of:
  - setting general policy and leading the general strategy and ACTIA Group’s fundamental orientations;
  - determining operating strategy and the development of the subsidiaries;
  - capturing all possible synergies, for the benefit of both ACTIA Group taken as a whole and within each of its subsidiaries, strengthening the Group’s corporate image, supporting its growth, optimising the services delivered to its customers, capitalising on its experience and expertise, mobilising the competencies of its employees and driving its development;
  - setting the general policy for external growth through the development of existing sites, the creation of new sites, acquiring stakes in existing or future companies;
  - setting guidelines in the area of human resources so that these accompany and support the strategies and performance of the subsidiaries;
  - guiding and coordinating the Research & Development activities of the subsidiaries with a view to improving their performance and creating synergies, as a function of the expertise developed by each of the Group’s member companies;
  - defining and coordinating actions in crisis situations;
  - and defining communication guidelines to ensure consistency across the subsidiaries.

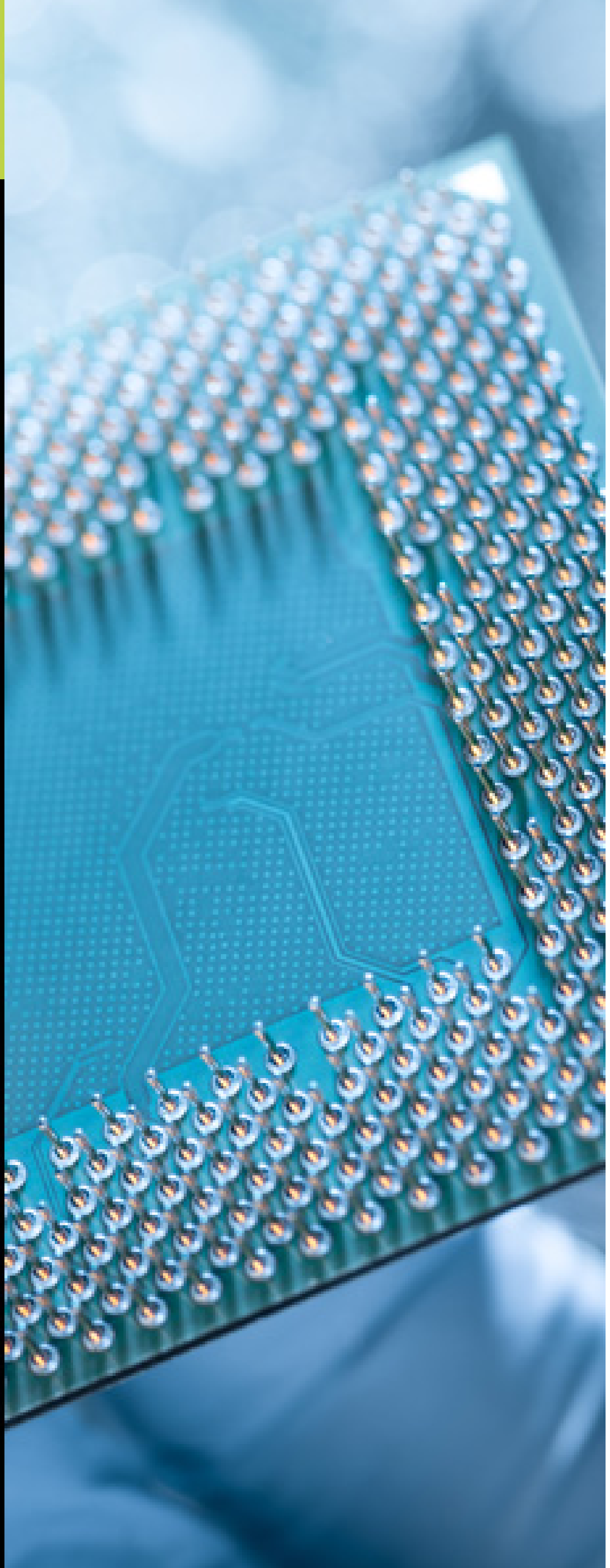
Furthermore, it provides various services and support at Group level in the following areas:

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

- **ACTIA Group** completes this range of support services in the following areas:
  - administrative, legal, accounting and financial;
  - communication;
  - human resources;
  - information systems;
  - purchasing;
  - real estate;
  - internal Group management and procedures;
  - business development;
  - technology.

These dealings result in regulated agreements, the scope and financial details of which are set out in § 5.9.10 “Special report of the Statutory Auditors on regulated agreements”.

- **Two divisions** specialised respectively in:
  - design, manufacture and diagnostics for embedded electronic systems for small and medium-sized production runs for the **Automotive Division**;
  - design, manufacture and in-service support of hyper-frequency professional equipment for the **Telecoms Division**.



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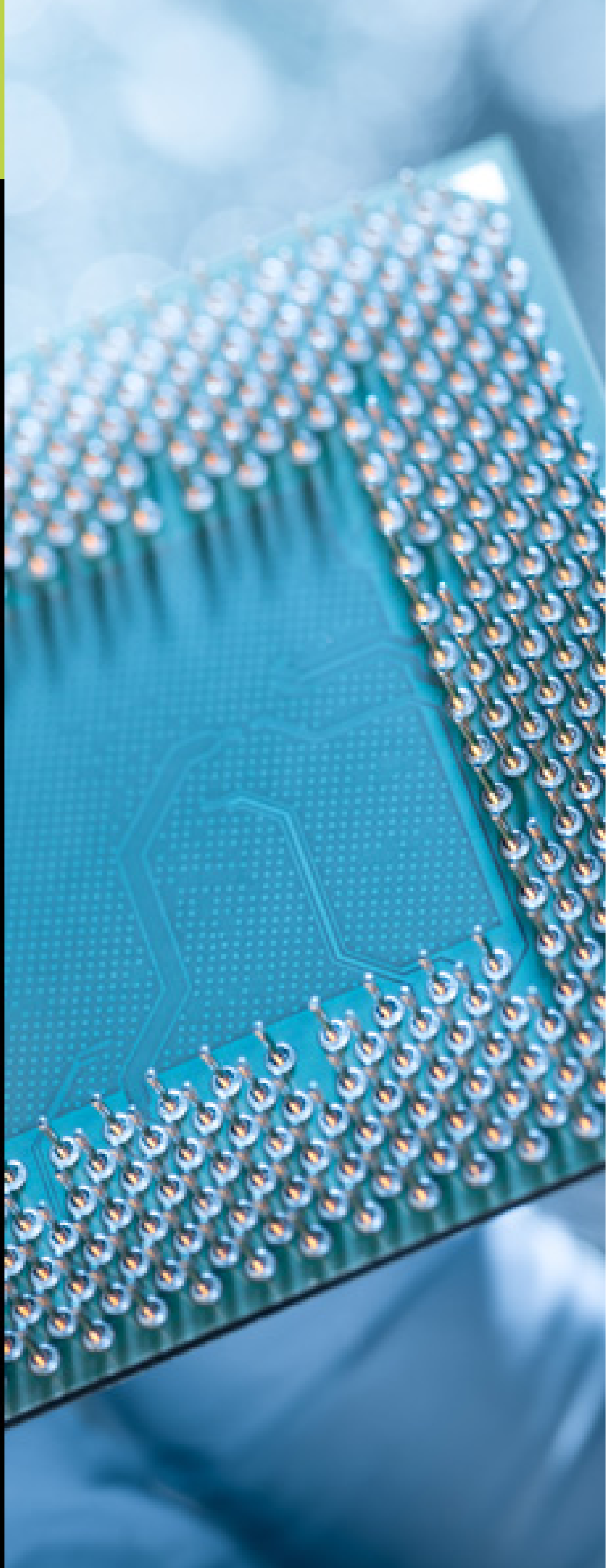
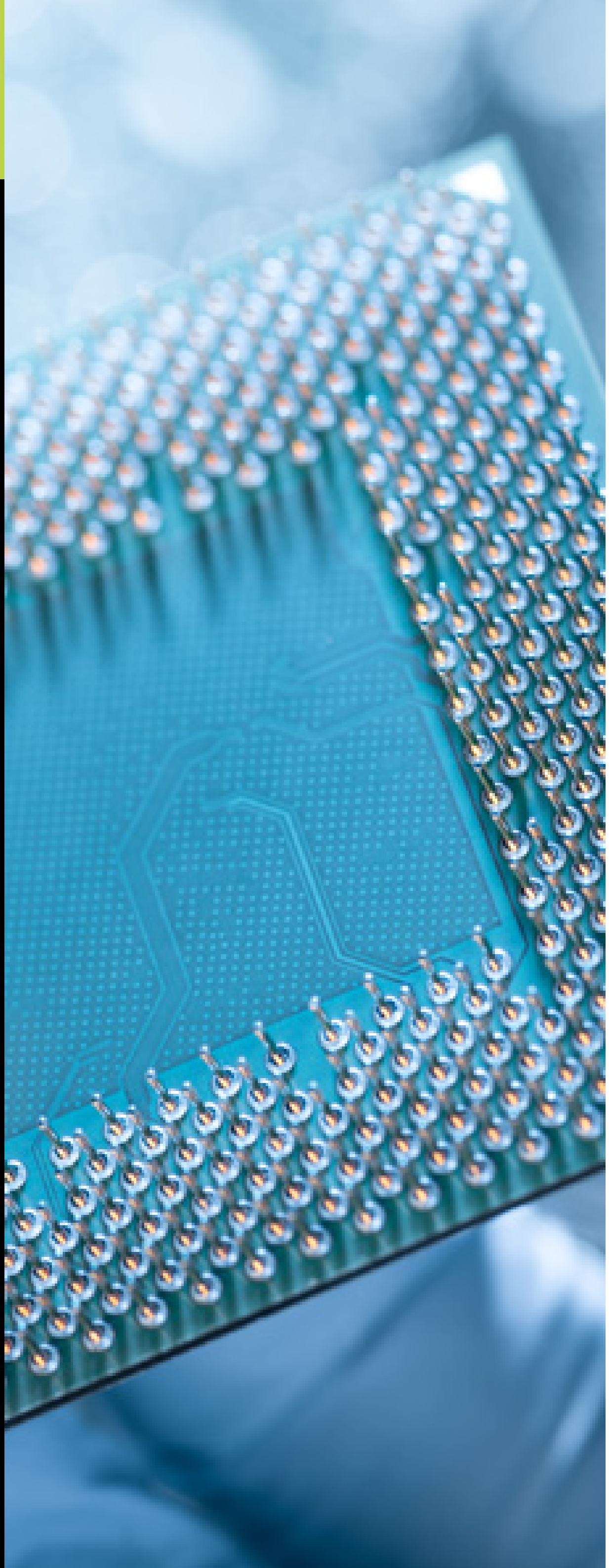
MANAGEMENT REPORT INCLUDING THE GROUP MANAGEMENT REPORT





5.1 PRESENTATION OF RESOLUTIONS

On 20 May 2021, we will call an Ordinary General Meeting as required by statute and pursuant to the provisions of the Company's Articles of Association, to report on the Company's activities during the financial year ended 31 December 2020, to present the reports of the Board of Directors and the Statutory Auditors, and to ask shareholders to approve the financial statements in respect of this financial year, the appropriation of earnings and the agreements covered by Articles L.225-38 et seq. of the French Commercial Code.

5.1.1 AGENDA OF THE ORDINARY GENERAL MEETING

- Approval of the financial statements for the year ended 31 December 2020 - Approval of non-tax-deductible expenses;
- Approval of the consolidated financial statements for the year ended 31 December 2020;
- Appropriation of earnings for the period;
- Special report of the Statutory Auditors on regulated agreements - Acknowledgement of the absence of any new agreements;
- Annual fixed amount to be allocated to members of the Board of Directors;
- Approval of the compensation policy for the Chairman and CEO;
- Approval of the compensation policy for members of the Board of Directors;
- Approval of the compensation and benefits of corporate officers and other information referred to in point I of article L22-10-9 of the French Commercial Code;
- Approval of the fixed, variable and exceptional elements comprising the total compensation and benefits of all kinds paid during the previous financial year or due for the same financial year to Jean-Louis Pech, Chairman of the Executive Board until 30 October 2020 and Chairman and CEO from that date onwards;
- Grant of authority to the Board of Directors for the purchase of Company shares in accordance with the procedures provided for under Article L22-10-62 of the French Commercial Code, duration of the authorisation, purposes, procedures and maximum amount;
- Powers to carry out formalities.

5.1.2 DRAFT RESOLUTIONS

The following resolutions will be submitted to the General Meeting for approval during this meeting:

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 - APPROVAL OF NON-TAX-DEDUCTIBLE EXPENSES

After taking note of the reports submitted by the Board of Directors and the Auditor concerning the business year ending on 31 December 2020, the General Meeting approved the separate financial statements closed on that date as presented, showing a net income of €1,639,673.04.

It also approved the transactions recorded in these accounts or summarised in these reports.

The General Meeting approved the expenses which are non-deductible from corporate tax, as stipulated in article 39-4 of the French General Tax Code, which stood at € 2,658 for this financial year, corresponding to excess depreciation on company vehicles.

RESOLUTION II: APPROVAL OF THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDING ON 31 DECEMBER 2020

After taking note of the reports submitted by the Board of Directors and the Auditor concerning the consolidation exercise ending on 31 December 2020, the General Meeting approved the consolidated accounts drawn up on that date as presented, showing a financial year loss of €19,043,413 for the Group.

RESOLUTION III: APPROPRIATION OF EARNINGS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020

On a proposal from the Board of Directors, the General Meeting decided to appropriate the earnings for the financial year ending 31 December 2020 as follows:

Origin		
"Retained Earnings" account on 31 December 2020		€ 11,075,425.23
Earnings for the financial year: profit of		€ 1,639,673.04
Appropriation		
To the "Retained Earnings" account, which will stand at	€ 12,715,098.27	
TOTAL	**€ 12,715,098.27**	**€ 12,715,098.27**

In accordance with the provisions of article 243 bis of the French General Tax Code, the Assembly notes that it was reminded that the Company has distributed the following dividends during the last three financial years:

For the financial year	Earnings eligible for a rebate		Earnings not eligible for a rebate
	Dividend	Other revenue distributed	
2017	€2,411,992.92* , i.e.: €0.12 per share	-	-
2018	€ 2,009,994.10* , i.e.: € 0.10 per share	-	-
2019	€ 3,014,991.15* , i.e.: € 0.15 per share	-	-

** Including the amount of the dividend corresponding to shares held by the company itself, unpaid and allocated to the retained earnings account.*

RESOLUTION IV: SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND ACKNOWLEDGEMENT OF THE ABSENCE OF ANY NEW AGREEMENTS

After taking note of the special report submitted by the Statutory Auditor stipulating the absence of any new agreements of the type referred to in articles L225-38 et seq. of the French Commercial Code, the General Meeting duly acknowledged the information provided.

RESOLUTION V: ANNUAL FIXED AMOUNT TO BE ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS

The General Meeting decided to raise the annual fixed amount to be allocated to the Board of Directors from 16,000 euros to 20,000 euros.

This decision will be applicable to the current period and remain in force until superseded by a new decision.

RESOLUTION VI: APPROVAL OF THE COMPENSATION POLICY FOR THE CHAIRMAN AND CEO

The General Meeting, ruling pursuant to article L22-10-8 of the French Commercial Code, approved the compensation policy for the Chairman and CEO presented in the Corporate Governance Report included in the 2020 Universal Registration Document, paragraph 8.3.1 "Corporate officer compensation policy (ex ante "say on pay")".

RESOLUTION VII: APPROVAL OF THE COMPENSATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS

The General Meeting, ruling pursuant to article L22-10-8 of the French Commercial Code, approved the compensation policy for the members of the Board of Directors presented in the Corporate Governance Report included in the 2020 Universal Registration Document, paragraph 8.3.1 "Corporate officer compensation policy (ex ante "say on pay")".

RESOLUTION VIII: APPROVAL OF THE COMPENSATION AND BENEFITS OF CORPORATE OFFICERS AND OTHER INFORMATION REFERRED TO IN POINT I OF ARTICLE L22-10-9 OF THE FRENCH COMMERCIAL CODE

The General Meeting, ruling pursuant to article L22-10-34 I of the French Commercial Code, approved the information referred to in article L22-10-9 of the French Commercial Code presented in the Corporate Governance Report included in the 2020 Universal Registration Document, paragraph 8.3.2 "Compensation and benefits of corporate officers and other information referred to in point I of article L22-10-9 of the French Commercial Code (general ex post "say on pay")".

RESOLUTION IX: APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPRISING THE TOTAL COMPENSATION AND BENEFITS OF ALL KINDS PAID DURING THE PREVIOUS FINANCIAL YEAR OR DUE FOR THE SAME FINANCIAL YEAR TO JEAN-LOUIS PECH, CHAIRMAN OF THE EXECUTIVE BOARD UNTIL 30 OCTOBER 2020 AND CHAIRMAN AND CEO FROM THAT DATE ONWARDS.

The General Meeting, ruling pursuant to article L22-10-34 II of the French Commercial Code, approved the fixed, variable and exceptional components comprising the total compensation and benefits paid out in the course of the previous financial year or allocated for the same financial year to Mr Jean-Louis Pech, Chairman of the Executive Board until 30 October 2020 and Chairman and CEO from that date onwards, presented in the Corporate Governance Report included in the 2020 Universal Registration Document, paragraph 8.3.3 “Compensation components subject to vote (ex post individual “say on pay”)”.

RESOLUTION X: AUTHORISATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO ALLOW THE COMPANY TO BUY BACK ITS OWN SHARES UNDER THE SCHEME LAID DOWN IN ARTICLE L22-10-62 OF THE FRENCH COMMERCIAL CODE.

The General Meeting, having taken note of the Board of Directors’ report, authorised the latter, for a period of eighteen months, in accordance with articles L225-10-62 et seq. and articles L225-210 et seq. of the French Commercial Code, to buy back, either once or on several occasions as required, company shares, up to a maximum of 2% of the number of shares comprising the total share capital, adjusted if necessary to take account of any increase or reduction of share capital that may occur during the period throughout which the programme runs.

This authorisation cancels the authorisation granted to the Executive Board in the ordinary 12th resolution of the General Meeting held on 27 May 2020.

Acquisitions may be made in order to:

- stimulate the secondary market or liquidity of ACTIA Group shares via an investment services provider through a liquidity contract in conformity with the practice authorised by the regulations, it being understood that, in this framework, the number of shares taken into account for calculation of the aforementioned maximum amount corresponds to the number of shares purchased, less the number of shares resold;
- maintain them or subsequently use them for payment or exchange as part of possible external growth operations;
- cover stock option plans and/or schemes offering free stock options (or similar) to Group employees and/or corporate officers, as well as any allocation of shares in the framework of a Company or Group Savings Plan (or similar), as part of a company profit-sharing scheme and/or any other scheme involving the allocation of shares to Group employees and/or corporate officers;
- cover securities giving rise to the allocation of company shares in the framework of the regulations in force.

These shares may be purchased by any means, including via block orders, whenever the Board of Directors considers said transaction to be appropriate.

Unless the General Meeting grants prior authorisation, the Board of Directors will not be entitled to make use of this authorisation during a tender offer launched by a third party seeking to purchase company shares, and this restriction will apply until the end of the offer period.

The Company does not intend to use stock option mechanisms or derivatives.

The maximum share purchase price is fixed at 8 euros per share. In the case of an operation involving share capital, namely, division or grouping of shares or free allocation of stock options to shareholders, the amount stipulated above shall be adjusted in the same proportions (multiplying coefficient equal to the ratio between the number of shares comprising the share capital before the operation and the number of shares after the operation).

The maximum amount of the operation is fixed at 3,215,984 euros.

The General Meeting grants full powers to the Board of Directors to carry out these operations, determine the conditions and procedures related thereto, enter into any agreement and carry out all formalities.

RESOLUTION XI: POWERS TO CARRY OUT FORMALITIES

The General Meeting grants all powers to persons who hold an original copy, copy or extract of this meeting report to carry out all the filing and posting formalities required by law.

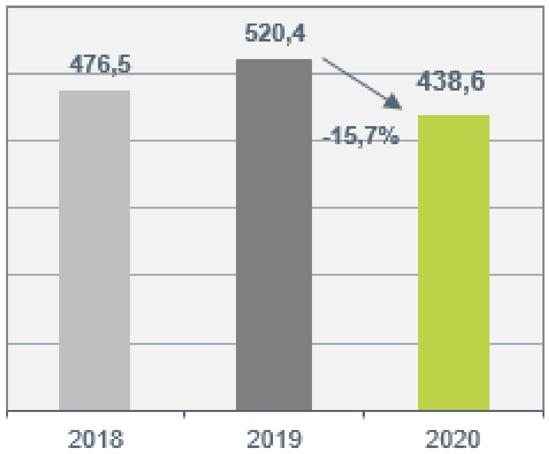
5.2 SELECTED FINANCIAL INFORMATION FOR THE PERIOD

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

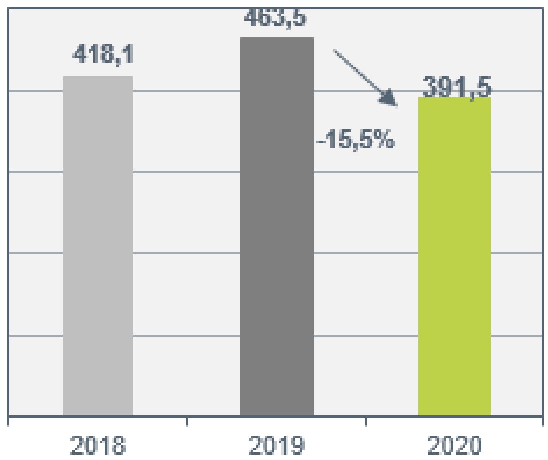
The Group's separate annual and consolidated financial statements as they stood on 31 December 2020 were approved by the Board of Directors on 29 March 2021.

5.2.1 KEY FIGURES

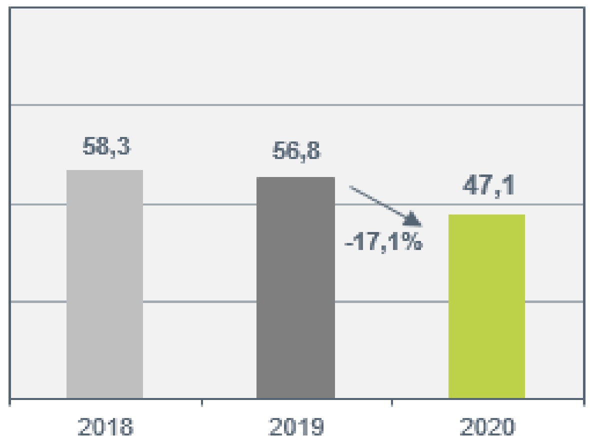
Consolidated revenue (M€)

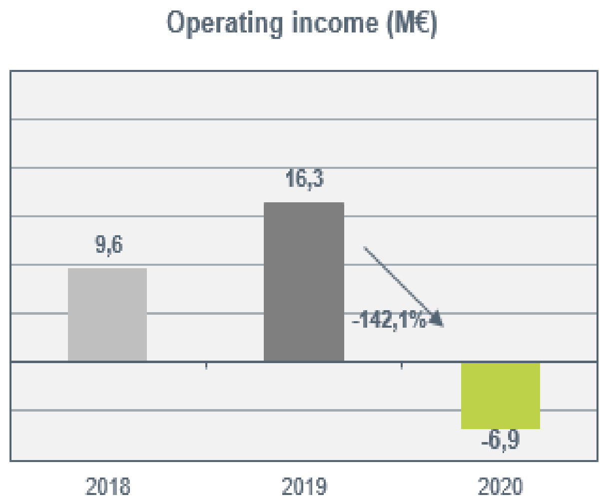


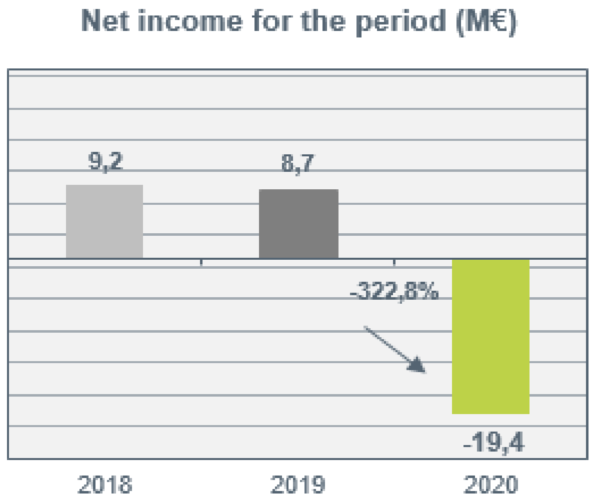
Revenue contribution from the Automotive Division (M€)

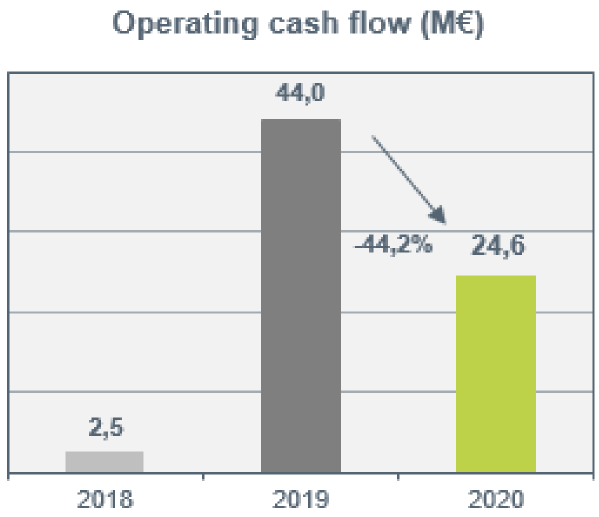


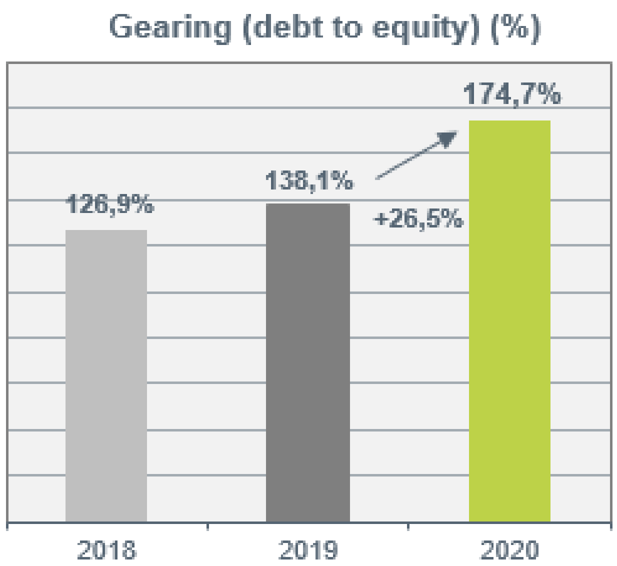
Revenue contribution from the Telecommunications Division (M€)

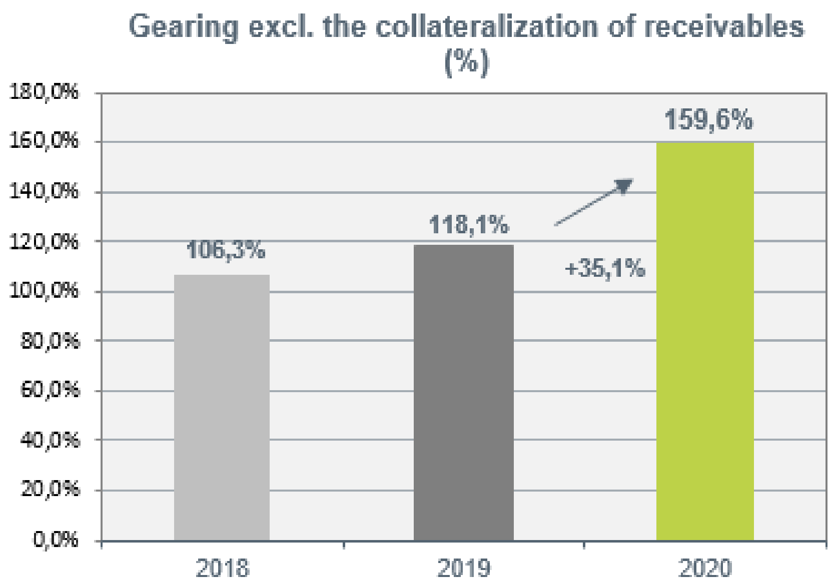












Details of how the debt ratio is calculated are set out in Note 14 “Financial liabilities” in the notes to the consolidated financial statements.

5.2.2 CONSOLIDATED RESULTS

The consolidated financial statements of our Group show revenue down by 15.7% to €438.6 million, and profit attributable to the Group of <€19.0> million compared with €8.6 million in 2019.

Consolidated results for the 2020 financial year break down as follows:

Consolidated Group results (€K)	**2020**	**2019**	**2018**
Revenue	**438,593**	**520,411**	**476,520**
Current operating income	<7,248>	15,406	8,667
Operating income	**<6,857>**	**16,276**	**9,575**
Financial result	**<12,379>**	**<3,884>**	**3,371**
Net income for the period (A)	**<19,441>**	**8,724**	**9,194**
✓ *attributable to Group shareholders*	<19,043>	8,604	*9,027*
✓ *Non-controlling interests*	<398>	120	167
Tax (B)	<308>	<3,722>	<2,867>
Impairment of goodwill (C)	0	0	0
Interest and financial costs (D)	<3,706>	<3,940>	<3,260>
Valuation of hedging instruments (E)	<8,703>	7	6,505
Depreciation (F)	<30,928>	<29,375>	<20,688>
EBITDA = (A)-(B)-(C)-(D)-(E)-(F)	**24,203**	**45,755**	**29,505**

We will ask shareholders to approve these consolidated financial statements.

5.2.3 BRIEF OVERVIEW OF THE GROUP'S POSITION DURING THE 2020 FINANCIAL YEAR

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

Revenue for 2020 stood at €438.6 million, down by €81.9 million (<15.7%>) compared with 2019. The most significant event of the reporting period was the Covid-19 crisis, which, for ACTIA, led to a sharp decrease in customer demand during the first half-year. The cost-saving measures put in place by the Group, combined with the resumption of business during the second part of the year, enabled us to offset the impact of the crisis to some extent; however, the overall financial impact remains highly significant.

In 2020, international sales accounted for 72.5% of total consolidated revenue. This confirms the Group's long-standing vocation. However, this figure is down on 2019, when it reached 75.7%, due in particular to the fact that the Telecoms Division was not able to deliver equipment for export according to the agreed schedule, as a result of the health safety constraints. This is the logical reflection of the market situation and the impact of the crisis, which is very strongly felt in the Americas and Africa, and much less so in France.

AUTOMOTIVE DIVISION

The Automotive Division (89.3% of the Group's revenue) posted a decrease of 15.5%, and stood at €391.5 million. The significant drop is fairly evenly spread between the three business segments: "Original Equipment Manufacturer", "Aftermarket" and "Manufacturing-Design & Services".

The Original Equipment Manufacturer segment accounts for 77.8% of the revenues of the Automotive Division, and is down 15.7% for the reporting period. All customer segments were down except for Rail, which rose by 19.9%. In addition to the marked slowdown during the first lockdown, this reflects the growth driver which this activity represents within the Group and the ramping up of projects validated previously.

Aftermarket, which accounts for 10.9% of the revenue of the Automotive Division, fell by 13.6%, most notably in the garage equipment sector and in Latin America, for fleet management. It is worth noting that business related to Periodic Vehicle Inspection fared better, with only a minor decrease of 0.4%, reflecting the less cyclical nature of the activity with maintenance of instruments (metrology), despite the fact the Group was not able to meet its international sales targets due to the pandemic, and the resulting decline in calls for tender for equipment contracts.

The Manufacturing - Design & Services business, which accounts for 11.3% of the revenue of the Automotive Division was down by 16.3%, hard hit by a fall in demand from end customers, especially in the Aeronautics sector.

The geographical breakdown of sales according to region remains largely stable within the division. Europe is the major geographical region and accounts for 74.6% of revenue. The Americas' share dropped slightly (12.8% compared with 14.2% in 2019), while the relative importance of Asia continued to grow (9.4% compared with 8.9%).

EBITDA[1] fell sharply (<47.1%>), to €20.9 million for the year compared with €39.4 million in 2019.

This figure is the result of the main obstacles ACTIA faced during this highly unusual financial year:

- Assertion of ACTIA's guiding principles, whereby the identification of profitable technological niche markets provides a way of keeping customer confidence, holding on to the markets we already have and progressively renewing the portfolio of products and services;
- An extremely tight first half-year, during which the drop in delivery requests from customers led to a decrease in ACTIA's revenue in a context dominated by the pandemic. During the first half of the year, the amount invoiced by the division fell by 20.3%, with temporary closures of ACTIA production sites due to the health constraints;
- A second half-year marked by a gradual return to business as usual for many customers, so much so that the drop in business was limited to 10.7% compared with the same period in 2019;
- A cost-saving plan rolled out in the whole division, drawing on furlough and similar schemes in other countries, and more broadly speaking, a concerted effort to keep overheads under control;
- Management efforts aimed at reorganising staff and departments in a changing context, with the widespread use of home-working, as well as efforts to manage the human and relational aspects stemming from the external context.

1 *EBITDA: Net income + taxes + goodwill amortisation + interest and financial costs + depreciation allowances +/- derivatives*

TELECOMS DIVISION

ACTIA Telecom generated revenue of €47.0 million, the equivalent of 10.7% of Group sales. Its business fell by 17.2% in 2020, directly impacted by the health constraints which put a stop to the free movement of people and goods, and had a particularly negative impact on the SatCom business (<44.5%>), which was unable to deliver the major contract in Egypt as planned, the end of the first contract being pushed back to the first half of 2021. Energy and Rail, which were expected to ramp up during the reporting period, suffered a major slowdown during the first phase of the pandemic but were able to resume during the second half-year, posting growth of 55.8% and 41.4% respectively.

For the past three years, ACTIA Telecom has been increasingly focused on international markets. Representing 54.5% of its revenue in 2019, this figure stood at 22.0% in 2020, due to border closures barring the entry of people and goods. Consequently, the division was no longer able to deliver its products, which require the presence of local staff to help commission the items, configure the settings and take part in other types of training required to finalise delivery of the equipment. However, continuing relations with Egypt, with new programme phases signed, and with the United Arab Emirates, should help rebalance the situation somewhat, even taking into account the contracts won in France, with the French Defence Procurement Agency (DGA), to name just one.

In this context, the division recorded EBITDA1 of €3.6 million, 7.6% of Telecoms revenue compared with 10.5% in 2019, which remains a very acceptable level after a first half-year during which EBITDA stood at <€708,000>. Operating income stood at €785,000, 1.7% of revenue compared with 6.3% in 2019, the second half-year having made up for the losses sustained during the first half-year.

In short, **at Group level**, the pandemic brought ACTIA's growth to an abrupt halt, bearing in mind that the initial target for 2020 was an increase of between 5 and 8%, with contributions from both divisions, although the Automotive Division was expected to be the biggest contributor.

ACTIA's consolidated revenue stands at €438.6 million, down by 15.7%, in line with the forecast published in mid-2020. Over three quarters of the drop in revenue was caused by losses in the first half-year at the peak of the health crisis and the most restrictive lockdown measures. For the second half-year, in line with its expectations, ACTIA built its profit margins up again, generating EBITDA of €24.0 million with a margin of 10.1%, compared with €0.2 million for the first half-year.

In 2020, ACTIA managed its operations so as to limit the impact of the health crisis on its outlook, in other words, without undermining its ability to innovate, by keeping R&D expenditure to €76.0 million in 2020 as opposed to €83.2 million in 2019, and protecting its ability to meet the needs of its current and future customers.

The strategy deployed therefore resulted in a limited impact on staff costs, which stands at €120.0 million compared to €123.1 million in 2019 (<2.6%>) including €4.7 million in subsidies which enabled us to minimise redundancies, and a €53.5 million decrease in purchasing (<18.6%>) and a €19.3 million decrease in external charges (<24.8%>). In addition to lower travel expenses, these figures take into account a drop in outsourcing and more favourable transportation costs, in line with the measures taken in late 2019, and include the €3 million provision for the closure of ACTIA India.

As a result, the Group generated EBITDA of €24.2 million, 5.5% of revenue for 2020, compared with 8.8% for 2019. Once the provisions for depreciation (€30.9 million, up 5.3%) have been taken into account, the increase of which had already been observed in 2019 thanks to the 2017-2019 investment program, the Group's operating income stands at <€6.9 million>. Group headcount fell from 3,854 at year end 2019 to 3,718 at year end 2020 (<3.5%>), due to adjustment measures taken primarily at international level. Despite the health crisis, the Group continued to recruit in order to replace some natural departures and improve its position with regard to market challenges. That said, the profiles sought remain difficult to recruit, because our professions are still under pressure.

Over the past three years, the renewal of our business portfolio aimed at achieving a more favourable diversification involving segments with a higher added value has set a fairly demanding pace for Research & Development programmes. The health crisis forced us to make choices or push back some non-priority subjects, to keep expenditure under control. The latter fell by 8.7% for the reporting period, but still accounted for 17.3% of revenue compared with 16.0% in 2019, for expenditure of €76.0 million. However, a decrease in the capitalisation rate (18.3% compared with 23.1%) and the mechanical rise in the rate of re-invoicing to customers to 37.0% compared with 32.9% in 2019, due to the choices made, resulted in a 7.2% decrease in charges entered in the income statement. The Research Tax Credit increased, up from €4.7 million to €5.6 million.

The level of interest and financial costs, at €3.7 million (<5.9%>), reflects the activation of state-guaranteed loans for €41.4 million, less than half the total amount available. When granted, these loans only bear the cost of the state guarantee, since the interest rate is 0% for the first year. The Group's decision to opt for payback over 5 years will affect the cost, because the guarantee increases over time and interest is invoiced according to the cost of the resource by the banks. In short, the gross interest rate fell to 1.45% compared with 1.64% in 2019. The rise in the value of the US dollar observed since April 2020 generated a loss of <€8.8 million> on currency hedging instruments, offset by a favourable purchasing exchange rate, which meant the Group was able to make its purchases in US dollars at an average rate for the period of 1.162 compared with 1.165 in 2019, generating savings of €1,500,000 with regard to the market rate, for which the average rate stood at 1.141 compared with 1.120 in 2019.

The new requirements of IFRS 16 do not lead to any significant variation compared with last year.

Operating income for the second half-year was €7.5 million, an operating margin of 3.2% compared with 3.0% for the 2019 second half-year. For this highly unusual reporting period, the encouraging results for the second half-year, which were positive for both divisions, were not enough to offset the effects of the crisis during the first half-year, and operating income for 2020 therefore stands at <€6.9 million>. These elements bring the net income for the period to <€19.4 million> compared with €8.7 million for 2019, once taxation of €0.3 million (as opposed to €3.7 million at year end 2019) has been taken into account.

The Group's transactions generated cash flow of €24.6 million for the reporting period, compared with €44.0 million at year end 2019, while investments (€22.8 million compared with €43.5 million in 2019) decreased in line with the finalisation of the investment programme and the R&D arbitrations made in order to prioritise programmes related to contracts and items in production, to ensure equipment is maintained. Without calling into question investments in digitisation, the roll-out of some programmes, such as the switch to a new ERP, has been postponed. Financing allowed us to free up €24.4 million to offset the drop in business.

On the balance sheet, the stocks of €149.6 million at year end 2020 were down by €11.6 million (<7.2%>), trade receivables were stable at €141.4 million and accounts payable had dropped by <18.0%> to €69.9 million. The Working Capital Requirement, with a variation of <€1.8 million>, did not have an impact on the financial position.

At year end 2020, the rise in net debt (to €202.8 million) was limited to €8.9 million (+4.6%). €21.5 million in medium-term loans were reimbursed during the period, and €58.8 million were raised, including the state-guaranteed loans. However, at the end of the reporting period, only 30.8% of the short-term lines of credit that were fully renewed in 2020 had been used, compared with 44.5% on 31 December 2019. Use of the non-recourse factoring contract by our Swedish subsidiary is stable from one financial year to the next. The request to suspend covenants on 31 December 2020 was accepted by all the banking partners we contacted. Excluding the capitalisation of receivables, gearing was 159.6% compared with 118.1% at the end of 2019. The Group only mobilised 3.9% of its receivables and leverage was 8.38 compared with 4.24 as of 31 December 2019. The strategy implemented in order to anticipate economic recovery aimed to boost our available cash (+14.7%), to €53.3 million.

For 2020, Free Cash Flow stood at <€0.4 million>, compared with €0.1 million in 2019.

At the end of the three-year investment program, which wound up at year end 2019, the health crisis delayed the expected growth and overshadowed the effectiveness of the initiatives deployed by ACTIA to optimise its operations.

Subsidiaries and dealings in existing inter-company holdings

At year end 2020, ACTIA created two new entities under French law:

- ACTIA Power, designed to oversee the various activities related to electromobility;
- ACTIA Power France, designed to carry out certain activities related to electromobility, and based in France.

These two entities are simplified joint-stock companies owned 100% by the Group.

The decision was made in 2020 to close our ACTIA India subsidiary further to disagreements about governance with our minority shareholder. A €3.0 million provision was recorded to cover future accounting entries.

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

5.2.4 DEBT SITUATION

ACTIA Group S.A. did not take on any new medium-term financing for the 2020 financial year.

On 31 December 2020, a commercial paper of €1.5 million is in place, corresponding to usage of 42.1% of the authorised short-term lines of credit. Furthermore, this structure does not benefit from the possibility of financing its receivables as it is entirely dedicated to the Group.

At Group level, debt rose by 4.6% in line with the determination to keep debt under control despite the losses sustained due to the health crisis. Debts and associated ratios changed as follows:

(€m)	2020	2019	2018
Income	<19.4>	8.7	9.2
+ Taxation	0.3	3.7	2.9
+ Financial interest	3.7	3.9	3.3
+ Net depreciation	30.9	29.4	20.7
- Impairment of goodwill	0.0	0.0	0.0
+/- Impact JV financial instruments	8.7	0.0	<6.5>
EBITDA[1] excluding financial instruments	**24.2,**	**45.8**	**29.5**
of which IFRS 16	**4.7**	**4.6**	
Gross debt	256.2	240.5	205.6
including IFRS 16	18.8	16.0	
Cash	53.4	46.6	37.0
Net liabilities	**202.8**	**193.9**	**168.6**
Shareholder equity	116.1	140.4	132.8
Leverage	**8.38**	**4.24**	**5.71**
Gearing	**1.75**	**1.38**	**1.27**
Real estate liabilities	24.2	24.1	16.1
Net liabilities excluding real estate	**178.6**	**169.9**	**152.4**
Leverage excluding real estate	**7.38**	**3.71**	**5.17**
Gearing excluding real estate	**1.54**	**1.21**	**1.15**
Liabilities related to the capitalisation of receivables	17.5	28.1	27.4
Net liabilities excluding the capitalisation of receivables	**185.3**	**92.4**	**141.2**
Leverage excluding capitalisation of receivables	**7.65**	**3.62**	**4.79**
Gearing excluding capitalisation of receivables	**1.6**	**1.18**	**1.06**
Net liabilities excluding real estate and capitalisation of receivables	**161.1**	**141.8**	**125.1**
Leverage excluding real estate and capitalisation of receivables	**6.66**	**3.10**	**4.24**
GEARING EXCLUDING REAL ESTATE AND CAPITALISATION OF RECEIVABLES	**1.39**	**1.01**	**0.94**

[1] *EBITDA: Net income + taxes + goodwill amortisation + interest and financial costs + depreciation allowances +/- derivatives*

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

However, it should be noted that the 2017-2019 real estate investment programme launched by the Group was virtually entirely accounted for as of 31 December 2019. This programme concerned the construction, extension and renovation of the sites in Toulouse, Chartres, Dinard, Puy-Sainte-Réparade, Millau, Manosque, Madrid (Spain), Tunis (Tunisia) and Romulus (USA), and the acquisition of the offices of our Italian subsidiary, and represents direct and indirect investment of €40.5 million over three years. Completion of the work for our ACTIA Tunisia subsidiary was put on hold due to the health situation. The building was made secure and work will resume once the order book for this site is full enough to ensure the operation is profitable. A budget of between €1 and 2 million will be earmarked for this project, depending on the future activities to be carried out on the site.

At 2020 year end, net liabilities had only risen by €8.9 million, to €202.8. Medium-term loans worth €21.5 million were reimbursed over the period, and €58.8 million were raised, including French state-guaranteed loans, for €41.4 million, which is 44.3% of the total amount available. Some foreign subsidiaries were able to take advantage of similar financing schemes, such as the USA, where part of the financing was converted into a subsidy after six months, based on the percentage of people kept in employment.

A non-recourse factoring contract is in place for our ACTIA Nordic subsidiary. The impact of this operation was stable compared with the previous reporting period.

Furthermore, it should be noted that cash in hand of €53.3 million as of 31 December, and the limited use of short-term lines of credit at 30.8 % of their full potential, gives the Group flexibility.

Lastly, it should also be noted that the balance sheet presentation does not take the valuation of the real estate assets into account. As presented in para. 5.7.1 “Major existing or planned tangible assets”, the appraised value in 2018 was €38.0 million (value weighted by the holding rate excluding equity-consolidated companies) whereas the net book value was €31.0 million, compared with €28.0 million as of 31/12/19: the net increase of €3 million being linked to the finalisation of programmes worth €5.5 million, and depreciations during the period.

Changes in the financial position resulted in failure to respect the covenants at year end 2020; a request to suspend the covenants was made during the fourth quarter and was accepted by all the banking partners contacted. The only consequence was the short-term reclassification of the American loan, since no request was made for this loan.

5.2.5 OFF-BALANCE SHEET COMMITMENTS

This information is detailed in Note 26 “Off-balance-sheet commitments” and Note 27 “Encumbered assets” in the notes to the consolidated financial statements.

5.3 BUSINESS OVERVIEW

ACTIA Group remains organised around two sectors:

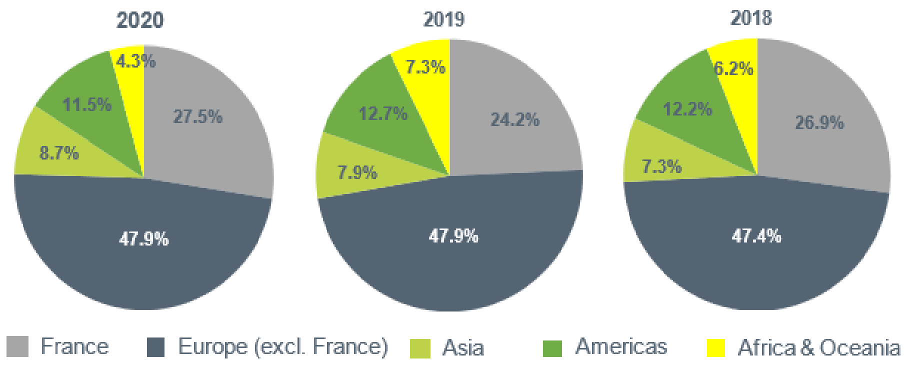
- Automotive Division
- Telecoms Division

which are described below.

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

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

With a strong international presence, the Automotive Division contributes to the widespread availability of products across all continents. In parallel, the Telecoms Division has also built up a strong international business over time.



2020 marked an overall drop in revenue, though impacts varied depending on the different regions of the world. Consequently, the geographical balance has been modified. Asia's share rose from 7.9% in 2019 to 8.7% in 2020. The Americas fell from 12.7% to 11.5%, and Africa also declined, from 7.3% to 4.3%, following on from a highly encouraging 2019. These decreases were partly related to deliveries in the SatCom field, which were heavily impacted by delays caused by the health constraints in 2020. Although the total revenue generated in France was down, the country's relative share rose sharply, from 24.3% in 2019 to 27.5% in 2020. The rest of Europe remained stable, at 47.9%. The whole of Europe including France accounted for over 75.6% of the Group's revenue.

It is worth noting, in 2020, the launching of the project to construct a **Power Division** bringing together a range of activities related to the electrification of vehicles (batteries, Battery Management System, powertrain, converters), repatriated from several departments in the Automotive Division (France, Germany, Spain, USA, UK) with the aim of improving the Group's visibility in this area. However, this complex work has not yet reached a stage where we can give factual details for analysis - the related data is therefore included in the Automotive Division.

5.3.1 AUTOMOTIVE DIVISION

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

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

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

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

Contribution of the Automotive Division (€K)	2020	2019	2018
Revenue	**391,480**	**463,516**	**418,121**
Current operating income	**<7,672>**	11,609	4,121
Operating income	**<7,138>**	**12,505**	**4,942**
Net income for the period (A)	**<18,647>**	**5,964**	**6,438**
Tax (B)	**158**	3,615	2,386
Impairment of goodwill (C)	**0**	0	0
Interest and financial costs (D)	**2,583**	2,962	2,401
Valuation of hedging instruments (E)	**8,697**	<19>	<6,223>
Depreciation (F)	**28,091**	26,925	18,923
EBITDA[1](A+B+C+D+E+F)	**20,882**	**39,448**	**23,926**

[1] *EBITDA: Net income + taxes + goodwill amortisation + interest and financial costs + depreciation allowances +/- derivatives*

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

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

Operating segment (€K)	2020	2019	2018
OEM	304,652	361,382	324,714
Aftermarket	42,731	49,446	45,563
MDS	44,097	52,688	47,843
TOTAL	**391,480**	**463,516**	**418,121**

OEM BUSINESS UNIT

◎ ACTIA products and solutions

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

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

Electronic architecture and multiplexing

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

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

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

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

The multiplexing range of ACTIA is a benchmark product in the world of vehicles for professionals. In the bus and coach segment, in particular, it constitutes the standard equipment that forms the basis of the vehicle's electronic system for several major manufacturers and ACTIA has developed the ACTIMUX system, which constitutes the third generation of generic multiplexed architecture. In the special vehicles segment, the Actiways range provides control solutions offering a high level of security.

Instrumentation and driver's seat systems

This range includes instrument displays, dashboards and complete driver's seat systems for all types of professional vehicles. In current electronic architecture, this device often acts as the central or master computer which controls the multiplexed architecture computers. In this respect, the dashboard is a genuine computer with ever-increasing processing power and software functions. PODIUM 2, a driver's seat system for buses and coaches, is one example of the wealth of possibilities and integration of these types of systems.

PODIUM 2

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

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

Audio and video systems

In this area, ACTIA supplies professional solutions for:

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

Telematics systems

ACTIA has strong technological legacy know-how in the field of telematics based on over 15 years of experience in both professional and light vehicles. Furthermore, ACTIA has expert knowledge of the constraints related to mandatory certification of systems in most parts of the world, especially in the field of system security.

Based on this knowledge, ACTIA develops telematics platforms including global positioning systems (GPS) and telecommunications (GSM, GPRS), a calculator and memory, with the entire system connected to the electronics networks of the vehicle. These features make it possible to deploy a range of functionalities f including:

TGU-R

- connectivity for the driver and passengers;
- optimisation of vehicle and driver performance, for example in terms of eco-driving;
- safety, with automated emergency calls (E-call);
- diagnostics and maintenance.

Electromobility

ACTIA has expertise in electric and electronic power engineering which is applied to motors for light electric vehicles, utility vehicles and even buses. ACTIA designs and produces complete electric powertrains starting from 50 kW for light vehicles and up to the 200 kW necessary for buses. These powertrains are typically integrated into electric vehicle fleets for professionals (last mile delivery services) and rental companies or urban buses.

In addition, ACTIA is also a designer and manufacturer of batteries for industrial vehicles. The Group is present on specialised markets requiring high levels of customisation, with an offering ranging from low-power batteries to 600V batteries for the public transport sector. The control-command electronics designed by ACTIA (Battery Management System or BMS) guarantee the battery's performance and safety, and are known for being easy to use and adapt.

Moreover, the auxiliary power converter specially developed for the rail segment was certified in 2020 and is now available for commercial application.

Auxiliary power converter

Vehicle diagnostics

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

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

- a *digital diagnostics chain*, making it possible to manage the data cycle from the engineering service that designed the vehicle right up to diagnostics systems that communicate with the vehicle in repair workshops. In addition to providing the necessary design tools, ACTIA is also able to offer development services to create specific software systems, as well as provide assistance for creating, formatting and managing the data that the manufacturer needs;
- complete systems for vehicle diagnostics on assembly lines. These systems are known as "*End of Line.*" These include equipment for communicating with the vehicle incorporating specialised software contributing to the process of validating the proper functioning of the manufactured vehicle. Furthermore, the system's operation increasingly involves downloading software applications embedded in the vehicle. The service proposed by ACTIA is not limited to the system but also covers installing and commissioning it on the automobile production line;

- "*Aftermarket* diagnostic" systems for the brand's workshops consisting of Vehicle Connection Interfaces (VCI) and a diagnostic tool for rugged PCs or tablets. This application includes a knowledge base provided by the automaker and may use model or case-based (experience) reasoning to diagnose a breakdown and assist in the repair. In addition, services may be proposed to support these products in the form of hotlines, training teams and monitoring equipment.



The market

The OEM market is 100% "Business to Business" focused. It is made up of highly sophisticated technical products which are often developed to specific instructions provided by a given customer. OEM customers tend to be multinational, so much so that sales to one customer cover several European countries or even several regions of the world.

As for the vehicle segments involved, multiplexing, initially focused on coaches and buses, is now used in all industrial vehicles, particularly high end and military vehicles, and rail.

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

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

The audio and video products (Infotainment) tend to be successful either in Europe or Latin America where travel by road is more widely used by people than air or rail.

To conclude, the OEM markets covered by ACTIA include the entire road and rail sectors while at the same time addressing the needs of special vehicles (agricultural and construction machinery, handling equipment, etc.).

Customers

OEM customers consist of companies who design and manufacture vehicles which always have specific requirements. Consequently, these markets are based on specifications created by the customers. These markets are generally subject to allocation by tender and a single supplier will be selected, due partly to development costs.

The vehicle manufacturers cover a very large range of customers:

- Small production runs: planes, military vehicles, agricultural machinery, trains and tramways;
- Medium-sized production runs: buses, coaches, specialist vehicles, boats;
- Long production runs: light vehicles and trucks.

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

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

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

Competitors

The big-name customers with large revenues tend to purchase these products and solutions based on their own specifications, through a call for tender process.

ACTIA is therefore in competition with the other electronic equipment manufacturers. Depending on the specific area, these might be specialised SMEs, such as Stoneridge in the field of embedded electronics but also, as is often the case, large integrated groups such as Bosch, Continental, LG or Samsung.

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

Business

In 2020, OEM fell sharply, from €361.4 to €304.7 million, a decrease in revenue of 15.7%. The reason for this decrease was the weaker demand from ACTIA customers, reflecting their own difficulties, with temporary production site closures and a total absence of demand in some sectors, in the aftermath of the Covid-19 crisis.

Viewed sector by sector, almost all market segments posted lower revenue for the period, light vehicles (<14.9%>) as well as Off-Highway (<9.1%>), buses and coaches (<14.5%>) and trucks (<15.5%>). Rail was the exception to the rule, as the sector grew by 19.9%. This can be explained by ACTIA's stronger position in this segment, reflecting a strategy begun several years ago, along with commercial contracts won previously and a differentiating market model. Significantly, while demand from other manufacturers fluctuates almost in real time according to the purchases of their end customers, the rail sector operates on the basis of projects that are determined and financed well in advance.

In geographical terms, OEM declined in all the regions where ACTIA operates significantly, especially in Europe (<12%>) and North America (<34%>). The Chinese market limited the drop in revenue to <3%>, business having picked up again quickly as of the summer.

AFTERMARKET BUSINESS UNIT

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

- aftermarket networks;
- garages;
- vehicle inspection centers;
- transport equipment lessors and operators.

The ACTIA® solutions

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

- Telematics systems (TGU-R, iCAN®);
- Physically embedded systems (SAM ATOM, PES) and Intelligent or smart Human Machine Interaction (IHMI) screens;
- On- and off-board telecommunications products;
- On-board audio and video systems.

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

Multi-make diagnostic systems

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

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

Multi-Diag 360

Workshop equipment

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

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

Vehicle inspection solutions

Opaci-Diag

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

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

Given the changing regulatory situation, the evolution of the automotive fleet and more complex vehicle diagnostics, ACTIA brings all of its know-how to bear to create innovative and reliable tools. The latest major product brought to market was Opaci-Diag, the anti-pollution diagnostic and repair solution, which combines the strength of the vehicle inspection and the expertise of a multi-make diagnostic tool. In line with its eco-friendly commitments, ACTIA offers a device that measures the opacity of exhaust fumes, meets the applicable standards and provides step-by-step assistance throughout the diagnostic process.

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

Vehicle fleet management solutions

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

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

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

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

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

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

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

For passenger transport, needs related to developing intermodal passenger transport solutions are multiplying with central transit hubs, real-time passenger information, single transit passes, internet and mobile phone ticketing and optimised connections. ACTIA is also positioned as a provider of innovative solutions for measuring and reducing vehicle consumption, measuring and improving passenger comfort and preventive maintenance for vehicles.

Freight transport is demanding in terms of both safety criteria and regulations governing driving times, traceability and deadlines. The number of projects to reduce CO^2 emissions is increasing. With personnel, fuel, the vehicle and maintenance representing the main costs, productivity is sought at every level. Connected systems offer solutions in these different areas.

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

The market

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

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

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

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

Lastly, in the public transport fleet sector, ACTIA continues to lead efforts to achieve Europe-wide standardisation through the ITxPT (Information Technology for Public Transport) label. A large part of the range has obtained this certification, which is increasingly a condition imposed by transport operators when they purchase new vehicles or equipment.

Customers

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

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

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

Competitors

Competition is divided into compartmentalised markets such as manufacturers, independent garages, repair service networks and networks dedicated to vehicle inspections.

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

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

ACTIA's competitors include:

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

Business

In 2020, the Aftermarket business accounted for revenue of €42.7 million, down by <13.3 %> compared with 2019. The garage equipment sector fell sharply, by <18.2%>, following on from a good year in 2019.

The vehicle inspection segment was practically stable (+0.4%). However, this segment is inherently fluctuating, because it reflects the pace of orders resulting from international calls for tender, which are themselves influenced by changes in national regulations.

Revenue with vehicle fleet managers dropped by <14.8%>. Although results were up in France, this rise was overwhelmed by the sharp decline in business in Latin America.

MANUFACTURING-DESIGN & SERVICES BUSINESS UNIT

Products

The MDS business unit designs and manufactures boards and electronics systems for third parties. ACTIA focuses on its expertise in segments for embedded electronics, on behalf of automakers and system developers, including in highly demanding sectors such as rail and aerospace, and also for other manufacturing companies which require a cutting-edge circuit board production tool.

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

ACTIA has three integrated electronic production facilities located in Toulouse-Colomiers (France), Tunis (Tunisia) and Detroit-Romulus (USA).

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

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

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

Accredited Nadcap™

Since 2008, ACTIA has been the holder of the first NADCAP (National Aerospace and Defense Contractors Accreditation Program) certification in Europe for special circuit board assembly processes. The Toulouse plant is also certified IRIS (railways) and ISO TS 16949 (automotive). The aircraft equipment activity has also received Part 145 certification for repair stations.

The market

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

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

In the area of long-term maintenance, the market is concentrated on companies with products and equipment having very long lifecycles with replacement costs that are much higher than the cost of In-Service Support, particularly in the nuclear and civil and military aeronautic sectors.

Customers

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

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

Competitors

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

Business

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

Business fell sharply in 2020 (<17.1%>), from €52.7 million in 2019 to €44.1 million, a reflection of the difficult circumstances faced by our own customers. The aeronautics sector was particular hard hit by the impacts of the health crisis. However, Airbus has reasserted its trust in ACTIA by renewing its contract for a further five years.

5.3.2 TELECOMS DIVISION

The Telecoms Division operates in three markets:

- SatCom;
- Energy;
- Rail.

With the regrouping of staff on the Puy-Sainte-Réparade site, the Infrastructure Networks Telecom business joined the energy business. The Telecoms Division's contribution to Group results was as follows:

Contribution of the Telecoms Division (€K)	2020	2019	2018
Revenue	**47,087**	**56,789**	**58,264**
Current operating income	**818**	3,574	5,011
Operating income	**785**	**3,558**	**5,195**
Net income for the period (A)	**396**	**3,183**	**4,992**
Tax (B)	**119**	79	443
Impairment of goodwill (C)	**0**	0	0
Interest and financial costs (D)	**266**	288	63
Valuation of hedging instruments (E)	5	11	<282>
Depreciation (F)	**2,795**	2,405	1,759
EBITDA[1] (A+B+C+D+E+F)	**3,582**	**5,966**	**6,975**

[1] *EBITDA: Net income + taxes + goodwill amortisation + interest and financial costs + depreciation allowances +/- derivatives*

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

Group management control provides us with the following overview of changes in revenue between the three business units, since the Infrastructure Networks Telecom business is now included in the results of the Energy business unit:

Operating segment (€K)	2020	2019	2018
SatCom	**20,844**	37,572	33,079
Energy	**13,916**	8,932	11,250
Rail	**12,327**	8,720	9,026
Infrastructure Networks Telecom	**/**	1,565	4,909
TOTAL	**47,087**	**56,789**	**58,264**

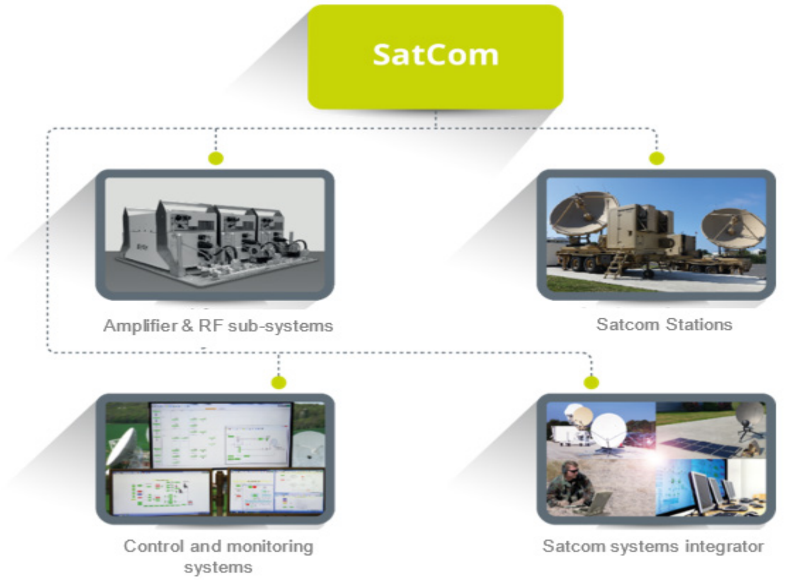
The revenue of the Telecoms Division (10.7% of Group sales) was down by <17.2%> and its operating income and profit for the period were below 2019.

SATCOM BUSINESS UNIT

Products

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

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



The market

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

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

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

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

Customers

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

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

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

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

Competitors

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

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

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

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

Business

In 2020, revenue from the military procurement business in France was limited to the annual income from tranches of In-Service Support contracts for stations delivered to the DGA, either under the COMCEPT programmes (Ka band), or the SYRACUSE3 programme (X band) with positive feedback about the operation of our stations. ACTIA also continued the development and production of prototypes for new-generation, compact, liquid-cooled power amplifiers for the French Navy's ships via a contract with THALES.

The division also carried out development activities for the CORMORAN contract, notified by THALES in 2019, for the supply of the future X and Ka dual-band Flyaway stations. This development is part of the SYRACUSE 4 programme for the DGA, for deliveries of terminals in 2022. Therefore, the R&D investment for a X/Ka station, anticipated two years ago, paid off. In addition, the Group finalised negotiations with THALES to supply the so-called HGC (large-capacity hub) station, for which notification of the CASSINI contract for the development phase is due to be announced in early 2021.

Unlike the previous year, and taking into account the Covid-19 crisis, there were no noteworthy contracts in 2020 in the power amplifiers sector. R&D activities continued in line with the strategic priorities identified with the aim of renewing or enriching our product offer (SSPA GaN Ka and X, ATOP V band; liquid cooling, etc.).

The highlight of 2020 was the signing of the NAVY contract with the Egyptian navy, which aims to equip 24 vessels with a satellite communication system. These naval stations are additional terminals built into the SAKARA system delivered to the Egyptian armed forces by ACTIA. It strengthens our position as the leading SatCom provider in that country. Furthermore, discussions are under way with the Egyptian Air Force to equip twenty or so aircraft with SatCom terminals, which again will be built into the SAKARA system.

The SatCom Division had revenue of €21 million in 2020.

ENERGY BUSINESS UNIT

Products

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

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

- remote control systems;
- digital command and control unit systems for HV/MV source substations;
- high capacity managed stations (RTU);
- solutions for Microgrid networks (management of renewable energies and digitisation of the networks)
- event recorders;
- communications gateways;
- boxes for managing low-voltage networks (smart substations);
- IP and radio modems, etc.;
- remote protection for renewable energies (photovoltaic, wind turbines);
- turnkey solutions: control rooms, telecommunications networks, etc.

ACTIA also develops a range of solutions for telecommunications network infrastructure for 4G and 5G mobile phone services as well as fibre optic deployment.

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

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

The range of products includes:

- outdoor units;
- low-voltage power supply systems;
- continuous power supply systems;
- rapid deployment telecommunications sites;
- complementary solutions including: shelter in fixed and mobile versions, lightning protection systems, galvanic isolation systems, etc.

The market

New digital technology related to the digitisation of power networks (Smartgrids), integration of renewable energies, strengthening of networks so that operators can meet the future requirements of electric vehicles and decarbonisation solutions.

The increasing needs arising from the deployment of the 5G and fibre optic networks offer the Group recognition in the field thanks to its responsiveness, adaptability and the quality of service it offers. It is still primarily a national market due to the significant need for proximity, but it is challenging due to very competitive pricing by foreign companies.

The two main markets are:

- Mobile telephony;
- Higher Internet speeds.

Customers

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

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

Concentrated on the French telephony market, the main customers are: SFR, Bouygues and Orange. We are now positioned in the very competitive 5G market with the deployment of the Outdoor BCUBE technology for Bouygues Telecom.

Partners

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

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

Competitors

Our competitors are generally French or foreign companies that are considerably larger than our Group, such as ENGIE, General Electric Grid, Schneider, Cahors, etc. Certain major groups may also be both competitors and partners as, for example, Siemens for the digital control centre (PCCN) contract for digital substation equipment.

Our main competitors in the telephony sector are either integrators or sheet metal manufacturers based in France, or international telecommunications equipment producers (Asia and Eastern Europe) which offer "telecoms equipment + infrastructure" packages. The super-fast broadband market (4 and 5G) with Bouygues Telecom is shared with our competitor TLTI.

Business

Business grew strongly in 2020 (+32.6%), the division being fully focused on the essential challenges of energy transition and Smartgrids. ACTIA regularly adds to its equipment range by addressing various markets: SCADA, control-command of HV/MV substations, management of LV substations and smart metering. In 2020, we were selected by ENEDIS to supply digital control and command solutions to address the PCCN (digital substation) 3V2 market.

In the telephony sector, the division is currently delivering products to power GSM 4G and 5G telephony sites for Bouygues Telecom and Altice SFR. We have been positioned on a new Fibre market with ORANGE (RIPOST project) since the end of 2019. The challenge is to provide a new solution for the rapid deployment of high-speed Internet networks.

RAIL

Products

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

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

The various solutions consist of:

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

The market

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

In addition to new rolling stock, there is also a need to renovate older rolling stock in order to handle obsolescence and adapt to the new expectations of the structuring authorities.

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

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

Customers

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

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

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

The takeover of Bombardier Transport by Alstom has opened doors for our customer at international level. Its development on certain international markets, especially in regions where ACTIA has a subsidiary, may usher in new opportunities.

The French transport operators SNCF and RATP have numerous projects in the pipeline to which ACTIA could make a high-profile contribution.

Competitors

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

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

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

Business

2020, which was strongly influenced by the health crisis, had an impact on the rail business, for example via the closure of our customers' plants during lockdown and the ensuing delivery postponements. Despite these factors, the Rail business grew by 41.4%. The order book remained stable. The winning of new contracts with SNCF and Alstom consolidated the short- and medium-term future of the business.

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

5.3.3 GENERAL INFORMATION ABOUT THE SUBSIDIARIES

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

5.3.4 COMPETITIVE POSITION

Generally speaking, and for the entire Group, ACTIA’s strategy is to identify and develop niche markets for specialised applications. As a result, the Group has a foothold in a diverse range of sectors, and is in a strong position in certain niche areas, without having a dominant competitive position within a whole sector. Likewise, it is impossible to present a relevant market share for ACTIA, because there is no official source that meets our characteristics.

With regard to customer portfolio, the niche strategy also means that it is not possible to obtain a homogeneous breakdown or calculate our position within an entire market segment. Only by doing that could we make relevant comparisons with competitors. As it stands, our competitors only compete with certain products developed by ACTIA and vice versa, because the Group does not claim to market the full offer marketed by its competitors.

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

Whenever it was possible to do so, we provided information for each division in § 5.3.1 “Automotive Division” and 5.3.2 “Telecoms Division”.

5.3.5 FACTORS MATERIALLY AFFECTING OPERATING INCOME

The table presented below represents audited figures.

	2020			2019			2018
	First half-year	**Second half-year**	**TOTAL**	First half-year	Second half-year	TOTAL	TOTAL
Revenue (excluding Group)	**201,988**	**236,605**	**438,593**	**264,181**	**256,230**	**520,411**	**476,520**
of which, Automotive	185,064	206,416	391,480	*232,274*	*231,242*	463,516	*418,121*
of which, Telecoms	16,935	30,152	47,087	*31,859*	*24,930*	56,789	*58,264*
Current operating income	**<14,331>**	**7,084**	**<7,248>**	**8,231**	**7,175**	**15,406**	**8,667**
of which, Automotive	<12,482>	4,810	<7,671>	*4,371*	*7,238*	11,609	*4,121*
of which, Telecoms	<1,856>	2,674	818	*3,330*	*244*	3,574	*5,011*
% Current operating income/Revenue	**<7.1 %>**	**3.0 %**	**<1.7 %>**	**3.1 %**	**2.8 %**	**3.0 %**	**1.8 %**
of which, Automotive	<6.7 %>	2.3 %	<2.0 %>	*1.9 %*	*3.1 %*	2.5 %	*1.0 %*
of which, Telecoms	<11.0 %>	8.9 %	1.7 %	*10.5 %*	*1.0 %*	6.3 %	8.6 %
Operating income	**<14,332>**	**7,474**	**<6,857>**	**8,504**	**7,772**	**16,276**	**9,575**
of which, Automotive	<12,385>	5,248	<7,138>	4,623	7,881	12,505	*4,942*
of which, Telecoms	<1,836>	2,621	785	3,353	205	3,558	*5,195*
% Operating income/Revenue	**<7.1 %>**	**3.2 %**	**<1.6 %>**	**3.2 %**	**3.0 %**	**3.1 %**	**2.0 %**
of which, Automotive	<6.7 %>	2.5 %	<1.8 %>	2.0 %	3.4 %	2.7 %	*1.2 %*
of which, Telecoms	<10.8 %>	8.7 %	1.7 %	10.5 %	0.8 %	6.3 %	*8.9 %*
Net income	**<16,277>**	**<3,164>**	**<19,441>**	**5,763**	**2,961**	**8,724**	**9,194**
of which, Automotive	<13,821>	<4,826>	<18,647>	*1,971*	*3,993*	5,965	*6,438*
of which, Telecoms	<2,078>	2,474	396	*3,640*	*<457>*	3,183	*4,992*

The major structural factors affecting the results are as follows:

- Level of demand from OEM customers, reflecting their production level;
- Pace of projects in the Projects business unit, especially in the Telecoms sector;
- Production capability utilisation rate;
- Exchange rate of the US dollar and the Euro (tempered by hedging instruments);
- in the medium term, renewal of the product portfolio through customer calls for tender.

Generally speaking, for both the Automotive and Telecoms Divisions, the first half-year was marked by a sharp drop in business, reflecting the impact of the health crisis on customer demand. The results for the second half-year are better and reflect the gradual resumption of business, which rose back up to a level comparable with that of 2019 in the fourth quarter, and the return to profitability.

At year end 2020, the Group began to see signs of tension on the market for certain types of microprocessors. Although this had no impact on the reporting period, it is a product that we must keep an extremely attentive eye on in 2021.

Significant fluctuations in the EUR/USD exchange rate in 2020 did not have a major impact on our purchases, as the hedging instruments made it possible to work with an exchange rate that was very close to that of 2019, with an average rate of 1.1616 vs. 1.1654 in 2019, thus protecting our margins against the market's significant fluctuations.

Finally, with valuation having dropped sharply at the end of the reporting period and a EUR/USD exchange rate of 1.227 on 31 December, the Automotive Division had to record a provision of €8.8 million for its currency hedging instruments and a provision of €3.0 million for the ongoing closure of its ACTIA India subsidiary, all of which had a significantly negative impact on net income.

5.4 TREND-RELATED INFORMATION

5.4.1 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The significant event worthy of mention since the 2020 closure of the accounts is the high level of tension observed on the electronic components market, which is affecting the entire technology industry. Supply issues have a direct impact on ACTIA's business and may have multiple repercussions: production and delivery delays, additional costs for the purchase of components and additional production costs.

To handle this situation as effectively as possible, 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.

In parallel, in the context of the ongoing Covid-19 pandemic and the need to comply with the measures taken by various governments, ACTIA continues to put in place the provisions best adapted to its business activities, such as home-working, furlough and imposed leave, with the aim of achieving the best balance between the need for business continuity, productivity and compliance with the lockdown rules that are alternately imposed then lifted. However, the impact of the Covid-19 pandemic on business is now much lower than for the same period in 2020. The order book at the end of the reporting period should, if the supply chain operates normally, allow us in 2021 to get back up to a level of business similar to that of 2019.

In financial terms, ACTIA had €53.4 million in cash at 31 December 2020, meaning it was able to meet its short-term repayment obligations. However, in a particularly uncertain context, and in order to secure the Group's known financing requirements over the next 12 months, management made the decision to ask its banking partners to make available the outstanding amount of the state-guaranteed loans, for a maximum amount of €50.5 million. In addition, some banking partners showed interest in supporting ACTIA in its projects, especially in the field of sustainable mobility. ACTIA is also involved in several calls for projects as part of the Recovery Plan, making it eligible for funding for structuring programmes, for an amount of €8 million over 2 to 4 years. 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 2021.

Despite a particularly complex environment generated by the health crisis and its consequences on the components market, ACTIA can draw on various markets geared to environmental and societal challenges, thereby guaranteeing its long-term future. Partnerships in place for many years, with customers, suppliers and banking partners, also provide a solid framework which secures the Group's future.

Furthermore, the Group has not identified any significant impact at this stage on the value of assets and liabilities as of 31 December 2020.

5.4.2 TARGETS – PERFORMANCE AND OUTLOOK

SALES PERFORMANCE

2021 is characterised by a high level of uncertainty due to the pandemic because, although a natural upswing in business is highly likely once the Covid crisis is behind us, the prospect of a new pandemic wave is always possible, and the possibility of severe difficulties in the supply of components casts a shadow over revenue and costs.

Given the ongoing uncertainty of the short-term environment, the Group will specify its financial targets for 2021 once the component crisis has been resolved.

In addition to the current uncertainty weighing on the global economy, 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.

OUTLOOK

ACTIA has always shown its ability to adapt and its high degree of resilience, as it constantly repositions itself on new, profitable markets. The solid base provided by multi-year contracts makes it possible to increase revenue significantly over the long term, with the end of the lifecycle of certain products, especially the long production runs for automotive, being offset by the ramping up of new families of products.

Over the 2021-2022 period, the challenge for the Group will be to replace almost a quarter of its revenue by the ramp-up of several customer / market pairs, to get back into a situation whereby no single customer accounts for more than 10% of consolidated revenue.

- Automotive Division

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

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

- Original Equipment Manufacturer (OEM) Business Unit

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

  In 2021, ACTIA will continue to structure its activities related to electromobility, by setting up a coherent "ACTIA Power" division, with international reach, making it easier to understand and boosting its visibility among our stakeholders.

- Aftermarket:

  The Aftermarket business offers little visibility as sales do not have the benefit of multi-year contracts, unlike OEM. Unless there are regulatory changes affecting vehicle inspections, which may give rise to high levels of activity, the main aim is to repeat the same revenue each year, whilst reaping the benefits of maintenance contracts, especially in the Periodic Vehicle Inspection field, in which the regulations require annual checking of equipment.

  Fleet management is an exception to this configuration, since subscriptions account for a large share of business and the renewal rate is high. Boosted by the fleets already in place, ACTIA aims to capitalise on growing revenue.

- Manufacturing-Design & Services or "MDS":

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

  It is worth noting that Airbus renewed its five-year contract with us in 2020.

◎ Telecoms

In a difficult context in 2020, the Telecoms Division managed to consolidate its outlook for 2021 despite the obstacles, on both national and international markets.

- SatCom:

With In-Service Support for ground systems and networks for the DGA, this business unit should see good recurrent business in its traditional markets for several years to come.

Thanks to its positioning on national markets and the continuity of international programmes, especially in Egypt, the SatCom division is set to consolidate its level of business over the years to come.

- Energy:

Thanks to the transition towards digital energy networks, which is forecast to continue over the coming years, ACTIA expects to see the business grow as of 2021. In the medium term, technological progress will continue and ACTIA will consolidate its business through its efforts in R&D.

In the telephony sector, with the start of 5G deployment in France, business in 2021 should be at the same level as 2020.

- Rail:

Continuation of the sustained sales activity of 2020, combined with the first commercial successes of past years gradually moving into production, should result in considerable growth in this sector, thanks also to the trusting relationships developed with major manufacturers and operators within the framework of public tenders for investments or renewals in Europe.

PRIORITIES FOR 2021

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

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

In 2021, ACTIA will pursue its project aimed at structuring electromobility-related business activities through the creation of an "ACTIA Power" division.

In operational terms, the project aimed at getting the new ERP up and running on the main structures of the Automotive Division has been delayed, and must be carried out this year, in connection with the PLM tool deployed in 2019.

5.5 STRATEGY

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

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

ACTIA has been experiencing sustained growth for a number of years (except for 2020, a highly unusual year) in a difficult environment, linked to its size in relation to its customers, competitors and suppliers.

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

- The health environment, with Covid-19: in the transport sector, the entire national and international production chain was brought to a standstill in spring 2020. In addition to production activities, all areas of the business were affected: commercial prospecting, customer follow-up and new product developments. The economic activity of the Automotive Division was very hard hit in 2020, and remains vulnerable in 2021. Generally speaking, the spread of the Covid-19 pandemic caused a massive slowdown in the industrial activity of our customers, and had a strong impact on ACTIA, which took the following measures:
  - Setting up of a crisis unit;
  - Employee protection and business continuity plan, adapted to the local situation of all our sites;
  - Reinforced international coordination;
  - Use of government measures in each country;
  - A temporary website providing information to customers, suppliers and employees is available at https://covid19.actia.com.
- Legal environment and increase in the number of national and international regulations: GDPR, Vehicle Inspection Regulations concerning vehicle anti-pollution devices, fight against money laundering and terrorism financing, and so on.
- The technological environment: e.g., the arrival of 5G, the available power of Smartphones, battery technology, Cyber security, etc.
- The competitive environment: merger & acquisitions of competitors (Wabco, Bosch, etc.), concentration of players (acquisition of Bombardier by Alstom, merger of the PSA Group with Fiat-Chrysler, etc.), new business models, digital transition, emergence of start-ups, and more.
- Social and economic environment: changes in China, social climate in Mexico, Brazil, India, etc.

ACTIA's strategic positioning reflects a very precise mission:

Design and manufacture electronics for systems

meeting uncompromising quality standards

for international customers.

It corresponds to a strategic vision:

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

Based on our values:

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

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

5.5.1 KEY SUCCESS FACTORS

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

- **Efficiency,** an essential component of our competitiveness;
- **Quality**, the essential cornerstone underlying all Group development;
- **Innovation**, an essential component of our strategic approach;
- **Safety** of our activities, against a difficult competitive backdrop.

- Key success factor – **EFFICIENCY**
  - Pursuing the efforts undertaken and improving our productivity and profitability;
  - Optimising costs thanks to our vertical integration in the way we use our production facilities;
  - Pursuing our investment policy: high performance, competitive and international industrial capacity, R&D based on selected technological bricks, human capital, etc.;
  - Digitisation of the business and improvements to our organisation in support of growth, progressing in terms of maturity, enhancing our agility and simplicity;
  - Protecting and motivating human resources to obtain even greater efficiency and develop teamwork;
  - Training and developing our internal resources;
  - Improving our Purchasing performance:
    - Seeking value from our positions in the markets,
    - Better coordination of purchasing and technologies,
    - Better integration of risk analysis.
- Key success factor – **QUALITY**
  - Improving total quality;
  - Satisfying the requirements of the targeted fields;
  - Adapting to changes in ever more demanding certifications;
  - Improving our dashboards to assist management;
  - Improving customer quality.

ACTIA is in a process of continuous improvement with a LEAN approach that favours formalised and applied processes.

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

- ISO 9001: Quality management systems:
- ISO TS 16949: Quality management systems – automotive industry;
- ISO 14001: Environmental management systems;
- EN 9100 and EN 9110: Quality management systems – aeronautics/aerospace and defence;
- ISO TS 22163 (IRIS): Quality management systems – railway industry standard;
- NADCAP: Aerospace standard for suppliers of electronic printed circuit boards;
- PART 145 - FAA - TCAA: maintenance and repair approval;
- ISO 13485: Medical devices - requirements for regulatory purposes;
- ISO 27001: Quality management systems - Information Security.

CERTIFICATS D'AGRÉMENT
ORGANISME DE MAINTENANCE AÉRONAUTIQUE
PART 145 / FAA / TCCA

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

- Key success factor - **INNOVATION**
  - Creating and developing the conditions for innovation and teamwork;
  - Selecting the key programmes, business intelligence in strategic areas;
  - Contributing to making our offers the best;
  - Strengthening the industrial property policy, particularly for patents;
  - Building a portfolio of key technologies and securing into key strategic partnerships.
- Key success factor - **SAFETY**
  - Pursuing our efforts to strengthen safety and our risk management culture:
    - Legal;
    - Technical;
    - Organisational and IT.
  - Guarantee the safety, security and resilience of products and systems.

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

5.5.2 STRATEGIC PRIORITIES

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

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

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

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

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

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

ACTIA also uses intangible materials, and namely software.

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

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

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

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

5.5.3 STRATEGIC BUSINESS AREAS

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

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

Our growth priorities to become a leader or benchmark player are managed through Strategic Business Areas (SBAs):

SBA = product line x market segment.

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

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

The Strategic Business Areas guarantee the match between offer and demand at international level. Each department includes Product Groups which can be labelled as PLCs (Product Line Centers) at Group level:

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

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

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

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

The organisation is backed up in the conventional way by a set of support functions within our different structures: Human Resources, Finance, Information Systems, Legal Affairs, Strategy, Communications, International Affairs, Quality.

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

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

VEHICLE ELECTRONIC ARCHITECTURE (VEA) SBA

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

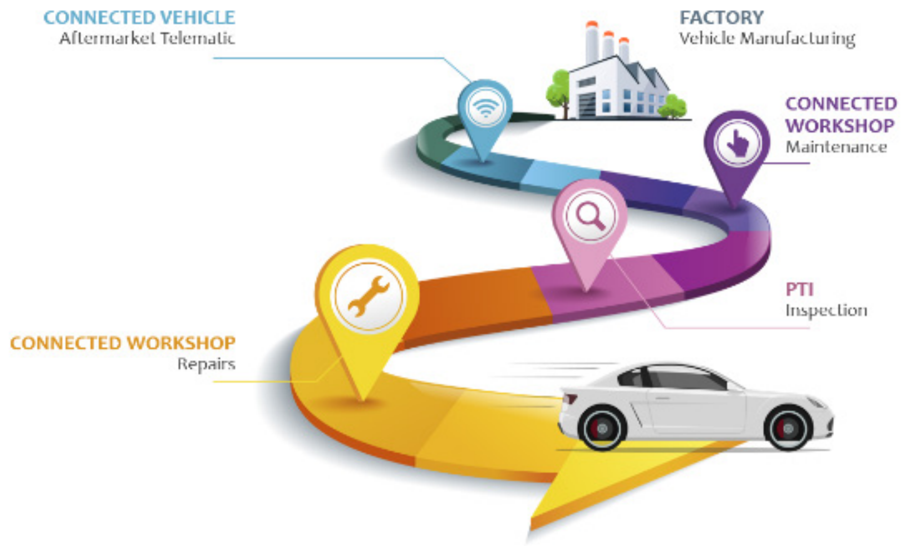
The VEA SBA must meet the main strategic challenges and drivers. A number of these challenges will require breaking down new technological barriers or increasing the scope of innovation initiatives focusing on selected priority areas, and namely:

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

VEHICLE LIFECYCLE MANAGEMENT (VLM) SBA

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

- Connected diagnostics;
- Connected workshop;
- Connected vehicles;
- Vehicle Inspection.

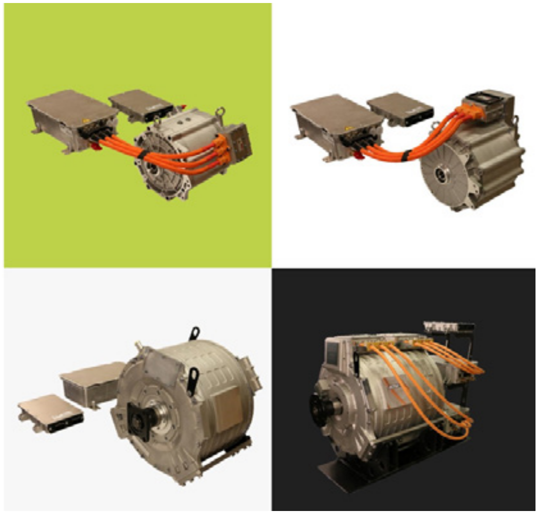


The VLM SBA must meet the main strategic challenges and drivers in this field. This SBA guides innovation for new priority services such as:

- Developing new applications and associated services. New applications have already been identified in the area of connected vehicles;
- Enhancing the performance of on-board diagnostics in industrial vehicles: ExVE, OBD, etc.;
- Designing new architectures and innovative configurations: Standardisation - Openness - Cloud;
- Optimising and improving the working environment in garages: Diagnostics tools - Communicating garage - Mechatronics;
- Rolling out and automating supervision, diagnostics and maintenance: Safety - Dependability - Autonomous behaviour – Management of electric vehicles;
- Exploiting new technologies to develop new applications: Multimodal (combining several types of interface) - ITS (Intelligent Transport System) – IS (Information Systems).

ELECTROMOBILITY SBA

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



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

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

MANUFACTURING – DESIGN & SERVICES (MDS) SBA

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

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

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

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

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

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

5.5.4 PRODUCTION CONTROL

ACTIA organises the industrialisation of its products around electronics factories and assembly and integration workshops, particularly in France, Tunisia, Germany, China, Sweden and the United States.

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

By regularly investing in new production capabilities over the past few years, ACTIA Group has been able to support its recent revenue growth. Ever aware of the latest technological advances, the production equipment is regularly replaced, thus ensuring a high level of performance and an increase in capacity. The technological and innovative aspects of the Industry 4.0 ("smart factory") approach and digitisation are part of the upgrade plans to be rolled out over the next few years.

After three years of significant investments which have enhanced performance, technological skills, maturity, competitiveness and the industrial capacity of the sites concerned, and enabled deployment of the business-wide Industrial Management Control process ahead of migration to a new ERP, 2020, due to its constraints and the drop in requirements, was a year focused on maintaining essential issues such as digitisation and "zero paper".

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

- Deploying standards and best practices, especially within the Automotive division;
- Putting in place a Group industrialisation team;
- Preparing the ERP migration to an upgraded tool;
- Laying the foundations of the digitisation projects.

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

In order to meet local constraints more effectively, and in anticipation of a major ramp-up in business, the Group acquired a Flextronics site dedicated to prototyping and small production runs, in Sweden, earmarked for the production of printed circuit boards and prototypes in all areas, with a special focus on the Swedish Military and Aeronautics sectors as well as technical manufacturing.

ACTIA Electronics for the American market

5.5.5 RESEARCH & DEVELOPMENT IN VERY HIGH TECHNOLOGY

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

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

- Acquiring and maintaining expertise with new development tools, systematic validations, widespread adoption of management and design tools, knowledge management, a network of outside experts, an expanded design office, etc.;
- Focusing on a modular and scalable design with technological building blocks structured around:
  - A modular architecture in terms of mechanics, electronics, information technology and energy;
  - Modules that are validated and are able to be reused;
  - Taking into account changes in customer needs, changing market demand and the emergence of new technologies.
- Thinking globally to express an innovative vision of systems and services by:
  - Imagining and validating the systems of tomorrow for garages and vehicle inspection service centers, vehicles and vehicle fleets;
  - Designing specifications for and developing new products;
  - Developing and selling related services.
- Relying on the local environment in all countries where ACTIA is present.

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

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

- In France, by making use of innovation support: Research tax credits, participation in the IRT Saint-Exupéry in Toulouse (aeronautics and space) and in local competitiveness clusters, partnership with CEA-Tech, and so on;
- In Tunisia, the close relationship with engineering schools and research laboratories;
- In China, the establishing of partnerships with the ecosystem constituted by the public authorities, vehicle manufacturers and technological partners, making use of support for innovation;
- By being agile and capable of moving fast thanks to its industrial integration;
- By providing a high level of safety in the solutions it offers;
- By having sufficient financial resources to undertake joint investments.

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

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

The health crisis brought forward the launch of the "ACTIA Cross Border Engineering" programme. The goal of the latter is to build an extended design office, resulting in lower outsourcing costs and, above all, drawing on a company-wide skills map that enables us to optimise the work produced, share common tools and determine training needs and skills to be recruited, thereby preparing the Group for its future needs. This new organisation will provide support to skills management and enhance the Group's attractiveness.

5.5.6 TECHNOLOGICAL ENVIRONMENT

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

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

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

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

In 2020, ACTIA supervised several CIFRE theses with the laboratories present in the Occitanie region.

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

2020 saw the continuation and completion of a number of programmes corresponding to our know-how:

- Recovery Plan:

The CaaS project was selected in 2020, set to be partially funded by the Automotive industry modernisation investment support fund.

Project "CaaS-3"

ACTIA AUTOMOTIVE – ETI

Toulouse (31) – Occitanie Region

ACTIA is an international group, specialized in the design and manufacture of electronic embedded systems for the automotive sector. Its solutions address the entire sector from upstream (design office and manufacturers' factory) to downstream (garages, vehicle fleets...).

The CaaS project responds to the challenges of the Automotive Industry of the Future, based on a multi-energy (including zero-emission) and connected approach. Its ambition is to bring together the means and skills in order to optimize the factory tests of the latest generation vehicles, on the basis of innovative digital systems, disruptive processes, in a logic of service to the automotive sector.

The main objectives of the project:

☐ Decarbonize ☐ (Re)locate ☒ Innovate ☒ Modernize

- Telematics and Telecommunications:

ACTIA is a member of the board of the **IRT Saint-Exupéry (Institute for Technological Research).** The positioning of ACTIA is consistent with the challenges and research programmes of Saint-Exupéry Institute for Technological Research;

Several platforms have already been selected, and ACTIA is involved in several projects.

- Artificial Intelligence

In the context of an Interdisciplinary Artificial Intelligence Institute (3IA), ACTIA is involved in the 3IA ANITI project - Artificial and Natural Intelligence Toulouse Institute;

This project focuses its research activities on hybrid artificial intelligence which combines different methods and technologies. The ecosystem in Toulouse has been studying and experimenting with it for a number of years, especially in autonomous transport and smart agriculture.

- Electronic architecture

EBSF-2 (European Bus System of the Future) and the IT x PT organisation: a European research programme for terrestrial transport that takes a comprehensive approach to the bus system.

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

5.5.7 PATENTS AND PROTECTION OF INDUSTRIAL PROPERTY

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

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

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

5.6 INVESTMENTS

The total capital expenditure for tangible and intangible assets capitalised by the Group amounted to €25.8 million, compared with €48.8 million in 2019.

5.6.1 TANGIBLE

The details of capital expenditure on property, plant and equipment during the period are set out in Note 5 “Tangible assets” in the notes to the consolidated financial statements.

After three years of significant investments, the real estate programme launched in 2017 for a total amount of €40.5 million, with some of the financing coming from the property companies, or SCIs, accounted for by the Group under the equity method, were to due to be completed in 2020. However, arbitrations were performed to take into account the impacts of the health crisis, with:

- Finalisation of the renovation of part of the building at the Colomiers (France) plant and the additional extension by nearly 900 m² of the workshop space were maintained and delivered in February 2020;
- The construction of a 6,700 m² plant (land already purchased) in Tunis (Tunisia), to replace the current, leased property, was put on hold. Since the structure had already been built, the site was made secure and work will resume once this site is sure of acquiring a sufficient level of activity;
- The programme aimed at expanding and renovating sites run by the Telecoms Division came to an end with the renovation and reorganisation of the Millau site (Rail).

In the specific context of 2020, the Group limited its investments in production facilities in France and Tunisia to the renewal of ageing equipment posing a major risk of permanent failure, and various equipment items geared to improving productivity and the flexibility of our production facilities. As happens every year, equipment was purchased for specific programmes such as test benches and interfaces, as well as tooling.

In the second half of 2020, the Group had the opportunity to acquire the Flextronics site dedicated to prototyping and small production runs, in Sweden, for the production of printed circuit boards and prototypes, a complement to the Group’s industrial organisation.

With regard to IT equipment, of which around one quarter is usually renewed per financial year on average in the Group, the action was maintained, with special emphasis on the replacement of the existing stock by laptops, to make it easier for staff to work from home. Launched in 2017, the digitisation investment programme continued despite delays in the setting up of the new ERP for the Automotive Division, initially scheduled for the second half of 2020 and postponed until 1 July 2021.

5.6.2 INTANGIBLE

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

In 2020, R&D expenditure reached €76.0 million, a decrease of 8.7%, in line with the arbitrations performed in order to reduce the impacts of the health crisis. As a result, the ratio of R&D expenditure as a percentage of revenue remained stable at 17.3%, compared with 16.0% at 31 December 2019. Priority was given to the need to support customer programmes related to the commercial successes achieved since 2018 and the first production start-ups at end 2020, especially in the areas of rail, batteries and human/machine interfaces. As a result, the rate of re-invoicing of R&D costs was 37.0%, compared with 32.9% in 2019, impacted by the choices made in 2020, evidence of the underlying trend among customers wishing the majority of specific development costs to be paid for by ACTIA.

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

In €K	2020	2019	2018
Total cost of R&D	**75,964**	83,193	80,985
Cost of R&D services sold	**28,128**	27,399	29,302
R&D capitalised during the financial year	**13,892**	19,225	20,240
Expensed during the period (A)	**33,945**	36,568	31,442
Amortisation during the period of capitalised R&D (B)	**14,072**	15,287	12,677
Research tax credit recognised under income in the period and grants (C)	**6,453**	5,575	4,935
Impact of R&D on the income statement (A) +(B) – (C)	**41,563**	46,280	39,185
Headcount:	**1,080**	1,091	1,044

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

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

It should be noted that the Group invests heavily in R&D. R&D-related costs account for between 13 and 18.0% of its consolidated revenue. Offering specific solutions to its customers, based on recognised expertise and innovation, a portion of certain specific developments may be carried out by customers.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. In 2020, expenses were for the implementation of new innovative solutions for customers and state aid decreased by 1.8%, reflecting a period of new product development for our customers.

The portion of capitalised R&D costs in 2020 was 18.3%, down compared with 2019, for the many programmes to prepare for the replacement of the light vehicle telematics business due to come to an end in late 2021/early 2022, with the end of the manufacturer contract and the decision to focus efforts on developments related to contracts already signed. Also, this year capitalisation was slightly below amortisations, which stood at €14.1 million in 2020, down 8.0%. In addition, the weight of R&D borne by the Group in its income statement, excluding the portion invoiced to customers and government subsidies, increased to 9.5% compared with 8.9% of revenue in 2019, despite the fact the amount expensed during the period was down by <€2.6 million>, a reflection of the Group's ongoing effort to remain at the top of its game whilst at the same time striving to limit the impacts of the health crisis on its income statement without putting pressure on its future profitability.

At the divisional level, the breakdown is as follows:

AUTOMOTIVE DIVISION

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

R&D expenditure in 2020 totalled €62.5 million compared with €69.5 million in 2019, breaking down as follows:

In €K	2020	2019	2018
Cost of R&D services sold	**20,794**	22,597	19,560
R&D capitalised during the financial year	**12,956**	16,529	17,748
Expensed during the period	**28,773**	30,398	29,239
Headcount:	**1,006**	1,019	980

The portion of the cost of R&D services sold fell by 8.0% and represented 33.3% of expenses. Maintaining the practice of partially taking on R&D expenditure constitutes a major strength of the Group in developing partnership relations with our customers. However, due to the economic context, customers have reduced the amount of R&D costs immediately expensed in favour of amortising this cost in the price of the finished product.

TELECOMS DIVISION

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

R&D expenditure in 2020 totalled €13.4 million compared with €13.7 million in 2019, breaking down as follows:

In €K	2020	2019	2018
Cost of R&D services sold	**7,334**	4,802	9,742
R&D capitalised during the financial year	**935**	2,696	2,492
Expensed during the period	**5,172**	6,170	2,203
Headcount:	**74**	72	64

In addition to multi-year programmes, the Telecoms Division has also launched the development of products within the framework of new commercial successes. The level of re-invoicing in this division rose sharply this year, to 54%, benefiting from support for export markets, the military telecommunications and energy programmes and a higher degree of customer involvement.

5.6.3 COMMITTED FUTURE INVESTMENTS

On the date this document was issued, the Group had budgeted a certain number of investments relating to its normal operating activities. In the context of the ongoing health crisis, ACTIA is being extra careful about its investment choices to make sure it does not put a strain on its future whilst keeping its expenditure under control.

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

Over three years ago, the Group also committed to undertaking work to change the division's ERP, which will continue in 2020. As usual, IT equipment will continue to be renewed this year, with emphasis on the purchasing of mobile equipment to make it easier for staff to work from home.

Concerning the means of production, the level of commitment will be limited to the replacement of end-of-life equipment to increase capacity and productivity, and meet the production needs for new products requiring specific tooling in France, Tunisia and the United States.

Lastly, given the current context, finalisation of building work for our ACTIA Tunisia subsidiary, under the framework of the real estate programme launched in 2017 (see § 5.6.1 "Tangible") remains on hold.

5.7 PROPERTY, PLANT AND EQUIPMENT

5.7.1 MAJOR EXISTING OR PLANNED TANGIBLE ASSETS

O: Direct or indirect owner (SCI wholly owned by the Group); T: Tenant; t: tenant of an SCI partially owned by the Group.

Name	Site	Business sector	Type of interest
ACTIA Group	Toulouse	Holding company	t (1)
AUTOMOTIVE			
ACTIA Automotive	Toulouse	Electronic studies and marketing	t (1)
	Colomiers	Electronics manufacturing	O (2)
	Chartres	Manufacturing and distribution of mechanical equipment for garages and inspection centers	O (2)
	Toulouse	Logistics	T
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	T
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	T
ACTIA UK	Newtown (United Kingdom)	Electronics research & manufacturing	O
ACTIA Systems	Getafe, Madrid (Spain)	Research and manufacturing of audio and video equipment	t (3)
	Getafe, Madrid (Spain)	Research and power electronics	T
	Linares (Espagne)	Electronics research & manufacturing	T
ACTIA de MEXICO	Mexico City (Mexico)	Manufacturing and distribution of audio and video equipment	T
ACTIA do Brasil	Porto Alegre (Brazil)	Electronics research & manufacturing	T
ACTIA Inc.	Dearborn - Michigan (USA)	Electronics research & manufacturing	T
ACTIA CZ	Tabor (Czech Republic)	Electronics research & manufacturing	O
ACTIA Italia	Torino (Italy)	Electronics research & manufacturing	O
	Rho (Italy)	Logistics	T
ACTIA I + Me	Braunschweig (Germany)	Electronics research & manufacturing	O/T
	Salzgitter (Germany)	Battery production	T
ACTIA Corp.	Elkhart - Indiana (USA)	Electronics research & manufacturing	O
ACTIA Electronics	Romulus - Michigan (USA)	Electronics manufacturing	O
ACTIA Polska	Piaseczno (Poland)	Electronic studies and marketing	T
CIPI ACTIA	Tunis (Tunisia)	Electronics manufacturing	O
ACTIA Tunisia	Tunis (Tunisia)	Electronics manufacturing	T
ACTIA India	New Delhi (India)	Electronics research & manufacturing	T
ACTIA China	Shanghai (China)	Electronics research & manufacturing	T
	Wuhan (China)	Electronics research & design	T
ACTIA Nordic	Sollentuna (Sweden)	Electronics research & manufacturing	T
	Linköping (Sweden)	Electronics research & design	T
	Göteborg (Sweden)	Electronics research & design	T
TELECOM			
ACTIA Telecom	Saint-Georges-de-Luzençon	Electronics research & manufacturing	O (4)
	Dinard	Electronics research & manufacturing	O/T
	Puy-Sainte-Réparade	Electronics research & manufacturing	O
	Manosque	Electronics research & manufacturing	O

Name	Site	Business sector	Type of interest
OTHER			
ACTIA Engineering Services	Tunis (*Tunisia*)	Electronics research & design	O
	Sfax *(Tunisia)*	Electronics research & design	T
ACTIA Africa	Tunis *(Tunisia)*	Marketing, sales and technical support	T(5)
ACTIA Telematics Services	Namur *(Belgium)*	Electronics research & design	T

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

It should be noted that the core assets are owned by the Group. As these assets were not measured at the time of the adoption of IFRS at the end of 2004, they continue to be carried at their historic cost in the consolidated financial statements.

For the purpose of improving the disclosure of information, it has been decided to retain the services of independent firms of appraisers to measure the value of these assets on a regular basis. The Group's real estate assets were valued at the end of the 2018 financial year. Their total assessed value was €61.3 million gross on average. When weighted for ownership, the average value was €43.8 million. This valuation did not take into account the ongoing construction of new buildings or extensions, whose gross value was close to €14.1 million.

Independently of the equity accounted companies and therefore in comparison to an assessed value of €38.0 million, the net carrying amount of the assets directly owned by the Group was €31.0 million, up by €13.3 million (2019) and €5.5 million (2020), which corresponds to the works carried out by the Group since the previous assessment.

In accordance with the option adopted by the Group, in order to ensure that its accounts are not impacted by fluctuations in the real estate market, which does not represent its core business, and in accordance with IFRS, ACTIA Group will not perform accounting procedures to re-measure these assets in the consolidated financial statements. From a strategic standpoint, the Group has always considered that real estate assets constitute tools made available to it within the framework of its industrial activities.

Property assets considered strategic relate to, above all, manufacturing activities. The French production sites of ACTIA Automotive S.A., located in Colomiers and Chartres are thus 100% owned by the Group through SCI de l'Oratoire. The second circuit board production site located in Tunis (Tunisia) is entered in the assets of our CIPI ACTIA subsidiary, which is 65.8% owned by the Group. With regard to the integration site also located in Tunis, ACTIA Tunisia is a tenant, the relocation to the new building initially scheduled for mid-2020 having being pushed back due to the health situation. Finally, the last production site, located in Romulus (Michigan, USA) belongs to its parent company ACTIA Corp. which is wholly owned by the Group.

The heavy industrial equipment at the French site is generally financed through finance leases, whereas equipment in Tunisia and the United States is either financed through medium-term bank loans or is self-funded, because this solution for the financing of plant is not available through the local banks.

The Group's production is now organised around the three facilities in France, Tunisia and the United States. As a result, the Group benefits from greater flexibility in the way it organises its production using the same types of equipment, testing tools and procedures. Capital expenditure is coordinated between the different sites in order to increase capacity while improving quality and reducing the length of production cycles.

In 2020, the **Colomiers facility** (France) had the following activities:

- Electronics manufacturing;
- Support services.

These activities resulted in over 270,000 man-hours of work, a drop of <18.2%> due to the Covid-19 pandemic. After a one-week closure of the production facility, the latter was gradually able to reopen to respond to Customer needs and requests, despite the crisis. The site managed to adapt to the situation in 72 hours, to ensure full compliance with changing regulations and secure its staff from a health safety standpoint. Despite an initial sharp drop in orders from the Aeronautics sector, the plant's workload gradually increased back to its normal pace by year end 2020, partly thanks to the strong recovery of the HGV and Automotive sectors. Space and Rail activities continued to grow.

This infrastructure also continued to evolve in order to optimise production areas while improving the working environment for our teams. Work to expand the Complex Production Runs building continued despite the crisis and various lockdowns, with a fully secure organisation and protocol. Industrial relocations (for example, Flows) continued with the aim of preparing for the next stage of Colomiers 2025 and Industry 5.0 (“smart factory”). All outdoor infrastructure work on the buildings was completed, and the site was fully secured. However, the façade restoration work was postponed.

The Toulouse site is continuing its robot and co-robotics modernisation, plus digitisation, with the arrival of new resources while continuing to develop its operational excellence in long and medium-sized production runs.

The first Covid-19 lockdown period during the second quarter of 2020 enabled us to speed up preparation of the definition of our new World Class Manufacturing standard, the launch of which was confirmed and carried out at the end of the period.

The decision to invest in digitisation tools such as NPI Tool by Siemens will help the site to dematerialise production documentation and also to generate certain programmes for production machinery automatically, deployment having got under way during the 4th quarter of 2020.

Our **Tunisian sites** also experienced variable levels of activity during 2020 due to the economic consequences of the health crisis. In total, the cumulative activities made it possible to maintain around 420,000 man-hours of production, a decrease of <23.6%>. It is also worth noting that they took full ownership of the health protocols and adapted to the constraints imposed by the curfew in a context of production ramp-up for most of the second half of the year.

Lastly, the **US site** was even more vulnerable to the economic slowdown, because ramp-up of its initial production runs was not able to go ahead as planned, and the commercial drive that was supposed to restore balance as of 2021 was not able to get off the ground.

Unsurprisingly, all our manufacturing sites showed their ability to take full ownership of their emergency plan, as well as their resilience and agility in adapting to the new circumstances.

The **Telecoms Division sites** are owned by ACTIA Telecom directly or via SCI Sodimob, which is 100% held by the Group.

Two sites, considered non-strategic, are partly owned by the Group, partly by management and partly by non-controlling shareholders. These consist of buildings (offices and workshops) used by our Spanish subsidiary, held via SCI Los Olivos, for which the breakdown of capital is as follows:

Breakdown of the share capital of SCI Los Olivos	%
SCI Les Coteaux de Pouvourville	50.0 %
ACTIA Systems	40.0 %
Natural persons	10.0 %
TOTAL	**100.0 %**

In France, the office buildings housing the head offices of ACTIA Group S.A., ACTIA Automotive S.A., ACTIA Telecom S.A and two new entities, ACTIA Power SAS and ACTIA Power France SAS, are fully owned by SCI Les Coteaux de Pouvourville, the shareholding structure of which is as follows:

Breakdown in the share capital of SCI les Coteaux de Pouvourville	%
ACTIA Group	30.0 %
LP2C	50.1 %
Natural persons	19.9 %
TOTAL	**100.0 %**

The Group has made sure that the rents applied by these last two structures correspond to market rates with the intervention of an expert from outside the Group upon signature of the leases. The latter are reviewed in accordance with the rental cost index published by the French office of statistics (INSEE) and its Spanish equivalent.

5.7.2 ENVIRONMENTAL IMPACT RESULTING FROM THEIR USE

This information is provided in § 6.10 “Other challenges” in chapter 6 “Sustainable development” included in the Management Report approved by the Board of Directors.

5.8 INTERNAL CONTROL PROCEDURES ESTABLISHED BY THE COMPANY

Our Group has established internal control procedures to ensure financial management and risk control and draw up the information provided to shareholders on the financial position and the financial statements. General Management has decided to refer to the internal control reference framework, an implementation guide for small and mid-caps published by the French securities market regulator, the AMF. To date, the Group has not carried out an evaluation of its internal control procedures.

The procedures implemented constitute a framework to prevent and control risks stemming from our activities and the risk of error or fraud, in particular in accounting and financial matters, so as to safeguard the Group's assets and sustainability.

Internal control, implemented by the Group's General Management, management and employees at the level of the parent company and all consolidated subsidiaries, is designed to provide us with assurance that the financial information is accurate, comprehensive and reliable, drawn up in compliance with the general rules applicable in this regard, and that applicable laws and regulations are respected. This process is subject to regular adjustments by management, to ensure ongoing improvements and its suitability to the Group's organisational structure.

CONTROL OF OPERATING-RELATED RISKS

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

- The Automotive Division through ACTIA Automotive S.A. and its subsidiaries;
- The Telecoms Division through ACTIA Telecom S.A.

Referring to the recommendations issued as part of the business coordination role exercised by the holding, LP2C, the Company's Board of Directors determines the guiding principles, the strategy and the markets in which it wishes to develop.

Business monitoring is structured by business unit. As a reminder, this means:

- For the Automotive Division:
  - OEM (Original Equipment Manufacturers): telematics systems, electronic architecture and multiplexing, instrumentation, audio and video systems, power electronics, electric motors, batteries, diagnostics and associated services;
  - Aftermarket: multi-make diagnostics, workshop equipment, vehicle inspection and fleet management solutions, telematics systems and associated services;
  - MDS (Manufacturing-Design & Services): electronic production and associated services, lifecycle optimisation.
- For the Telecoms Division:
  - SatCom: equipment and systems for ground stations and In-Service Support;
  - Energy: control-command equipment for energy transmission and distribution systems, special transmission systems, In-Service Support, equipment and systems for telephone operators;
  - Rail: equipment for railway applications;

In all these areas, the Group has obtained the certifications necessary to exercise its activities, including ISO 9001. Information on Group certifications is provided in § 5.8.3 "Certification of Group company quality systems at 31 December 2020". The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing, product control and aftermarket support processes. Quality standards are subject to an annual external audit by several authorities and independent certification agencies as well as multiple customer audits at each of our sites. Many customer audits and internal cross-division audits (ACTIA Automotive, ACTIA Telecom) also contribute to improving the quality management system.

Several other certifications both specific to the different fields/markets (automotive, aeronautics, rail, etc.) and related to special challenges such as the environment (ISO 14001) or IT security (ISO 27001), obtained and/or in the process of being obtained, attest to the Group's desire to continue improving quality levels in line with customer demand.

- Stakeholders

The Boards of Directors, in particular that of the ACTIA Group holding company, the Management Committees and their related teams in the subsidiaries, play an essential role in internal control. In addition, the Group has recourse, as necessary, to specialists, including for example in the field of insurance, research tax credits, social security taxes and fiscal matters.

- Their role

At their regular meetings, the Boards of Directors and the Management Committees of the subsidiaries track the risks already identified, and continually monitor the markets, technological developments and the competition in order to identify possible new risks that may arise.

They are responsible for establishing and regularly checking indicators in various fields under the supervision of the Chairman and CEO of the ACTIA Group and the CFO, taking appropriate preventive and/or corrective measures and exercising a key role in risk prevention.

They also coordinate the process of developing budget forecasts produced by the divisions and monitor actual performance.

- The main areas of intervention identified are related to:
  - Financial, technological, industrial and commercial risks;
  - Risks relating to the main design, development, industrialisation, purchasing, procurement, manufacturing and product control processes;
  - Environmental risks;
  - Inventory risks (turnover, shortages, supply delays, etc.);
  - Interest rate and exchange rate risks;
  - Overheads and other expenses;
  - R&D goals and monitoring;
  - Legal and litigation risks;
  - Risks of fraud and cyber fraud.

An analysis of potential implications and the estimated degree of control over the principal risks identified is conducted in accordance with the information provided in chapter 7 “Risk factors.”

Depending on their nature, internal discussions about risks are primarily conducted at Management Committee meetings, Budget meetings, Executive Committee meetings, etc. and each time a sensitive event occurs (CEO impersonation fraud, for example). Email and the various digital means of communication available within the Group, Yammer, Intranet, are also used when communicating as widely as possible.

Lastly, they define the stakeholders and tools, and set up the special units required to manage a crisis, depending on its characteristics.

INTERNAL CONTROL

With respect to accounting and financial matters, management control and internal audit are organised by the two divisions for each strategic business department and/or operating department/business unit.

Internal control is carried out by a dedicated management control team, recently reinforced, or by the financial manager of the subsidiary, depending on the size of the latter.

Accounting procedures are in place and specifically adapted to the business activity, identified risks, computer systems and the size of the different subsidiaries concerned.

With respect to Group financial control, a dedicated team provides financial control for the Group at the international level. Control is implemented via reporting procedures which are revised on a regular basis. It is backed by visits to the subsidiaries as well as occasional meetings of the accounting and financial teams, notably when a specific topic must be addressed. The main areas of work cover:

- Supervising, organising and coordinating the supply and control of financial information by the Group’s administrative, accounting and finance departments; ensuring the consistency of the accounting methods applied;
- Collecting all the necessary information from line managers and the Statutory Auditors;
- Structuring the information representative of the Group’s performance for decision-making purposes (balance sheets, income statements, dashboards);
- Advising senior management on short- and medium-term forecasts and in crisis situations, providing operational support, particularly in terms of cash flow forecasts and sourcing financing;
- Coordinating the monitoring of internal control procedures and the implementation of the recommendations made by the Statutory Auditors;
- Making proposals regarding the Group’s management systems, developments and their implementation;
- Carrying out the necessary financial and economic analyses (selection of capital expenditure programmes, M&A activity, etc.).

The Group's reporting procedure consists of:

- Monthly reporting using computer applications developed in-house and regularly adapted to changing conditions and software packages;
- A quarterly update on the financial statements;
- The consolidation of the financial statements.

In addition, the Finance Committee, chaired by the Group's CFO, is responsible for monitoring the main subsidiaries to ensure the consistency of the various accounting and financial systems and the reliability of the financial and economic summaries drawn up. The Finance Committee addresses the following areas at its weekly meetings:

- Budget and cost accounting monitoring;
- Improving existing reporting procedures;
- The time taken to draft the financial statements;
- Monitoring the Group's accounting rules and methods, and in particular those relating to development costs, capitalised and inventoried, revenue recognition;
- Monitoring local rules on drawing up the separate financial statements;
- Monitoring IFRS developments for the purpose of preparing consolidated financial statements;
- Monitoring of working capital requirements, and of changes in inventories and customer payment times;
- Monitoring of investments, related financing and the resulting banking relationships.

The accounting principles used by Group companies are those required under local GAAP (for example in France, Regulation No. 2014-03 of the CRC, the national standards setting body) for producing separate financial statements (statutory accounts). The accounting policies and IFRS restatements are centralised at the parent company at the time of consolidation.

In light of the regulatory compliance required for all listed companies, a schedule of recurring obligations has been drawn up with regard to both disclosure issues and other regulatory matters (legal, fiscal, etc.). Regulatory monitoring is the responsibility of the consolidation unit and the Group's Finance Department.

Prior to its disclosure, information from the consolidation unit is submitted to management control and approved by the CFO. All of the information to be published is then approved by General Management and the Board of Directors.

Information system development is designed to meet the requirements for reliability, availability, effectiveness, security and relevant accounting and financial information.

The rationalisation of servers and ERP software used (MOVEX, SAP Business One and AX-dynamix-Microsoft) in the main Group structures of both France and foreign operations is ongoing, with the ERP software supporting operating activities. IT investments have been focused on system robustness, the deployment of recent developments in terms of networks and software solutions for project management and scientific applications. The replacement of the MOVEX ERP by the M3 business software from the same publisher, Infor, is ongoing. The operational deployment of the new ERP M3 system is planned for the second half-year 2021.

Access to the technical (ERP), human resources, finance, messaging, systems etc. is only possible after the user has identified him/herself via a password with a restrictive procedure in place for changing it.

The tools used are off-the-shelf software packages. The way they process information is checked when brought online on-site and over the course of their utilisation.

Our servers are managed externally on a facilities management basis with third parties or internally by the Group's IT teams. For facilities management, we have service level agreements with our IT service providers that guarantee daily and weekly data back-ups and the physical integrity of the data on the data servers.

The first audits for IT security certification were performed in 2015. ISO 27001 certification was thus obtained by our subsidiary ACTIA Engineering Services (design office in Tunisia) in 2015, then by ACTIA Automotive and ACTIA Telematics Services in 2018; ACTIA Telecom will apply for certification in 2021.

In accordance with the strategies defined, the Group has strengthened its teams with high-level, specialised talent in the field of Information Systems Security, which is responsible for the ongoing selection of measures to be taken in terms of:

- Prevention, training, information for management and for all staff involved;
- Processes, procedures and provisions applicable to the different types of data and IT resources (network architecture, personal workstations, etc.) with the goal of reducing risk and, should any occur, minimising the consequences of any incidents.
- It should also be noted that the cybersecurity risk generated by products for our customers' systems is now covered by our Group civil liability insurance policy.

AREAS FOR IMPROVEMENT - MONITORING EXECUTION OF ACTIONS

Certification monitoring audits were successfully performed at the end of 2020 and on that basis the certifications were confirmed, with selected areas for improvement identified, but above all with a positive assessment regarding the maturity of the system.

Detailed information on current certifications in force in the Group is provided in § 5.8.3 "Certification of Group company quality systems at 31 December 2020".

With regard to IT systems, the following main actions were taken:

- Office automation services: continuing renewal of office automation equipment (25%) and standardisation, taking into account the new demand for laptops to make it easier for staff to work from home;
- Communication services: development of collaborative services;
- Administrative services: ongoing digitisation of the financial, purchasing and production services – upgrading of the reporting process;
- Software development services: use, maintenance and optimisation of software development and validation tools;
- Infrastructure services: renewal of servers;
- Security services: deployment of an access control system and CCTV on our French sites.

A new RFID badge identification and access control system for secure and protected areas was deployed in all of the main French companies of the Group in 2020. This system was already in place in the new building for our design office in Tunisia, ACTIA Engineering Services.

5.8.2 FINANCIAL RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE

The Group has not identified any major risks related to possible climate changes that could affect its activity. We remind you that information related to climate change is provided in § 6.9 "Climate change" of chapter 6 "Sustainable development", included in the Management Report. The Group's risks are further discussed in chapter 7 "Risk factors".

5.8.3 CERTIFICATION OF GROUP COMPANY QUALITY SYSTEMS AT 31 DECEMBER 2020

The Group meets numerous regulatory standards and regularly renews its certifications, as summarised in the table below:

Company	ISO 9001 Quality management systems	ISO TS 16949 Quality management systems – automotive industry	ISO 14001 Environmental management systems	EN 9100 Quality management systems – aeronautics/ space and defence	IRIS Quality management systems – railway industry standard	NADCAP Aerospace standard for suppliers of electronics printed circuit boards
ACTIA Automotive SA	Certified	Certification of the Toulouse sites	Certified	Certification of the Toulouse sites	Certification of the Toulouse sites	Certification of the Toulouse sites
ACTIA PCs	Certified					
ACTIA Italia	Certified					
ACTIA I+Me	Certified		Certified			
ACTIA Systems	Certified					
ACTIA Nordic		Certified	Certified			
ACTIA UK	Certified					
ACTIA Telematics Services	Certified					
ACTIA China	Certified	Certified	Certified			
ACTIA do Brasil	Certified					
ACTIA Electronics	Certified	Certified				
ACTIA Corp.	Certified					
CIPI ACTIA	Certified	Certified	Certified			
ACTIA Engineering Services	Certified					
ACTIA Tunisia	Certified	Certified	Certified			
ACTIA Telecom	Certified		Certified		Certified	

- Other certifications:
  - ACTIA Telecom: ISO 450001, Total Quality according to Appendix V of the R&TTE directive (Telecom) for the Millau and Dinard sites - PART 21 G + PART 145 (aeronautic requirements for the Provence site);
  - ACTIA CZ: approval of the QMS;
  - ACTIA Automotive:
    - in Chartres: certification of the quality system by LNE (legal metrology, gas analyser and opacimeter repairs and authorisation delivered by the DRIRE for the inspection of pollution measurement devices);
    - in Toulouse: EN 9110 (aeronautical repairs); PART 145 (aeronautics); ISO 27001: (information security management);
  - ACTIA Telematics Services ISO 27001;
  - ACTIA Engineering Services: ISO 17025, ISO 27001 and CMMI DEV V1.2.
- Certifications pending official approval:
  - ACTIA 3E: ISO 9001,
  - ACTIA Telecom: ISO 27001,
  - ACTIA Nordic; ISO 9001,
  - ACTIA Electronics: ISO 14001,
  - ACTIA Engineering Services: ISO 45001,
  - CIPI ACTIA: ISO 45001.

5.9 INFORMATION ABOUT THE ISSUER

The separate financial statements of ACTIA Group S.A. show revenue of €2.4 million, an increase of 2.21 % in relation to 2019. However, with the creation of its new ACTIA Power Division, ACTIA Group has invested additional internal resources to meet the exceptional needs related to structuring and managing of internal carve-outs, since this new division is to be built from various assets held by several entities of the Automotive Division. Invoicing by LP2C to ACTIA Group stood at €324,400 for the reporting period. The resulting net income stood at €1,640,000 compared with a profit of €2,737,000 for the previous financial year. This drop is primarily the consequence of two factors:

- Increase in in-house resources;
- Drop in the financial result due to the 50% decrease in dividends and to an increase in borrowing costs.

ACTIA Group S.A. does not have its own operating activities, except for the financial holding company. All functions exercised on behalf of its subsidiaries or the investment holding company are invoiced to the entities concerned on the basis of actual cost plus a margin of 15% corresponding to management fees. These amounts invoiced do not cover all statutory auditing expenses, communications, tax and legal consulting services, and other expenses related to the Company's status as a listed company that cannot be allocated to all subsidiaries under existing legal and regulatory provisions. Only services specified in support agreements and described in § 4.3 "Brief overview of the Group" are invoiced.

The Company's operating loss accordingly stems from costs incurred as a publicly traded company and its role as a holding company involving external interventions in legal and tax matters, communications, statutory auditing for separate and consolidated financial statements, etc. that by themselves represented a cost of €306,300 for the financial year, compared with €325,100 in 2019. The drop was due to the decrease in the Statutory Auditors' fees for the period.

Highlights of the 2020 separate financial statements are presented below:

Net income (€K)	2020	2019	2018
Net revenue	**2,352**	2,301	1,713
Operating revenue	**3,375**	3,280	2,573
Operating expenses	**4,676**	3,972	3,590
Operating income	**<1,301>**	<692>	<1,017>
Financial result	**2,951**	3,456	3,275
Non-recurring items	**7**	0	3
NET INCOME	**1,640**	**2,737**	**2,219**

We will ask shareholders to approve these separate financial statements.

5.9.1 HIGHLIGHTS

Except for the launch of the creation of the Power Division at the end of the period, no significant events affected the holding company during the year.

5.9.2 APPROPRIATION OF EARNINGS

In accordance with the law and our Articles of Association, the following appropriation of earnings for the period ended 31 December 2020 will be proposed at the General Meeting:

Origin		
"Retained Earnings" account on 31 December 2020		€ 11,075,425.23
Earnings for the financial year: profit of		€ 1,639,673.04
Appropriation		
To the "Retained Earnings" account, which will stand at	€ 12,715,098.27	
Paid in the form of dividends	-	
TOTAL	**€ 12,715,098.27**	**€ 12,715,098.27**

5.9.3 PREVIOUS DIVIDEND DISTRIBUTIONS

Pursuant to the provisions of Article 243 bis of the French General Tax Code, dividends paid out by the Company over the past three financial years are disclosed below:

	Earnings eligible for a rebate		Earnings not eligible for a rebate
For the financial year	**Dividend per share***	**Other revenue distributed**	
2017	€2,411,992.92*, i.e.: €0.12 per share		
2018	€2,009,994.10*, i.e.: €0.10 per share		
2019	€3,014,991.15*, i.e.: €0.15 per share		

* Including the amount of the dividend corresponding to shares held by the company itself, unpaid and allocated to the retained earnings account.

5.9.4 DEBT SITUATION

For the 2020 financial year, ACTIA Group took on no new medium-term financing.

As of 31 December 2020, a commercial paper was used, for an amount of €1.5 million; this commercial paper was set up in September 2020. We underscore the fact that this structure does not benefit from the possibility of financing its receivables as it is entirely dedicated to the Group. Details of the debt level of ACTIA Group S.A. are provided in the notes to the separate financial statements, in note 3.10. "Debts".

5.9.5 NON-TAX DEDUCTIBLE EXPENSES (ARTICLE 39-4 OF THE FRENCH GENERAL TAX CODE)

The General Meeting will be asked to approve the total amount of expenses covered by Article 39-4 of the French General Tax Code, namely the sum of € 2,658, relating to surplus depreciation on company cars.

No taxes are due for the 2020 financial year.

5.9.6 EQUAL OPPORTUNITY EMPLOYMENT

ACTIA Group S.A. is the Group's holding company. As of 31 December 2020, it had 14 employees to handle its holding company functions.

To date, as indicated in § 6.5 "Talent recruitment and retention", no feeling of discrimination was recorded either in the Group or in the holding company and no cases of gender inequality were reported.

5.9.7 ANALYSIS OF ACCOUNTS PAYABLE

At closure of the accounts for the period, payables with regard to ACTIA Group S.A. suppliers (excluding provisions for supplier invoices not received) were broken down as follows, expressed according to due date:

Invoices due and received but not paid on 31/12/2020

IN €	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) AGEING BUCKETS						
Number of invoices	46					6
Total of all invoices, excluding VAT	977,164	0	10,348	0	149,920	160,268
% of the total amount of purchases for the financial year, excluding VAT	30.67 %	0.0 %	0.32 %	0.0 %	4.71 %	5.03 %
(B) INVOICES NOT INCLUDED IN (A) FOR DEBTS AND RECEIVABLES IN DISPUTE OR NOT RECOGNISED						
Number of invoices excluded						0
Total amount of invoices excluded						0
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERMS)						
Payment terms used to calculate late payments	X Contractual terms: Based on the general terms and conditions of sale of our suppliers - Legal terms					

5.9.8 ANALYSIS OF ACCOUNTS RECEIVABLE

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

Invoices due and issued but not paid on 31/12/2020

IN €	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day and more)
(A) AGEING BUCKETS						
Number of invoices						48
Total of all invoices, excluding VAT	2,104,779	0	0	0	998,896	998,896
% of the total amount of purchases for the financial year, excluding VAT	44.99 %	0.0 %	0.0 %	0.0 %	21.35 %	21.31 %
(B) INVOICES NOT INCLUDED IN (A) FOR DEBTS AND RECEIVABLES IN DISPUTE OR NOT RECOGNISED						
Number of invoices excluded						0
Total amount of invoices excluded						0
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERMS)						
Payment terms used to calculate late payments	Contractual terms X Legal terms: 30 days end of month					

5.9.9 FINANCIAL RESULTS OVER THE PAST FIVE YEARS

In Euros	2020	2019	2018	2017	2016
FINANCIAL POSITION AT YEAR END					
Share Capital	15,074,956	15,074,956	15,074,956	15,074,956	15,074,956
Number of shares issued	20,099,941	20,099,941	20,099,941	20,099,941	20,099,941
Number of convertible bonds			0	0	0
RESULTS FROM OPERATIONS					
Sales excluding tax	2,352,361	2,301,500	1,712,968	2,777,018	2,394,764
Earnings before tax, depreciation, amortisation and provisions	1,666,838	2,772,682	3,093,994	5,818,496	2,345,915
Income tax	17,333	27,391	40,722	<156,586>	82,566
Earnings after tax, depreciation, amortisation and provisions	1,639,673	2,737,515	2,219,272	5,766,829	2,262,529
Earnings distributed	3,014,991	2,009,994	2,411,993	3,014,991	2,009,994
EARNINGS PER SHARE					
Earnings after tax but before depreciation, amortisation and provisions	0.08	0.14	0.15	0.30	0.11
Earnings after tax, depreciation, amortisation and provisions	0.08	0.14	0.11	0.29	0.11
Dividends allocated to each share	0.15	0.10	0.12	0.15	0.10
PERSONNEL					
Number of employees (average headcount)	11	9	8	7	5
Payroll for the financial year	1,277,597	891,360	953,523	667,535	595,203
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	540,030	393,098	375,186	283,796	258,119

5.9.10 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

To the Annual General Meeting of ACTIA Group S.A.,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on regulated agreements.

The terms of our assignment do not require us to identify such other transactions, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or discovered in the performance of our assignment and the interests thereof for the Company, without expressing an opinion on their merits. It is your responsibility, pursuant to Article R225-31 of the French Commercial Code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements and commitments previously approved by the General Meeting of Shareholders.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. These procedures require that we ensure that the information provided to us is consistent with the relevant source documents.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' MEETING

Agreements approved and signed in the financial year ended

We hereby inform you that we have not been made aware of any agreement approved and signed in the previous financial year that would need to be submitted for the approval of the General Meeting under the terms of Article L225-38 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

Agreements approved in prior years

In accordance with Article R.225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the Annual General Meetings in prior years, remained in effect during the period under review.

With LP2C S.A.

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

LP2C plays an active role in managing the ACTIA Group policy; it sets out the strategic priorities and areas for development outlined in said policy. It oversees the coordination and implementation of the various actions between the companies which make up ACTIA Group.

  - LP2C coordination agreement for each of the subsidiaries and sub-subsidiaries of LP2C, for the role it plays alone and exclusively in the definition of the general ACTIA Group strategy and which it coordinates for the benefit of all ACTIA Group companies.
  - In this respect, LP2C invoices an overall annual sum of € 370,000 for all the Group companies, broken down according to the added value of the previous year.
  - The coordination agreement is agreed for a period of five years as of 1 January 2018 and is automatically renewable for consecutive twelve-month periods.

- Sum invoiced for the previous financial year: at 31 December 2020, the amount invoiced by LP2C to ACTIA Group was € 1,000 excl. VAT.
- **Nature and purpose**: Assistance and service agreements.
- Parties concerned: Marine Candelon, Catherine Mallet, Jean-Louis Pech and Pierre Calmels
- Reasons justifying their interest in the company/procedures:

The shared interest of LP2C and ACTIA Group intersects with those of each of the subsidiaries which can, therefore, increase their effectiveness and profitability via these operations. At the LP2C/ACTIA Group level, the arrangements result in a reduction in overall management costs and economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries and sub-subsidiaries benefit from the reduced costs, therefore enabling them to focus their energies on their core businesses and improve their economic performance.

LP2C assistance and services agreement for each of the LP2C subsidiaries and sub-subsidiaries for the recurring services LP2C provides to the Group, including:

- Administrative, legal, accounting and financial support;
- Quality support;
- Communications support;
- Human resources support;
- Real estate support;
- Support for Group management and internal procedures;
- Business development support.

The arrangements for setting the remuneration excluding VAT of the services provided are as follows: LP2C receives a fee set on the basis of a provisional budget drawn up at the start of the year. The amount is set based on the direct and indirect costs actually incurred by LP2C, plus a margin of 15 %.

The assistance agreement is agreed for a period of five years as of 1 January 2018 and is automatically renewable for consecutive twelve-month periods.

- Sum invoiced for the previous financial year: at 31 December 2020, the amount invoiced by LP2C to ACTIA Group was € 323,434 excl. VAT.
- **Nature and purpose**: Assistance and specific services agreement.
- **Parties concerned:** Marine Candelon, Catherine Mallet, Jean-Louis Pech and Pierre Calmels
- Reasons justifying their interest in the company/procedures:

This agreement is in the common interest of LP2C and ACTIA Group and will enable LP2C to increase its effectiveness and profitability through these operations. At the LP2C and ACTIA Group level, the arrangements will result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability.

The specific services which ACTIA Group provides to LP2C are for accounting and executive secretarial services.

The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group are as follows: in exchange for the services provided, ACTIA Group receives from LP2C a fee set on the basis of a provisional budget established at the start of the financial year. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group, plus a margin of 15%.

The assistance agreement is agreed for a period of five years as of 1 January 2018 and is automatically renewable for consecutive twelve-month periods.

- Sum invoiced for the previous financial year: at 31 December 2020, the amount invoiced by ACTIA Group to LP2C was € 42,272 excl. VAT.

For all of its subsidiaries

- **Nature and purpose**: Assistance and service agreements.
- **Parties concerned:**
  - ACTIA Automotive: Marine Candelon, Laura Pech, Pierre Calmels and Jean-Louis Pech
  - ACTIA 3E: Catherine Mallet, Marine Candelon and Jean-Louis Pech
  - ACTIA Telecom: Marine Candelon, Pierre Calmels and Jean-Louis Pech
  - ACTIA PCs: Catherine Mallet and Jean-Louis Pech
  - SCI Les Coteaux de Pouvourville: Catherine Mallet, Marine Candelon and Pierre Calmels
  - SCI de l'Oratoire: Catherine Mallet, Marine Candelon and Pierre Calmels
  - SCI Sodimob: Jean-Louis Pech
  - ACTIA CZ: Jean-Louis Pech
  - ACTIA I+ME: Jean-Louis Pech
  - ACTIA Systems: Catherine Mallet, Pierre Calmels and Jean-Louis Pech
  - SCI los Olivos: Pierre Calmels and Jean-Louis Pech
  - ACTIA UK: Catherine Mallet and Jean-Louis Pech
  - ACTIA Italia: Catherine Mallet, Pierre Calmels and Jean-Louis Pech
  - ACTIA Polska: Jean-Louis Pech
  - ACTIA Nordic: Pierre Calmels and Jean-Louis Pech
  - KARFA: Pierre Calmels and Jean-Louis Pech
  - ACTIA Do Brasil: Catherine Mallet and Jean-Louis Pech
  - ACTIA Mexico: Catherine Mallet and Jean-Louis Pech
  - ACTIA Electronics: Catherine Mallet, Pierre Calmels and Jean-Louis Pech
  - ACTIA Corp: Catherine Mallet, Pierre Calmels and Jean-Louis Pech ACTIA China: Catherine Mallet
  - ACTIA India: Catherine Mallet, Pierre Calmels and Jean-Louis Pech
  - CIPI ACTIA: Catherine Mallet, Pierre Calmels and Jean-Louis Pech

- ACTIA Engineering Services: Louis Pech and Pierre Calmels
- ACTIA Tunisia: Jean-Louis Pech
- ACTIA Telematics Services: Jean-Louis Pech
- ACTIA Africa: Jean-Louis Pech
- ACTIA Power: Jean-Louis Pech

◎ Reasons justifying their interest in the company/procedures:

As part of the overall reorganisation, this ACTIA Group assistance and services agreement is implemented for each of the subsidiaries and sub-subsidiaries to cover the ongoing services ACTIA Group provides to the Group. The interests of ACTIA Group are shared by the subsidiaries which, therefore, increase their effectiveness and profitability through these operations. At the ACTIA Group level, the arrangements result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries benefit from the reduced costs, therefore enabling them to focus their energies on their core business and improve their economic performance.

- Administrative, legal, accounting and financial assistance, as well as the provision of current account advances;
- Communications support;
- Human resources support;
- Information systems support;
- Purchasing support;
- Real estate support;
- Support for Group management and internal procedures;
- Business development support;
- Technology support.

The procedures used to set the amounts invoiced, excluding VAT, for the services rendered by ACTIA Group are as follows: in exchange for the services provided, ACTIA Group receives from each of the subsidiaries and sub-subsidiaries a fee based on a provisional budget established at the start of the financial year. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group, plus a margin of 15%.

The assistance agreement is agreed for a period of five years as of 1 January 2018 and is automatically renewable for consecutive twelve-month periods.

Companies	Assistance & services agreement	Current account interest	Current account debit balance
ACTIA Automotive S.A.	€ 815,777	€ 236,661	€ 11,685,523
SCI de l'Oratoire	€ 62,072		
SCI les Coteaux de Pouvourville	€ - 16,731		
ACTIA 3E S.A.	€ 6,806		
ACTIA PCs S.A.	€ 9,723		
ACTIA Telecom S.A.	€ 432,365	€ 18,281	€ 5,604,674
ACTIA Telematics Services	€ 27,479		
ACTIA Nordic	€ 142,119		
ACTIA Polska	€ 4,097		
ACTIA CZ	€ 4,559		
ACTIA I+ME	€ 275,589		
ACTIA Italia	€ 8,750		
ACTIA Systems	€ 26,627		
ACTIA UK	€ 5,903		
ACTIA Tunisie	€ 3,831		
ACTIA China	€ 21,476		
CIPI ACTIA	€ 80,388		
ACTIA Electronics	€ 9,505		
ACTIA do Brasil	€ 103,918		
ACTIA de Mexico	€ 45,422		
ACTIA Corp	€ 59,013		
ACTIA Engineering Services	€ 181,283	€ 1,337	€ 318,351
ACTIA Africa	€ 118	€ 763	€ 150,000
ACTIA Power	€ 0		€ 53,400

With ACTIA Automotive

- **Nature and purpose**: Guarantee for an Airbus contract.
- **Parties concerned**: Marine Candelon, Laura Pech, Pierre Calmels and Jean-Louis Pech
- Reasons justifying their interest in the company/procedures:

Airbus requested a first-demand full guarantee for all ACTIA Automotive rights and obligations from ACTIA Group in 2017. The guarantee covers financial, judicial, legal and civil responsibility.

Under the contract, ACTIA Automotive can be held liable up to the amount of the contract which, in 2020, was close to € 17,000,000. ACTIA Automotive has taken out special insurance for aeronautical products, for a maximum amount of € 200,000,000 per claim, it being understood that ACTIA Group cannot be held liable for any sum in excess of that amount. With respect to civil liability, ACTIA Group will be required to activate the insurance in the event of the failure of its ACTIA Automotive subsidiary.

If ACTIA Automotive activates its insurance in the event of an accident, the guarantee granted to our subsidiary will be outside of the normal framework of the guarantees invoiced by the Company as the insurance charge for the policy is entirely paid for by ACTIA Automotive.

- Amount invoiced during the past year: this guarantee did not result in any invoicing by your company during the financial year.
- **Nature and purpose**: Guarantee for an Airbus contract.
- **Parties concerned**: Marine Candelon, Laura Pech, Pierre Calmels and Jean-Louis Pech
- Reasons justifying their interest in the company/procedures:

ACTIA Automotive signed a major contract with Airbus for the design, development, manufacturing, supply and maintenance of avionics equipment. As part of the contract, Airbus requested that ACTIA Group provide a full first demand guarantee for all ACTIA Automotive rights and obligations. The guarantee covers financial, judicial, legal and civil responsibility.

Under the contract, ACTIA Automotive can be held liable up to € 200,000,000. ACTIA Automotive has therefore taken out special insurance for aeronautical products, for a maximum amount of € 200,000,000 per claim, it being understood that ACTIA Group cannot be held liable for any sum in excess of that amount. With respect to civil liability, ACTIA Group will be required to activate the insurance in the event of the failure of its ACTIA Automotive subsidiary.

If ACTIA Automotive activates its insurance in the event of an accident, the guarantee granted to your subsidiary since 2007 will be outside of the normal framework of the guarantees invoiced by the Company as the insurance charge for the policy is entirely paid for by ACTIA Automotive.

- Amount invoiced during the past year: this guarantee did not result in any invoicing by your Company during the financial year.

With Coovia

- **Nature and purpose**: Current account advance agreement.
- **Parties concerned**: Jean-Louis Pech
- Reasons justifying their interest in the company/procedures:

The Group wanted to support a start-up in order to have a presence in carpooling for urban mobility.

ACTIA Group can provide Coovia with current account advances. For these current account advances of treasury, your Company will invoice charges according to the origin of the amounts made available, and namely:

- If the company has not sought financing on the market, at the Euribor 3-month rate plus half a point;
- If the company has undertaken to secure financing on the market, the interest rate applied to the loan plus half a point.

The agreement was signed for a period of six years as of 22 July 2016.

- Amount invoiced over the past year: at 31 December 2020, the balance of the current account of Coovia was € 805,000, fully depreciated in the accounts.

With ACTIA Telecom

- **Nature and purpose**: Authorisation to pledge securities.
- **Parties concerned**: Catherine Mallet,Marine Candelon, Pierre Calmels and Jean-Louis Pech
- Reasons justifying their interest in the company/procedures:

As part of the granting of a loan to your subsidiary for the amount of € 3.5 million for seven years by a French bank in 2016, your Board authorised as collateral the pledging of ACTIA Telecom shares held by your company up to 120% of the financing based on the minority buyback value, i.e., €12.20 per share, for a total of 344,262 shares. This authorisation is valid until 21 July 2023.

- Amount invoiced during the past year: this authorisation did not result in any invoicing by your company during the 2020 financial year.

Agreements approved during the previous financial year

In addition, we were notified of the execution, during the previous financial year, of the following agreement, which was already approved by the General Meeting held on 27 May 2020 on the special report of the Statutory Auditors dated 24 April 2020.

With ACTIA Automotive

- **Nature and purpose**: Assistance and services agreement between ACTIA Automotive, as service provider, on behalf of ACTIA Group companies concerning recurring services provided by ACTIA Automotive to ACTIA Group companies.
- Parties concerned: Marine Candelon, Laura Pech, Jean-Louis Pech and Pierre Calmels
- Procedures: the recurring services provided by ACTIA Automotive to ACTIA Group companies include:
  - Administrative, legal, accounting and financial support;
  - Quality support;
  - Communications support;
  - Human resources support;
  - Information systems support;
  - Purchasing support;
  - Real estate support;
  - Support for Group management and internal procedures;
  - Business development support;
  - Technology support.

The arrangements for setting the remuneration excluding VAT of the services provided are as follows: ACTIA Automotive receives remuneration on the basis of a provisional budget drawn up at the start of the year, which is adjustable at the end of the period. The amount is set based on the direct and indirect costs actually incurred by ACTIA Group, plus a margin of 15%.

Any re-invoicing of services provided by external parties is subject to a margin of 3% as a contribution to ACTIA Automotive's overheads as a service provider.

The assistance agreement is agreed for a period of five years as of 1 January 2018 and is automatically renewable for consecutive twelve-month periods.

- Reasons justifying the benefits for the Company:

ACTIA Automotive's interests coincide with those of Group companies and the latter can, therefore, improve their effectiveness and profitability through these arrangements. At the ACTIA Group level, the arrangements would result in a reduction in overall management costs by creating economies of scale for fixed costs and, therefore, in greater effectiveness and profitability. The subsidiaries will benefit from the reduced costs, therefore enabling them to focus their energies on their core businesses and improve their economic performance.

- Sum invoiced for the previous financial year: at 31 December 2020, the amount invoiced by ACTIA Automotive to ACTIA Group was € 18,664 excl. VAT.

Labège, 26 April 2021

KPMG S.A.

Mathieu Leruste
Partner

Paris, 26 April 2021

BM&A

Eric Seyvos
Partner

5.10 MAJOR SHAREHOLDERS

5.10.1 BREAKDOWN OF THE SHARE CAPITAL AND VOTING RIGHTS

The identity of those persons directly or indirectly holding more than 1%, 5% - 10% - 15% - 20% - 25% - 30 % - 33.33% - 50% - 66.66% - 90% and 95% of the share capital or voting rights at General Meetings on the dates cited are given below.

SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2020

	Number of shares	% of share capital	Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83%	20,032,332	61.81%	20,032,332	61.84%
Natural persons - Pech and Calmels families	67,396	0.34%	134,592	0.42%	134,592	0.42%
SUBTOTAL PECH AND CALMELS FAMILIES	**10,083,562**	**50.17%**	**20,166,924**	**62.23%**	**20,166,924**	**62.26%**
SIDMIA International	1,171,848	5.83%	2,343,696	7.23%	2,343,696	7.24%
Natural persons - Thrum family	213	0.00%	426	0.00%	426	0.00%
THRUM FAMILY SUBTOTAL	**1,172,061**	**5.83%**	**2,344,122**	**7.23%**	**2,344,122**	**7.24%**
TOTAL CONCERT AGREEMENT	**11,255,623**	**56.00%**	**22,511,046**	**69.46%**	**22,511,046**	**69.49%**
SGPFEC	1,037,141	5.16%	2,074,282	6.40%	2,074,282	6.40%
Public	7,791,223	38.76%	7,807,148	24.09%	7,807,148	24.10%
Treasury shares	15,954	0.08%	15,954	0.05%	0	0.00%
TOTAL	**20,099,941**	**100.00%**	**32,408,430**	**100.00%**	**32,392,476**	**100.00%**

SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2019

	Number of shares	% of share capital	Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83 %	19,857,065	61.63 %	19,857,065	61.66 %
Natural persons - Pech and Calmels families	67,196	0.33 %	134,392	0.42 %	134,392	0.42 %
SUBTOTAL PECH AND CALMELS FAMILIES	**10,083,362**	**50.17 %**	**19,991,457**	**62.05 %**	**19,991,457**	**62.08 %**
SIDMIA International	1,171,848	5.83 %	2,330,434	7.23 %	2,330,434	7.24 %
Natural persons - Thrum family	213	0.00 %	426	0.00 %	426	0.00 %
THRUM FAMILY SUBTOTAL	**1,172,061**	**5.83 %**	**2,330,860**	**7.23 %**	**2,330,860**	**7.24 %**
TOTAL CONCERT AGREEMENT	**11,255,423**	**56.00 %**	**22,322,317**	**69.28 %**	**22,322,317**	**69.31 %**
SGPFEC	1,037,141	5.16 %	2,074,282	6.44 %	2,074,282	6.44 %
Public	7,792,619	38.77 %	7,808,158	24.23 %	7,808,158	24.25 %
Treasury shares	14,758	0.07 %	14,758	0.05 %	0	0.00 %
TOTAL	**20,099,941**	**100.00 %**	**32,219,515**	**100.00 %**	**32,204,757**	**100.00 %**

SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2018

	Number of shares	% of share capital	Gross voting rights		Net voting rights	
LP2C	10,016,166	49.83 %	19,857,065	61.63 %	19,857,065	61.67 %
Natural persons - Pech and Calmels families	67,196	0.33 %	134,392	0.42 %	134,392	0.42 %
SUBTOTAL PECH AND CALMELS FAMILIES	**10,083,362**	**50.17 %**	**19,991,457**	**62.05 %**	**19,991,457**	**62.08 %**
SIDMIA International	1,171,848	5.83 %	2,330,434	7.23 %	2,330,434	7.24 %
Natural persons - Thrum family	213	0.00 %	426	0.00 %	426	0.00 %
THRUM FAMILY SUBTOTAL	**1,172,061**	**5.83 %**	**2,330,860**	**7.23 %**	**2,330,860**	**7.24 %**
TOTAL CONCERT AGREEMENT	**11,255,423**	**56.00 %**	**22,322,317**	**69.28 %**	**22,322,317**	**69.32 %**
SGPFEC	1,037,141	5.16 %	2,074,282	6.44 %	2,074,282	6.44 %
Public	7,788,583	38.75 %	7,804,578	24.22 %	7,804,578	24.24 %
Treasury shares	18,794	0.09 %	18,794	0.06 %	0	0.00 %
TOTAL	**20,099,941**	**100.00 %**	**32,219,971**	**100.00 %**	**32,201,177**	**100.00 %**

Gross or theoretical voting rights: this is the total number of voting rights, including those attached to shares deprived of voting rights, namely those held in treasury.

Net voting rights or rights exercisable in General Meetings: shares held in treasury are not recorded.

LP2C is equally owned by the Pech and Calmels families.

SIDMIA International is held by the Thrum family.

The concert agreement between the Pech, Calmels and Thrum family shareholder groups covers all the shares held by the companies. The shares not included at the outset of the agreement do not represent a sufficiently material percentage to be detailed. It should be noted that the agreement does not have an expiry date. The main provisions of this agreement are described in § 5.10.3 “Shareholders’ agreement”.

To the best of the Company’s knowledge, there are no other shareholders not mentioned in the above table that hold 5% or more of the share capital or voting rights of ACTIA Group S.A.

Voting rights are described in detail in Article 11 of the Articles of Association “Rights and obligations related to ordinary shares - Voting”, which can be consulted on the company website www.actia.com.

CROSSING OF THRESHOLDS

ACTIA Group has not been informed of any crossing of ownership thresholds in the past three years.

It is to be noted that, on 11 February 2021, the Limited Liability company LP2C informed ACTIA Group that its had crossed the 50% company share capital threshold (AMF notification 221C0346), without modifying the ownership percentage of the shareholders’ agreement.

OTHER SECURITIES GRANTING ENTITLEMENT TO THE SHARE CAPITAL

There are no other shares or securities of any nature convertible or exchangeable for shares.

ADJUSTMENT OF THE CONVERSION BASES OF SECURITIES GRANTING RIGHTS TO THE SHARE CAPITAL, SUBSCRIPTION AND PURCHASE OPTIONS AND BONUS SHARES

In 2020, there were no adjustments made to the conversion bases of securities.

MARKET IN ACTIA GROUP SHARES

ACTIA Group S.A. is traded on Euronext Paris (Segment C), ISIN Code FR0000076655.

During 2020, the total volume of ACTIA Group shares traded was 6,104,872 compared with 5,277,576 in 2019 and 5,403,05 in 2018, representing an average daily trading volume of 23,754 shares over 257 trading days compared with 20,696 shares in 2019 and 21,188 in 2018.

In 2020, the share price trading range was as follows:

- Highest: €4.58 on 17 January 2020;
- Lowest: € 1.82 on 29 October 2020;
- And a close on 31/12/2020 of: €2.72.

The ACTIA Group share saw more trading than in 2019. Despite a rebound in the last two months of the year, the share price ended the year down by 36.9% compared with 31 December 2019, while the CAC Small index rose by 7.2%.

Trading in liquidity contract shares stood at 186,082 shares purchased and 184,886 shares sold for the whole of 2020. These daily flows contributed to optimising the day-to-day and intra-day trading activity for the share by reducing sharp fluctuations.

It should be noted that ACTIA Group was among the 70 companies forming the **GAÏA** Index, the benchmark Sustainable Development Index for mid-caps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 French SMEs and mid-market companies assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment and relations with stakeholders). After joining the ranking in 2015, ACTIA Group finished 47^{th} out of 230 in the overall ranking and 37^{th} out of 81 in the category "revenue of more than €500 million." The increasing involvement of all economic stakeholders in this area is one of the reasons behind ACTIA Group's relatively weaker performance, another reason being the segment change induced by the crossing of the €500 million revenue threshold in 2019. The Group's General Management, which is keenly aware of this issue, is considering various ways in which performance can be further improved.

On 8 April 2020, ACTIA Group was included in the following indices:

INDICE	ACTIA Group weighting in the index
CAC ALL SHARES	0.00 %
CAC ALL-TRADABLE	0.00 %
CAC INDUSTRIALS	0.01 %
CAC MID & SMALL	0.02 %
CAC SMALL	0.10 %
EN TECH CROISSANCE	0.17 %

The following table summarises trading activity and trends for the ACTIA Group share for the last three years:

	Performance		Volatility	
	ACTIA Group	**CAC MID & SMALL**	**ACTIA Group**	**CAC MID & SMALL**
2018	<51.58 %>	<21.57 %>	41.70 %	13.74 %
2019	27.51 %	19.03 %	38.38 %	13.39 %
2020	**<36.89 %>**	**<1.29 %>**	**36.20 %**	**13.48 %**

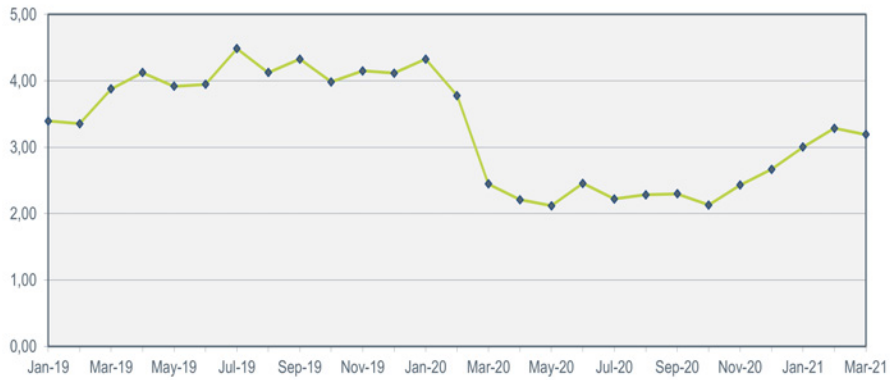
CLOSING PRICES AND TRADING VOLUMES FROM 1 JANUARY 2019 TO 26 MARCH 2021 (CLOSING PRICE IN EUROS)

2021	High	Low	Average	Trading volume
Jan-21	3.36	2.67	3.00	840,790
Feb-21	3.73	2.75	3.28	31,051,841
March -21	3.50	2.81	0	749,810

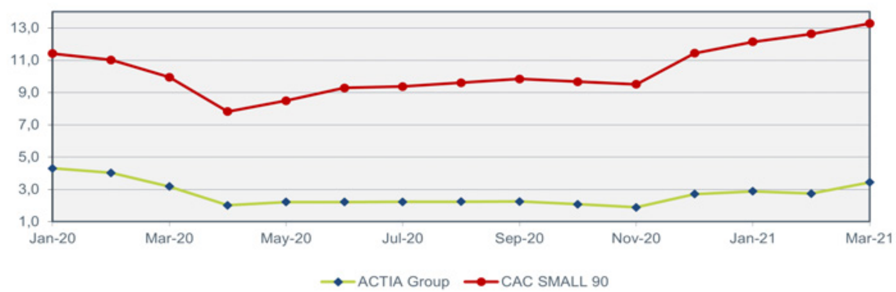
2020	High	Low	Average	Trading volume
Jan-20	4.58	4.04	4.33	296,325
Feb-20	4.17	3.14	3.78	597,113
March-20	3.33	1.96	2.45	796,030
Apr-20	2.31	2.01	2.21	391,178
May-20	2.22	2.02	2.12	394,021
June-20	2.79	2.22	2.46	743,329
July-20	2.29	2.18	2.22	192,436
August-20	2.33	2.22	2.28	219,223
Sept-20	2.47	2.02	2.30	522,181
Oct -20	2.28	1.82	2.13	305,176
Nov-20	2.77	1.89	2.43	946,645
Dec-2019	2.82	2.53	2.67	686,304

2019	High	Low	Average	Trading volume
Jan-19	3.49	3.30	3.39	596,210
Feb-19	4.05	2.99	3.35	1,041,963
March-19	4.24	3.62	3.88	692,833
Apr-19	4.33	3.95	4.12	445,816
May-19	4.24	3.64	3.92	366,200
June-19	4.22	3.63	3.95	313,608
July-19	5.01	4.30	4.49	445,034
August-19	4.34	4.02	4.12	262,193
Sept-19	4.54	4.20	4.33	293,377
Oct-19	4.22	3.73	3.98	282,101
Nov-19	4.38	3.94	4.15	296,833
Dec-19	4.31	3.85	4.12	241,408

Share price trends (average monthly closing price in euros)



Share price trends since 1 January 2020 (closing price on first day of the month)



5.10.2 CONTROL AND OWNERSHIP

Information about holding and voting rights is provided in § 5.10.1 "Breakdown of the share capital and voting rights". It shows that the Group is majority owned and controlled, directly and indirectly, by the Pech and Calmels families, the families of the Group's founders, via LP2C.

With the aim of simplifying the way the company is managed, with only a single body to be convened, resulting in more efficient decision-making, reduced operating costs and greater involvement of the Directors, the General Meeting of 30 October 2020, approved the change in the company's governance and management mode by adopting a structure based on a Board of Directors. Details of the membership of the Board of Directors are given in § 8.1.1 "Membership of the Board of Directors and General Management". The Pech and Calmels families hold the positions of Chairman and CEO, Jean-Louis Pech (son of Louis Pech), Deputy Chief Executive Officers, Catherine Mallet (daughter of Louis Pech) and Marine Candelon (daughter of Pierre Calmels), Jean-François Calmels (son of Pierre Calmels) and Director, Laura Pech (grand-daughter of Louis Pech). Of the five other members of the Board, two are fully independent and ensure effective governance for the Group. Two Directors representing the employees, Martine Chupin and Marie-Louise Ribaut, were elected on 23 March 2021, in accordance with the legal and statutory provisions.

The founding families have in this way ensured the continuity of the Group while maintaining independent governance within the Board.

5.10.3 SHAREHOLDERS' AGREEMENT

A shareholders' agreement was signed by Louis Pech and Pierre Calmels, on the one hand, and Günther Thrum, on the other hand, on 11 December 2000.

The parties agreed to act in concert with respect to ACTIA Group S.A. primarily with regard to:

- A commitment to consult prior to all Board Meetings and all General Meetings;
- A commitment to maintain the division of seats on the Board;
- A commitment to maintain their interests so that the parties to the agreement may hold a minimum voting rights percentage in the Company;
- A commitment to consult prior to any disposal by any of the signatories of all or part of their interest (including unregistered holdings);
- A reciprocal preemptive right between the two groups of shareholders;
- In the event of a tender offer that either party wishes to accept, all the parties undertake to consult for the purpose of making decisions by mutual agreement in order to be able to carry out the proposed transaction without jeopardising the basis of this agreement with respect to maintaining control of ACTIA Group and the pursuit of its industrial strategy;
- In the event that for whatever reason ACTIA Group shares are no longer listed on a regulated market, and the "Pech and Calmels" shareholder group wishes to dispose of all or part of its ACTIA Group shares and such disposal is likely to cause it to lose control (40% of the voting rights) of ACTIA Group, it must offer the shareholders of the "Thrum" group the option of disposing of all their ACTIA Group shares at the same price and on the same payment terms as those obtained from the buyer.

As of 31 December 2020, this agreement covered a total of 11,255,623 shares (56.0% interest) and 22,511,046 voting rights (69.49% control).

5.10.4 COMMITMENTS TO RETAIN SHARES

With the exception of the above-cited shareholders' agreement, there are to the best of our knowledge no lock-up arrangements on ACTIA Group S.A. shares.

5.10.5 SHARE OR ASSET PLEDGES

Name of registered shareholder	Beneficiary	Date pledge was established	Date pledge expires	Exercise conditions	Number of issuer's shares pledged	% of issuer's share capital pledged
LP2C	LCL	22-Sept-16	22-March -22	Loan repayment	230,770	1.1 %
TOTAL SHARES PLEDGED					230,770	1.1 %

To the best of the Company's knowledge, 230,770 shares were thus pledged in favour of financial institutions on 31 December 2020, representing 1.1% of the Company's share capital.

5.10.6 TREASURY SHARES

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

5.10.7 TRADING IN COMPANY SHARES

To the knowledge of the Company, the Corporate Officers did not carry out any transactions on the Company's shares during the 2020 financial year.

5.10.8 SHARE BUYBACK PROGRAMME UNDER WAY

In accordance with the provisions of Article L22-10-62 of the French Commercial Code and Article 241-2 of the General rule of the French financial markets authority, we hereby provide information about the share buyback programme under way within the company.

During the Combined Ordinary and Extraordinary General Meeting of 27 May 2020, the company shareholders authorised the Executive Board to purchase or sell company shares for a period of 18 months, in the framework of a share buyback programme. The maximum purchase price was fixed at 14 euros per share, and the number of shares to be acquired was not allowed to exceed 2% of the number of shares comprising the total share capital.

During the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, the company shareholders transferred the authorisation described above to the Board of Directors.

The liquidity contract managed by Portzamparc changed as follows over the financial year:

- Number of shares purchased during the financial year: 186,082;
- Number of shares sold during the financial year: 184,886;
- Average purchase price: €2.58;
- Average sales price: €2.60;
- Trading costs: €12,057.80;
- Number of shares registered in the Company's name at the close of the financial year: 12,626;
- Value of the securities at the average purchase price: €32,539.70;
- Par value for each purpose: the totality of the share buyback programme was used to support the secondary market or the liquidity of the stock through a market maker (French PSI) under a liquidity agreement complying with the French Financial Markets Association (AMAFI) Code of Ethics as recognised by the AMF;
- Number of shares used: none;
- Any re-allocations: none;
- Portion of the share capital they represent: 0.06 %.

5.10.9 AUTHORISATION TO IMPLEMENT A SHARE BUYBACK PROGRAMME

Under the tenth resolution, we propose that the Chairman and CEO be granted an authorisation, for a period of eighteen months, to buy back, either once or on several occasions as required, company shares, up to a maximum of 2% of the number of shares comprising the total share capital, adjusted if necessary to take account of any increase or reduction of share capital that may occur during the period throughout which the programme runs.

This authorisation would lead to the termination of the authorisation granted to the Executive Board by the General Meeting of 27 May 2020, under its twelfth ordinary resolution, transferred to the Board of Directors on 30 October 2020, in its fourth extraordinary resolution.

Acquisitions may be made in order to:

- Stimulate the secondary market or liquidity of ACTIA Group shares via an Investment Services Provider through a liquidity contract in conformity with the practice authorised by the regulations, it being understood that, in this framework, the number of shares taken into account for calculation of the aforementioned maximum amount corresponds to the number of shares purchased, less the number of shares resold;
- Retain shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company's share capital;
- Cover stock option plans and/or schemes offering free stock options (or similar) to Group employees and/or corporate officers, as well as any allocation of shares in the framework of a Company or Group Savings Plan (or similar), as part of a company profit-sharing scheme and/or any other scheme involving the allocation of shares to Group employees and/or corporate officers;
- Cover securities giving rise to the allocation of Company shares in the framework of the regulations in force.

These shares may be purchased by any means, including via block orders, whenever the Chairman and CEO considers said transaction to be appropriate. However, these transactions may not be carried out while tender offers are pending, initiated by a third party for the Company's shares and until the end of the period of the offer.

The Company does not intend to use stock option mechanisms or derivatives.

We propose that the maximum purchase price be set at €8 per share with the maximum amount for the share buyback programme to be set at €3,215,984.

These transactions may not be carried out during periods when tender offers are in effect.

The Board of Directors shall be vested with all powers to take all actions required for said purpose.

5.10.10 GROUP SAVINGS PLAN (PEG) AND INTERNATIONAL GROUP SAVINGS PLAN (PEGI)

There is no PEG or PEGI.

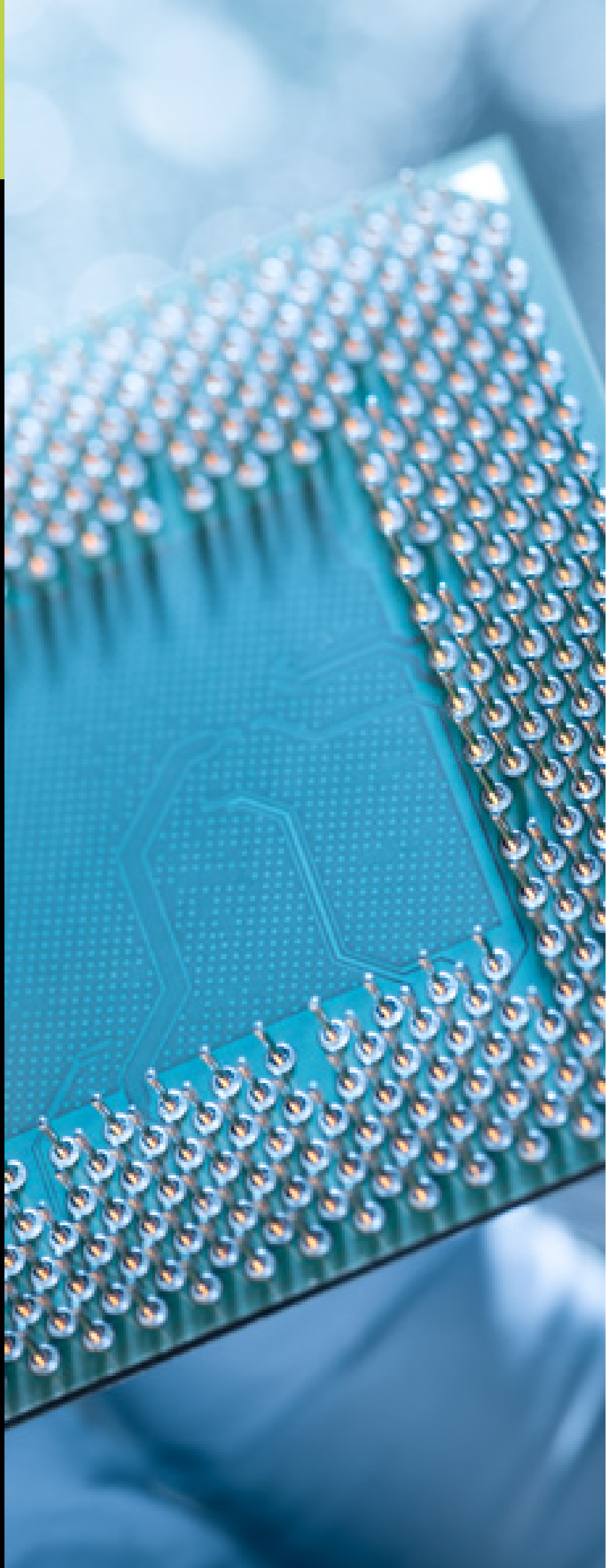
5.10.11 PERCENTAGE OF SHARE CAPITAL HELD AT THE END OF THE REPORTING PERIOD

As of the balance sheet date, there was no employee ownership in the share capital of ACTIA Group S.A. as per the terms of Article L225-102 of the French Commercial Code.

5.11 CONCLUSION

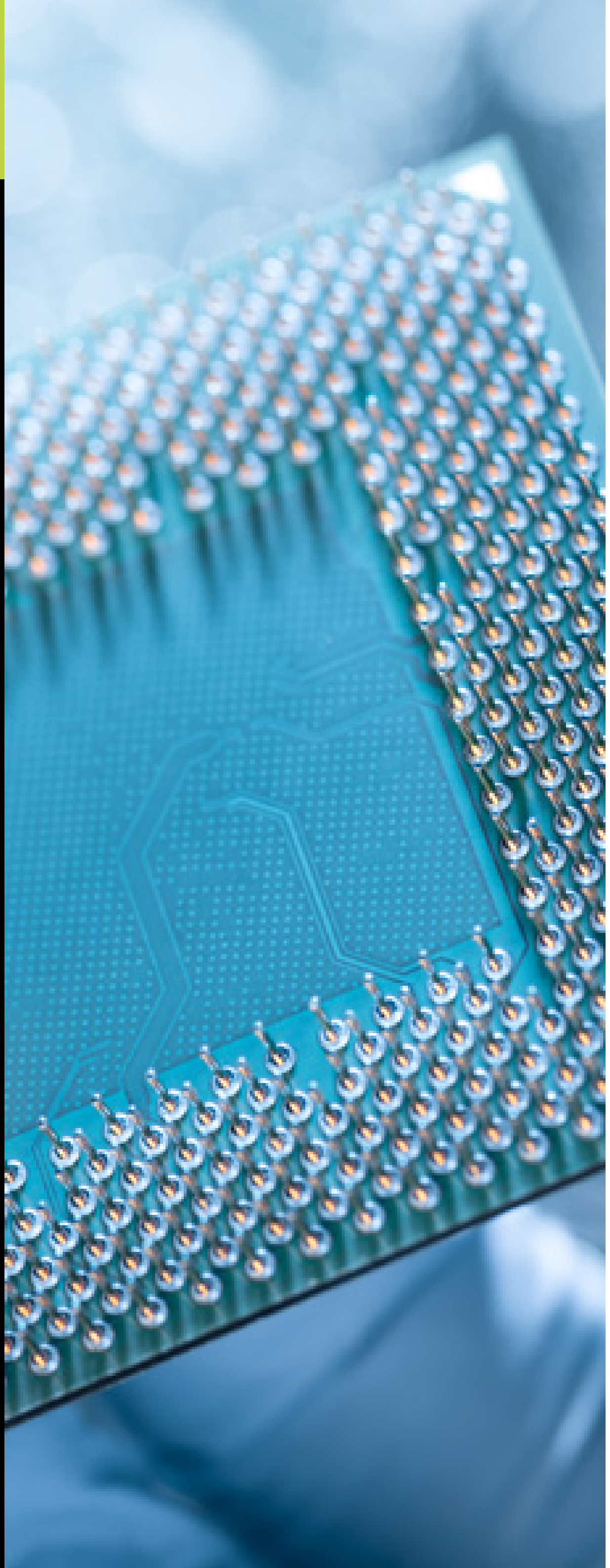
The Board of Directors asks all shareholders to vote in favour of the proposed resolutions.

The Board of Directors



6

SUSTAINABLE DEVELOPMENT



6.1 ACTIA'S BUSINESS MODEL

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

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

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

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

- Clearly identified positioning and key success factors:
  - Entrepreneurial spirit and a sense of responsibility that drive the Group and underpin its culture;
  - The pursuit of operational excellence in terms of both manufacturing facilities and the design process, which is evidenced by very large numbers of certifications in France and internationally;
  - The ability to adapt and act faced with rapidly changing markets and technologies;
  - Risk management which is expressed, in particular, by addressing very diverse market segments using the same technology with different lifecycles.
- A growth strategy based on:
  - Niches in which ACTIA is either acknowledged as a market leader or has the means to become one;
  - Rising in the value chain to gradually deploy a more comprehensive range of systems and complete solutions;
  - A high capacity for innovation and Research & Development.

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

6.2 MAIN RISKS IDENTIFIED

In accordance with Articles L225-102-1 and L22-10-36 and R22-10-29 of the French Commercial Code, the Company reviews its main non-financial risks annually based on an analysis of their current materiality, their relevance and the seriousness of their possible repercussions in financial terms.

Therefore, risk mapping is updated jointly by the Group's general management, the Group's Legal Compliance Committee which is responsible for monitoring CSR and the Risk Management Committee in order to review the major risks for the Group.

One of the objectives for 2020 was to share this mapping with all the Group subsidiaries; however, due to the global pandemic and its consequences with regard to the business, this was not done in 2020 and remains an objective for 2021.

The global health crisis did not have an impact on the non-financial risk rating in 2020. To date, this mapping has highlighted the following **risks and challenges** for the Group, with the key points to be monitored, i.e.:

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

6.3 SCOPE OF CONSOLIDATION

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

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

In 2020, ACTIA India was removed from the scope, given that this subsidiary is in the process of closing down. Furthermore, the new ACTIA Japan subsidiary, created in 2019, was not taken into consideration due to its size (only one employee).

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

Name	Country	Business lines	Comments
SCI Los Olivos	Spain	Real estate	No headcount
KARFA	Mexico	Administration of holdings	No headcount
ACTIA India	India	Electronics research & manufacturing	In the process of being closed down
SCI Sodimob	France	Real estate	No headcount
SCI de l’Oratoire	France	Real estate	No headcount
ACTIA Japan	Japan	Electronics research & manufacturing	Non-significant headcount
COOVIA *(in liquidation)*	France	Mobility consulting	No headcount
SCI Les Coteaux de Pouvourville	France	Real estate	No headcount
ACTIA Power	France	Holding company	No headcount
ACTIA EMS Sweden	Sweden	Electronics research & manufacturing	Incorporated during the last quarter
ACTIA Power France	France	Power electronics	No headcount

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

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

- Automotive France;
- Automotive Europe (excl. France);
- Automotive Tunisia;
- Automotive rest of World;
- Total Automotive;
- Telecoms (France);
- Total France;
- Total Group.

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
	①	②	③	④	⑤	⑥	⑦	⑧
Total					①+②+ ③+④		①+⑥ + ACTIA Group S.A.	②+③+④+⑦

Note that in all of the tables and charts:

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

6.4 FOREWORD

The health crisis which began in early 2020 had an impact on all of the Group subsidiaries. As it was preparing to ramp up its global business just before the pandemic struck, the Group had been in the process of hiring.

As various measures aimed at curbing the spread of the virus were put in place, each subsidiary adapted to the best of its ability at local level. After businesses and production plants were brought to an abrupt standstill during the various lockdown periods, business gradually began to grow again and ACTIA encouraged home-working whenever possible, along with the use of furlough schemes depending on each country, and worked to progressively get each plant up and running again as quickly as possible.

The impact of the crisis varied depending on the country and customers, and each entity took the most appropriate measures for its own situation.

Consequently, the figures presented for 2020 are very different from all previous data. Despite all of the above, the Group did everything within its power, whenever possible, to safeguard its skills.

6.5 TALENT RECRUITMENT AND RETENTION

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

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

In order to further the Group's appeal, work is being done to manage turnover, which fell again in 2020, in a highly unusual context. The pandemic only had a limited impact on the most exposed regions of the world, except for Tunisia, where business fell sharply. The USA, where competition is strong and employees have numerous job opportunities, remains affected by this phenomenon, as does Mexico, which had to restructure due to the huge drop in business.

In addition, emphasis is now being put on structuring the induction and training process for new employees. Support tools for the employees have been implemented in several Group subsidiaries with, in particular, a new employee induction programme and actions to address quality of life at work, the fight against all forms of discrimination and the promotion of gender equality. However, in 2020 it was more difficult to put tools in place, due to the health safety constraints.

Headcount

Although headcount had been rising for several years, in line with the Group's growth, headcount changes on 31 December reflected the difficulties faced in 2020 due to the Covid-19 pandemic, with a decrease of 5.2% in the scope in question; the situation is therefore as follows for the last three financial years:

- 2018 3,697 people, i.e. + 6.9% ;
- 2019 3,854 people, i.e. + 4.2%;
- 2020 3,652 people, i.e. <5.2 %>.

We draw attention to the fact that the Group's total headcount stood at 3,718 people on 31 December 2020, including staff of the entities not included in the scope in question. A large part comes from the new Swedish entity which employs more than twenty people, and the Indian subsidiary, which has been removed from the scope.

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

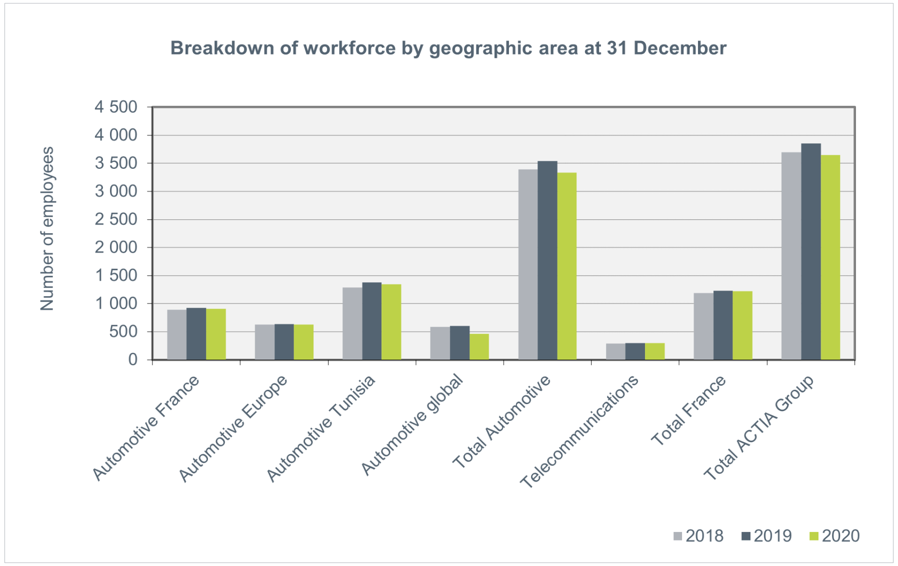
	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	889	631	1,286	589	3,395	293	1,191	3,697
2019	922	638	1,377	605	3,542	301	1,234	3,854
2020	**907**	**627**	**1,344**	**459**	**3,337**	**301**	**1,222**	**3,652**
% change	<1.6 %>	<1.7 %>	<2.4 %>	<24.1 %>	<5.8 %>	+ 0.0 %	<1.0 %>	<5.2 %>

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

This decrease mainly concerns:

- Men: a decrease of 6.4 % compared with the previous financial year;
- People with a fixed-term employment contract, down by 34.4%;
- Non-management staff, down by 8.1% for the period.

The breakdown is as follows:

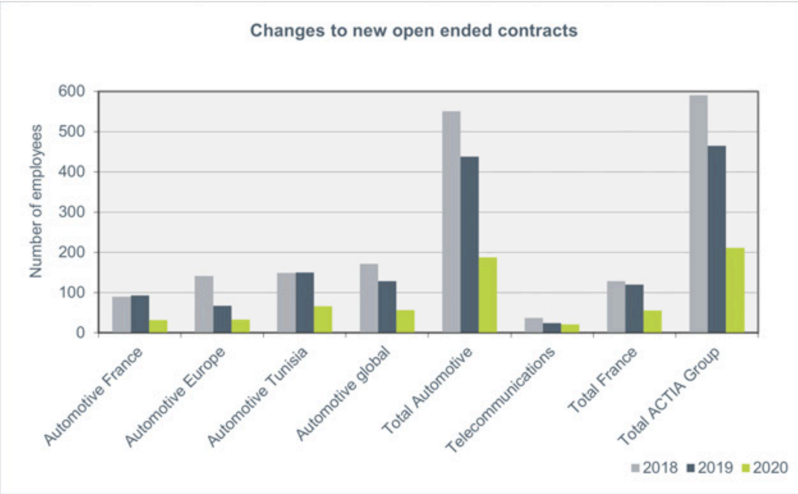


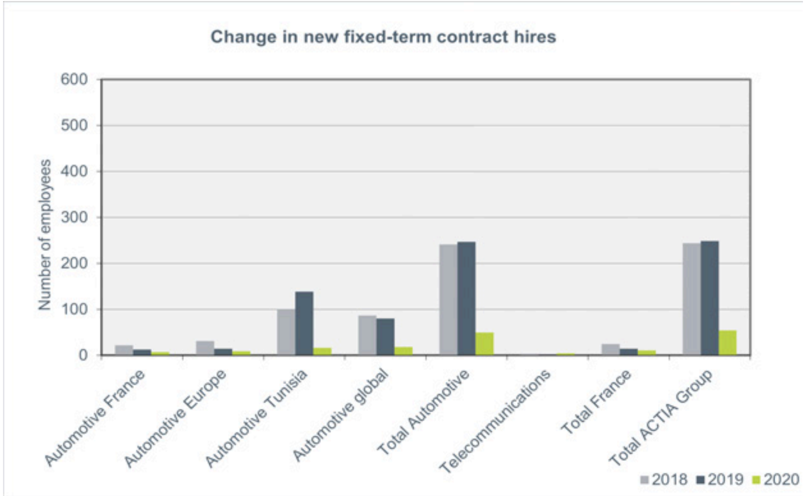
HIRES

Hires were markedly lower in 2020, with 265 people hired, 211 of whom signed an Open-Ended Employment Contract, compared with 714 jobs in 2019. This figure does not include fixed-term contracts for subsidised contracts such as apprenticeships and work-study contracts which are included elsewhere.

Most hires were in France, Tunisia and the USA, as was the case in 2019.

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





The use of fixed-term employment contracts accounted for 20.4 % of hires, markedly down on the previous financial year (34.9%). The use of fixed-term employment contracts was most common in hires made in Tunisia and China, 29.6% and 16.7%, respectively. The share of fixed-term contracts in the Group's overall headcount remains limited at 9.2 %, down consistently since 2017.

Furthermore, 93 fixed-term employment contracts signed before 2020 were converted into open-ended contracts during the year and 238 fixed-term employment contracts predating the financial year were renewed in 2020.

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

The use of temporary staff, accounting for 3.6% of Group jobs, was also down over the financial period, with 132 temporary staff compared with 207 last year. This type of contract clearly served its purpose during the health crisis, falling sharply during the second quarter when most sites were underutilised, and rising again at the end of the year, as revenue began to increase again. France, Sweden and Germany were the main countries using this type of contract, which accounted together for 86.9 % of temporary staff employed over the period. The average length of temporary assignments varied from thirty-two days to less than two years, depending on the subsidiary. It should be noted, however, that not all offers to convert temporary positions into open-ended employment contracts are accepted by the persons in question, especially in France.

ACTIA makes use of subsidised contracts (apprenticeships, work-study contracts, etc.) in those countries where they are permitted by local regulations. Specifically, the Group employed 115 people on subsidised contracts in 2020, a figure that was 7.5% up on the previous period, especially in France—proof of the Group's determination to support young people in training. France accounted for 85.2 % of the Group's subsidised contracts, followed by Tunisia, with 11.3 %. In 2020, these contracts resulted in 17 hires, compared with 7 in 2019, primarily in Tunisia, in the Design Office.

Finally, the Group took in 136 students on work placements as part of training with a formal qualification. Internships ranged from 10 to 214 days with an average duration for the Group of 84 days, down on the previous year. In addition, it should be noted that 13 of interns were hired following their internship, compared to 39 in 2019. France and Tunisia remain the largest contributors for this type of subsidised contract with a formal qualification. The strong tie with schools, especially engineering schools, continues to ensure future hires while providing for an immersion training period beforehand.

LEAVERS

488 people left the company during the financial year, down on 2019.

More specifically, 125 people were made redundant, mainly at international level (85.6%); this figure constitutes a sharp increase, having fallen for two consecutive years, and mainly concerns Mexico (42.4%), which was most hard hit by the health crisis (our subsidiary having posted revenue down 61.4%, it was forced to reduce its headcount (<51 people>)), followed by the USA (<22 PEOPLE>). Jobs were protected in countries which offered generous support measures.

Over the reporting period, 78.4% of redundancies were for economic reasons and concerned 98 people. There was therefore a sharp fall in redundancies for other reasons.

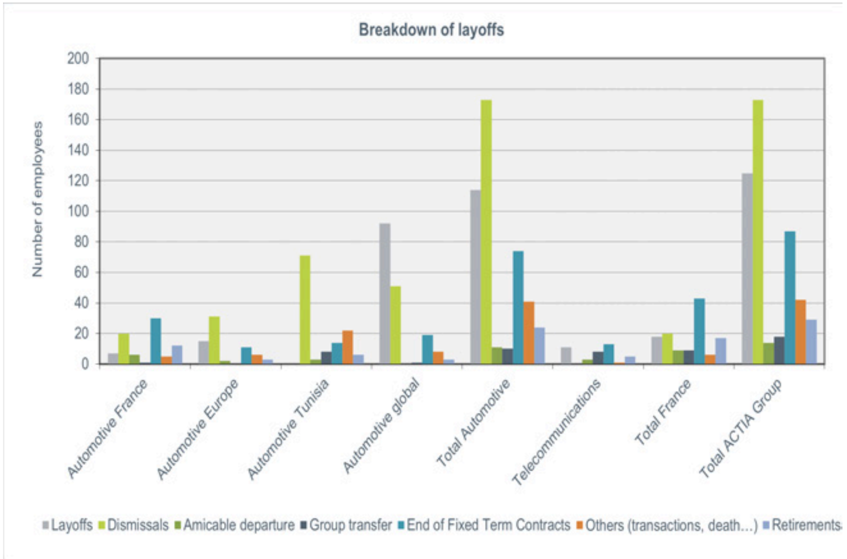
Resignations fell by 48.0% for the period and involved 173 employment contract terminations, probably related to the impacts of the pandemic on the job market. The areas most affected by this type of departure were Tunisia (41.0%) and the USA (13.9%), as a result of high mobility which continues to exist in these countries despite the health crisis. A breakdown by professional category showed again that more non-management employees resign, with 112 resignations compared with 61 among managers.

There were 14 amicable departures over the period: 8 non-management employees and 6 managers, of which 64.3% in France.

In addition, 29 people retired, of which 17 non-management employees, France still accounting for most retirements within the Group (58.6% compared with 61.1% in 2019).

Lastly, other reasons for departure including amicable departures during the trial period, position changes and intra-group transfers involved 60 people, a figure which is slightly down on the previous year.

In addition to these figures, we need to add 87 departures of people with a fixed-term employment contract, for reasons which included the reaching of the contract term, the end of the apprenticeship or work-study contract and early termination.



EMPLOYEE TURNOVER

ACTIA uses the following definition to account for turnover:

$$\frac{\text{[number of open-ended contract departures during year N + number of new employees with open-ended contracts during year N)/2]}}{\text{Headcount as of 31 December of year N-1.}}$$

With fewer hires and departures during the period, turnover was naturally lower than for the previous year and stood at 7.7%. It can be broken down as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	9.9 %	21.8 %	15.2 %	43.0 %	19.9 %	10.4 %	10.0 %	19.1 %
2019	9.0 %	11.5 %	14.8 %	26.2 %	14.6 %	7.5 %	8.7 %	14.1 %
2020	**4.8 %**	**7.2 %**	**5.2 %**	**18.2 %**	**7.7 %**	**8.0 %**	**5.6 %**	**7.7 %**
change / 2019	<4.2 %>	<4.3 %>	<9.6 %>	<8.0 %>	<7.0 %>	0.5 %	<3.1 %>	<6.4 %>

Although this decrease is the result of efforts by ACTIA to retain its talents, especially by boosting career management within the Group, it is also related partly to the health crisis, which put a stop to staff mobility (newcomers and departures).

The figure remains high in the USA, however, due to a high local turnover rate, and in Mexico, due to the health crisis, which aggravated an already difficult economic situation. Lastly, turnover also slowed somewhat in Tunisia, especially in the Design Office and stood at 6.6% compared with 29.5% in 2019.

TRAINING

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

These plans are developed based on:

- Annual employee performance assessment meetings;
- Strategic workforce planning;
- Discussions with employee representatives or the site manager.

As a result, despite the highly unusual conditions during the reporting period, with periods of closure, home-working and cancellations by training centers which were not able to be rescheduled for the second half-year, 31,535 training hours were provided in 2020 for the whole Group, compared with 65,414 in 2019, a sharp decrease, but a figure which nonetheless bears witness to the Group's determination to boost the skills available within the Group.

In practice, then, and unlike previous years, the total budget allocated by the Group for training was lower, and stood at €1,089,000.

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

The number of training hours in relation to the average 2020 headcount expressed in Full-Time Equivalent (FTE) was 8 hours per employee, compared with 17 hours for the previous year.

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

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

SKILLS MANAGEMENT

ACTIA has gradually implemented skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. ACTIA created the ACTIA Academy training tool which works hand in hand with career management. Originally implemented in Tunisia in the Design Office, the tool will be gradually rolled out across the Group to help retain the teams. Unfortunately, the health crisis delayed the roll-out, because Human Resources teams had to focus their full attention on managing the consequences of the pandemic.

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

THE FIGHT AGAINST DISCRIMINATION

The Group is present in 16 countries and diversity is a reality, part of the daily life of the teams via the collaborative work environment developed by the Group and, therefore, during meetings and joint actions, in a range of areas including research, sales, management, and inter-departmental functions. The breakdown of the Group's 3,652 employees in terms of country is as follows:

- 96.1% are of the same nationality as the subsidiary;
- For employees who do not have the same nationality as the subsidiary:
  - 1.5% are EU nationals,
  - 2.6% come from other countries.

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

Equal opportunity is ensured within each organisation and internal mobility within the Group and internationally is gradually being put in place, particularly for the ACTIA Engineering Services design office. The Group reinforced support for internal mobility, especially through communication; opportunities for mobility are henceforth monitored at the time of performance appraisals and the Group would like to see an increase in the figures, along with specific support for individuals. In 2020, the Group recorded 35 internal mobility actions, 15 of which concerned managers, a sharp rise compared with 2019 (2 mobility actions). However, the Group is hampered by different local regulations with regard to labour law whenever it attempts to promote international mobility.

GENDER EQUALITY

ACTIA has had a proactive policy in place for many years to ensure gender equality, particularly in terms of compensation. As part of this policy, a study is conducted once a year in order to correct any gaps.

The results obtained in the French "gender equality" index, available on the ACTIA company website https://www.actia.com/fr/groupe/engagements/egalite-femmes-hommes are considered satisfactory. The goal is to ensure that the results improve over time even though in France, in particular, it is difficult to find female candidates for a significant number of the open positions. We are implementing a number of action plans to ensure improvement is made.

ACTIA is focusing on four key areas to promote gender diversity and professional equality:

- Recruitment, to ensure that all applications are equally considered;
- Pay, to guarantee the principles of equality throughout professional careers;
- Professional training, to ensure equal skills development opportunities;
- Professional promotion, to offer men and women the same opportunities in terms of jobs, career development and access to management positions, and ensure they are employable.

Visible actions in favour of gender equality are implemented, in particular by promoting the work-life balance. The Group offers employees a range of options, including:

- Flexitime (one or more days per month);
- Home-working (for longer periods, in certain specific situations);
- Shift to part-time work, which is carefully studied and analysed on a case-by-case basis;
- Flexibility with regard to working hours (clock-in/clock-off times);
- Obtaining of authorisations for specific types of leave such as medical appointments, which are paid by the company.

Over the period, in light of the very specific context, more people worked from home in nearly all the subsidiaries.

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

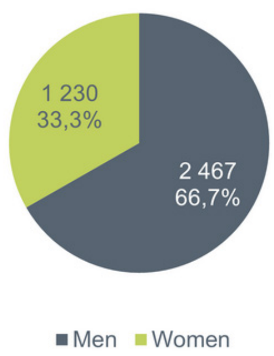
The implementation of the work-life balance also includes concierge services, implemented several years ago for the employees of ACTIA Automotive, the main Group subsidiary. A concierge service will also get up and running at some point during 2021 within ACTIA Engineering Services design office (Tunisia).

In 2020, women accounted for 33.7 % of employees, up from the previous year by 2.5%, except in France where the number of women decreased by 1.7%. The low percentage of women employees at ACTIA is due to the difficulty of finding candidates who have the technical skills required by the Group.

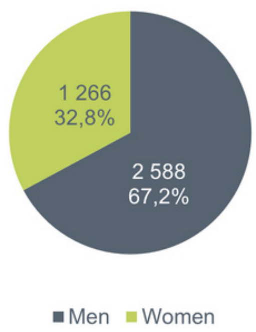
Percentage of female employees	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	27.6 %	21.2 %	45.3 %	34.5 %	34.3 %	21.8 %	26.1 %	33.3 %
2019	28.9 %	21.0 %	43.6 %	32.4 %	33.8 %	22.3 %	27.2 %	32.8 %
2020	**28.3 %**	**23.8 %**	**44.1 %**	**35.1 %**	**34.8 %**	**22.3 %**	**26.8 %**	**33.7 %**
% change	<3.4 %>	+ 11.2 %	<1.2 %>	<17.9 %>	<3.0 %>	0.0 %	<2.7 %>	<2.8 %>
% of women/headcount change	<1.8 %>	+ 13.1 %	+ 1.3 %	+ 8.3 %	+ 2.9 %	0.0 %	<1.7 %>	+ 2.5 %

Percentage of male employees	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	72.4 %	78.8 %	54.7 %	65.5 %	65.7 %	78.2 %	73.9 %	66.7 %
2019	71.1 %	79.0 %	56.4 %	67.6 %	66.2 %	77.7 %	72.8 %	67.2 %
2020	**71.7 %**	**76.2 %**	**55.9 %**	**64.9 %**	**65.2 %**	**77.7 %**	**73.2 %**	**66.3 %**
% change	<0.9 %>	<5.2 %>	<3.3 %>	<27.1 %>	<7.2 %>	0.0 %	<0.3 %>	<6.4 %>

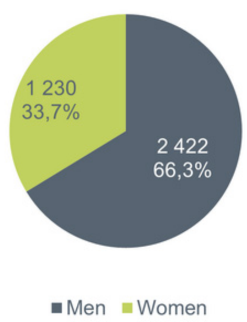
Breakdown Men / Women 2018



Breakdown Men / Women 2019



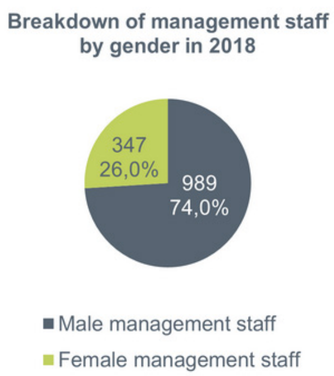
Breakdown Men / Women 2020

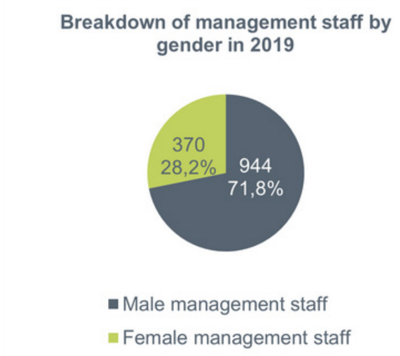


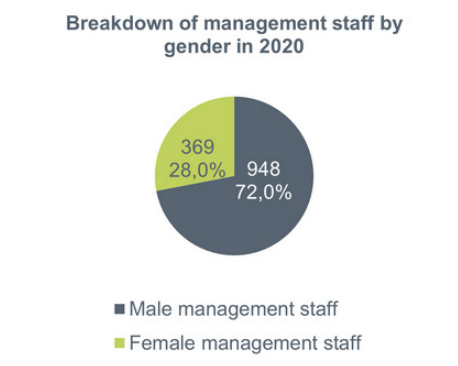
The tables below present the breakdown of management and non-management staff by gender.

Female managers	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	84	7	201	30	322	24	109	347
2019	96	8	211	27	342	26	124	370
2020	**95**	**9**	**216**	**19**	**339**	**28**	**125**	**369**
% change	<1.0 %>	+ 12.5 %	+ 2.4 %	<29.6 %>	<0.9 %>	+ 7.7 %	+ 0.8 %	<0.3 %>

Male managers	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	347	51	288	163	849	133	487	989
2019	350	47	306	99	802	134	492	944
2020	**358**	**46**	**329**	**68**	**801**	**136**	**505**	**948**
% change	+ 2.3 %	<2.1 %>	+ 7.5 %	<31.3 %>	<0.1 %>	+ 1.5 %	+ 2.6 %	+ 0.4 %

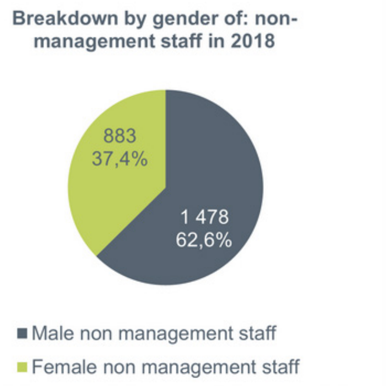


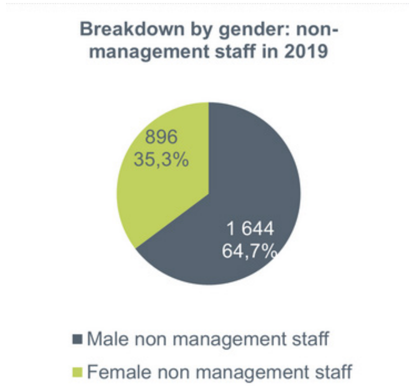


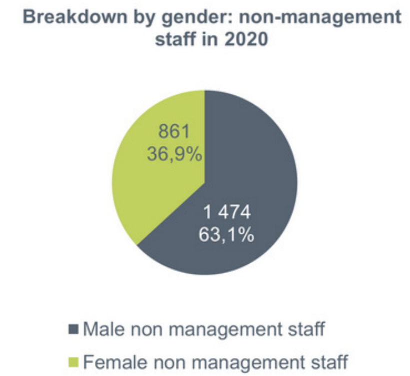


Female non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	161	127	381	173	842	40	202	883
2019	170	126	389	169	854	41	212	896
2020	**162**	**140**	**377**	**142**	**821**	**39**	**202**	**861**
% change	<4.7 %>	+ 11.1 %	<3.1 %>	<16.0 %>	<3.9 %>	<4.9 %>	<4.7 %>	<3.9 %>

Male non-management	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	297	446	416	223	1,382	96	393	1,478
2019	306	457	471	310	1,544	100	406	1,644
2020	**292**	**432**	**422**	**230**	**1,376**	**98**	**390**	**1,474**
% change	<4.6 %>	<5.5 %>	<10.4 %>	<25.8 %>	<10.9 %>	<2.0 %>	<3.9 %>	<10.3 %>







This year again, the percentage of women in management positions is lower than that of women in non-management positions. Unlike in previous years, the representativeness of women in management positions fell to 28.0% of the overall management headcount, from 28.2% at year end 2019. Given the lack of women candidates for these types of positions, the Group finds it difficult to hire women managers.

Within the Group's governance bodies, women account for 32.6% of board members, all subsidiaries included, and for 50.0% in France. They account for 29.7% of the members of Group management committees and for 33.3% in France. Women are better represented on French executive bodies and on Group executive committees than in the management category.

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

That said, the ongoing pressure on recruitments for international groups and the specific nature of our professions, which remain under tension in recruitment terms despite the impacts of the pandemic, explain the high turnover in some geographical regions. Other European and American subsidiaries are also having difficulty finding qualified candidates.

6.6 HEALTH & SAFETY

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

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

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

- A major reduction in all business travel at the very start of the crisis in China;
- Shutdown of all sites if it was not possible to take adequate measures to protect health in compliance with the lockdown instructions issued by various governments, and making use of furlough or part-time work schemes wherever such schemes were available;
- The targeted use of home-working to ensure management of the Group, key functions, the continuity of the most sensitive projects and the interface with customers and suppliers;
- The setting up of specific prevention plans.

The equipment shortages we faced at the start of the crisis mobilised all our facilities. After an initial phase during which all our entities helped our Chinese subsidiary by supplying it with masks, the latter, with its experience of being the first country affected, did everything possible to find sources to procure personal protective equipment (masks, hydro-alcoholic gel, thermometers, etc.) and is providing the logistics to meet the needs of all our facilities, which made it possible to gradually resume the activities at some sites depending on the other factors to be taken into consideration, including customer needs, while ensuring the personal safety of employees. It should also be noted that this collective effort when the shortage of personal protective equipment was at its peak was also geared to helping people in the Toulouse region.

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

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

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

At year end 2019, with changing regulations in France, the Health, Safety and Working Conditions Committees (CHSCT) disappeared and were replaced by Social and Economic Committees (CSE). The Group therefore now has 103 people playing an active role in prevention and the protection of the physical and mental health of employees, as well as their safety and the improvement of working conditions, especially with a view to facilitating access for women to all jobs while addressing problems related to maternity, adapting and refitting work stations to facilitate access for the disabled to all jobs and to help ensure that they remain in employment throughout their working lives.

In 2020, 20 occupational accidents occurred resulting in lost working days; accidents occurring while commuting have been excluded from this figure in order to be in full compliance with the indicators used in France and thus report reliable information. These accidents represented 411 lost working days. In addition, 41 lost working days were recorded in 2020 due to occupational accidents that occurred in previous periods, the consequences of which continued into the new financial year.

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

- **Frequency**, which corresponds to the number of occupational accidents, excluding while commuting, occurring over the year and resulting in lost working days x 1,000,000/total number of hours worked during the year;
- **Severity**, which includes the total number of lost working days resulting from accidents occurring during the year or in prior years, excluding while commuting, x 1,000/total number of hours worked during the year;
- **Frequency index**, which corresponds to the number of occupational accidents, excluding while commuting, occurring during the year resulting in a lost working day x 1,000/average Group headcount.

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

Frequency	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	5.5	8.1	4.4	4.2	5.3	0.0	4.1	**4.9**
2019	10.4	0.8	1.9	0.9	3.2	5.7	8.9	3.4
2020	**6.4**	**3.7**	**2.0**	**2.3**	**3.5**	**0.0**	**4.8**	**3.2**

Severity	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	0.1	0.2	0.0	0.0	0.1	0.0	0.1	**0.1**
2019	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0
2020	**0.3**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**	**0.2**	**0.1**

Frequency index	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	9.2	15.3	8.0	9.0	9.8	0.0	7.0	**9.0**
2019	14.4	1.6	3.7	1.7	5.7	10.3	13.3	6.1
2020	**9.9**	**6.3**	**3.7**	**4.0**	**5.9**	**0.0**	**7.4**	**5.4**

Unlike the previous years, the severity level dropped in 2020, although it did not match the 2018 level. The frequency and frequency index have both been consistently lower over the past 3 years.

The Group recorded no cases of occupational illness.

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

- The fight against cancer through World Cancer Day, with input from the occupational health department and collection of funds to be donated to the “Tunisian cancer association”, along with the organisation of a “pink October” day and awareness-raising via video conference;
- A health survey conducted to find out how employees felt about the lockdown period; the findings helped us identify “vulnerable” people, to improve the way we provide them with support, offering virtual appointments if required;
- Organisation of various activities outside of working hours, such as music and football clubs, and running sessions;
- Organisation of various Team building activities, such as lunches and breakfast get-togethers, when the health situation allows such events to go ahead.

6.7 FIGHT AGAINST ABSENTEEISM

Sick leave accounted for 22,705 lost working days in 2020, 8,057 of which were in France. As in previous years and despite the health context, compared to the average number of employees, these results show a decline in days of sick leave per employee. The breakdown by division and by employee is given in the following table:

Days of sick leave per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Automotive average	Telecoms	Average France	Average Group
2018	7.3	6.5	7.4	1.9	6.3	7.1	7.2	**6.3**
2019	7.1	7.8	7.7	1.2	6.5	4.4	6.4	**6.3**
2020	**7.6**	**8.6**	**6.4**	**0.9**	**6.3**	**3.6**	**6.6**	**6.1**
% change	+ 7.2 %	+ 10.3 %	<17.0 %>	<23.7 %>	<2.1 %>	<17.3 %>	+ 2.7 %	<3.1 %>

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

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

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

6.8 CIRCULAR ECONOMY

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

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

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA I+Me (Germany), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisia (Tunisia) and ACTIA China (China) are ISO 14001-certified. Therefore, 70.1 % of the Group headcount is covered by a clearly defined and fully validated environmental policy. Companies certified under ISO 14001 follow all the regulations applicable to their businesses and their facilities, including national and local rules (for example, in France the French local urban planning rules or PLU).

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

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

6.8.1 MANAGING WATER RESOURCES

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

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

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

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

The Group's total water consumption was 30,638 m³, down by 3.0% compared with 2019. Average daily consumption per employee remains at 23L per employee per day. The health crisis had an impact on the overall level of water consumption, with a drop in line with the drop in activity, site shutdowns and the more widespread use of home-working.

Water consumption increased at three subsidiaries, for different reasons:

- ACTIA Corp (USA) due to the severe drought and watering of the garden areas;
- CIPI ACTIA (Tunisia) as part of efforts to combat Covid-19, with intensive hand washing;
- ACTIA Engineering Services, where two water leaks had to be repaired during the period, and a catering area was opened in 2020.

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

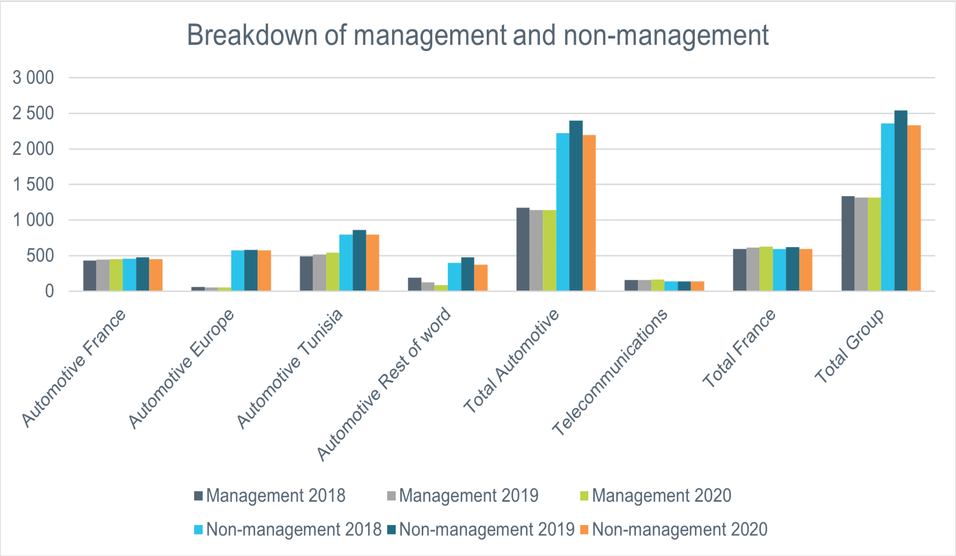
It should be noted that certain subsidiaries still do not have access to their water consumption figures, as the information is included in local rental costs: for these entities, the Group continues to take into account estimated water consumption based on the national or industry average, depending on the available information. This includes two French subsidiaries (26 people), representing 0.7 % of the Group's headcount.

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

In relation to the number of employees, water consumption across all sites in 2020 was close to 8.2 m^3 per annum per employee, down by 1.0% for the year, after a decrease of 7.9% in 2019 compared with 2018, with the following changes:

m^3 per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Automotive average	Telecoms	Average France	Average Group
2018	7.8	5.7	13.2	6.4	9.3	6.4	7.5	9.0
2019	9.9	5.7	10.2	6.3	8.6	4.9	8.6	8.3
2020	**8.4**	**5.4**	**10.9**	**6.6**	**8.6**	**4.8**	**7.4**	**8.2**
% change	<15.3 %>	<5.8 %>	+ 6.9 %	+ 5.3 %	<0.6 %>	<3.3 %>	<13.9 %>	<1.0 %>

The following graph highlights shows changes in water consumption per employee since 2018:



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

6.8.2 WASTE MANAGEMENT

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 6.2 % falling under the category of “hazardous industrial waste” or HIW. This waste is not eliminated or treated on-site. Instead, it is temporarily stored in areas designated and equipped for each type of waste (skips, compactors, holding tanks, etc.) before being properly removed to approved disposal facilities for recycling, recovery or treatment.

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

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

- Installation and rental of waste storage containers and equipment destined for processing waste, and compacting certain categories of waste;
- Production methods taking into account environmental considerations, by recovering and reusing raw materials in the process, seeking to reduce the use of plastic packaging, waste, reducing the environmental impact of the product, and incorporating environmental requirements in the manufacturing documentation;
- Reducing and recovering waste from production, recycling and treatment of electrical and electronic waste;
- Recycling and reprocessing cardboard, paper and soiled packaging;
- Increasing the recovery rate and waste management;
- Setting up a “zero paper” objective;
  - By the Toulouse production facility, with a gradual roll-out since 2016. Several steps have already been taken with the centralisation of the databases, an action to open up the ranges, routing sheets and the gradual deployment of screens in the workshop;
  - In Spain, where all the workshops are now paperless; to achieve the objective, screens have been installed to make it possible to monitor the steps in the manufacturing process, with actions having been taken on the portal, the skills matrices and the control units in the factory to reach “zero paper.”
  - Incentivising employees, with the possibility of recycling their batteries on-site, compliance with the instructions for paper (reasonable usage, sorting of paper, recycling, incentives not to print out emails, etc.);
- Keeping up the raw material recovery rate.

Also, the active waste separation collection policy is already in place at most facilities and covers 86.8 % of all employees worldwide. The rate of coverage for French sites remained at 100% in 2020.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2020, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste represented 75.6% of the Group's headcount. Based on assessments performed, it is possible to provide the following (partial) summary on recycling:

Type of treatment/Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the world	Total Automotive	Telecoms	Total France	Total Group
Recovery	172.6	32.9	111.4	16.6	333.4	22.1	194.7	355.5
Energy recovery	107.0	3.2	0.0	0.0	110.3	26.0	133.0	136.0
Controlled disposal	7.3	18.0	35.0	0.0	60.3	0.0	7.3	60.3
Special treatment*	4.9	0.5	4.0	0.5	9.9	0.0	4.9	9.9
Unknown treatment	0.0	13.5	4.0	15.3	32.8	0.0	0.0	32.8
TOTAL	**291.9**	**68.0**	**154.4**	**32.4**	**546.7**	**48.1**	**340.0**	**594.8**
% HIW** / waste	6.5 %	11.7 %	4.8 %	4.8 %	6.6 %	2.0 %	5.9 %	6.2 %
% waste recovered / waste	95.8 %	53.1 %	72.2 %	51.2 %	81.2 %	100.0 %	96.4 %	82.7 %

** Special treatment means either a chemical process or incineration.*

*** HIW: Hazardous Industrial Waste*

In some cases, the subsidiary is not aware of how some of its waste is treated; this mainly concerns Germany and the USA. This data represents 32.8 tonnes for the period, which we have opted to identify, in order to track changes in how it is treated.

The 2020 financial year generated slightly less waste than that of the previous year (a decrease of 214 t), and Hazardous Industrial Waste also decreased by 13 t. Two subsidiaries posted increased waste for the period: Germany, due to the increase in its battery activities, and ACTIA Telecom (France), which carried out renovation work and waste sorting at its Puy Sainte Réparade site.

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

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

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

6.9 CLIMATE CHANGE

ENERGY

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

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

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

The two types of energy used on all sites are:

- Electricity: 14,621.7 MWh, down by 12.2% compared with 2019,as a direct consequence of the pandemic;
- Natural gas: with 1,606.2 MWh, here again, down by 18.9% compared with 2019; the primary explanation for this fluctuation lies in the building work carried out on the Dinard and Puy Sainte Réparade sites run by our ACTIA Telecom subsidiary, where the old gas heating systems were replaced by electric heating;

Fuel consumption, which had been used as a one-off measure in 2019 by one of the Tunisian subsidiaries during its relocation, pending connection to the power grid, fell significantly, as was to be expected, by 78.4% in 2020, returning to a level very similar to that of 2018.

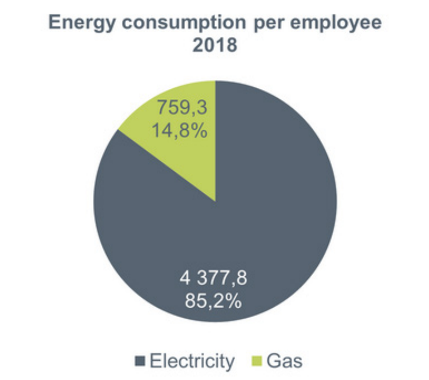
Total energy consumption reached 17,435.8 MWh in 2020, compared with 20,439.1 MWh in 2019, a decrease of 14.7%, reflecting the decline in the Group’s business during this highly unusual year (<17.2%>).

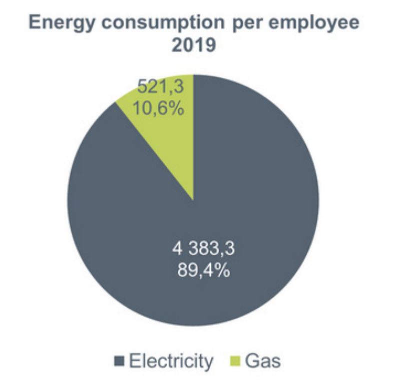
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. To sum up, leaving aside the atypical context of the financial year in question, some subsidiaries continued their in-house efforts by raising awareness among staff about energy saving and more reasonable behaviour: switching off equipment in the evening, adjusting the settings of the heating and air conditioning systems, replacing certain equipment items, conducting an energy audit at the end of the year, etc.

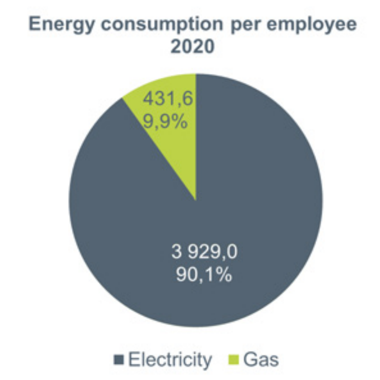
Energy consumption can be summarised as follows:

kWh per annum per employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive rest of the world	Automotive average	Telecoms	Average France	Average Group
2018	6,598.7	5,991.7	5,448.1	3,539.7	5,527.4	6,987.5	6,645.4	**5,627.9**
2019	6,233.6	5,613.5	5,007.3	4,608.8	5,367.1	6,315.5	6,206.8	**5,427.3**
2020	**5,015.2**	**4,693.7**	**4,223.3**	**4,783.4**	**4,604.9**	**5,784.7**	**5,155.5**	**4,685.1**
% change	<19.5 %>	<12.3 %>	<15.7 %>	+ 3.8 %	<13.4 %>	<8.4 %>	<16.9 %>	<13.0 %>

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







The energy consumption figure per annum per employee across the entire Group fell from 5,427.3 kWh in 2019 to 4,685.1 kWh in 2020, a decrease of 13.0%.

It should be noted that a modification was identified, in 2019, concerning the Tunisian Design Office. Because the invoices were not received in time, the actual consumption was not properly estimated. The actual corrected value stood at 1,202.1 MWh, to be reconciled with the 618.0 MWh initially declared. The ensuing impact of 2.9% on the total consumption was not deemed to be significant.

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

Total energy consumption	Production	Non-production	Total Group
2018	10,213,408	9,710,789	19,924,197
2019	10,690,182	9,748,903	20,439,085
2020	**9,299,273**	**8,136,512**	**17,435,785**
% change	<13.0 %>	<16.5 %>	<14.7 %>

This table clearly shows the significant decrease in non-production-related consumption at the subsidiaries (<16.5 %>), which is a direct consequence of the business stoppage and home-working periods. Production-related consumption also decreased over the period, but less so, in line with the Group's activities. Consumption remained under control (<13.0%> compared with <17.2%> reduction in revenue in 2020).

Renewable energy consumption remained stable for the period and concerns Tunisia where hot water is provided by solar energy (four 2 m² panels producing 2,200 watts) and in Sweden where all electricity consumption is supplied by wind turbines (35.0 MWh) and tidal power (142.0 MWh). Accordingly, 177 MWh, without counting solar-heated water for which we do not have any equivalent consumption, originate from renewable energy sources that still account for 1.0% of the Group's total energy consumption.

Furthermore, the premises of our Swedish subsidiary are heated by hot water supplied by a waste incineration facility and this corresponded to an estimated consumption of 185.9 MWh, compared to 224.0 MWh in 2019. Our German subsidiary also uses energy for heating originating entirely from energy recovery. This consumption represents a total of 1,141 MWh, compared with 1,283 MWh in 2019, with 224.7 MWh of green energy. The total amount of green energy, including renewable energy and recovered energy, now accounts for 9.9% of the Group's total consumption.

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

Lastly, the French subsidiary located near Paris selected a 100% green energy provider at the end of 2020.

It is worth noting that the electricity produced in France is more than 90% decarbonated.

AIR EMISSIONS AND GREENHOUSE GASES

As part of the ongoing development of the Company's mobility plans, the sites in Toulouse continue to make available electric vehicles for business travel over short distances (light and utility vehicles). Actions aimed at encouraging carpooling had to be suspended due to the health constraints.

Since 2019, the subsidiary in Spain has been using two electric vehicles for employees' business travel.

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

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

Finally, in Belgium, carpooling and bicycles are encouraged whenever possible, although home-working was widely used during the reporting period.

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

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

In addition, as part of an initial global approach, we sought to identify greenhouse gas emissions originating from energy consumption of the different Group entities using electricity for industrial purposes (ovens, soldering machines, environmental test chambers, etc.) and gas used exclusively for heating premises. The emissions factors taken into account are based on ADEME (the French environmental agency) data on www.basecarbone.fr. Emissions expressed in tonnes CO_2eq. reflect a rigorous policy for monitoring energy consumption through the ISO 14001-certified Environmental Management System implemented in 70.1 % of Group entities.

In tonnes CO_2eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	453	542	3,146	936	**5,076**	234	**687**	**5,310**
2019	335	565	3,111	956	**4,967**	220	**556**	**5,188**
2020	**314**	**616**	**2,659**	**782**	**4,372**	**150**	**464**	**4,522**

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

In 2020, at a constant value, the Group achieved the following results covering 82% of the scope in question, with some subsidiaries unable to report the information needed for the calculation:

In tonnes CO_2eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
Emissions from operated vehicles	650	538	15	67	1,271	83	733	1,354
Emissions from operations	314	616	2,659	782	4,372	150	464	4,522
% operated vehicles/operations	206.9%	87.4%	0.6%	8.6%	29.1%	55.3%	157.9%	29.9%

In 2019, the following amounts were recorded:

In tonnes CO_2eq.	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
Emissions from operated vehicles	755	431	13	138	**1,336**	132	**887**	1,468
Emissions from operations	335	565	3,111	956	4,967	220	556	5,188
% operated vehicles/operations	225.1%	76.2%	0.4%	14.4%	26.9%	67.0%	162.4%	28.6%

In 2018, the following amounts were recorded:

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

However, it should be noted that the emission factors applied to the ADEME carbon data base have been modified. This modification makes it difficult to compare the figures from one financial year to the next; however, we have opted to show both values, to provide a clearer picture. The new values to be taken into account are as follows:

In tonnes CO2eq. - 2020, using the new ADEME data	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
Emissions from operated vehicles	329	279	8	35	651	43	372	694
Emissions from operations	314	616	2,659	782	4,372	150	464	4,522
% operated vehicles/operations	104.7%	45.3%	0.3%	4.5%	14.9%	28.7%	80.1%	15.3%

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

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

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

CLIMATE CHANGE AND BIODIVERSITY

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

- Brochures;
- Regularly displaying objectives, plans for improvement and the results of audits;
- Certification audits;
- Intranet and emails;
- Promoting environmental days and weeks in France and abroad;
- Meetings when employees are hired and/or during the year; annual, quarterly and bi-monthly meetings depending on the site; instructions for working on energy savings;

For example, staff from the French subsidiary ACTIA Telecom are provided with environmental awareness training when they are hired, as well as yearly information about the annual targets.

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

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

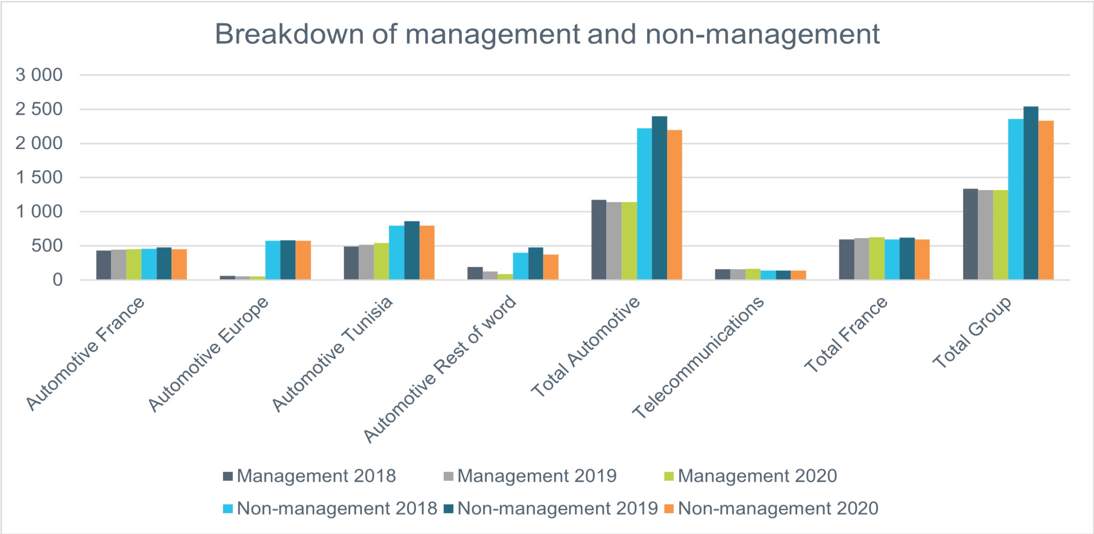
At the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We remind you that all the risks faced by the Group are discussed in chapter 7 "Risk factors" of the Universal Registration Document.

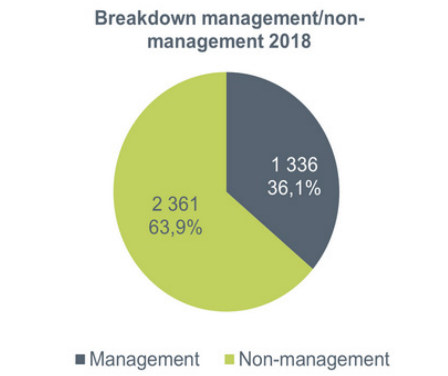
6.10 OTHER CHALLENGES

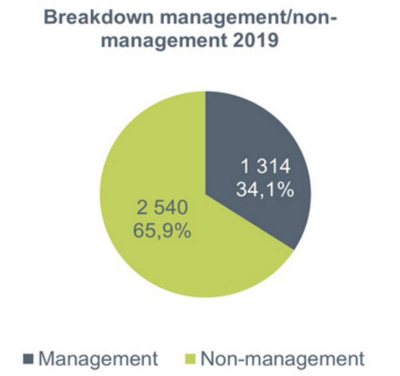
To ensure transparency, ACTIA has decided to continue providing information on all of the indicators normally monitored by the Group.

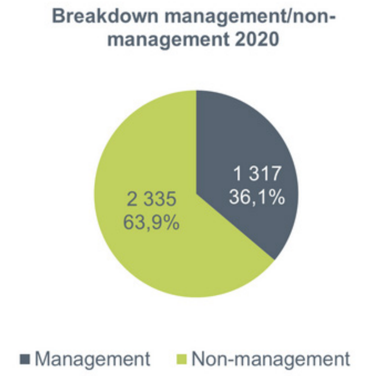
HUMAN RESOURCES

The management / non-management breakdown has changed as follows:



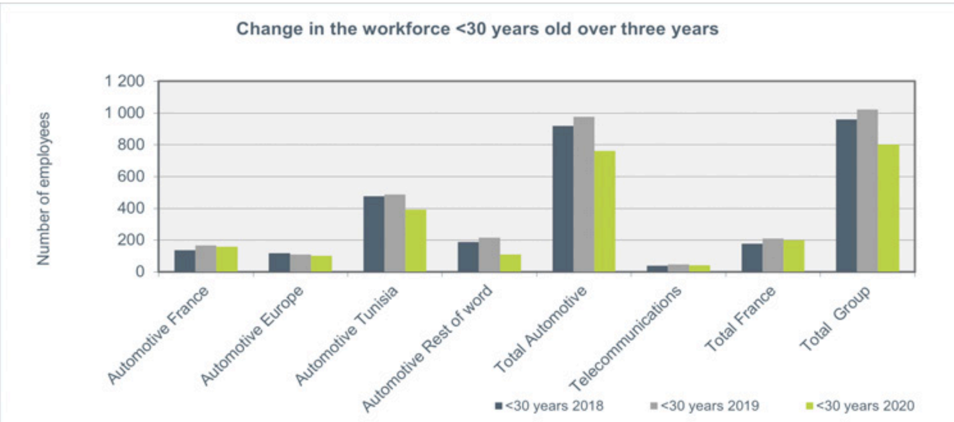


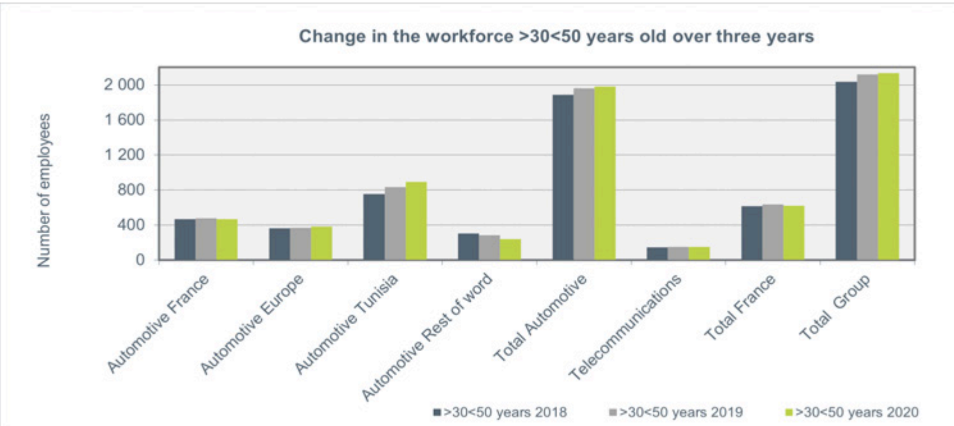




Changes in the management / non-management headcount over the period show a drop of 205 people in the non-management category—mainly in the Tunisian production area (CIPI ACTIA), in Mexico, which was very hard hit by the dual economic and health crises facing the country, and in China—and a stable situation with regard to the management category, with 3 more managerial staff compared with the previous financial year. With regard to management, there is a major difference between Tunisia (+ 28) and Mexico (<13>).

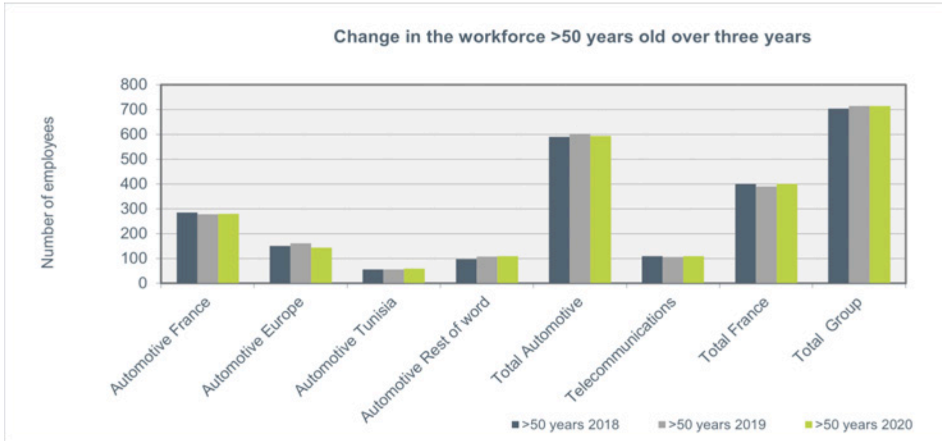
Breakdown by age: this changed as shown below:





At the end of the financial year, management represented 36.1 % of Group headcount. These figures can be explained by the decrease in revenue and production.

Nevertheless, in France management still represented 51.6% of the headcount, a slight increase.

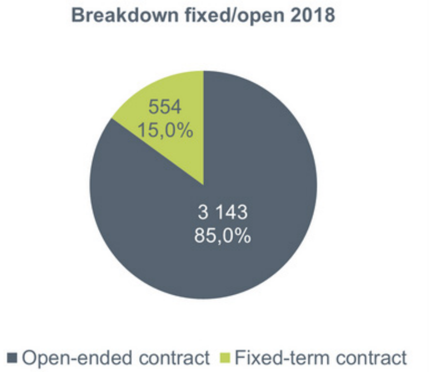


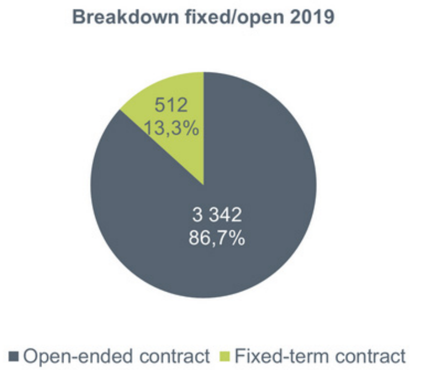
The decline in the number of employees aged under 30—in all the geographical regions where the Group is present—is the direct consequence of business stoppages and the sharp decline in hires.

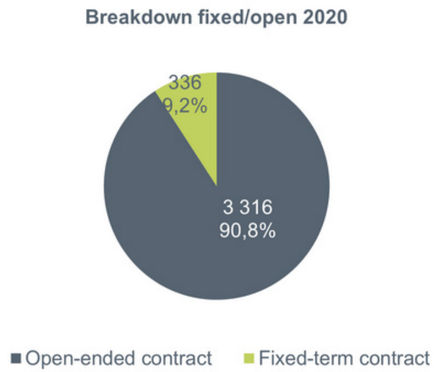
At 31 December 2020, those under 30 represented less than a quarter of the total headcount; those over 50 represented almost 20%, and those between 30 to 50 years old represented more than half of the headcount.

Breakdown between open-ended and fixed-term employment contracts: with 79.6 % of hires being given open-ended contracts, the Group continues to favour mostly long-term recruitments in order to develop the skills needed for its business. Mainly due to the crisis, the percentage of hires with a fixed-term employment contract fell sharply in 2020, accounting for 20.4% of hires, compared with 34.9% for the previous period.

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



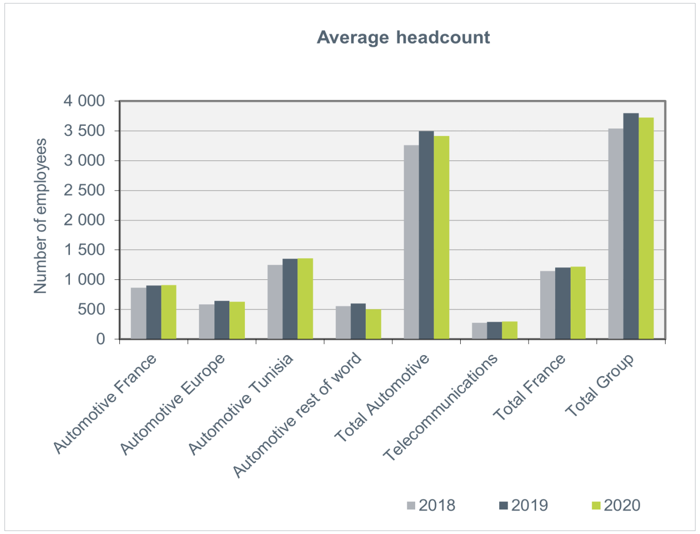




As a direct consequence, overall, people with a fixed-term employment contract now account for 9.2% of the headcount, compared with 13.3% in 2019 and 15.0% in 2018.

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

Average headcount	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	868	586	1,249	555	3,258	274	1,150	3,540
2019	902	644	1,353	598	3,496	292	1,203	3,797
2020	912	633	1,363	504	3,412	298	1,222	3,722
% change	+ 1.1 %	<1.7 %>	+ 0.8 %	<15.7 %>	<2.4 %>	+ 2.2 %	+ 1.6 %	<2.0 %>



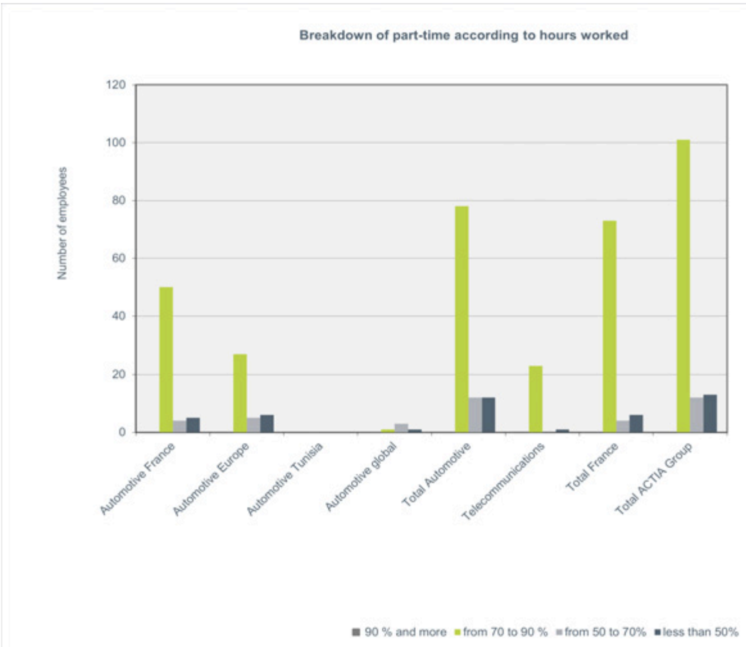
WORKING HOURS

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

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

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

Group-wide, there were 126 part-time employees (143 in 2019). Of these, 70.8% were women. The part-time breakdown is shown in the graph below:



Well down on 2019 due to the impact of the Covid-19 crisis, the overall volume of overtime hours stood at 40,408 hours, 95.3% of which were worked by non-management staff, compared with 107,091 hours in 2019, bearing in mind that managerial staff with a fixed-rate employment contract (no specified number of working hours) are not included in the calculation. Only 23.9% of total overtime hours were worked in the production sites in Tunisia, a distinct decrease compared with previous years.

In 2020, 63 disabled workers were employed within ACTIA, which corresponded to an increase of 8.6 % over 2019. As some local regulations impose quotas, legally 95 jobs should be held by disabled workers across the Group. In order to make up for the balance, the sites in France continue to make use of outsourcing to vocational support centers (CAT). This outsourcing represented the equivalent of 12 people and, unfortunately, was not sufficient to cover the shortfall in 2020. The Group was obliged to pay a total fine of €65,900 for non-compliance with its obligations in this area. The Group has still only partially reached its goals, but the indicators show constant improvement and are evidence that the Group is making efforts to ensure that it gradually makes up the lost ground.

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

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

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

From the outset, ACTIA Engineering Services has provided HAWKAR with advice, technical support and finance to enable it to produce the first prototype. In 2020, despite the unusual circumstances, the first product was developed. Boosted by this experience, ACTIA Engineering Services aims to improve this initial model and have it certified by the end of 2021, so that a pilot phase can be launched as of 2022.

Furthermore, ACTIA Engineering Services continues to take part in an operation to collect bottle tops called “Bouchons d’amour” (or “tops for love”) for the benefit of a charity that sells them to the recycling plant to:

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

Finally, since the first wave of Covid-19, the ACTIA Engineering Services innovation team has been working to develop an artificial respiration machine to help overcome shortages of this type of equipment in Africa, more specifically in Tunisia. Seven months on, ActiVent 1.0 was delivered to the Sousse university hospital, for preclinical trials. It may be used to treat patients who test positive for Covid-19 if artificial ventilation is unavailable. Proud to have developed this product, the team continues to improve on it based on the test results, and is preparing it for CE Medical certification.

RESPECT FOR HUMAN RIGHTS

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

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

Finally, the entities using the services of subcontractors declare that the latter take care to comply with the core conventions of the International Labour Organisation.

Labour relations

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

63.3 % of the Group's staff work in entities where trade unions are present.

There are 118 employee representatives.

All ACTIA employees periodically receive information from management via different media depending on the subsidiary. Bulletin boards are systematically used, along with email, meetings and internal newsletters. Employees at all facilities are informed of Company results and targets. During the first lockdown, the main French subsidiary set up a means of ensuring regular communication with all of its employees, namely, a dedicated Yammer network. The latter provided a specific framework for communication, via an extended network when required, to reach out to people working a long way from their usual place of work (lockdown, home-working, illness, and so on).

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

- Health: supplementary healthcare scheme for 94.2% of employees [(1)];
- Luncheon vouchers for 64.2% of employees;
- Maternity (maternity bonus) for 24.5% of employees;
- Supplementary pension scheme for 18.9% of employees.

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

75.9% of employees, depending on the entity, are eligible for various bonuses such as: "13th month" bonus, one-off bonuses, funeral expenses, marriage allowances, travel insurance benefits, supra-legal bonuses for quality, attendance, behaviour, productivity and other bonuses.

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

Average salary expense	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	59,794	56,297	9,847	22,996	33,754	69,502	62,845	36,816
2019	60,643	56,741	10,542	26,617	34,721	66,487	62,676	37,420
2020	**57,270**	**54,395**	**11,295**	**26,934**	**33,884**	**60,938**	**59,110**	**36,436**
% change	<5.6 %>	<4.1 %>	+ 7.1 %	+ 1.2 %	<2.4 %>	<8.3 %>	<5.7 %>	<2.6 %>

The average salary expense corresponds to gross payroll, increased by social charges as presented in the accounting of each subsidiary, divided by average headcount. The variation in 2020 is mainly a result of the furlough measures used during the financial year, and the sharp decrease in the profit sharing and incentive scheme amounts.

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

Social security/ Payroll	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the world	Total Automotive	Telecoms	Total France	Total Group
2018	42.4 %	30.9 %	14.1 %	32.1 %	33.9 %	61.9 %	47.0 %	37.5 %
2019	49.4 %	29.6 %	14.7 %	27.4 %	35.3 %	51.9 %	50.0 %	37.5 %
2020	**42.0 %**	**28.1 %**	**15.0 %**	**23.0 %**	**31.3 %**	**42.7 %**	**42.2 %**	**32.9 %**

With regard to the weight of social security / payroll, it should be noted that social contributions remain exceptionally high in France. The decrease in social contributions for the period is due to government-run furlough schemes which took over payment of social contributions for the periods concerned, depending on the country.

Profit sharing

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

Profit sharing (€K)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	0	285	0	110	395	0	0	395
2019	0	319	0	177	496	0	0	496
2020	**0**	**133**	**0**	**177**	**310**	**0**	**0**	**310**

Incentive scheme (€K)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Rest of the World	Total Automotive	Telecoms	Total France	Total Group
2018	1,086	195	0	330	1,612	1,742	2,829	3,354
2019	0	416	0	216	632	854	854	1,487
2020	**56**	**420**	**0**	**189**	**665**	**0**	**56**	**665**

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

INTERNAL ORGANISATION OF ENVIRONMENTAL MANAGEMENT

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

Implementation of environmental management actions is managed by an Environment Manager reporting to the Systems – Quality/Environment Department of ACTIA Automotive S.A. for the two Toulouse sites. This manager shares his/her experience with the Group by assisting one of the Group's entities on a as-needed basis.

The Environment Manager has taken environmental management training.

In line with the implementation of the ISO 14001 standard, the general awareness session to train and inform employees on environmental matters is carried out regularly for the sites concerned, although these principles were relaxed in 2020 due to the pandemic. A training plan and a timetable to raise awareness have been drawn up as part of the Environmental Management System (EMS). ACTIA Automotive S.A. also holds awareness sessions for all new employees on their day of induction. Staff are informed of actions taken and the channels are available to them to report all relevant information.

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

The Group companies with a department devoted to the environment, such as ACTIA Automotive and ACTIA Telecom (France), CIPI ACTIA and ACTIA Tunisie (Tunisia), ACTIA Nordic (Sweden), ACTIA I + Me (Germany) and ACTIA China (China), have a combined dedicated staff totalling more than 15 people, i.e. 3 more at Group level for 2020. This means that 83.3 % of the Group's employees have access to environmental assistance, a figure which is on the increase for the reporting period.

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

Consumption and waste

Consumption of raw materials and packaging

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

Concerning packaging, the Group uses different types of products: cardboard, wooden filling materials, plastic films, paper, extruded foam. It remains very difficult to obtain quantitative reporting data on the consumption of these materials as there is no specific monitoring tool in place. Certain data is today reported in units, tonnes or m³.

In line with its increasing commitment to environmental monitoring of its activities, ACTIA has developed reporting on data relating to its consumption of chemical products. The study shows that the Group used roughly 25.1 m³ of various chemical products, compared to 30.0 m³ in 2019 and 27.4 m³ in 2018. These were mainly varnishes, solvents, diluents, solder paste and isopropyl alcohol. It should be noted that these figures only concern the main products used at the Group's major production facilities in order to be consistent and effectively track any changes. The decrease for this financial year is a consequence of the Covid-19 crisis.

Ground use

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

The facilities taken together cover a total of 30 hectares. Of this surface area, 40.0 % is covered by landscaped green areas (55.1 % in France). Wooded areas represent 0.7 % of these green spaces.

Water and ground discharges

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

- Wastewater is of the "domestic" type and is discharged into the public sewage system to be treated; several alternatives exist: wastewater system, septic tank, drainage or, in China, a sewage farm;
- Potential pollutants (varnishes, solvents, etc.) are not stored on the ground but rather in ad hoc storage containers prior to treatment in compliance with the standard in force (see § 6.8.2 "Waste management").

Noise and odour pollution

Our activities are not noisy and are odourless.

No incident has been recorded by the various facilities and there were no complaints from neighbours in 2020 or indeed before that.

Amount of provisions and guarantees

Given that the Group's operations do not present any material environmental risk, no provision or guarantee was put in place in 2020, or in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2020 no indemnity had to be paid for any environmental problem or accident and no environmental remediation work was required.

SOCIETAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

Food waste

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

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

- A positive impact on well-being at work: employees say that they are more alert in the afternoon. Eating on-site is less stressful because wait times are shorter, and the premises (new restaurant opened in 2018) are more pleasant and quieter;
- An ecological impact by limiting travel by car: the employees leave the site less often to eat;
- An impact on relationships between employees: i.e. increased conviviality and the opportunity to meet and talk with new people.

Our catering service provider promotes many benefits:

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

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

OUTSOURCING

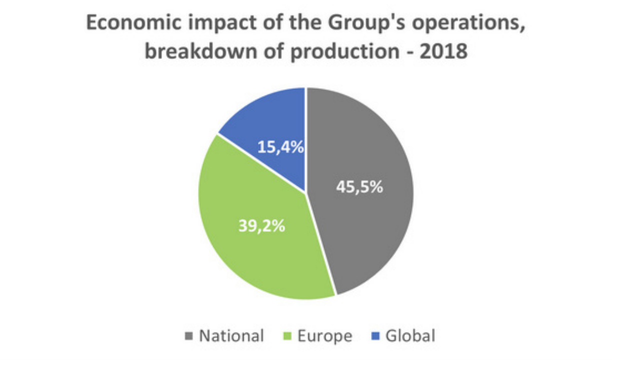
Most of the sites covered outsource different tasks of which there are two main types:

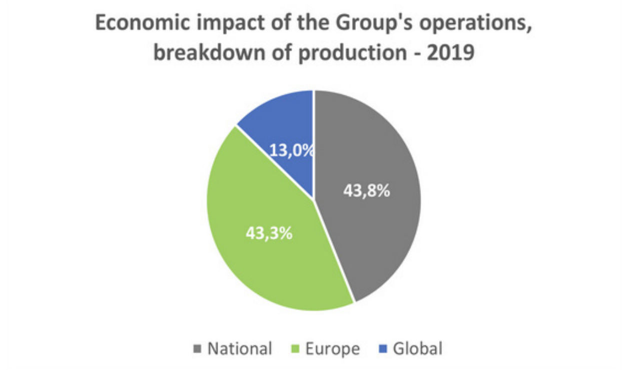
- In manufacturing, some sub-assemblies, such as embedded audio and video systems, may be outsourced by certain subsidiaries. This production is performed directly at the sites of subcontractors approved by the Group;
- For R&D, depending on the specific nature of the requests, the subcontractors may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

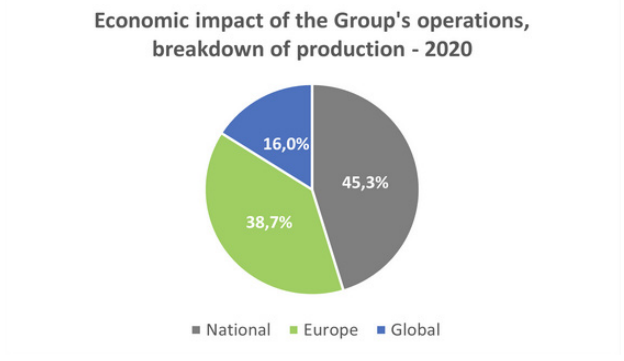
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

RELATIONS WITH THE LOCAL ENVIRONMENT

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







There was little change to the breakdown of purchases in 2020, as was also the case for the previous reporting periods. The Group's long-term future, driven by international growth, allows it to have a positive economic impact at national level. We observed an increase in nationally purchased items, to the detriment of European purchases, reflecting the rise in local purchases during the pandemic.

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

Relations with stakeholders and social works

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

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

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

ACTIA Group also supports the INSA Foundation, the purpose of which is to provide long-term support in terms of equal opportunities for student engineers who find themselves in financial straits by offering them the possibility of obtaining a grant. Jean-Louis Pech, Group Chairman and CEO, has been president of the INSA University Foundation since its creation in 2016. ACTIA contributes €85,000 to the budget of this Foundation. In 2020, this funding allowed various actions to go ahead, many of which were related to the health context, such as: purchase of IT equipment and possibility of attending virtual classes via video conference for those who do not have access to digital technology, provision of food vouchers and payment of psychologist's consultation fees for students, funding of internship bonuses further to cancellations, participation in 65 "helping hand" grants, specific grants for students taking two courses at the same time (talented athletes or artists). In addition, several events on the theme of "Sustainable and responsible mobility" were held. The association also works in fields as diverse as support for diversity, innovation, gender equality and disability.

ACTIA also supports the Toulouse Capitole National Orchestra, through the Aïda Foundation.

On the international front, partnerships have been entered into with Politecnico and the University in Turin (Italy), London University and Learnex (Mexico), the University of Shanghai (China), and with a number of engineering schools in Tunisia.

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

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

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

Group actions can take the form of:

- Donations, such as IT equipment donated to a school in 2020, which helped keep a satisfactory number of computers up and running, for use by pupils to help them learn, and to a parents’ association, for pre-school and primary school children;
- Involvement of staff (“Nos Quartiers ont du Talent” / “Our neighbourhoods have talent”);
- Financial contribution to certain selected associations.

In Tunisia, ACTIA Engineering Services continues to support the Sidi Ammar primary school in the region of Fernana (Governorate of Jendouba) by sponsoring the renovation of the premises and improving the circumstances in which the students study. In 2020, funds were collected prior to the start of the new school year; the money collected was used to purchase 112 school bags containing books, exercise books and pencil cases with all the necessary supplies, as well healthy snacks for children and cleaning kits (gel, disinfectant products, liquid soap, and more). Help was also provided to the Sidi Daoued library, to which shelves, tables, chairs, books and book stands were delivered.

ACTIA I+ME, our German subsidiary, made a donation to the association "Kinder and Jugendhospis Löwenherz", which helps children and young people in the terminal phase of illness, as well as their parents and families, to support them and help them find the strength to cope with their situation.

In addition, ACTIA has been an ambassador for La Saison Bleue in Tunisia since 2018; the goal of this project is to promote Tunisia's marine environment and boost the blue economy, while raising awareness about the vulnerability of the sea and coastline. In relation to this project, two days of discussions with experts and get-togethers with the general public are organised, based on themes such as the marine environment, technology and the sea, the sea and related professions, and marine leisure activities and culture.

Finally, ACTIA Systems, our Spanish subsidiary, continued to support Fundacion Creality, donating €3,411 during the period.

FAIR PRACTICES AND TAX EVASION

Since 2014, ACTIA has had a **Code of** Ethics that reflects the values of respect and integrity so strongly held by the founding families. The code has been rolled out internationally since 2016.

In 2018, the Group adopted an **Anti-corruption Code** and an internal whistleblower scheme. E-training was carried out in 2019 to raise the awareness of the issue and inform employees who are exposed to the risk of corruption. The training programme is intended to be accessible to all Group employees. The Group's internal control function has also been reinforced with the creation and implementation of procedures in sensitive areas such as conflict of interest. Lastly, a Gifts policy is the process of being drawn up and is due to be deployed in 2021 throughout the Group.

Concerning the measures taken for the health and safety of consumers, products developed by the Group are subject to the safety concerns and the improvement of respect for the environment, particularly in the field of the mobility of goods and people.

ACTIA in most cases intervenes in one of the components of a more complex product that may subsequently be used by the end customer. On this basis, the Group respects the requirements established to this purpose set by the manufacturer of the end product, but can be proactive about making suggestions.

With respect to tax evasion, it should be noted that the Group does not have any facilities in countries on the tax haven blacklist. ACTIA has no structures that could be used for such purposes. The Group opened facilities in Tunisia between 1997 and 2005 to develop its board production and R&D sites at a lesser cost. The aim was and still is to ensure the Group is competitive for international calls for tender. In accordance with the legislation on foreign capital in effect at the time, the companies have offshore status. The growth of the Group's business has enabled the creation of many local jobs. The Group remained committed to supporting the business during the Tunisian crisis of 2011, although many customers requested that production in Tunisia be closed down. Group management believes that the Company's role is essential due to local employment, training and investment to support the economy it provides.

ACTIA's price transfer policy is based on split profits which is, in turn, based on the added value of each company. They are set based on the operational environment of the transactions, the location of intangibles and economic circumstances.

SUMMARY

Committed to sustainable development and making a positive contribution to the world, ACTIA was once again recognised and rewarded in 2020. Specifically, ACTIA Group remained in the ranking of the 70 companies that make up the GAÏA Index in France, the benchmark index for mid-caps in terms of sustainable development, and is now 47th in the general rankings and 37th in the category of businesses with revenue of more than 500 million euros. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 French SMEs and mid-market companies assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environmental relations with stakeholders). With more and more companies becoming sensitive to these issues, ACTIA's position in the rankings is a reward for the Group's ongoing efforts.

6.11 REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT IN THE MANAGEMENT REPORT

To the General Meeting,

As the Statutory Auditors of your Company (hereinafter the “Entity”), designated an independent third party and accredited by COFRAC under number 3-1049[1], we hereby present our report on the consolidated social, environmental and societal information (hereinafter referred to as the “Statement”) provided in the Group’s Management Report for the financial year ended 31 December 2020, drawn up on a voluntary basis by your Group, and pursuant to the legal and regulatory provisions of Articles L225-102-1, R225-105 and R225-105-1 of the French Commercial Code.

Responsibility of the Entity

It is the responsibility of the Board of Directors to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a presentation of the main non-financial risks, a presentation of the policies implemented with respect to the risks and the results of the policies, including key performance indicators.

The Statement was prepared in application of the procedures of the Entity (hereinafter the “Standards”), the material elements of which are presented in the Statement and are available on request from the Entity’s head office.

Independence and quality control

Our independence is defined by the provisions of Article L822-11-3 of the French Commercial Code and the code of ethics of the profession. We also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the rules of ethics, professional auditing standards and the applicable laws and regulations.

Responsibility of the Statutory Auditors designated an independent third party

It is our responsibility, on the basis of our work, to provide a reasoned opinion expressing moderate assurance regarding:

- the conformity of the Statement to the provisions of Article R225-105 of the French Commercial Code;
- the truthfulness of the information provided in application of Paragraph 3 of Sections I and II of Article R225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions taken with respect to the main risks, hereinafter the “Information.”

It is not, however, within our remit to voice an opinion on compliance by the entity with other applicable legal and regulatory provisions, particularly concerning the fight against corruption and tax evasion, nor on the conformity of products and services with the applicable regulations.

Nature and scope of our work

Our work as described below has been conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes), and the ISAE 3000[2]:

- We have noted the activities of all entities included in the scope of consolidation and the principal risks;
- We also reviewed the appropriateness of the Standards with respect to their relevance, completeness, reliability, neutrality and comprehensive nature, taking into consideration, as required, the best practices of the industry;
- We verified that the Statement covers each information category provided for in Section III of Article L.225-102-1 with respect to social and environmental matters as well as the information provided for in Paragraph 2 of Article L. 22-10-36 on compliance with human rights and the prevention of corruption and tax evasion;
- We verified that the Statement presents the information provided for under Section II of Article R.225-105 where relevant with regard to the principal risks and includes, as appropriate, an explanation of the reasons justifying the absence of the information required under the second paragraph of Section III of Article L.225-102-1;
- We verified that the Statement presents the business model and a description of the principal risks related to the activities of all the entities included in the scope of consolidation, including, when relevant and proportional, the risks created by business relationships, products or services and policies, actions and results, including key performance indicators for the principal risks;

- We consulted documentary sources and conducted interviews in order to:
  - understand the selection and validation process for the principal risks and the consistency of the results, including the key performance indicators chosen with regard to the principal risks and policies presented;
  - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For certain risks[3], our work was conducted at the level of the consolidating entity. For the other risks, the work was conducted both at the level of the consolidating entity and in a selection of other entities[4].
- We verified that the Statement covers the scope of consolidation, namely all of the entities included in the scope of consolidation, in accordance with Article L.233-16, with the limitations described in the Statement;
- We noted the internal control and risk management procedures put in place by the entity and assessed the data gathering process intended to reflect the completeness and truthfulness of the information;
- We implemented the following for the key performance indicators and other quantitative results we deemed most important:
  - analytical procedures consisting of verifying the correct consolidation of the data collected and the consistency of changes;
  - detailed tests based on sampling, to verify the correct application of definitions and procedures and to reconcile the data with the supporting documentation. This work was carried out for a selection of contributing entities[4] and covered between 25% and 49% of the consolidated data selected for the tests;
- We assessed the overall consistency of the Statement compared to our knowledge of the companies included in the scope of consolidation.

We believe that the work we carried out exercising our professional judgement enables us to provide a moderate assurance. A higher level of assurance would have required more extensive verification work.

Means and resources

Our work drew upon the expertise of four people. It was conducted between October 2020 and April 2021 over a total period of approximately two working weeks.

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

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial performance statement does not comply with the regulatory provisions in effect or that the Information, taken as a whole, has not been presented sincerely, in accordance with the Standards.

[1] COFRAC accreditation Inspection, no. 3-1049, available for consultation at www.cofrac.fr

[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

[3] Respect for human rights and the fight against corruption and tax evasion.

[4] ACTIA Automotive (France), ACTIA Systems (Spain).

Paris La Défense, 26 April 2021

KPMG S.A.

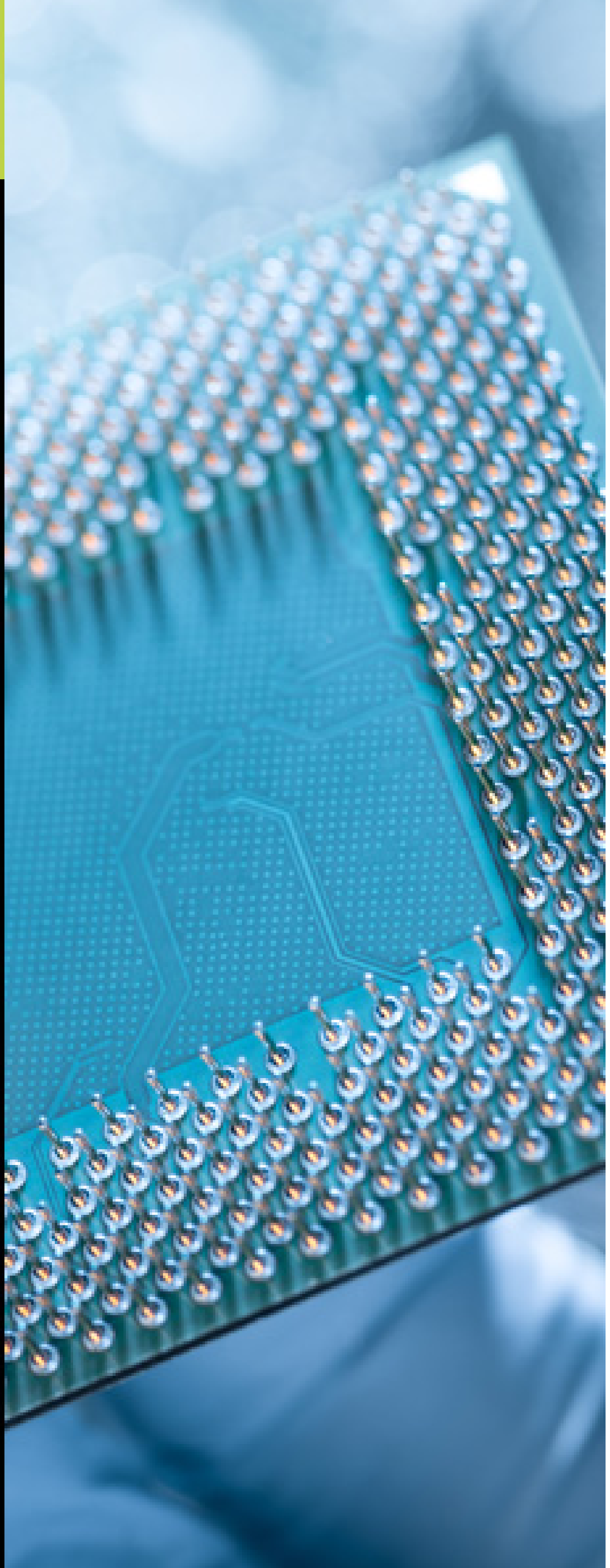
Fanny Houlliot, *Sustainability Services Partner*

Mathieu Leruste, *Partner*

Appendix

Qualitative information (actions and results) considered most important
Specific measures taken to guarantee the health and safety of all employees in the current context of the Covid-19 global health crisis
ACTIA Academy training tool which works hand in hand with career management
Schemes and initiatives promoting employee development and well-being
Actions aimed at reducing the Group's carbon footprint
Actions aimed at raising awareness among employees about environmental issues
Active waste management policy and results
Commitments and measures in favour of the fight against corruption and tax evasion

Key performance indicators and other quantitative results deemed most important
Headcount at year end
Turnover
Percentage of women on the Board of Directors
Percentage of women on the management committees
Frequency of occupational accidents with lost working days
Severity of occupational accidents
Number of days of sick leave per employee
Training hours per average headcount
Energy consumption
Total water consumption
Greenhouse gas emissions related to energy consumption
Amount of waste generated
Proportion of waste recycled



7

RISK FACTORS

7.1 SUMMARY OF RISK FACTORS

ACTIA conducts reviews of the risks that could have a materially adverse effect on its business, its financial situation, its results and its ability to achieve its objectives, in accordance with the regulations in force since 21 July 2019.

The relevant material risk factors identified are described as of the date of publication of this Universal Registration Document. The Group does not consider that there exist material risks other than those presented in this paragraph.

The risk mapping undertaken by General Management and the Group Steering Committee for Risks resulted in the following matrix that positions each risk as a function of its probability and impact. The mapping includes the measures put in place within the Group to limit the likelihood of them occurring and their impact.

Given the current circumstances at time of writing this report, it is important to highlight the risk related to the supply of electronic components (see paragraph 7.2.1.1 "Procurement"), which has been very strongly felt since early 2021 and has led to a high level of tension, productivity losses for ACTIA and even significant delays in deliveries to customers.

IMPACT				
	Legal, political and regulatory risks: • Compliance	Operating risks: • Competitiveness: ∘ Pandemic • Cyber attack	Operating risks: • Procurement: ∘ market tensions and procurement lead times	
		Operating risks: • Competitiveness: ∘ rise in the cost of raw materials, procurement lead times and rise in transport costs	Operating risks: • Competitiveness: ∘ The Group's footprint and the size of its competitors Legal, political and regulatory risks: • Political stability	Financial risks: • Exchange rate risk
		Operating risks: • Industry consolidation: ∘ mergers Industrial / environmental risks: • Environment and Safety ∘ Battery activity Legal, political and regulatory risks: • Intellectual Property	Operating risks: • Procurement: ∘ end of production of a component	
				Operating risks: • Talent management ∘ Recruitment difficulties
	PROBABILITY			

Low risk	Medium risk	High risk	Major risk

We will give details of major, high and medium risks further on.

7.2 DESCRIPTION OF SIGNIFICANT RISKS

7.2.1 OPERATING RISKS

7.2.1.1 Procurement

MARKET TENSIONS

- Risk level: **Major risk**
- Description of the risk

Increased demand (telephony, connected objects, etc.) can chiefly result in market shortages for components and lead to increased procurement lead times and/or delivery by quota. Market launches of consumer goods, such as a new generation tablet, can seriously affect all families of components.

In 2018, this risk led to significant tensions concerning numerous electronic components, some active and others passive, resulting in procurement delays and a situation whereby volume increases had to be refused and quotas applied to components.

- Consequences envisaged for the Group

This type of tension (lead times, pricing pressure, etc.) is not easy to manage.

Measures to anticipate and protect supplies are complex: diversification of sources, increased orders and anticipation of requirements, modifications of products, etc.

In any case, they cause additional costs and increase inventory, including:

- logistics and transport costs can be significant in order to avoid delays in production and customer deliveries;
- a loss of efficient industrial organisation leading to higher production costs;
- a loss of efficiency for staff who are required to manage the crisis situation in addition to their normal activities;
- Exceptional spikes in component prices that can significantly increase at short notice;
- Temporary increases in inventory due to a missing item, thus stopping production and the removal from stock of other items;
- A structured increase with the constitution of buffer stocks.

The repercussions in terms of increased operating costs (higher raw materials prices, delivery costs, etc.), loss of certain sales contracts due to an inability to produce the items ordered and, in the most serious cases, out-of-stocks of supplies that can even result in production stoppages and customer penalties, and therefore affect the Group's net income.

- Management of the risk by the Group

The organisation of purchasing around different manufacturers and distributors, and even recourse to brokers, enables the Group to address this risk.

Building on its experience of the 2017-2018 components crisis and its handling of the pandemic, the Group activated a specific organisation to deal with the new components shortage, in February 2021, with a view to handling the situation in a proactive, day-to-day manner, limiting the impact of the tensions. By putting together a team of around ten people, combining skills in purchasing, procurement, production, R&D, legal and business matters, this unit, which works directly with suppliers and customers, is 100% focused on managing the crisis and the most vulnerable product references, finding alternative solutions and offering them to the stakeholders concerned, so that joint decisions limit the impact of the exceptional costs for ACTIA. This organisation also enables the rest of the company to operate as normal.

7.2.1.2 Competitiveness:

This risk takes into account:

- The global market situation with regard to the Group's footprint, with 42.4% of sales being made by the French companies, resulting in relatively high production costs; yet 72.5% of revenue is generated abroad, leading to a competitiveness issue;
- The size of the Group - mid-market (ETI or Entreprise de Taille Intermédiaire) - compared to major accounts;
- And the responses to their tenders that may not necessarily be aligned with those of the big competitors in the market.

THE GROUP'S FOOTPRINT AND THE SIZE OF ITS COMPETITORS

- Risk level: **Major risk**
- Description of the risk

On the one hand, the Group has made the choice of keeping its major resources in France, for both its engineering design services and its printed circuit board (Colomiers factory) and equipment (Chartres, Millau, Dinard and Puy-Sainte-Réparade sites) production capacity.

And yet it is well known that employment costs in France are among the highest in Europe and the world; levels of taxation in France are generally among the highest in the world, thus automatically affecting the competitiveness of French companies.

On the other hand, it is often difficult to simply position ACTIA according to an academic approach based on a dominant products/markets analysis or differentiating technologies, given the great breadth of its areas of activity. A definition based solely on a typical mid-market positioning in the area of embedded systems in the mobility market would be insufficient, as it would be reductive and largely simplistic.

The Group has developed its families of products and its range of services by systematically seeking to enhance its technological know-how in readily accessible markets. This is why the Group frequently finds itself confronted by far more powerful competitors whose purchasing volumes give them access to far lower costs.

The risk of an overall lack of economic competitiveness is therefore always present and has existed practically since the creation of ACTIA in 1986.

For example, thanks to its significantly superior technology, several years ago ACTIA was entrusted by two light vehicle automakers with the exclusive supply of telematic units, in contrast to its traditional positioning, which was far removed from the light vehicles segment. Consequently, the Group saw robust growth in its revenues with the volumes generated by these contracts, bringing with it a major increase in its production capacity (investments in a number of lines for long production runs of circuit boards) and more purchasing power. It was also not surprising to see, when it came to tenders for the next generation of these products, that ACTIA was outdone by major players with such purchasing power that the Group did not win the tender for financial reasons, despite a technologically competitive offer.

- Consequences envisaged for the Group

The consequences of such situations can be a relatively rapid drop in sales and overcapacity with lower depreciation of structural and fixed costs resulting in considerably lower profitability, even if the margins on these high-volume contracts are generally low. Furthermore, the costs generated by the location of a third of the Group's teams in France also reduces the competitiveness of the offers.

- Management of the risk by the Group

To counterbalance the strategic choice of being located in France, ACTIA has developed its international organisation in order to have production capacity and engineering services in areas more competitive than France.

In addition, the Group has always addressed the risk arising from its size by focusing on a variety of niche markets, admittedly smaller but less exposed.

Faced with such situations, ACTIA has always shown great responsiveness, being able to take into account the often specific requirements of its customers. The significant financial resources devoted every year to innovation (roughly 15% of consolidated revenue) helps to maintain a high-level technological positioning acknowledged by its customers. The deliberate strategic choice of having its own means of production gives the Group great responsiveness and flexibility in view of the changing needs of its customers.

Lastly, the proportion of the international business (nearly 75% of sales) and a presence in the various major, global economic hubs contributes to strengthening the long-term position and development of the Group, faced with much more powerful competitors.

SPECIAL SITUATIONS SUCH AS EPIDEMICS

- Risk level: **High risk**
- Description of the risk

Such unforeseeable situations, such as coronavirus, can lead, depending on their size (geography) and duration, to disruptions of the supply chain and even a more or less complete shutdown of the Group's activity depending on the number of subsidiaries affected, but also the duration that can vary as a function of employee protection and the government measures specific to each country.

- Consequences envisaged for the Group

The first impact is a slowdown in business leading to a drop in revenue, due to a combination of factors:

- Overall or targeted economic slowdown affecting ACTIA customers and product demand;
- Disruption of the supply chain causing a stoppage to the production of some of our products, or even increased purchasing costs;
- Unavailability of operational staff due to illness or restrictions imposed by the authorities, resulting in reduced production and organisational capacity (support functions).

Additional impacts need to be considered:

- Increase in costs due to the use of emergency procurement sources, cost of health safety measures, emergency logistics, etc.;
- Overall loss of efficiency due to the health safety measures, unavailability of employees or degraded operating modes (e.g., team members physically separated from each other).

In 2020, this risk became reality with the Covid-19 crisis.

With the Group's absolute priority being to protect its employees, the consequences of this crisis mainly affect revenue, operating margins and cash management. However, after the initial phase in which business came to a standstill worldwide and for all stakeholders, the organisation in place allowed us to build business back up quickly.

To date, the Group does not foresee any problems in raising financing as previously planned, as part of normal operations, and specific financing as put in place by governments to help manage the current crisis.

That said, the economic impact in 2020 is tangible, since it is the reason for the considerable drop in revenue observed, mainly during the first half-year.

- Management of the risk by the Group

As discussed in § 7.2.1.1 "Procurement", the concentration of procurement in the Asia region, is a form of dependency for European countries which becomes very important during a pandemic and in the event that manufacturers are forced to stop production. In this respect, ACTIA only has the resources described in this paragraph to cope with this eventuality.

Building on the lessons learned during the past year, ACTIA gives top priority to the safety of its staff. From now on, the choice of equipment, especially IT equipment, will be based on the premise that people whose job lends itself to home-working will be able to work from home.

Until the Covid-19 crisis is under control, the Group is maintaining a number of measures, which are adapted depending on the environment:

- Limited travel or no travel at all;
- The targeted use of home-working to ensure management of the Group, key functions, the continuity of the projects and the interface with customers and suppliers;
- Adaptation of the production organisation, or even closure of all our facilities;
- Daily monitoring of our customers' revised forecasts, in order to stop or defer supplies;
- Use of any local support schemes available (subsidies, financing, deferred payments, etc.).

Should there be another epidemic, ACTIA would re-activate a crisis unit, and adapt its organisation to suit local constraints, in order to protect its staff and enable business as usual insofar as possible, while cutting costs wherever possible.

RISE IN THE PRICE OF RAW MATERIALS, PROCUREMENT LEAD TIMES AND RISE IN TRANSPORT COSTS

- Risk level: **High risk**
- Description of the risk

For its production needs, ACTIA makes a range of purchases. Many suppliers, especially the vast majority of production component suppliers, are multi-national companies with more bargaining power than ACTIA. It is also worth noting that the price of many supplies is also affected indirectly by elements that are outside of ACTIA's control, such as energy prices and the price of raw materials.

In addition to the quantitative aspects related to procurement (which are discussed in section 7.2.1.1 "Purchasingt" above), there is an emerging qualitative risk linked to ACTIA's loss of relative competitiveness, if the Group ends up being comparatively more affected than its international competitors.

- Consequences envisaged for the Group

The consequences are a drop in medium-term revenue, due to loss of competitiveness in calls for tender.

- Management of the risk by the Group

From an operational standpoint, the risk is managed on a case-by-case basis whenever possible, using a combination of the following tools:

- Negotiation of contracts covering the required supplies;
- Reservation of capacities, such as transport capacities;
- Grouping together suppliers, to boost bargaining power.

From a strategic standpoint, the following policies help reduce this risk:

- Choice of relevant niche markets, as explained in the previous section;
- Strategic dialogue with key component manufacturers, to anticipate any trends which may lead to shortages or the complexity of a given alternative.

END OF PRODUCTION OF A COMPONENT

- Risk level: **High risk**
- Description of the risk

When a manufacturer decides to stop producing a component, it will inform its customers and ask them to put in a last order covering all of their needs (Last Buy Order).

In reality, the average life of a component is seven years. This is currently tending to diminish due to planned obsolescence, technological breakthroughs, etc. It is therefore essential to anticipate and plan.

- Consequences envisaged for the Group

This situation penalises inventories with a need to plan for the quantity of components required for production or aftermarket, but only represents a minor risk over time, since needs must be anticipated as nearly as possible to ensure that there are no shortages or obsolete stocks.

- Management of the risk by the Group

With an internal team dedicated to "Perpetuation," which monitors regulatory changes affecting sensitive components (ITAR, EAR), other regulatory changes in France, Europe and the world, and any announcements of a planned end to production, the Group has the means of managing the issue, which can occasionally be sizeable.

This team is therefore able to plan for the consequences of the end of production of a component, even leading occasionally to the redesign of products to include newly available components.

7.2.1.3 Cyberattack

- Risk level: **High risk**
- Description of the risk

The risks covered in this section concern everyday attacks, the hacking of information systems and the slowing down or even stopping of the business with repercussions for deliverables. Other risks include the possible failure of computer systems, or even telecommunications, at a time when these tools, which are used every day, are of vital importance for the management and organisation of the Group.

- Consequences envisaged for the Group

This type of risk is without doubt the one that has become the most acute over the past few years. The financial consequences of the systems shutting down could be significant.

The risk could the affect the Group's business, its financial and operational results and harm its image.

- Management of the risk by the Group

For many years, ACTIA has been reinforcing the human resources allocated to preventing this risk and has taken numerous precautions in organising its IT architecture and infrastructure.

This organisation takes into account the activities of the different Group companies, their maturity and their level of integration. There is not, for example, a unified network that might represent a risk of the rapid spread of a cyberattack. The protective measures taken are regularly updated to state-of-the-art level. Vulnerability tests are regularly conducted.

A special effort is made to raise employee awareness. There is regular communication with all employees from recruitment onwards and, more specifically, in the form of feedback when incidents occur.

In the event of an incident, there are various mechanisms to replicate, back up and ensure business recovery and these have been shown to be effective. ACTIA Automotive, ACTIA Telematics Services and ACTIA Engineering Services all now have ISO 27001 certification, which represents 35% of the Group headcount, as well as more than 55% of the engineers working in the design offices.

Furthermore, and due to the very nature of certain Group products and services that may be vectors for the spread of a virus, the Group decided to take out an insurance for professional liability for the cyber risk involved in its products and services.

7.2.1.4 Talent management

ACTIA is facing recruitment difficulties, mainly in France and Tunisia, especially because it requires skills that are in high demand on the job market, but also in all the international subsidiaries located in countries enjoying growth and therefore full employment, which may lead to high turnover.

RECRUITMENT DIFFICULTIES

- Risk level: **Medium risk**
- Description of the risk

A point of vigilance for the Group concerns skills management. The issue is to be able to take a global approach without having the organisational and financial resources of a big group.

- Consequences envisaged for the Group

The recruitment of employees can prove to be complicated in countries where there is full employment, as in the United States and China, or where there are skills shortages such as in Europe for the field of digitisation, whereas the Group is often on the lookout for just these skills.

- Management of the risk by the Group

The Group has gradually implemented skills management at a worldwide level, providing mobility within the Group while maintaining a reasonable compensation policy. ACTIA is addressing the issue of turnover thanks to the ACTIA Academy training tool, which is devoted to career management. Originally implemented in Tunisia within the Design Office, the tool will be gradually rolled out across the Group to help retain employees.

However, the health crisis has slowed down this process. The deployment of the ACTIA Cross Border Engineering program, with the construction of an extended design office approach, will nevertheless be a positive driver of skills management and boost the Group's attractiveness.

In-depth work is also being done on the employer brand to enrich our approach to promoting ACTIA's family company values.

7.2.1.5 Industry consolidation

- Risk level: **Medium risk**
- Description of the risk

The regrouping carried out at international level, and the potential merger of our corporate customers, and also suppliers, could endanger existing commercial relationships.

- Consequences envisaged for the Group

ACTIA, a supplier of vehicle manufacturers, could be exposed to the consequences of groupings and mergers between some of them, particularly in the field of diagnostics for light vehicles. Such mergers could lead to lost markets over time. At present, leaving aside the Group's leading customer, the following 9 customers account for less than 7% of revenue. With regard to suppliers, the issue is more complex to analyse, due to the intermediary role of distributors, giving access to the major component manufacturers. As things stand at present, this type of risk would not have a very significant impact, but everything will depend on what type of mergers are approved by the competition regulator, and the risks of having a high concentration of big players in the electronics sector, especially in Europe.

- Management of the risk by the Group

The products and services in question concern the ranges or models of vehicles sold, for which it would be necessary to guarantee short-term production and above all, ongoing aftermarket services for many years. Consequently, the strategy adopted for the technologies and services in the field of diagnostics and aftermarket could not be replaced very quickly. ACTIA has a proven track record in this type of market.

7.2.2 FINANCIAL RISKS

7.2.2.1 Exchange rate risk

- Risk level: **Major risk**
- Description of the risk

The Group's international footprint exposes it to exchange rate risks related to fluctuations in foreign currencies, for both actual transactions and the conversion of its assets and results.

- Consequences envisaged for the Group

With purchases of over €230 million, including almost €100 million in US Dollars (excluding purchases made by our American entities that benefit from natural coverage), a change in the EUR/USD exchange rate has a very rapid effect on the Group's profitability.

- Management of the risk by the Group

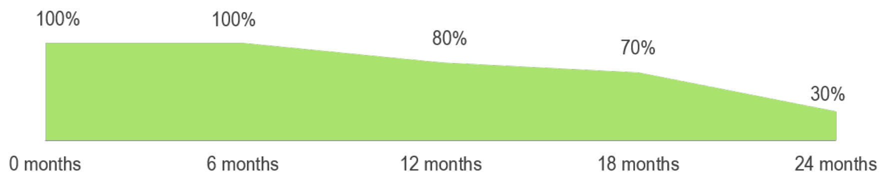
For transactions denominated in foreign currencies, for example, purchases or sales by Eurozone entities denominated in US Dollars (USD) or Japanese Yen (JPY), the companies involved manage their exchange rate risks independently, putting in place currency hedging tools when the volumes involved allow for it.

ACTIA subscribes to currency hedging contracts on a regular basis. Their characteristics are described in Note 11.2 "Financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements. The purpose of these hedging tools is to secure the cost of acquiring USD in relationship to the selling price to our customers. These prices are set at the time of the tenders and our customers do not allow them to change as a result of fluctuations in the EUR/USD exchange rate or the components market. The goal is not to speculate on the markets, but to ensure a reasonable level of parity for the coming weeks and months. The impacts for the year are described in detail in Note 28.3 "Market risks" in the notes to the consolidated financial statements.

A significant shift in the EUR/USD rate has very different outcomes based on short-term and medium-term approaches adopted by the Group:

- In the short term, it represents a major risk for our component purchases, about half of which are made in Dollars and which are primarily manufactured in a dollar-dominated region. The hedging instruments limit the impact of changes in the ratio and protect purchases when there is a significant drop. However, they do not enable the benefit of increases to be felt immediately as they must wait for the implementation of new tools when the existing tools run out. It is also noted that, despite very significant variations, the Group has been able to work at a virtually constant exchange rate for the past three years. However, actions are being carried out to identify the adjustments required for pricing for both suppliers and customers. Note that in both cases, given our size, few products have benefited from price adjustments in our favour in the past;
- In the medium term, changes in exchange rates may impact the Group's competitiveness in international calls for tender, but with a time lag of 18 months to three years in the business, reflecting the development (R&D) and industrialisation cycle.

For information, the hedging tools are part of a policy which can be expressed in terms of the level of coverage achieved for dollar-denominated purchasing needs, and can be shown as follows:



The Company has conducted an analysis of its **exchange rate risk** after hedging for accounts receivable and payable. The majority of transactions are therefore conducted in Euros. An analysis of the sensitivity of a 1% variance in the US Dollar exchange rate is carried out systematically. It is the second most widely used currency by the Group, with the nine other currencies presenting no material risk, even if certain currencies tend to fluctuate considerably, such as the Brazilian Real.

Finally, the value of hedging instruments imposed by the IAS 39 standard can fluctuate significantly from one financial year to the next. The use of accumulator-type tools managed with an accumulation capacity limited by regular early exercises and a double accumulation threshold providing a bonus compared to forward purchases, adds a degree of risk to the valuation calculation which bids up the calculation. Note that the purpose of these instruments is to protect purchases in foreign currencies. There is a risk that technical entries with no link to the business may have to be made.

Assets and liabilities outside of the Eurozone account for a small share of 25 %, and are generally only linked to the business activity. Moveable assets and real estate are depreciating or are already entirely depreciated. Only the latest investments in the United States, with the new production facility for circuit boards, are accompanied by a debt in foreign currency, with the construction of the two buildings in Tunisia being locally financed in Euros. An analysis of these long-term investments compared to the currency risk was carried out, but the real estate opportunity they represent compared to the cost of leasing properties for electronics printed circuit board production and its specific requirements weighs considerably on the exchange rate risk. Heavy equipment required for production is depreciated rapidly and the homogeneity of the equipment on our sites enables the recovery and use of the goods on any of the sites. Furthermore, the creation of an industrial site on American soil will also help to generate Group sales in foreign currency, allowing it to benefit from a “natural hedge” on part of its business.

Finally, given that we did not choose to value the real estate assets, the net asset value is significantly below the market value and would cover the exchange rate differential if we needed to sell equipment.

The exchange rate risk for subsidiaries outside of the Eurozone is primarily limited to the contribution to the Group’s results. The Group invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

7.2.3 LEGAL, POLITICAL AND REGULATORY RISKS

7.2.3.1 Political stability

- Risk level: **Major risk**
- Description of the risk

Some Group operations, such as in Mexico, Tunisia and Brazil, are located in countries where political and economic upheaval cannot be discounted. Apart from these considerations, the trade war between the United States and China and, to a lesser extent, Brexit, could also affect ACTIA’s business and therefore its results.

- Consequences envisaged for the Group

Persistent political unrest could result in lost sales and difficulties for our employees getting to work, or even the destruction of certain assets, thus directly affecting the Group’s margins and end results. Other political decisions can result in increased customs duties and, therefore, an erosion of the Group’s margins.

- Management of the risk by the Group

Here again, the best way to mitigate the risk lies in the Group’s diversification strategy, in terms of both the geographic footprint and its target markets.

7.2.3.2 Intellectual Property

- Risk level: **Medium risk**
- Description of the risk

For several years, many applications have depended on communication technologies developed by the telecommunications industry, such as 2G, 3G and 4G. ACTIA is one of the players in this value chain as it supplies telematic computers that include these technologies.

The telematics market is currently facing, for our manufacturer customers, a legal and financial risk related to the need to obtain licences for the use of Standard Essential Patents (SEPs) – patents included in the international standards ETSI, 3GPP, etc. – from companies that manage portfolios of patents, as mandated by the holders of those patents.

- Consequences envisaged for the Group

These applications for licences create a major economic risk for our customers who have to respond to the approaches made by the companies that manage these portfolios of patents. ACTIA runs the risk of legal proceedings taken by its customers.

- Management of the risk by the Group

ACTIA works actively with the support of its suppliers to meet the conditions required by its manufacturer customers and to negotiate with them in the most favourable way possible to strike a legal and financial balance.

7.2.3.3 Compliance

- Risk level: **Medium risk**
- Description of the risk

The strengthening of regulatory and contractual regulations in all areas related to Compliance leaves ACTIA exposed to risks if it fails to comply with said regulations.

Feared events refer to improper practices which occur despite the control mechanisms in place, for which the Group may be held liable. ACTIA has conducted and updated anti-corruption risk mapping, and has put in place various measures to meet the compliance obligations. The main risk elements identified are as follows:

- uncontrolled use of commercial agents or other types of agents who use improper practices;
- the supplier selection and approval process;
- fraud;
- non-compliance with the obligations related to export controls;
- failure to take into account new obligations, due to an oversight or through lack of time.

- Consequences envisaged for the Group

The consequences of a breach of the compliance obligations may be extremely serious, because under the terms of French and international laws, the company and its directors may be held criminally liable, in addition to administrative sanctions and possible consequences under civil law.

For example, in worst-case scenarios, in the event of a breach of the anti-corruption rules or a major breach of the confidentiality obligations concerning personal data, the sanctions imposed can be up to tens of millions of euros.

In addition, shortcomings such as these can be widely publicised and affect ACTIA's reputation, resulting indirectly in loss of revenue.

- Management of the risk by the Group

ACTIA has set up an in-house organisation in order to:

- keep up to date with all the latest applicable regulations;
- assess and prioritise the risks stemming from those obligations;
- put in place policies, procedures and action plans to keep the risk to a minimum;
- train its managers and staff to ensure the rules are properly applied.

7.2.4 INDUSTRIAL AND ENVIRONMENTAL RISKS

7.2.4.1 Environment and Safety

- Risk level: **Medium risk**
- Description of the risk

The “batteries” industrial activity involves some specific risks. These risks must be looked at across the full lifecycle of the product, from design onwards, to ensure a production process that is as safe as possible, followed by stable functioning in the operational phase and, lastly, safe withdrawal from service and dismantling.

The potential risks are:

- electrical risk during production and maintenance; this is the main risk as, at these times, high voltage is used;
- human risk in terms of injuries during handling (a battery weighs between 1 and 5 tonnes);
- fire risk due to overheating or explosion;
- the issue of recycling cells at the end of their useful life.

- Consequences envisaged for the Group

Whereas Lithium Titanium Oxide (LTO) batteries have excellent security features, for Nickel Manganese Cobalt (NMC) applications, the level of risk is higher and must be made safer in future designs.

ACTIA meets the safety rules laid down by the local authorities. Consequently, at our German production facility, where larger batteries are assembled, we have equipped the site with a powerful automatic extinguishing system. However, this is not yet the case for our production site located in the USA, which is setting up to also produce on American soil.

Using a faulty electrical battery can cause a fire, or even personal injury. The Group could therefore be faced with human risks during handling, but also damage to equipment and buildings, or even accidents when our batteries are being used by customers.

Lastly, the dismantling of batteries and cells at the end of their useful life is possible. The recycling of Li-Ion cells is as yet at the prototype stage as there is not yet a dedicated industrial solution.

- Management of the risk by the Group

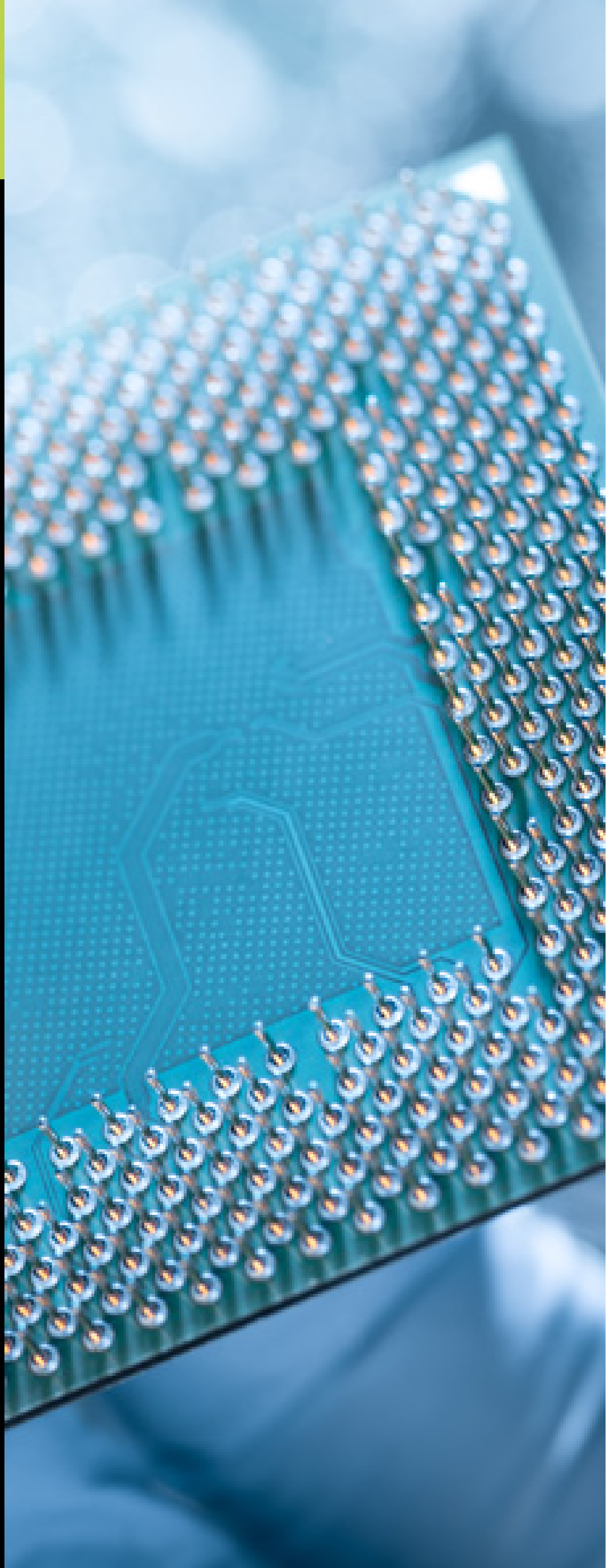
ACTIA is conducts preventive tests and analyses involving:

- qualification of the energy storage cells used;
- approval of products as per the applicable standards.

Electric product risk is validated by design and corresponds to standards, such as the regulation UNECE R100, which are met by all our products and is addressed by using appropriate means of protection (insulating films, insulating shoes and floors, etc.).

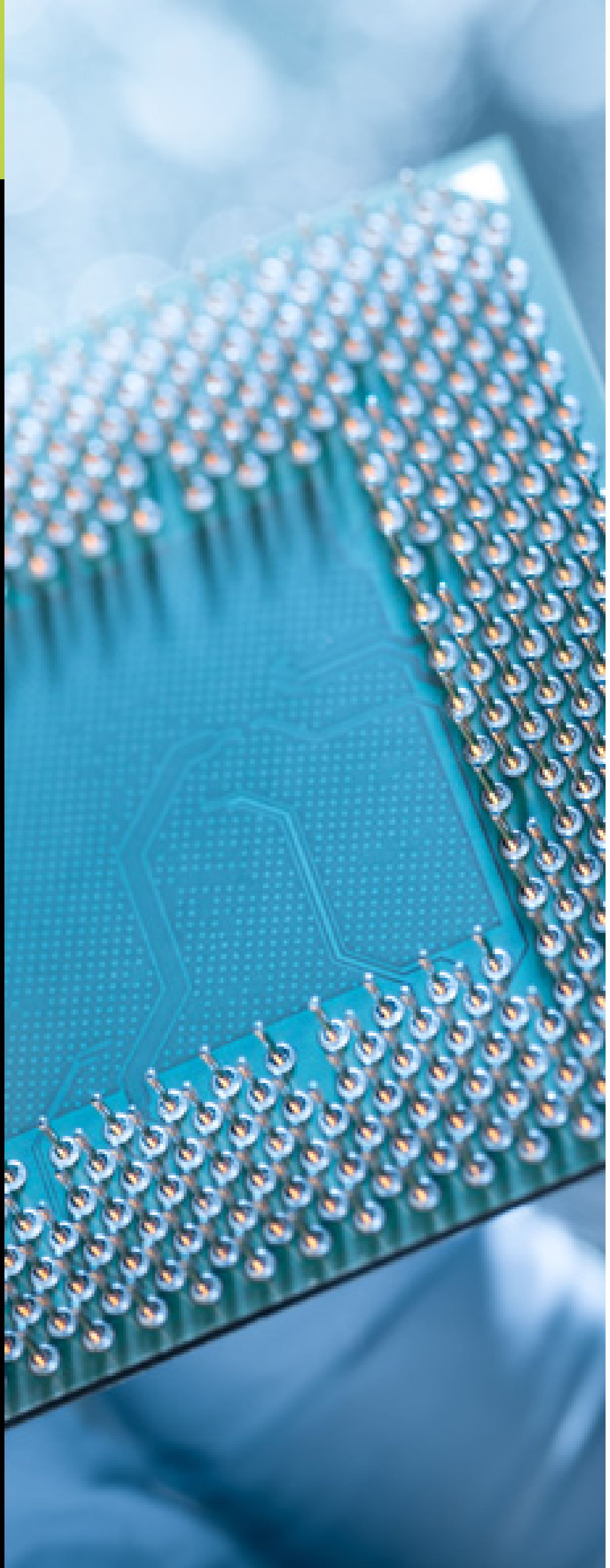
In addition, ACTIA is setting up measures for handling and responding to these risks, such as:

- manual and automatic extinguishing devices;
- production of intervention plans;
- safety training.



8

CORPORATE GOVERNANCE REPORT



This report on corporate governance was approved by the Board of Directors on 29 March 2021 and forwarded to the Statutory Auditors.

8.1 CORPORATE GOVERNANCE

Our Company uses the September 2016 code of corporate governance for listed companies issued by Middlenext (the French association of mid-cap companies) available for consultation on the Middlenext website, www.middlenext.com (hereinafter the “Reference Code”).

8.1.1 MEMBERSHIP OF THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT

Our company changed its governance structure at the Combined Ordinary and Extraordinary General Meeting held on 30 October 2020, adopting a Board of Directors-type structure.

The members of the Supervisory Board and the Executive Board (pre-30 October 2020) and of the Board of Directors (post-30 October 2020) are therefore presented below.

- **Supervisory Board**

The offices of several members reached their term at the General Meeting held on 27 May 2020, and were not renewed. New members of the Supervisory Board were appointed for the period 27 May 2020 to 30 October 2020, the date at which the governance structure was modified. The changes in the membership of the Supervisory Board which took place in 2020 are outlined below:

From 1 January 2020, to 30 October 2020, the Supervisory Board consisted of:

Name and position	Year of first appointment	End of term
Louis Pech, Chairman of the Supervisory Board,father of Jean-Louis Pech and Catherine Mallet,grandfather of Laura Pech, died on 26 August 2020.	2002	General Meeting of 27 May 2020
Pierre Calmels, Vice-Chairman of the Supervisory Board then Chairman of the Supervisory Board from 27 May 2020,father of Marine Candelon-Bonnemaison and Jean-François Calmels	2003	General Meeting of 30 October 2020
Henri-Paul Brochet– Supervisory Board member	2008	General Meeting of 27 May 2020
Catherine Casamatta – Supervisory Board member	2017	General Meeting of 30 October 2020
Alain Costes – Supervisory Board member	2003	General Meeting of 30 October 2020
Carole Garcia - Supervisory Board member	2014	General Meeting of 30 October 2020
Laura Pech, Supervisory Board member,granddaughter of Louis Pech,daughter of Jean-Louis Pech	2017	General Meeting of 30 October 2020
Günther Thrum, Supervisory Board member, father of Frédéric Thrum	2002	General Meeting of 27 May 2020
Frédéric Thrum, Observer until 27 May 2020 and Supervisory Board member from that date, son of Günther Thrum	2020	General Meeting of 30 October 2020
Véronique Védrine – Supervisory Board member	2004	General Meeting of 30 October 2020
Michel Damiani, member of the Supervisory Board, representing the employees	2018	Died on 8 September 2020
Marie-Louise Ribaut, member of the Supervisory Board representing the employees, replacing Michel Damiani after the death of the latter	2020	General Meeting of 30 October 2020
Christian Desmoulins, Observer of the Supervisory Board	2014	General Meeting of 30 October 2020
Stanislas Bailly, Observer of the Supervisory Board	2019	General Meeting of 30 October 2020

Executive Board

Name and position	Year of first appointment	End of term
Jean-Louis Pech, Chairman of the Executive Board, son of Louis Pech and father of Laura Pech	2014	General Meeting of 30 October 2020
Jean-François Calmels , son of Pierre Calmels	2019	General Meeting of 30 October 2020
Marine Candelon-Bonnemaison , daughter of Pierre Calmels	2002	General Meeting of 30 October 2020
Catherine Mallet , daughter of Louis Pech	2002	General Meeting of 30 October 2020

Other than the above, there are no family ties between the corporate officers.

Board of Directors

Offices on the Board of Directors are for a period of six years. As an exception, and in order to facilitate the setting up or smooth transition of offices, one or more members of the Board of Directors may be appointed for a five-year period at the General Meeting. The Directors were appointed at the General Meeting held on 30 October 2020. Two Directors representing the employees were elected on 23 March 2021 for a four-year term, in compliance with the provisions of Articles L225-27-1 et seq. of the French Commercial Code.

With respect to the principle of balanced representation of women and men on the Board of Directors, it should be noted that the Board has six female members and four male members for a total of ten members. The members of the Supervisory Board representing the employees are not included in this total. The proportion of members of each gender is at least equal to 40 %, in line with the applicable legislation.

Membership of the Board of Directors

Name and position	Age	Gender	Nationality	Start of first office	End of current office*	Audit Committee
Chief Corporate Officer						
Jean-Louis Pech, Chairman and CEO, father of Laura Pech	60	Male	French	30.10.2020	2026	
Jean-François Calmels, Deputy CEO	52	Male	French	30.10.2020	2026	
Marine Candelon, Deputy CEO	59	Female	French	30.10.2020	2026	
Catherine Mallet, Deputy CEO	51	Female	French	30.10.2020	2026	
Independent Directors						
Catherine Casamatta	48	Female	French	30.10.2020	2025	✓
Carole Garcia	49	Female	French	30.10.2020	2025	✓
Directors						
Stanislas Bailly	39	Male	French	30.10.2020	2025	✓
Laura Pech, daughter of Jean-Louis Pech	33	Female	French	30.10.2020	2026	✓
Frédéric Thrum	48	Male	French	30.10.2020	2025	✓
Véronique Védrine	61	Female	French	30.10.2020	2025	✓
Directors representing the employees						
Martine Chupin	50	Female	French	23.03.2021	22.03.2025	✓
Marie-Louise Ribaut	53	Female	French	23.03.2021	22.03.2025	✓
Honorary Chairman (non Director)						
Pierre Calmels	84	Male	French	30.10.2020	No fixed term of office	

** Following the General Meeting called during the year to approve the financial statements for the previous financial year*

HONORARY CHAIRMAN

On 30 October 2020, the Board of Directors appointed Pierre Calmels as Honorary Chairman, in line with the faculty offered by the company's Internal Rules.

The Honorary Chairman is invited to all meetings of the Board and has an advisory vote.

Like the Observers, he is also bound by the obligations of loyalty and prevention of conflicts of interest, those related to the holding of confidential information and the prevention of offences and insider trading, the duty of diligence, the obligation to acquire information and behave in an ethical manner, as set out in Article 4 of the Internal Rules.

At the request of the Chairman and CEO, the Honorary Chairman may be asked to share his experience and address the company staff. He may also be required to represent the Group, for example with regard to its long-standing partners, and participate in major ACTIA events.

OBSERVER

At 31 December 2020, the company had one Observer, Christian Desmoulins, appointed by the Board of Directors on 30 October 2020, for a four-year term. His office will expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the previous financial year.

INDEPENDENT OFFICERS

Criteria applied: to be considered an independent officer, the member of the Board of Directors must meet the following criteria:

1. not be, or have been, an employee or Executive Corporate Officer of the Company or of a company of the Group in the last five years (C1);
2. not be, or have been, in a significant business relationship with the Company or the Group (customer, supplier, competitor, service provider, creditor, banker, etc.) in the last two years; (C2);
3. not be a majority shareholder of the Company or hold a significant percentage of voting rights (C3);
4. not be in a close relationship or have a close family tie with a Corporate Officer or a majority shareholder (C4);
5. not have been a Statutory Auditor of the Company in the past six years (C5).

The following definition of the term "Group" is used for the application of these criteria: any company controlled or controlling the ACTIA Group as meant by Article L233-3 of the French Commercial Code.

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

Name and position	C1	C2	C3	C4	C5	Conclusion
Jean-Louis Pech, Director - Chairman and CEO	NO	YES	NO	NO	YES	**NO**
Marine Candelon-Bonnemaison, Director - Deputy CEO	NO	YES	NO	NO	YES	**NO**
Jean-François Calmels, Director - Deputy CEO	NO	YES	NO	NO	YES	**NO**
Catherine Mallet, Director - Deputy CEO	NO	YES	NO	NO	YES	**NO**
Stanislas Bailly, Director	YES	YES	NO	NO	YES	**NO**
Catherine Casamatta, Director	YES	YES	YES	YES	YES	**YES**
Carole Garcia, Director	YES	YES	YES	YES	YES	**YES**
Laura Pech, Director	YES	YES	YES	NO	YES	**NO**
Frédéric Thrum, Director	YES	YES	NO	NO	YES	**NO**
Véronique Védrine, Director	YES	NO	YES	YES	YES	**NO**

Therefore, the independent Corporate Officers are:

- Catherine Casamatta Director,
- Carole Garcia Director.

8.1.2 INFORMATION ABOUT THE MEMBERS OF THE COMPANY'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

- **Stanislas Bailly** is a Company Director. Appointed at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, his term will expire at the General Meeting to be held in 2025 to approve the financial statements for the previous financial year. He also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	Company	Country
CEO	SNECI	France
Chairman	SGPFEC	France
	S.B. Investments	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
None			

Positions	
CEO of SNECI	
Chairman of SGPFEC	
Address	
SGPFEC - 64 Rue Anatole France - 92300 Levallois-Perret	
Expertise and experience	
ACADEMIC BACKGROUND:	
Ecole Polytechnique (School of Engineering)	
Master of Science MIT Boston	
MBA at INSEAD	
PROFESSIONAL BACKGROUND:	
Derivatives Trader at JP Morgan in Hong Kong	2007 - 2009
Projects & Operations at SNECI	2010 - 2011
Director SNECI Asia in Shanghai	2011 - 2013
Director of Operations at SNECI	2013 - 2017
CEO of SNECI	Since 2017

◎ **Henri-Paul Brochet** was a member of the Company's Supervisory Board. Appointed at the Combined General Meeting of 15 September 2008, his term of office was renewed on the date of the General Meeting of 28 May 2014. It expired and was not renewed at the General Meeting held in 2020 to approve the financial statements for the previous financial year. He also holds the following offices and positions in the companies listed below:

◎ **Offices**

Offices and directorships held within the last 5 years		
Offices	Company	Country
Manager	Holding MBBCS	France
Director	SOGECLAIR	France
	ICAM	France
Alternate Director	AEROSPACE Valley	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Chairman	ALIAGE	France	2018
	CANCEROPOLE Grand Sud-Ouest	France	2018
Qualified Personality	CESER	France	2017

Positions	
Principal Advisor to IAC Partners	
Address	
ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	
Expertise and experience	
ACADEMIC BACKGROUND:	
Doctorate in physics - microwave option	
Institut d'Administration des Entreprises	
PROFESSIONAL BACKGROUND:	
THOMSON – CSF "Microwave Division", Microwave test and integration engineer	1973 - 1977
Head of the Local Oscillators Laboratory	1977 - 1982
THOMSON – CSF "Space Division", Head of Microwave Product Lines and TT&C	1982 - 1988
Director of Space Equipment, ALCATEL-ESPACE	1988 - 1993
ALCATEL – ESPACE, thereafter ALCATEL – SPACE (following the merger with Aérospatiale "satellites"), Industrial Director and Director of the Toulouse site	1993 - 2003
ALCATEL - SPACE thereafter ALCATEL ALENIA SPACE (following the merger with Alenia Spazio), Industrial Integration Director and Director of the Toulouse site	2003 - 2007
THALES ALENIA SPACE , Deputy Chief Executive Officer of Thales Alenia Space France and Director of the Toulouse site	2007 - 2010
DECORATIONS:	
Knight of the Legion of Honour	

Pierre Calmels, founder of the Group, father of Marine Candelon-Bonnemaison and Jean-François Calmels, is the Honorary Chairman of the Board of Directors, appointed at the Board meeting held on 30 October 2020. He was Vice-Chairman of the Supervisory Board until 27 May 2020, then Chairman of the Company's Supervisory Board until 30 October 2020, and Honorary Chairman from that date onwards. He also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Chairman of the Supervisory Board	LP2C	France
Observer	ACTIA Automotive	France
	ACTIA Telecom	France
Director	SCI Los Olivos	Spain
	ACTIA Systems	Spain
	ACTIA Africa	Tunisia
	ACTIA Corp.	USA
	ACTIA Inc.	USA
	KARFA	Mexico
	ACTIA India	India

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Vice-Chairman and Director	ACTIA Automotive	France	2020
Co-Manager	SCI Les Coteaux de Pouvourville	France	2020
	SCI de l'Oratoire	France	2020
Permanent Representative of ACTIA Group	CIPI ACTIA	Tunisia	2020
Director	ACTIA Italia Srl	Italy	2020
	ACTIA NL	Netherlands	2020
	ACTIA Nordic	Sweden	2020
	ACTIA Telecom	France	2020
	ACTIA Engineering Services (ARDIA)	Tunisia	2020
Advisory Board member	ACTIA do Brasil	Brazil	2017

Address

ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04

Expertise and experience

ACADEMIC BACKGROUND:	
Ecole Polytechnique (School of Engineering) - Paris – AFN	1957 - 1959
Military service – Marignane Avord	1959 - 1960
ISAE (formerly ENSAE) – Paris	1960 - 1962
ICG Toulouse	1983 - 1985

PROFESSIONAL BACKGROUND:	
Aeronautical Test Centre of Toulouse (CEAT)	
Weapons engineer Head of Conditioning Laboratory (3 years) Head of the Materials and Structure Group (4 years)	1962 - 1969
MICROTURBO SA – Toulouse	
Technical Director (7 years) Programme Director (9 years) Chief Executive Officer (5 years)	1969 - 1990
ACTIA Automotive SA – Toulouse	since 12/1990
LP2C (Group holding company)	since 07/1994

- **Jean-François Calmels,** son of Pierre Calmels and brother of Marine Candelon-Bonnemaison, is Deputy CEO, appointed by the Board of Directors on 30 October 2020. Appointed Company Director at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, his term of office will expire at the end of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year. He was a member of the Company's Executive Board until 30 October 2020. He also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	Company	Country
Director	ACTIA Corp.	USA
	ACTIA Electronics	USA
	ACTIA Nordic	Sweden
Permanent Representative of ACTIA Group	CIPI ACTIA	Tunisia
	ACTIA Telecom	France

Offices and directorships held within the last 5 years			
Offices	Company	Count ry	End of term
None			

Address
ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04
Expertise and experience
CIVIL STATUS : SON OF PIERRE CALMELS

ACADEMIC BACKGROUND	
Université Paul Sabatier	1988 - 1990
Ecole Militaire de l'Air	1994
USAF Warfare Centre	2010
PROFESSIONAL BACKGROUND	
French Airforce: Speciality: Weapons Systems Navigation Officer	1990 - 2018
Missions in combat zones as Weapons Systems Navigation Officer	1999 - 2005
Head of Electronic Warfare training	2005 - 2007
NATO: Military Assistant to the French Admiral in charge of Research and Technology, Future Capacities	2007 - 2010
Second in Command, Lyons Detection and Control Centre	2011 - 2013
Commander, Lyons Detection and Control Centre	2013 - 2016
Air Force Colonel	2016
Chief of Air Operations National Air Operations Centre	2016 - 2017
Second in Command National Air Operations Centre	2017 - 2018
ACTIA Telecom - Account Manager	2018
DECORATIONS:	
Knight of the Legion of Honour	
Officer in the National Order of Merit	

Marine Candelon-Bonnemaison, daughter of Pierre Calmels and sister of Jean-François Calmels, is Deputy CEO, appointed by the Company's Board of Directors on 30 October 2020. Appointed Company Director at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, her term of office will expire at the end of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year. She was a member of the Company's Executive Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Chair of the Board of Directors	ACTIA Automotive	France
Executive Board member	LP2C	France
Permanent Representative of ACTIA Automotive	ACTIA 3E	France
Permanent Representative of LP2C	ACTIA Tunisia	Tunisia
	CIPI ACTIA	Tunisia
Director	ACTIA Automotive	France
	ACTIA Telecom	France
	ACTIA Italia	Italy
Co-Manager	SCI Les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Permanent Representative of ACTIA Group	ACTIA Automotive	France	2019
Director	ACTIA 3E	France	2016
	ACTIA PCs	France	2016

Address	
ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	
Expertise and experience	
CIVIL STATUS	
Daughter of Pierre Calmels	
ACADEMIC BACKGROUND	
First Certificate of Cambridge	1979
Proficiency of Cambridge	1980
BTS Executive Secretary	1982
PROFESSIONAL BACKGROUND	
TECHNAL France Toulouse: Qualified export secretary	1982 - 1985
Maurice Messegue Auch - Executive Secretary	1986
Laboratoires Des Herbes Sauvages Fleurance - Executive Secretary	1986 - 1990
SARL ACTE Nérac - Executive Assistant	1990 - 1993
SA M3S Castelginest - Chair and Chief Executive Officer	1993 - 2002
LP2C S.A. Toulouse - Member of the Executive Board	since 1999

Catherine Casamatta is an Independent Director of the Company. Appointed at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, her term will expire at the end of the General Meeting to be held in 2025 to approve the financial statements for the previous financial year. She was a member of the Company's Supervisory Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships			
Offices	Company	Country	
Member	Scientific Council of the Financial Markets Authority	France	
Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Director	IAE Toulouse	France	2017
Member	Research Commission Université Toulouse Capitole	France	2020
	Academic Adviser Université Toulouse Capitole	France	2020
	Conseil National des Universités (National University Council)	France	2020

Address	
TSM - 2 Rue du Doyen Gabriel Marty, 31000 Toulouse	
Expertise and experience	
ACADEMIC BACKGROUND:	
Graduate of ESSEC (Cergy)	1994
Post-graduate diploma (DEA) in Management Sciences	1995
Doctorate in Management Sciences	1999
Authorisation to lead research in Management Sciences	2002
First selection examination in Management Sciences	2003
PROFESSIONAL BACKGROUND:	
Professor of Finance, TSM and TSE, UT1 Capitole	since 2003
Head of the Finance Department, IAE, UT1 Capitole	2002-2004
Director of the Graduate School of Management Sciences, UT1 Capitole	2006-2010
Director of IAE Toulouse, UT1 Capitole	2010-2015
Director of the Master in Corporate Finance, TSM, UT1 Capitole	since 2016

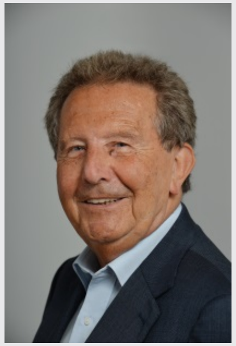
- **Martine Chupin** is Company Director representing the employees; elected by the employees on 23 March 2021; her term of office will expire on 22 March 2025. She also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	Company	Country
	NONE	

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
	NONE		

Address	
ACTIA Group - 5, rue Jorge Semprun - BP 74215 - 31432 TOULOUSE Cedex 04	
Expertise and experience	
ACADEMIC BACKGROUND:	
INSA Engineer in Automation, Electronics and IT	1994
Post-graduate diploma (DEA) in Microelectronics	1994
PROFESSIONAL BACKGROUND:	
ACTIA Automotive: project manager for diagnostic tools, head of the Multidiag project	1994
ACTIA Automotive: head of hardware/firmware developments for diagnostics	2000
ACTIA Automotive: head of quality, serial life and aftermarket for the Diagnostics business unit	2006
ACTIA Automotive: head of quality, methods and tools, safety and qualification	2013
ACTIA Automotive: head of the operations cluster within the Information Systems Department	since 2021



Alain Costes was a member of the Company's Supervisory Board until 30 October 2020. He also held the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Chairman of the Board of Directors	UPSSITECH	France
Director	MAPPING Conseils	France
	Toulouse Business School	France
	RTRA Aéronautique	France
Associate Member	CCI de Toulouse	France
Chairman of the Strategic Orientation Committee	Toulouse Business School	France
Consultative Chairman Research/Innovation	CRCI Midi-Pyrénées	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Director	ACTIA Automotive	France	2016

Positions	
Scientific Director Mapping Conseils	
Address	
MAPPING Conseils – 26, Rue Saint-Antoine du T - 31000 Toulouse	
Expertise and experience	
ACADEMIC BACKGROUND:	
Science Degree 1963	
Engineering graduate of the École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique et d'Hydraulique de Toulouse (ENSEEIHT)	1963
Doctorate of Science	1966
Doctorate in Sciences	1972
PROFESSIONAL BACKGROUND:	
Researcher, Higher Education Institute President	
Member of the operational security information systems design and validation team at the Laboratoire d'Automatique et d'Analyse des Systèmes (LAAS) at the CNRS (French national research centre)	since 1974
University lecturer	1975 - 1980
Vice-Chairman of the International Federation for Information Processing group	since 1979
Professor (without a Chair)	1981 - 1983
Deputy Director of LAAS-CNRS and the Dependable Computing and Fault Tolerance Group	1981 - 1985
Vice-Chairman of the Association for the Development of the economics of teaching and research in Midi-Pyrénées	since 1981
Professeur de 1ère classe (University Professor)	1983 - 1988
Technical adviser to the Toulouse Chamber of Commerce and Industry	since 1984
Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance Group	1985 - 1996
President of the Computer Science, Automatic Control, and Signal Processing section of the CNRS laboratory	1988 - 1991
Professeur de classe exceptionnelle (University Professor)	since 1989

Elected member and committee member of the Computer Science, Automatic Control and Signal Processing section of the CNRS laboratory	1992 - 1995
Chairman of the Engineering Science Department Committee	1992 - 1995
Member of the Scientific Council of the CNRS	1992 - 1997
Rapporteur Général of the 2nd plenary session of the CNRS	1993
Member of the Advanced Research and Technology Committee of MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996 - 2000
Member of the Board of Directors of the CNRS	1996 - 2000
Member of ENSEEIHT, of the Technological Development Consultative Committee (CCDT)	since 1998
Director of Technology, Ministry of Research	2000 - 2003
Professor at the INPT	since 2003
Chairman of the 3rd plenary session of the CNRS	
Career scientist at LAAS-CNRS	since 2003
Member of Branch 07 of the National Committee for Scientific Research	
Chairman of the Engineering Science Department Committee and of the CNRS Scientific Committee	

PUBLICATIONS:

Countless scientific articles and publications in specialised journals

DECORATIONS:

Commander of the Legion of Honour

Commander of the Ordre des Palmes Académiques

Knight in the National Order of Agricultural Merit

Member of the French Technology Academy

Silver Score Award of the IFIP

◎ **Michel Damiani** was a member of the Company's Supervisory Board, representing the employees, until his death on 8 September 2020. He also held the following offices and positions in the companies listed below:

◎ **Offices**

Current offices and directorships			
Offices	Company	Country	
NONE			
Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Elected: WC, PR, CHSCT (Secretary)	ACTIA Automotive – Toulouse	France	2018

Position	
Customer Care Manager	
Address	
ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	
Expertise and experience	
ACADEMIC BACKGROUND:	
IT degree from USTL Montpellier	1978
Aïki Jinja Iwama - Sensei	1980

DESTC engineer at USTL Montpellier	
Subjects taught: marketing, sales, finance, corporate law, management	1981
Judge Business School – Cambridge – Management Studies	
Business and Management Economics Human Resources and Organisations	
Operations and Information Systems - Strategy and Marketing - Finance and Accounting	
Purchasing Science - Management Science	1981-1982
Siemens Technic Akademie Erlangen – “Buy, Sale, and Management”	
Project Director	2001-2002
PROFESSIONAL BACKGROUND	
Software Department Manager, Nixdorf Avignon Marseille	1982-1985
Pre-sales Engineer - Nixdorf Avignon Marseille	1986-1988
Markets Sales Manager - Nixdorf Toulouse. (3 sales agents)	1989-1991
Regional Partner Sales Manager, SIEMENS Toulouse (Greater South)	1992-1995
Department Director Siemens-SW Applications Nanterre	1996-1998
Director of the Siemens Banking Projects and Software Department	1998-1999
Wincor Nixdorf - Director of Projects and Logistics Department - Nanterre (*France subsidiary, leader for mass retail solutions*)	1998-2004
ACTIA Automotive	
Customer Services Department Manager	2004-2013
Business Support Manager MERCOSUR	2014
Marketing and Sales Manager – OEM – BU Off-Highway	2014-2018
Business Support Manager Asia (to 2016)	
Customer Care Manager	2018
SOCIAL ACTIVITIES	
Charitable organisations	

Christian Desmoulins is an Observer to the Company's Board of Directors. Appointed by the Board of Directors on 30 October 2020, his term of office will expire at the General Meeting to be held in 2024 to approve the financial statements for the previous financial year. He also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Advisor	French foreign trade adviser	France
Honorary Chairman	Cercle d'oc	France
Manager	SCI Un Grain d'Orge	France
Honorary Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Member of the Board	École Doctorale Systèmes	France	2016
Chairman of the Board of Directors and Director	ACTIA Automotive	France	2016
	ACTIA Telecom	France	2020
	Institut National Universitaire CHAMPOLLION	France	2016

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Director	CIPI ACTIA	Tunisia	2016
	Institut National Polytechnique de Toulouse	France	2016
	IRT Antoine de Saint Exupéry	France	2016
	ARDIA (ACTIA Engineering Services)	Tunisia	2016
	Université Paul Sabatier	France	2020
Manager/Co-Manager	SCI Bridge – Bayard	France	2020

Positions

Académicien des Technologies

Académicien des Jeux Floraux

Contributor - Académie des Jeux Floraux

Address

24, route de Rebigue - 31320 CASTANET TOLOSAN

Expertise and experience

ACADEMIC BACKGROUND:

Ecole Polytechnique (School of Engineering)

Civil engineer

PROFESSIONAL BACKGROUND:	
District Manager at the Nièvre Public Works Department	1976 - 1981
Division Head at the Provence-Alpes-Côte d'Azur DRIRE and Project Officer for the Regional Prefect	1981 – 1986
Regional Director of Industry, Research and the Environment and Regional Delegate of the Auvergne ANVAR	1986 – 1991
Regional Director of Industry, Research and the Environment in Midi-Pyrénées and Director of the École des Mines in Albi.	1991 – 1998
Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry	1998 – 1999
Director of Technological Research at the CEA and Chairman of CEA Valorisation	1999 - 2003
Chairman of the Executive Board of ACTIA Group and Chief Executive Officer of ACTIA Automotive	2003 - 2014

DECORATIONS:
Knight in the National Order of the Legion of Honour
Knight in the National Order of Merit
Knight in the National Order of Academic Palms

Carole Garcia is an Independent Director of the Company. Appointed at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, her term of office will expire at the end of the General Meeting to be held in 2025 to approve the financial statements for the previous financial year. She was a member of the Company's Supervisory Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships			
Offices	Company	Country	
Chair	SAS Graine de pastel	France	
Chair and Director	Financière Graine de pastel	France	
Honorary Consul	Principality of Monaco	Monaco	
Member	Cercle d'oc	France	
Consultant	French foreign trade adviser	France	
Elected	Toulouse Chamber of Commerce and Industry	France	
Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
None			

Address	
Graine de Pastel – 4, Place Saint Etienne 31000 Toulouse	
Expertise and experience	
ACADEMIC BACKGROUND:	
École Supérieure de Commerce of Bordeaux	1992
Masters in Marketing Strategy, Paris Dauphine University	1993
Cycle des Hautes Etudes pour le Développement Economique (CHEDE), Ministry of Economy	2015
PROFESSIONAL BACKGROUND:	
Marketing positions, Pierre Fabre Pharmaceutical Group	1994 - 2001
Chair and co-founder of Graine de Pastel	since 2002
DECORATIONS:	
Knight in the National Order of Merit	

Catherine Mallet, daughter of Louis Pech, is Deputy CEO, appointed by the Company's Board of Directors on 30 October 2020. Appointed Company Director at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020, her term of office will expire at the end of the Annual General Meeting to be held in 2026 to approve the financial statements of the previous financial year. She was a member of the Company's Executive Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Executive Board member	LP2C	France
Chair of the Board of Directors and Director	Banque Populaire Occitane	France
	ACTIA PCs	France
	ACTIA Telecom	France
Supervisory Board member	BPCE	France
Director	ACTIA UK	United Kingdom
	ACTIA China	China
	ACTIA Italia	Italy
	ACTIA de Mexico	Mexico
	ACTIA Corp.	USA
	ACTIA Inc	USA
	ACTIA India	India
	CIPI ACTIA	Tunisia

Current offices and directorships			
Offices	Company	Country	
	ACTIA Electronics	USA	
	Fédération Nationale des Banques Populaires	France	
	Banque Populaire Occitane	France	
	ACTIA PCs	France	
	ACTIA Africa	Tunisia	
	ACTIA Nordic	Sweden	
	ACTIA Systems	Spain	
	Middlenext	France	
Permanent Representative of LP2C	ACTIA 3E	France	
	ACTIA Systems	Spain	
	ACTIA Engineering Services	Tunisia	
Advisory Board member	ACTIA do Brasil	Brazil	
Co-Manager	SCI de l'Oratoire	France	
	SCI de Pouvourville	France	
Permanent Representative of Action Logement (MEDEF)	Promologis S.A. H.L.M.	France	
Chairman of the Audit Committee	Promologis S.A. H.L.M.	France	
Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Permanent Representative of ACTIA Group	ACTIA Telecom	France	2020
Permanent Representative of Action Logement (MEDEF)	Ma Nouvelle Ville	France	2019
Permanent Representative of MEDEF 31	CILEO	France	2016

Address	
ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	
CIVIL STATUS	
Daughter of Louis Pech	
ACADEMIC BACKGROUND	
Graduate of the École Supérieure de Commerce of Toulouse	1989 - 1992
PROFESSIONAL BACKGROUND	
Crédit Mutuel Île de France Boulogne-Billancourt - Account Manager	1992 - 1993
ACTIA Automotive S.A Toulouse – Executive Assistant	1993 - 1996
ACTIA Group S.A Toulouse – Executive Assistant	1996 - 2003
ACTIA Group S.A Toulouse – Chief Financial Officer	since 2003
LP2C S.A. Toulouse– Executive Board member	since 1999

- **Louis Pech**, founder of the Group, father of Jean-Louis Pech and Catherine Mallet and grand-father of Laura Pech, was Chairman of the Company's Supervisory Board until 27 May 2020. He was appointed at the Extraordinary General Meeting on 12 November 2002. His mandate was renewed at the Annual General Meetings held on 6 May 2008 and 28 May 2014. He also held the following offices and positions in the companies listed below until his death on 26 August 2020:

- **Offices**

Offices and directorships until 26 August 2020		
Offices	Company	Country
Chairman of the Executive Board	LP2C	France
Honorary Chairman of the Board of Directors	ACTIA Automotive	France
Director	ACTIA de Mexico	Mexico
	KARFA	Mexico
	ACTIA Italia	Italy
	ACTIA China	China
	SCI los Olivos	Spain
	ACTIA UK	United Kingdom
	ACTIA Nordic	Sweden
	ACTIA Inc.	USA
	ACTIA Corp.	USA
	ACTIA Systems	Spain

Offices and directorships until 26 August 2020		
Offices	Company	Country
Advisory Board member	ACTIA do Brasil	Brazil
Permanent Representative of LP2C	CIPI ACTIA	Tunisia
	ACTIA Tunisia	Tunisia
	ACTIA Engineering Services	Tunisia
	ACTIA Telecom	France
	ACTIA Systems	Spain
Co-Manager	SCI de l'Oratoire	France
Honorary Advisor	Banque de France de Toulouse	France
	French foreign trade adviser	France
Honorary Chairman	CCI de Toulouse	France
	Le Cercle D'Oc	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Chairman of the Board of Directors and Director	ACTIA Automotive	France	2019
Permanent Representative of ACTIA Automotive	ACTIA Muller	France	2015
	ACTIA 3E	France	2019
Chairman	Midi Capital investment committee	France	2016
Member of the Comité des Sages	Muséum d'Histoire Naturelle	France	2016
Regional Advisory Board member	Société Générale	France	2016
	NATIXIS	France	2016
Vice-Chairman	Le Cercle D'Oc	France	2017

	ACTIA Nederland	Netherlands	2017
	ACTIA Tunisia	Tunisia	2016
Director	ACTIA Engineering Services	Tunisia	2016
	ACTIA India	India	2016
	ACTIA Systems	Spain	2015
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France	2017

Address	
ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	
Expertise and experience	
ACADEMIC BACKGROUND:	
A graduate of the École Supérieure de Commerce of Toulouse	1954 - 1957
PROFESSIONAL BACKGROUND:	
ATELIERS SEMCA – Corporate Secretary	1960 - 1962
MICROTURBO On 2 January 1963, after overseeing the creation of this Company from ABG SEMCA – Business Director then Deputy CEO. Left the Company after 3 years during which he ran MICROTURBO whilst at the same time holding management positions with MERCIE and ACTIA Automotive	1963 - 1989
ACTIA Automotive	since 07/1989
LP2C (Group holding company)	Since 07/1994
DECORATIONS:	
Silver long-service medal	
Officer in the National Order of Merit	
Knight in the Ordre des Palmes Académiques	
Officer in the National Order of the Legion of Honour.	
AWARDS:	
Prix Chivas	1985

PAST SOCIAL ACTIVITIES:	
Associate member of the Toulouse Chamber of Commerce and Industry	1986 – 1991
Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry	1986 – 1991
Vice-Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry	1988 - 1992
Chairman of the Midi-Pyrénées Regional Committee of the Association of French Foreign Trade Advisers	1988 - 1993
Chairman of the Regional Export Committee (Regional Assembly)	1990 - 1993
Chairman of the Groupe d'Étude et de Mobilisation (GEM) Midi-Pyrénées	1991 - 1993
Chairman of the Committee for the Promotion of International Trade (Export Charter)	1991 - 1995
Member of the Toulouse Chamber of Commerce and Industry	1991 - 1997
Adviser to the Banque de France, Toulouse	1993 - 2005
Chairman of the Toulouse Chamber of Commerce and Industry	1994 - 1997
Vice-Chairman of the Midi-Pyrénées Regional Employers Association	1994 - 1997
Member of the Midi-Pyrénées Regional Economic and Social Committee	1994 - 1997
Chairman of ADERMIP (Association for the Development of the Teaching of Economics and Research in Midi-Pyrénées)	1994 - 1999
Member of the Board of the Haute-Garonne Employers Association	1994 - 1999
Director of the National Polytechnic Institute of Toulouse	1994 - 2002
Vice-Chairman of the Midi-Pyrénées Regional Chamber of Commerce and Industry	1995 - 1997
Vice-Chairman of the Departmental Economic Development Committee (General Meeting)	1995 - 2000
Chairman of IERSET (European Institute for Research into Electronic Systems for Transport)	1996 - 2003
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000 - 2004
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000 - 2007
Non-voting observer on the TOFINSO Board	2003 - 2005
Director of Espace Sport Technologies (France)	2003 - 2005
Director of the FACE Grand Toulouse Association (France)	2003 - 2005

Jean-Louis Pech (son of Louis Pech, father of Laura Pech) is Chairman and CEO, appointed by the Board of Directors on 30 October 2020. Appointed Company Director at the Combined Ordinary and Extraordinary General Meeting of 30 October 2020. His term of office will expire at the end of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year. He was Chairman of the Company's Executive Board until 30 October 2020. He also holds the following offices and positions in the companies listed below

Offices

Current offices and directorships		
Offices	Company	Country
Executive Board member	LP2C	France
	CNPA	France
CEO	ACTIA Automotive S.A.	France
	JLS Invest	France
	ACTIA 3E	France
	KARFA	Mexico
	ACTIA Nordic	Sweden
	ACTIA Corp.	USA
	ACTIA India	India
	ACTIA Inc	USA
	ACTIA Systems	Spain
	ACTIA UK	United Kingdom
	SCI Los Olivos	Spain
	ACTIA Italia	Italy

Current offices and directorships		
Offices	Company	Country
Chairman of the Board of Directors and Director	ACTIA Polska	Poland
	ACTIA Africa	Tunisia
	ACTIA Japan	Japan
Director	ACTIA de Mexico	Mexico
	IRT Antoine de Saint Exupéry	France
	ACTIA Electronics	USA
Advisory Board member	ACTIA do Brasil	Brazil
Observer	ACTIA China	China
Permanent Representative of LP2C	ACTIA PCs	France
	ACTIA Telecom	France
Permanent Representative of ACTIA Group	ACTIA Automotive	France
	SCI SODIMOB	France
	ACTIA Telematics Services	Belgium
	ACTIA Africa	Tunisia
Permanent Representative of ACTIA Automotive	CIPI ACTIA	Tunisia
	ACTIA Tunisia	Tunisia
	ACTIA Engineering Services	Tunisia
	ACTIA Systems	Spain
Manager/Co-Manager	SCI Jean MERMOZ	France
	SCI Jules VEDRINES	France
	SCI Louis BLERIOT	France
	SCI La CONFLUENCE	France
	SCI SODIMOB	France
	ACTIA I+ME	Germany

Current offices and directorships		
Offices	Company	Country
	ACTIA Telematics Services	Belgium
Advisor	Banque de France de Toulouse	France
Member	Cercle d'oc	France
Vice-Chairman	CNPA Occitanie	France
Chairman	INSA Toulouse University Foundation	France
Treasurer	TOTEM cluster	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Director	ACTIA Telecom	France	2016
	ACTIA Engineering Services	Tunisia	2016
	ACTIA NL	Netherlands	2020
Permanent Representative of ACTIA Group	ACTIA Telecom	France	2019
Sole Director	ACTIA Muller España	Spain	2017
Manager/Co-Manager	SOPYRAM	France	2016
	ALPHA RECYCLAGE COMPOSITES	France	2017
	SOREGOM	France	2019
	ALPHA CARBONE	France	2020
	IDE Ingénierie	France	2020
Chairman	Leader Toulouse	France	2020
	CNPA Occitanie	France	2019
	CNPA Midi-Pyrenees	France	2017
	Automotech Cluster	France	2020
Vice-Chairman	GIE France Recyclage Pneumatique	France	2020
CEO	ALPHA Recyclage Franche Comte	France	2020

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Chairman of the Prospective Commission	CNPA	France	2018
Deputy National Treasurer	CNPA	France	2017
Chairman of the Used Tyres Committee	CNPA	France	2017
Chairman of the Board of Directors and Director	ACTIA Muller	France	2015
National Treasurer	CNPA	France	2015

Address	
ACTIA Group – 5, rue Jorge Semprun – BP 74215 – 31432 TOULOUSE Cedex 04	

Expertise and experience	
CIVIL STATUS	
Son of Louis Pech	
ACADEMIC BACKGROUND	
Engineering degree, INSA, specialisation in “Industrial and Environmental Engineering Processes”	1985
Post-graduate diploma (DEA) in “Antipollution Engineering”	
PROFESSIONAL BACKGROUND	
SOTRACIM - CEO	1987 - 1988
I.D.E. Ingénierie S.A. - Founder and Manager	since 1987
LP2C S.A. Toulouse - Member of the Executive Board	since 1992
Alpha Recyclage Franche Comté – Founder and Manager	since 1998
JLS INVEST – Founder and Manager	since 2007
GIE France Recyclage Pneumatique - CEO	2009 - 2014
GIE France Recyclage Pneumatique – Vice-Chairman	since 2014
Chairman of the Executive Board of ACTIA Group	since 2014
CEO of ACTIA Automotive	since 2014

◎ **Laura Pech**, daughter of Jean-Louis Pech and granddaughter of Louis Pech, is a Company Director. She was appointed at the Combined Ordinary and Extraordinary General Meeting on 30 October 2020. Her term of office will expire at the end of the General Meeting to be held in 2026 to approve the financial statements for the previous financial year. She was a member of the Company's Supervisory Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

◎ **Offices**

Current offices and directorships		
Offices	Company	Country
CEO	ALPHA Recyclage Franche-Comté	France
Director	ACTIA Automotive	France
Manager/Co-Manager	ALPHA Carbone	France
	IDE Environnement	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Manager/Co-Manager	ALPHA Recyclage Composites	France	2017
CEO	ALPHA Recyclage Composites	France	2020

Address	
ALPHA Recyclage Franche-Comté – 4, rue Jules Védrines – B.P. 94204 – 31031 TOULOUSE CEDEX 4	
Expertise and experience	
ACADEMIC BACKGROUND:	
Graduate in Engineering from the Ecole des Mines of Albi	2010
Graduate of the École Supérieure de Commerce of Paris	2012
PROFESSIONAL BACKGROUND:	
Alpha Recyclage Franche Comté – Engineer, head of development	2012-2015
Alpha Recyclage Franche Comté – Deputy Chief Executive Officer	since 2015

- **Marie-Louise Ribaut** is Company Director representing the employees, elected by the employees on 23 March 2021. Her term of office will expire on 22 March 2025. She was also a member of the Supervisory Board representing the employees from 8 September 2020 to 30 October 2020, replacing Michel Damiani following his death. She also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	Company	Country
NONE		

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
NONE			

Address
ACTIA Automotive - 10, avenue Edouard Serres - BP 60112 - 31772 COLOMIERS Cedex

Expertise and experience	
ACADEMIC BACKGROUND:	
Doctorate in Information Systems (IT)	
PROFESSIONAL BACKGROUND:	
ACTIA Automotive: head of the documentary management service within the Industrialisation Department	1996-2000
ACTIA Automotive: project quality manager for the Automotive Diagnostics Department	2000-2007
ACTIA Automotive: product project manager for the Automotive Diagnostics Department	2007-2009
ACTIA Automotive: product project manager for the Services Department	2009-2016
ACTIA Automotive: product project manager for the Aeronautics Department	2016-2018
ACTIA Automotive: Aftermarket coordinator for the MDS SBA - Expertise and Repair Centre	2018-2021
ACTIA Automotive: DSE coordinator for the MDS SBA - Electronic Services Department	since 2021
SOCIAL ACTIVITIES:	
Local councillor (2nd term of office)	
Representative of the Mobility Commission and the Communication and Culture Commission of Toulouse Métropole	
Volunteer at the Local Media Library	

◎ **Günther Thrum** was a Member of the Company's Supervisory Board until 27 May 2020. Appointed at the Extraordinary General Meeting of 12 November 2002, his term of office was renewed at the General Meetings of 6 May 2008 and 28 May 2014. It expired and was not renewed at the General Meeting held in 2020 to approve the financial statements for the previous financial year. He also holds the following offices and positions in the Companies listed below:

◎ **Offices**

Current offices and directorships			
Offices	Company	Country	
Manager	SIDMIA International SARL	France	
Director	INTELLIGENT GENERATION LLC	USA	
Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Manager	SIDMIA S.A.S.	France	2016

Address	
SIDMIA International – 48, quai Alphonse Le Gallo – 92100 BOULOGNE BILLANCOURT	
Expertise and experience	
ACADEMIC BACKGROUND:	
Technical University – Karlsruhe (Germany) Engineering Degree	1957 - 1963
PROFESSIONAL BACKGROUND:	
REINZ (Germany) Application Engineer Head of the Application Department	1963 - 1969
SNECI (Levallois) Sales Engineer	1969 - 1972
SIDMIA (Boulogne-Billancourt) Manager	1972 - 2016
SIDMIA International (Boulogne-Billancourt) Manager	since 1988

Frédéric Thrum, son of Günther Thrum, is a Company Director. Appointed at the Combined Ordinary and Extraordinary General Meeting held on 30 October 2020, his term of office will expire at the end of the General Meeting to be held in 2025 to approve the financial statements for the previous financial year. He was a member of the Company's Supervisory Committee until 30 October 2020.He also holds the following offices and positions in the companies listed below:

Offices

Current offices and directorships		
Offices	Company	Country
Deputy CEO, President of the Energy Division	Fives SAS	France
Chairman of the Supervisory Board	Fives Cryo SAS	France
	Fives Cail SAS	France
Chairman, Director	Fives Cryo Inc.	USA
Chairman of the Board of Directors, Director	Fives Cryo (Suzhou) Co. Ltd	China
Chairman of the Board of Directors, Director	Fives Cryomec AG	Switzerland
	Fives North American Combustion Spain SL	Spain
Director	Fives Itas Spa	Italy
Chairman, Director	Fives North American Combustion Inc.	USA
Director,	Fives North American Combustion Netherlands BV	Netherlands
	Fives North American Combustion UK Ltd.	United Kingdom
	Fives Pillard Combustion System Equipment Co. Ltd.	China
	Fives Pillard International Trading Co. Ltd.	China
Member of the Board	EEIGM (Ecole Européenne d'Ingénieurs en Génie des Matériaux)	France

Offices and directorships held within the last 5 years			
Offices	Company	Country	End of term
Director	Fives Cail SA	France	2016

Address
SIDMIA International – 48, quai Alphonse Le Gallo – 92100 BOULOGNE BILLANCOURT

Expertise and experience	
ACADEMIC BACKGROUND:	
Harvard Business School, P.M.D	2002
ESME–Sudria, Engineering - Telecom option	1996
PROFESSIONAL BACKGROUND:	
CEO FIVES - Cryogenics|Energy	since 2013
Fives Cryo (France), Fives Cryo Suzhou (China), Fives Cryo Inc. (USA), Fives Cryomec (Switzerland) CEO – Fives Cail Group Fives Cail (France), Fives Fletcher (UK), Fives Lille do Brazil (Brazil), Fives Cail KCP (India), FCFM (Mexico)	
Product Manager, Sales Director, DGA, DG	
Aftermarket Commercial Manager – Fives FCB	1998-2001
BOUYGUES OFFSHORE Project Engineer, Inspection Manager - Refineries (France), Oil platform projects (Malaysia, Indonesia) Assistant project manager (Nigeria)	1996-1998
ACTIA, Toulouse End-of-studies work placement	1996

- **Véronique Védrine** is a Company Director. She was appointed at the Combined Ordinary and Extraordinary General Meeting held on 30 October 2020. Her term of office will expire at the end of the General Meeting to be held in 2025 to approve the financial statements for the previous financial year. She was a member of the Company's Supervisory Board until 30 October 2020. She also holds the following offices and positions in the companies listed below:

- **Offices**

Current offices and directorships		
Offices	Company	Country
Director	Bpifrance Régions	France
	Groupe la dépêche du midi	France
Treasurer and Vice-Chair	Provence-Alpes-Côte d'Azur (PACA) Region Bank Committee	France
Permanent Representative of Bpifrance Investissement on the Board of Directors	IRDI	France
	Midi Pyrénées Croissance	France
Offices and directorships held within the last 5 years		
None		

Position	
Director of Réseau Sud Bpifrance – a French Limited Company (Société Anonyme) with capital of € 750,860,784 – Créteil Trade and Companies Register (RCS) .	320 252 489
Address	
Bpifrance – 27/31, Avenue du Général Leclerc – 94710 Maisons-Alfort Cedex	
Expertise and experience	
ACADEMIC BACKGROUND:	
A graduate of the École Supérieure de Commerce of Clermont-Ferrand	1977 - 1980
PROFESSIONAL BACKGROUND:	
CEPME	
Case Manager – Auvergne Regional Office	1981 - 1991
Registered office – Commitments Department: tourism, health and local authorities	1991 - 1997
Head of Tourism Department – central agency	
Assistant to the Network Director during the CEPME – SOFARIS merger	
Regional Director, BDPME Midi-Pyrénées	1998 - 2005
Director of the Sud Méditerranée OSÉO BDPME Network (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées)	since 02/2005
Director of the Sud Méditerranée OSEO Network (OSEO Financing – OSEO Innovation)	since 10/2006
Director of the Sud OSEO network (PACA, Corsica, Languedoc-Roussillon, Midi-Pyrénées, Aquitaine)	since 01/2009
Director of the Bpifrance Sud Network (Bpi investment bank is the combination of OSEO, CDC Entreprises, FSI and FSI Régions)	since 07/2013
DECORATIONS:	
Knight in the National Order of Merit	
Knight of the Legion of Honour (2015)	
SOCIAL ACTIVITIES:	
Treasurer of the Provence-Alpes-Côte d'Azur Banks Regional Committee	
Chair of Midi-Pyrénées I.F.A. (French Institute of Independent Directors).	

8.1.3 ORGANISATION AND OPERATION OF THE BOARD

ACTIA Group S.A. has been a Limited Liability Company with a Board of Directors since the Extraordinary General Meeting of 30 October 2020. The operation of the Board of Directors is dictated by the legal and regulatory provisions, the articles of association and the Internal Rules adopted in 2020 when the governance mode was changed.

The **Internal Rules** of the Board of Directors and, formerly, of the Supervisory Board, were drawn up in the interests of its members, the Company and its Shareholders, and their objective is to remind the members of the Board of Directors of their various duties, supplement the legal, regulatory and statutory rules in order to specify the way the Board of Directors operates. All Directors are bound by said Internal Rules. The obligations arising from them apply equally to the permanent representative of a legal-entity Director and to natural persons appointed as Directors. The Internal Rules also include the provisions concerning the obligations of the Board members with regard to the holding of confidential information.

FREQUENCY OF MEETINGS

The rules governing the calling, holding, quorum and majority of meetings of the Supervisory Board and, now, the Board of Directors, are set out in the Company's Articles of Association and the Internal Rules in force.

Until 30 October 2020, the Supervisory Board met six times, in order to perform the following tasks (among others):

- Review the quarterly revenue figures and the separate and consolidated annual and half-year results;
- Review the strategy defined by LP2C, approve it and deploy it in the Group;
- Review the agenda and draft resolutions submitted to the General Meeting and supplement them;
- Approve the terms of the Corporate Governance Report;
- Review the regulated agreements and the financial and interim information documents;
- Authorise loans and guarantees;
- Authorise current account advances and guarantees for the financing of Company subsidiaries;
- Appoint a new Chairman of the Supervisory Board;
- Review and authorise internal restructuring operations;
- Update the Supervisory Board's Internal Rules.

Between 30 October 2020, when the Board of Directors corporate structure was adopted, and 31 December 2020, the Board of Directors met twice, in line with the legal provisions and the articles of association, in order to (among other things):

- Select the procedures to be followed by General Management for the exercise of its functions;
- Appoint the Chairman and CEO, set out his powers and compensation;
- Determine a process for selecting Deputy CEOs, guaranteeing, until its term, the presence of at least one person of each gender among the candidates;
- Appoint the Deputy CEOs, set out their powers and compensation;
- Set out the compensation criteria for Directors;
- Adopt the Internal Rules of the Board of Directors;
- Determine the procedure for regularly assessing whether the agreements covering current operations entered into under normal conditions correctly meet those conditions;
- Carry out a quarterly review;
- Authorise guarantees for the subsidiaries.

The Board of Directors meets as often as is required for the management of any ordinary business within the remit of this body. It is duly convened by the CEO to review financial statements on the basis of intermediate positions or at the end of periods, according to a policy of systematic quarterly, six-monthly and annual analysis, and the positions and strategies to be put in place. It analyses and votes on each agenda point. A vote by show of hands is held for each decision.

Financing issues, either involving the holding or the subsidiaries, are also looked at together with the related guarantees.

At these meetings, the Board of Directors hears presentations on:

- Accounting principles and methods and main accounting options used;
- The impact of any changes in method;
- Changes in the scope of consolidation;
- Key figures published relative to the separate and consolidated financial statements (breakdown of net income, presentation of the balance sheet and of the financial position).

It also hears the report of the Statutory Auditors on the scope, progress and conclusions of their work when audits or limited reviews of financial statements are called for by applicable regulations.

CALLING BOARD MEETINGS

In line with applicable regulations, our Articles of Association and the Company's practices, members of the Supervisory Board and the Board of Directors were invited to meetings by telephone, email and/or post sufficiently in advance to enable the attendance of the largest possible number at all meetings. If there are no exceptional circumstances, the date is normally set two months prior to the meeting and the agenda is communicated within the week preceding the meeting.

In addition, in accordance with the provisions of Article L823-17 and R823-9 Paragraph 2 of the French Commercial Code, the Statutory Auditors were invited to all meetings that reviewed and approved the annual and interim financial statements, by email and by registered letter with acknowledgement of receipt.

To enable the Board members to properly prepare for the meetings, the Chairman makes a point to send them all the necessary information or documentation a reasonable time in advance.

HOLDING OF MEETINGS

Meetings of the Supervisory Board and the Board of Directors were held at Head Office or by video conference and/or using telecommunication means enabling identification of their respective members, in compliance with the legal and regulatory provisions in force, due primarily to the health crisis.

The attendance rate of Supervisory Board members and members of the Board of Directors may vary from one meeting to the next, while remaining in compliance with the rules on the necessary quorum and majority. The percentage of members present at all the Board meetings fell in 2020 due to the health crisis, and stands at 76%.

RESOLUTIONS ADOPTED

All resolutions put to the Supervisory Board and the Board of Directors were unanimously approved.

MEETING MINUTES

Minutes of the meetings of the Supervisory Board and the Board of Directors are drawn up at the end of each meeting and immediately given to all members so that they can be checked. The approval of these minutes takes place at the subsequent Board meeting.

NUMBER OF SHARES THAT MUST BE HELD BY MEMBERS OF THE BOARD OF DIRECTORS.

As an extension of the change in governance mode, via the adoption of the corporate structure with a Board of Directors, the new Articles of Association of the Company adopted at the Extraordinary General Meeting on 30 October 2020 do not stipulate that members of the Board of Directors must hold shares in the Company.

The number of shares personally held by each Corporate Officer at 31 December 2020 is presented below:

Corporate Officer	Number of shares and percentage of share capital		Number and percentage of gross voting rights	
BOARD OF DIRECTORS				
Pierre Calmels, Honorary Chairman	273	0.00 %	546	0.00 %
Stanislas Bailly	0	0.00 %	0	0.00 %
Catherine Casamatta	0	0.00 %	0	0.00 %
Carole Garcia (1)	1	0.00 %	1	0.00 %
Laura Pech	0	0.00 %	0	0.00 %
Frédéric Thrum	0	0.00 %	0	0.00 %
Véronique Védrine	20	0.00 %	40	0.00 %
GENERAL MANAGEMENT				
Jean-Louis Pech	2,996	0.01 %	5,992	0.02 %
Jean-François Calmels	0	0.00 %	0	0.00 %
Marine Candelon-Bonnemaison	74	0.00 %	148	0.00 %
Catherine Mallet	796	0.00 %	1,592	0.01 %

(1) This concerns the loan of one share (qualifying share) by ACTIA Group, in connection with her corporate office.

To ensure accurate information about holdings, details at the period close are provided in § 5.10.1 “Breakdown of the share capital and voting rights”. Note that the Pech, Calmels, Thrum and Bailly families have indirect holdings via LP2C, SIDMIA International and SGPFEC.

At the date on which this Universal Registration Document was issued, the situation had changed due to the death of Louis Pech, in August 2020, and the liquidation of the latter's estate, part of which was transferred to LP2C.

NUMBER OF DIRECTORS REPRESENTING THE EMPLOYEES

The Board of Directors includes two members representing the employees, elected in March 2021 for a term of four years in accordance with the Company’s Articles of Association and the provisions of Article L225-27-1 of the French Commercial Code.

NUMBER OF OBSERVERS APPOINTED

At the date of issue of this document, one Observer had been appointed to the Board of Directors (see § 7.1.1 “Membership of the Board and General Management”).

INTERNAL RULES

The Board of Directors has adopted Internal Rules which can be consulted on the Company website at https://www.actia.com/fr/investisseurs and at the registered office of the Company or obtained upon request. These Internal Rules were adopted on 30 October 2020, further to the change in governance mode. The main provisions of these Rules cover:

- Role of the Board of Directors;
- Membership of the Board of Directors;
- Duties and code of conduct of members;
- Meetings of the Board of Directors;
- Member compensation;
- Evaluation of the Board's performance;
- Adaptations, modifications and public notifications of the Internal Rules.

EVALUATION OF THE BOARD'S WORK

In accordance with the Middlenext Reference Code adopted by the Board of Directors, its members were invited to express an opinion on its ways of working at the meeting held on 29 March 2021. No issues were reported.

8.1.4 POWERS OF GENERAL MANAGEMENT

The powers of the Chairman and CEO and those of the Deputy CEOs were outlined by the Board of Directors during its meeting held on 30 October 2020, according to the following terms:

"In accordance with the provisions of Article 14 of the Articles of Association, the Board of Directors agrees that the following decisions and operations will require prior authorisation from the Board:

- Purchase, sale, exchange and contribution of buildings worth more than €1,000,000 excluding VAT;
- Purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth more than €1,000,000, excluding VAT;
- Creation of any type of establishment, either in France or abroad;
- Closure of the aforementioned establishments;
- Borrowings even unsecured, of an amount in excess of €1,000,000, excluding VAT;
- Borrowings even unsecured, for a period of less than 7 years, in excess of an overall annual sum for all of these types of loans combined, of an amount equal to €3,000,000, it being understood that the amount of the annual sum will be revised each year;
- Company creations and equity participation in any form in any type of company or business;
- Transfer of investment securities, if the amount transferred is more than €1,000,000;
- Loans, credits or advances granted by the Company with a term of duration greater than one year and/or a principal of more than €500,000 per transaction and €2,000,000 per annum for all transactions taken together;
- Rental, leasing of any property or business, if the duration is more than 9 years and/or the amount of rent is more than €500Nk per annum;
- Any contract involving a financial contribution of more than €2,000,000 excl. VAT;
- Direct commitments even without guarantees, involving amounts of more than €2,000,000 excl. VAT;
- Membership of an economic interest grouping or any form of venture or company that may give rise to joint and/or indefinite liability for the Company;
- Taking on and laying off company employees with annual salaries of more than €300,000.
- Representing the Company in respect of legal actions, legal settlements, voluntary liquidation, administration or court-ordered winding up;
- The exceeding of the budget for the current financial year, previously approved by the Board of Directors.

8.1.5 STATEMENT OF THE ABSENCE OF CONVICTIONS AND CONFLICTS OF INTEREST WITHIN THE CORPORATE BODIES

To the best of the Company's knowledge and at the date of issue of this document, no individual who is a member of an Administrative, Management or Supervisory body has, during the last five years, been:

- Convicted of fraud;
- Affected by bankruptcy, receivership, liquidation or official receivership, having served as a member of an administrative, management or supervisory body;
- Convicted by and/or received an official public sanction from the statutory or regulatory authorities (including designated trade bodies);
- Banned by a Court from acting as a member of an Administrative, Management or Supervisory body of an issuer or from being involved in the management or running of an issuer.

In addition, and to the best of the Company's knowledge and at the date of issue of this document, there are no proven or potential conflicts of interest between the duties of any member of an Administrative, Management or Supervisory body with regard to the issuer and their private interests or other duties.

In accordance with the Reference Code, the Internal Rules of the Board of Directors stipulates as follows: in a situation in which there is a conflict of interest or a potential conflict of interest between the corporate interest and their direct or indirect personal interests or the interests of the Shareholder or the group of Shareholders they represent, the Member must:

- inform the Board as soon as they learn of it;
- accept all consequences with respect to the exercise of their mandate. Depending on the case, they must:
  - Either abstain from taking part in the discussions and voting on the corresponding deliberation,
  - Or abstain from attending the Board meetings during the period they would be in a conflict of interest situation;
  - Or resign from their duties as a Director.

In the event that they do not comply with these abstaining rules or the requirement to withdraw, the Director could be held liable.

In addition, the Chairman of the Board of Directors will not be required to send to Directors, about whom they have serious reasons to believe that they are in a conflict of interest situation, any information or documents related to the topic of the conflict, and will inform the Board that they will be withholding the information.

In accordance with recommendation R2 of the Reference Code, the Board of Directors, at its meeting held on 29 March 2021, reviewed potential conflicts of interest and no conflict of interest was identified.

To the best of the Company's knowledge and at the date of issue of this document, no arrangements or agreements have been entered into with any major Shareholders or customers, suppliers or other, under the terms of which any individual who is a member of an Administrative, Management or Supervisory body has been chosen to sit on an Administrative, Management or Supervisory body or given a General Management position.

To the best of the Company's knowledge and at the date of issue of this document, the individuals who are members of an Administrative, Management or Supervisory body have not accepted any restrictions on the transfer of their interest in the issuer's capital, within a certain time frame, other than those contained in the terms and conditions of the Shareholders' Agreement which is detailed in § 5.10.3 "Shareholders' Agreement".

8.1.6 COMPLIANCE WITH THE MIDDLENEXT CODE OF CORPORATE GOVERNANCE

The Company complies with all the recommendations of the Middlenext Code. In addition, the following provisions of the Reference Code have been adapted to ACTIA's structure in line with the options specifically provided for by it:

◎ Audit Committee (R6)

The Board of Directors decided not to create an ad hoc Audit Committee, but to carry out the duties entrusted to that committee. In compliance with Article L823-20 of the French Commercial Code, the Company is accordingly exempted from the obligation to form a specific specialised committee.

In line with the Code's recommendations, and when the governance mode was changed, a further study was undertaken of this subject. On that basis, it was considered that such a committee would not make any material contribution to our Company, particularly with regard to the monitoring and preparation of financial information or the efficiency of internal control and risk management systems.

The Board of Directors, meeting as an Audit Committee, is called based on the same rules applicable to the Board of Directors. It meets as often as necessary and at least twice per year, to examine the annual and half-yearly financial statements prior to the Board of Directors meeting convened to approve said statements or to review the internal anti-corruption whistleblower scheme.

It is responsible for:

- Monitoring the financial information preparation process and, if required, for making recommendations to ensure its integrity;
- Monitoring the effectiveness of internal control, risk management and, if required, internal audit procedures for the preparation and processing of financial and accounting information, without impacting its independence;
- Issuing a recommendation to the Board of Directors regarding the Statutory Auditors whose appointment or renewal will be submitted to the General Meeting;
- Ensuring that the Statutory Auditors complete their mission;
- Ensuring that the Statutory Auditors respect the conditions of independence and, as the case may be, taking the measures required to apply the provisions regarding the economic independence of the Statutory Auditors, as stipulated in Article 4, § 3, of Regulation (EU) No 537/2014, and checking that the conditions set out in Article 6 of said Regulation are observed.
- Approving the supply of services other than certification of the financial statements, and generally monitoring all assignments and prerogatives in accordance with legal provisions;
- Reporting on a regular basis to the Board of Directors on the accomplishment of its assignments and the results of financial statement certification and for informing it immediately of any difficulties encountered;
- And more generally, carrying out any assignments and/or exercising any prerogative defined in legal provisions.

During 2020, the Supervisory Board, meeting in the form of an Audit Committee, met three times mainly for the presentation of the annual 2019 results, the results of the first half-year 2020 and to review the internal anti-corruption whistleblower scheme. The Board of Directors, meeting in the form of an Audit Committee, met once, in December 2020, mainly for monitoring and authorisation of Services other than the Certification of Accounts.

◎ Compensation and Appointments Committee (R6)

No such committee has been created to date. Decisions concerning appointments and compensation are made on a collegial basis. Because the percentage of Independent Members serving on the Board is in line with the recommendations of the Code and the Company's shareholder base, it is not deemed necessary to create such a committee in the immediate future.

8.2 FACTORS THAT MIGHT HAVE AN IMPACT IN THE EVENT OF A TENDER OFFER

Pursuant to Article L22-10-11 of the French Commercial Code, items with the potential to have an **impact on a tender offer are duly noted:**

- The structure of the share capital as well as all known direct and indirect interests in the Company and all other related information are detailed in § 5.10 "Major shareholders";
- There is no restriction on the exercise of voting rights in the Articles of Association;
- To the best of the Company's knowledge, a shareholders' agreement was signed by LP2C and SIDMIA International. It is described in § 5.10.3 "Shareholders' Agreement".
- There are no shares with special control rights. Nevertheless, it is noted that in accordance with Article 11 of the Articles of Association, voting rights double those granted to other ordinary shares, with regard to the portion of the share capital they represent, are granted to all fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years;
- There are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees. The Company does not have an Employee Savings Plan (PEE) or a collective employee shareholding plan (FCPE);
- The rules for appointing and dismissing members of the Board of Directors and General Management are the legal and statutory rules provided for in Articles 12 and 14;
- With regard to the powers of General Management, the current authorisations are set out in the capital increase authorisations table in § 8.4 "Authorisations granted in respect of capital increases". In addition, the powers allocated to General Management in the framework of share buyback programmes are set out in § 5.10.9 "Authorisation to implement a share buyback programme";
- Amendments to the Company's Articles of Association are made in accordance with provisions provided for by statute and regulations;
- There are no agreements (sales contracts, financial contracts, etc.) signed by the Company that would be amended or terminated in the event of a change in control at the Company;
- There are no agreements providing for severance payments for Company Directors, General Management or for employees if they resign or are dismissed without due reason or cause or if their employment ends due to a tender offer or exchange offer.

8.3 CORPORATE OFFICER COMPENSATION

8.3.1 CORPORATE OFFICER COMPENSATION POLICY (EX ANTE "SAY ON PAY")

The Board of Directors has established a compensation policy in accordance with the corporate purpose of the Company to contribute to its long-term survival and as part of its commercial strategy as discussed in § 5.5 "Strategy" of the Universal Registration Document.

No item of compensation, of any nature whatsoever, may be determined, allocated or paid by the Company, nor any commitment made by the Company if it does not comply with the approved compensation policy or, in its absence, the existing compensation practices within the Company. However, in exceptional circumstances, the Board of Directors may waive the application of the compensation policy, providing that the waiver is temporary, in accordance with the corporate purpose and if necessary to guarantee the long-term survival or viability of the Company.

Determining, reviewing and implementing the compensation policy for the Chairman and CEO is the remit of the Board of Directors. It should be noted that the Chairman and CEO does not attend discussions on this issue.

As part of the decision-making process used to determine and review the compensation policy, the Company's terms of employment and compensation for employees were taken into account by the Board as follows: in general, the fixed portion of compensation paid to the Chairman and CEO of ACTIA Group follows the trend for the employees in the main French company, except for unusual years when the Group's position is too difficult, in which case the increase is lower or even non-existent. Compensation is compared with that of the Group on a regular basis to ensure that it is consistent.

Provided that the conditions defined below are met, the Board of Directors may waive the application of the Chairman and CEO compensation policy temporarily, in accordance with Article L22-10-8 III of the French Commercial Code regarding elements of the compensation allocated to the Chairman and CEO. The Board of Directors will check that said waiver is in line with company interests and required to guarantee the long-term survival or viability of the Company. These substantiating arguments will be brought before the Shareholders in the subsequent corporate governance report. It should be noted that the Chairman and CEO does not attend discussions held by the Board of Directors on this issue.

◎ **General Management compensation policy**

The compensation owing to the Chairman and CEO and the Deputy CEOs of ACTIA Group is mainly paid by LP2C, a consolidating holding company, against the offices held at LP2C (limited liability company) and voted by the latter's Supervisory Board. This compensation is not therefore compensation paid against the offices held within ACTIA Group. Furthermore, the compensation of Jean-François Calmels, Deputy CEO and former member of the Executive Board, is paid by ACTIA Telecom against his employment contract.

In addition, it should be noted that, under an assistance agreement, LP2C only invoices the Group a portion of the salaries paid for the various technical services described in § 5.9.10 "Special report of the Statutory Auditors on regulated agreements". The balance relating to its own operating costs are charged to LP2C based on the rule for allocating time worked.

The compensation paid by LP2C did not concern the offices held within ACTIA Group, in the context of the Executive Board or the Supervisory Board, and, at present, do not concern General Management offices.

The details of the sums invoiced within the framework of the assistance agreement are given by type of service in Note 24.1 "Related-party transactions with holding company: LP2C S.A." in the notes to the consolidated financial statements. The amount invoiced for 2020 was €1,692,000 calculated in compliance with the agreement based on the direct and indirect costs actually incurred by LP2C, plus a margin of 15%. The chargeback of external services is, for its part, established with a 3% margin to take LP2C's overhead into account.

At present, the only compensation allocated to General Management is that paid to the Chairman and CEO, formerly the Chairman of the Executive Board of ACTIA Group. As a general rule, the fixed portion of compensation paid to the Chairman and CEO of ACTIA Group tracks trends for the employees of the main French company, except in exceptional years when the Group is subject to significant pressure, in which case, any increase is lower or nil. Compensation is compared with that of the Group on a regular basis to ensure that it is consistent.

The fixed portion of compensation paid to the Company's Chairman and CEO is determined on the basis of:

- The level of his responsibilities and the related complexity;
- His experience and expertise.

During the course of exercising his function, the Chairman and CEO does not have the benefit of an employment contract, severance payments, compensation for a non-compete clause, a supplementary pension or any other payments or benefits that may be due for the termination of or changes to his duties.

The compensation policy for the office of Chairman and CEO of ACTIA Group is submitted to the General Meeting to be held on 20 May 2021, in the 6th resolution.

Compensation policy for members of the Board of Directors

In the framework of the annual fixed amount authorised by the General Meeting, the compensation conditions for Directors are determined by the Board of Directors.

Directors may receive annual compensation that takes into account their degree of involvement and the time they devote to their position, including if they sit on any committees. The Board of Directors decided to allocate 400 euros for each session of the Board of Directors attended by a Director. This decision applies to all Directors, except for executive corporate officers and Directors representing the employees.

For the 2020 financial year, the overall amount of compensation allocated to the Directors, in accordance with the terms and conditions described above, was 3,600 euros. It should be noted that an envelope of 16,000 euros had been authorised at the General Meeting held on 30 October 2020.

The compensation policy for the members of the Board of Directors of ACTIA Group is submitted to the General Meeting to be held on 20 May 2021, in the 7th resolution.

8.3.2 COMPENSATION, CORPORATE OFFICER BENEFITSS AND OTHER INFORMATION COVERED IN SECTION I OF ARTICLE L22-10-9 OF THE FRENCH COMMERCIAL CODE (EX-POST GLOBAL SAY-ON-PAY)

Pursuant to the provisions of Article L22-10-34 I of the French Commercial Code, we hereby notify you of the total gross compensation covered by Section I of Article L22-10-9 of the French Commercial Code (fixed, variable and non-recurring) and benefits of all kinds paid during this previous financial year to each Corporate Officer, as well as the criteria used to calculate them or the circumstances under which they arose.

We also indicate commitments of all types entered into on behalf of its Corporate Officers, relating to items of compensation and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

No commitment of any kind relating to items of compensation and benefits payable or likely to be payable upon taking up, leaving or changing duties or subsequent thereto has been entered into other than the commitments discussed above.

Since the adoption of the new corporate structure with a Board of Directors, compensation is allocated to the members of the Board of Directors of ACTIA Group as per the terms and conditions set out in § 8.3.1 "Corporate officer compensation policy (ex ante "say on pay")".

The figures provided concern all compensation paid during the 2020 financial year and allocated for that financial year to each Corporate Officer of ACTIA Group by the issuer and by any other Group company:

Table 1 – Summary of compensation for each Corporate Officer by issuer and by all other Group companies

Name and position of Executive Corporate Officer:	Amounts allocated In 2020	Amounts paid In 2020	Amounts allocated In 2019	Amounts paid In 2019	Amounts allocated In 2018	Amounts paid In 2018
Jean-Louis Pech – Chairman of the Executive Board until 30/10/2020 - Chairman and CEO as of that date[(1)]						
Fixed compensation	229,238	229,238	227,101	227,101	222,731	222,731
Annual variable compensation[(2)]	100,000	100,000	100,000	100,000	100,000	100,000
Multi-year variable compensation						
Exceptional compensation						
Annual fixed sum (formerly Directors' fees)						
Benefits in kind[(2)]	3,112	3,112	4,612	4,612	4,548	4,548
TOTAL	**332,350**	**332,350**	**331,712**	**331,712**	**327,279**	**327,279**
Catherine Mallet - Executive Board member until 30/10/2020 - Deputy CEO as of that date						
Fixed compensation[(2)]	88,980	88,980	87,899	87,899	94,572	94,572
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation[(2)]	15,000	15,000	15,000	15,000	17,064	17,064
Annual fixed sum (formerly Directors' fees)						
Benefits in kind[(2)]	2,670	2,670	2,639	2,639	2,603	2,603
TOTAL	**106,650**	**106,650**	**105,538**	**105,538**	**114,239**	**114,239**
Marine Candelon - Executive Board member until 30/10/2020 - Deputy CEO as of that date						
Fixed compensation[(2)]	87,537	87,537	75,659	75,659	74,055	74,055
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation[(2)]	10,000	10,000	10,000	10,000	11,731	11,731
Annual fixed sum (formerly Directors' fees)						
Benefits in kind[(2)]	3,112	3,112	2,146	2,146	1,998	1,998
TOTAL	**99,706**	**99,706**	**87,805**	**87,805**	**87,784**	**87,784**
Jean-François Calmels – member of the Executive Board until 30/10/2020 - Deputy CEO as of that date						
Fixed compensation[(3)]	61,385	61,385	60,543	60,543		
Annual variable compensation						
Multi-year variable compensation						
Exceptional compensation[(2)]						
Annual fixed sum (formerly Directors' fees)						
Benefits in kind[(2)]						
TOTAL	**61,385**	**61,385**	**60,543**	**60,543**		

(1) Breakdown of 2020 compensation for the office exercised at the French limited corporation LP2C: € 280,428 + executive offices within the ACTIA Group: €51,922, of which €9,471 for offices held in ACTIA Group.
(2) Compensation for offices held in the French limited corporation LP2C.
(3) Compensation for the current employment contract in one of the Group subsidiaries

The fixed compensation paid in 2020 by the Company to the Chairman of the Executive Board until 30 October 2020, and to the Chairman and CEO as of that date, is in compliance with the compensation policy approved by 95.9% in its 9th resolution at the General Meeting held on 27 May 2020, and the compensation policy approved by 97.64% in its 16th resolution at the General Meeting held on 30 October 2020.

The variable compensation of the Chairman of the Executive Board until 30 October 2020, and to the Chairman and CEO as of that date, paid by LP2C, was set in relation to the revenue growth objective for the Group and improvements in the social, environmental and societal commitments achieved through various actions in France and abroad. The level of achievement of these criteria is not made public for confidentiality reasons. The maximum amount of variable compensation for 2020 (paid in 2021) was set at 30% maximum of the total compensation paid for financial year n-1. All criteria were met.

The exceptional compensation paid to the members of the Executive Board until 30 October 2020 and to the Deputy CEOS as of that date was granted for the positions held in LP2C, for the achievement of communication objectives within the Group and the raising of the financing required for Group needs, on the one hand, and for the deployment of items related to the sustainable development policy and those related to compliance within the Group, on the other. All criteria were met.

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

Table 2 – Fixed annual compensation and other payments allocated and paid to the non-executive Corporate Officers from the issuer and all other Group companies

Non-executive Corporate Officers – Name and office	Amounts allocated for the 2020 financial year	Amounts paid in 2020	Amounts paid in 2019	Amounts paid in 2018
Louis Pech- Chairman of the Supervisory Board until 27/05/2020				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation(1)	53,019	53,019	110,242	107,918
Pierre Calmels- Vice-Chairman of the Supervisory Board until 27/05/2020 then Chairman of the Supervisory Board as of that date and until 30/10/2020 - Honorary Chairman of the Board of Directors since that date				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation(1)	60,000	60,000	60,000	60,000
Stanislas Bailly – Observer until 30/10/2020 and Director since that date				
Annual fixed sum	800	NONE	N/A	N/A
Other compensation				
Henri-Paul Brochet– Supervisory Board member until 27/05/2020				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation				
Catherine Casamatta– Supervisory Board member until 30/10/2020 and Director since that date				
Annual fixed sum	400	NONE	NONE	NONE
Other compensation				
Alain Costes– Supervisory Board member until 27/05/2020				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation				
Michel Damiani- member of the Supervisory Board representing the employees(2)				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation	66,039	66,039	82,356	80,546
Carole Garcia– Supervisory Board member until 30/10/2020 and Director since that date				
Annual fixed sum	400	NONE	NONE	NONE
Other compensation				
Laura Pech – Supervisory Board member until 30/10/2020 and Director since that date				
Annual fixed sum	800	NONE	NONE	NONE
Other compensation				
Frédéric Thrum – Supervisory Board member until 30/10/2020 and Director since that date				
Annual fixed sum	800	NONE	N/A	N/A
Other compensation				
Günther Thrum – Supervisory Board member until 27/05/2020				
Annual fixed sum	NONE	NONE	NONE	NONE
Other compensation				
Véronique Védrine – Supervisory Board member until 30/10/2020 and Director since that date				
Annual fixed sum	400	NONE	NONE	NONE
Other compensation				
TOTAL	**182,658**	**179,058**	**252,598**	**248,464**

(1) Fixed compensation for offices held in the French corporation LP2C.
(2) Died in August 2020

Table 3 – Executives - Corporate Officers

	Employment contract	Supplementary retirement plan	Indemnities or benefits payable or that could be payable on termination or change in function	Indemnities relating to a non-compete clause
Name: **Jean-Louis Pech** Position: Chairman and CEO Start of term: 30/10/2020 End of term: 2026*	No	No	No	No
Name: **Marine Candelon-Bonnemaison** Position: Deputy CEO Start of term: 30/10/2020 End of term: 2026*	No	No	No	No
Name: **Catherine Mallet** Position: Deputy CEO Start of term: 30/10/2020 End of term: 2026*	No	No	No	No
Name: **Jean-François Calmels** Position: Deputy CEO Start of term: 30/10/2020 End of term: 2026*	Yes(1)	No	No	No

** At the end of the General Meeting to approve the financial statements for the previous financial year,*
(1) Jean-François Calmels' employment contract with ACTIA Telecom is currently maintained in view of his experience and operational skills in this area.

Under the agreements signed by LP2C, the issuer and its subsidiaries, LP2C charges back 84.3 % of the compensation paid to its Corporate Officers for all of the services provided to the Group.

More details are provided in Note 24.1 “Related-party transactions - With the Holding Company”: LP2C S.A. of the notes to the consolidated financial statements.

COMPENSATION EQUITY RATIO FOR EXECUTIVE OFFICERS

Pursuant to the provisions of Articles L22-10-9 of the French Commercial Code, the following presentation shows changes in the compensation of the Chairman and CEO, the Deputy CEOs, former members of the Executive Board, and of the Supervisory Board Chairman and the ratios between their levels of compensation and:

- The average on a Full Time Equivalent basis of ACTIA Group employees other than the Corporate Officers;
- The median on a Full Time Equivalent basis of ACTIA Group employees other than the Corporate Officers.

	Jean-Louis Pech Chairman and CEO / Chairman of the Executive Board	Catherine Mallet Deputy CEO / Executive Board member	Marine Candelon Deputy CEO / Executive Board member	Jean-François Calmels Deputy CEO / Executive Board member	Louis Pech Chairman of the Supervisory Board until 27/05/2020
Financial year no.1 - 2020					
			Company performance		
Consolidated Group net income			<19,441,471>		
% change compared with the previous financial year			<322.8 %>		
			Compensation of Corporate Officers		
Executive Corporate Officer compensation (3)	332,350	106,650	99,706	61,385	39,150
% change in Corporate Officer compensation	0.2 %	1.1 %	13.6 %	1.4 %	<64.5 %>
			Information about the scope of the company		
Average employee compensation (1) other than Corporate Officers (2)			136,818		
% change in average employee compensation			3.1 %		
Ratio to average employee compensation (4)	242.9 %	78.0 %	72.9 %	44.9 %	28.6 %
% change in the ratio compared with the previous financial year	<2.8 %>	<1.9 %>	10.2 %	<1.6 %>	<65.5 %>
Median employee compensation (1) other than Corporate Officers			148,543		
% change in median employee compensation			<0.9 %>		
Ratio to median employee compensation (5)	223.7%	71.8 %	67.1 %	41.3 %	26.4 %
% change in the ratio compared with the previous financial year	1.1%	2.0 %	14.6 %	2.4 %	<64.2 %>

	Jean-Louis Pech Chairman and CEO / Chairman of the Executive Board	Catherine Mallet Deputy CEO / Executive Board member	Marine Candelon Deputy CEO / Executive Board member	Jean-François Calmels Deputy CEO / Executive Board member	Louis Pech Chairman of the Supervisory Board until 27/05/2020
Financial year no.2 - 2019					
			Company performance		
Consolidated Group net income			8,724,174		
% change compared with the previous financial year			<5.1 %>		
			Compensation of Corporate Officers		
Executive Corporate Officer compensation (3)	331,712	105,538	87,805	60,543	110,242
% change in Corporate Officer compensation	1.4 %	<7.6 %>	0.0 %		2.2 %
			Information about the scope of the company		
Average employee compensation (1) other than Corporate Officers (2)			132,756		
% change in average employee compensation			1.0 %		
Ratio to average employee compensation (4)	249.9 %	79.5 %	66.1 %	45.6 %	83.0 %
% change in the ratio compared with the previous financial year	0.3 %	<8.5 %>	<1.0 %>		1.1 %
Median employee compensation (1) other than Corporate Officers			149,950		
% change in median employee compensation			<5.4 %>		
Ratio to median employee compensation (5)	221.2 %	70.4 %	58.6 %	40.4 %	73.5 %
% change in the ratio compared with the previous financial year	7.2 %	<2.3 %>	5.8 %		8.0 %

	Jean-Louis Pech Chairman and CEO / Chairman of the Executive Board	Catherine Mallet Deputy CEO / Executive Board member	Marine Candelon Deputy CEO / Executive Board member	Jean-François Calmels Deputy CEO / Executive Board member	Louis Pech Chairman of the Supervisory Board until 27/05/2020
Financial year no.3 - 2018					
			Company performance		
Consolidated Group net income			9,194,033		
% change compared with the previous financial year			8.0 %		
			Compensation of Corporate Officers		
Executive Corporate Officer compensation (3)	327,279	114,239	87,784		107,918
% change in Corporate Officer compensation	1.3 %	<8.1 %>	1.9 %		1.9 %
			Information about the scope of the company		
Average employee compensation (1) other than Corporate Officers (2)			131,439		
% change in average employee compensation			18.0 %		
Ratio to average employee compensation (4)	249.0 %	86.9 %	66.8 %		82.1 %
% change in the ratio compared with the previous financial year	<14.2 %>	<22.2 %>	<13.6 %>		<13.7 %>
Median employee compensation (1) other than Corporate Officers			158,555		
% change in median employee compensation			41.2 %		
Ratio to median employee compensation (5)	206.4 %	72.1 %	55.4 %		68.1 %
% change in the ratio compared with the previous financial year	<28.2 %>	<34.9 %>	<27.8 %>		<27.8 %>

	Jean-Louis Pech Chairman and CEO / Chairman of the Executive Board	Catherine Mallet Deputy CEO / Executive Board member	Marine Candelon Deputy CEO / Executive Board member	Jean-François Calmels Deputy CEO / Executive Board member	Louis Pech Chairman of the Supervisory Board until 27/05/2020
Financial year no.4 - 2017					
			Company performance		
Consolidated Group net income			8,510,020		
% change compared with the previous financial year			<60.0 %>		
			Compensation of Corporate Officers		
Executive Corporate Officer compensation (3)	322,997	124,344	86,117		105,941
% change in Corporate Officer compensation	1.1 %	17.3 %	31.9 %		1 %
			Information about the scope of the company		
Average employee compensation (1) other than Corporate Officers (2)			111,363		
% change in average employee compensation			<3.3 %>		
Ratio to average employee compensation (4)	290.0 %	111.7 %	77.3 %		95.1 %
% change in the ratio compared with the previous financial year	4.5 %	21.3 %	36.3 %		4.6 %
Median employee compensation (1) other than Corporate Officers			112,303		
% change in median employee compensation			<20.7 %>		
Ratio to median employee compensation (5)	287.6 %	110.7 %	76.7 %		94.3 %
% change in the ratio compared with the previous financial year	27.5 %	48.0 %	66.3 %		27.6 %

	Jean-Louis Pech Chairman and CEO / Chairman of the Executive Board	Catherine Mallet Deputy CEO / Executive Board member	Marine Candelon Deputy CEO / Executive Board member	Jean-François Calmels Deputy CEO / Executive Board member	Louis Pech Chairman of the Supervisory Board until 27/05/2020
Financial year no.5 - 2016					
			Company performance		
Consolidated Group net income			21,284,822		
% change compared with the previous financial year			31.7 %		
			Compensation of Corporate Officers		
Executive Corporate Officer compensation (3)	319,594	106,011	65,307		104,690
			Information about the scope of the company		
Average employee compensation (1) other than Corporate Officers (2)			115,151		
Ratio to average employee compensation (4)	277.5 %	92.1 %	56.7 %		90.9 %
Median employee compensation (1) other than Corporate Officers					141,659
Ratio to median employee compensation (5)	225.6 %	74.8 %	46.1 %		73.9 %

(1) Compensation includes fixed, variable and exceptional items, the allocation of free shares and stock options received by each of the executives including those received from companies controlled, as defined by Article L233-16 of the French Commercial Code, by ACTIA Group in which the duties are exercised and from LP2C, which controls ACTIA Group in which the duties are exercised.

(2) Corporate Officers include the Chairman and CEO, formerly the Chairman of the Executive Board, the Deputy CEOs, formerly Executive Board members, and the Chairman of the Supervisory Board.

(3) The compensation includes fixed, variable and exceptional items, the allocation of free shares and stock options received by the Executive Director from the Company, the companies controlled as defined by Article L233-16, and LP2C, the company controlling ACTIA Group.

(4) In accordance with Article L225-68 of the French Commercial Code by reference to Article L225-37-3 of said Code, statement of the ratio between the compensation of Corporate Officers and the average compensation of employees.

(5) In accordance with Article L225-68 of the French Commercial Code by reference to Article L225-37-3 of said Code, statement of the ratio between the compensation of Corporate Officers and the median compensation of employees.

8.3.3 COMPENSATION ITEMS SUBMITTED TO A VOTE (EX-POST INDIVIDUAL SAY-ON-PAY)

Compensation paid to Jean-Louis Pech, Chairman of the Executive Board until 30 October 2020, and Chairman and CEO since that date

The compensation paid or granted to Jean-Louis Pech for his office of Chairman of the Executive Board until 30 October 2020, and Chairman and CEO since that date, exercised at ACTIA Group, determined in application of the compensation principles and criteria approved by the General Meeting of 27 May 2020, in its 9th resolution, and by the General Meeting of 30 October 2020, in its 16th resolution, which will be submitted for the approval of the General Meeting in its 8th resolution, is as follows:

Summary of the compensation paid to Jean-Louis Pech by the issuer

Name and position of Executive Corporate Officer:	Amounts allocated	Amounts paid
Jean-Louis Pech – Chairman and CEO / Chairman of the Executive Board until 30 October 2020		
Fixed compensation	9,471	9,471
Variable compensation		
Exceptional compensation		
Annual fixed sum (formerly Directors' fees)		
Benefits in kind		
TOTAL	**9,471**	**9,471**

8.4 AUTHORISATIONS GRANTED IN RESPECT OF CAPITAL INCREASES

8.4.1 SHARE CAPITAL INCREASE

At the balance sheet date, there is an authorisation in respect of capital increases in effect. This concerns the powers delegated to the Executive Board by the General Meeting of 28 May 2019 in its 11th (extraordinary) resolution to carry out a capital increase reserved for the members of a company savings plan (PEE), for a period of 26 months and within the ceiling of a maximum par value authorised by this delegated power of 3% of the amount of the share capital reached if the Executive Board decides to carry out said increase. This delegation is now transferred to the Board of Directors in accordance with the terms of the fourth resolution adopted by the General Meeting of 30 October 2020.

8.4.2 STOCK OPTION PLAN

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

8.4.3 BONUS SHARE PLAN

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

8.5 PARTICIPATION IN SHAREHOLDERS' GENERAL MEETINGS

Aside from any special dispensations provided for by law due to the health context, the procedures for participating in Shareholders' General Meetings are set out in Article 15 of the Articles of Association.

The right to participate in General Meetings is evidenced by the registration of shares in the name of the shareholder or of their authorised intermediary by midnight (Paris time) on the second business day preceding the meeting either:

- In the account for registered shares maintained by the Company;
- In the account for bearer shares maintained by the authorised intermediary.

The registration of bearer shares is evidenced by a special certificate ("attestation de participation") issued by the authorised intermediary.

If not personally participating in the meeting, shareholders may choose one of the following three options:

- Grant a proxy to any individual or legal entity of his or her choice;
- Send a proxy to the Company;
- Postal voting.

Requests by shareholders to add points or draft resolutions to the agenda must be sent to the registered office by registered letter with acknowledgement of receipt no later than 25 days prior to the General Meeting.

8.6 RELATED-PARTY TRANSACTIONS

No service contract providing for the grant of benefits upon expiration of the contract establishes relations between Executive Board members, Managers or Supervisory Board members with ACTIA Group S.A. or with any of its subsidiaries other than those presented in the paragraph below.

8.6.1 SPECIFIC DISCLOSURE ON AGREEMENTS

Pursuant to the provisions of Article L225-37-4 2° of the French Code of Commerce, we hereby declare that no agreement was signed either directly or via an intermediary between, on the one hand, one of the corporate officers or one of the shareholders holding a fraction of voting rights in the Company of more than 10% and, on the other hand, another company controlled by the former within the meaning of Article L233-3 of said code.

In addition, and pursuant to the provisions of Article L225-38 of the French Commercial Code, concerning agreements signed, either directly or indirectly via an intermediary, between the Company and its Chairman and CEO, one of its Deputy CEOs, one of its Directors, one of its shareholders holding a fraction of voting rights in the Company of more than 10% or a controlled company within the meaning of Article L233-3 of said code, which are subject to prior authorisation from the Board of Directors, except for agreements covering ordinary operations entered into under normal conditions, we hereby declare that no agreement was entered into under the terms of said provisions.

8.6.2 NATURE AND AMOUNT OF REGULATED AGREEMENTS ENTERED INTO BY THE ISSUER

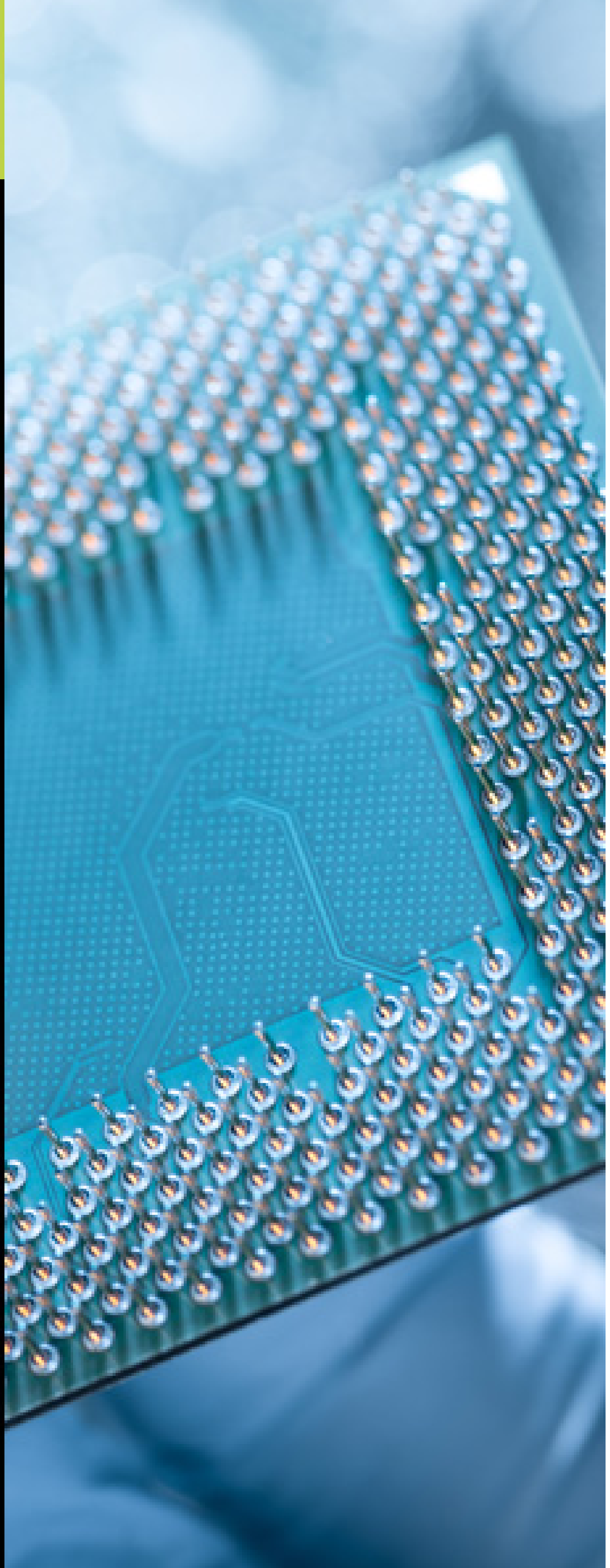
The regulated agreements entered into previously and duly approved by the General Meeting of 27 May 2020 and remained in effect in 2020, are listed in the Statutory Auditors' special report on regulated agreements, a report which has been reproduced in full in § 5.9.10 "Special report of the Statutory Auditors on regulated agreements".

8.6.3 ASSESSMENT PROCEDURE FOR THE CURRENT AGREEMENTS ENTERED INTO UNDER NORMAL CONDITIONS

At its meeting on 30 October 2020, the Board of Directors confirmed the assessment procedure for the current agreements entered into under normal conditions, as agreed by the Supervisory Board on 16 December 2019, having adapted it to the new structure. This procedure calls for the examination and categorisation of so-called current agreements jointly by the Finance and Legal Departments of ACTIA Group. Every year, when meeting to examine the financial statements, the Board also examines all the agreements categorised as currently in force within ACTIA Group in order to verify that they fulfil the conditions for said categorisation and, where appropriate, implements a prior authorisation procedure if one or more agreements fall under the regulated agreement category. During the meeting of 29 March 2021, the Board of Directors noted the existence of two current agreements entered into under normal conditions within ACTIA Group.

8.6.4 RELATED-PARTY TRANSACTIONS

See Note 24 "Related-party transactions" in the notes to the consolidated financial statements.



9

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

9.1 CONSOLIDATED FINANCIAL STATEMENTS

9.1.1 CONSOLIDATED BALANCE SHEET

Consolidated assets in €K	Notes	31/12/2020	31/12/2019
Goodwill	Note 4	24,148	24,148
Development costs	Note 4	59,518	59,496
Other intangible assets	Note 4	1,585	1,386
Total intangible assets	**Note 4**	**85,251**	**85,030**
Land	Note 5	3,612	3,690
Buildings	Note 5	38,445	37,662
Technical equipment	Note 5	20,647	23,241
Other tangible assets	Note 5	14,730	19,275
Total tangible fixed assets	**Note 5**	**77,434**	**83,867**
Equity method investments	Note 6	774	672
Non-current financial assets	Note 13	1,751	1,276
Deferred taxation	Note 12	13,163	11,769
Non-current tax credit	Note 13	11,910	11,808
Total non-current assets		**190,284**	**194,421**
Inventory and work-in-process	Note 8	149,564	161,135
Trade receivables	Note 9	141,364	140,223
Other current receivables from operations	Note 9	8,814	10,830
Current tax credit	Note 9	11,855	10,785
Other miscellaneous current receivables	Note 9	1,408	1,576
Current financial assets	Note 11.2		1,216
Total current receivables		**313,005**	**325,766**
Cash equivalents	Note 11.1	79	98
Cash	Note 11.1	53,335	46,507
Total cash and cash equivalents	**Note 11.1**	**53,414**	**46,604**
Total current assets		**366,419**	**372,370**
Total Assets		**556,703**	**566,791**

Consolidated Equity Capital and Liabilities in €K	Notes	31/12/2020	31/12/2019
Capital	Note 15	15,075	15,075
Premiums	Note 15	17,561	17,561
Reserves	Note 15	95,631	89,758
Retained earnings	Note 15	11,075	11,351
Translation reserve	Note 15	<4,363>	<2,597>
Treasury shares	Note 15	<162>	<162>
Income for the period	Note 15	<19,043>	8,604
Group common shareholders' equity	**Note 15**	**115,773**	**139,589**
Income from non-controlling interests	Note 15	<398>	120
Reserves from non-controlling interests	Note 15	711	679
Non-controlling interests	**Note 15**	**313**	**799**
EQUITY	**Note 15**	**116,087**	**140,388**
Borrowings from credit institutions	Note 14	144,047	117,619
Miscellaneous liabilities	Note 14	986	1,465
Debt – lease financing	Note 14	13,270	14,820
Total non-current debt	**Note 14**	**158,302**	**133,904**
Deferred tax liabilities	Note 12	4,186	3,931
Provision for pensions and other long-term benefits	Note 17	11,507	11,083
TOTAL NON-CURRENT LIABILITIES		**173,995**	**148,918**
Other provisions	**Note 17**	**10,526**	**8,059**
Short-term debt	Note 14	97,918	106,632
Derivatives	Note 11.2	7,486	
Total current debt		**105,404**	**106,632**
Suppliers	Note 18	69,893	85,282
Other operating liabilities	Note 18	63,213	61,060
Corporate taxes (IS)	Note 18	2,003	1,342
Other miscellaneous liabilities	Note 18	646	941
Deferred income		14,935	14,170
TOTAL CURRENT LIABILITIES		**266,622**	**277,485**
Total equity and liabilities		**556,703**	**566,791**

9.1.2 CONSOLIDATED INCOME STATEMENT

Consolidated income in €K	Notes	2020	2019
Revenue from operations *(Turnover)*	**Note 19**	**438,593**	**520,411**
- Materials and supplies	Note 19	<234,617>	<288,105>
- Personnel costs	Note 19	<119,956>	<123,134>
- External charges	Note 19	<58,433>	<77,688>
- Taxes		<6,023>	<6,648>
- Provisions for depreciation	Note 19	<30,928>	<29,375>
+/- Changes in stocks of finished goods and work in progress		<1,726>	12,085
+/- Exchange gains / losses on operating activities		291	3,126
+ Research tax credit		5,553	4,734
Current operating income	**Note 19**	**<7,248>**	**15,406**
- Other operating income and expenses		417	887
+/- Profit / loss on disposal of assets		<27>	<16>
- Impairment of goodwill	Note 4		
Operating income	**Note 19**	**<6,857>**	**16,276**
+ Income from cash and cash equivalents		99	12
- Interest and financial costs	Note 19	<3,706>	<3,940>
+ Other financial income / (costs)		<8,773>	44
Financial result	**Note 23**	**<12,379>**	**<3,884>**
+ Net income Group share equity method consolidated companies	Note 6	103	54
+ Taxation	Note 19	<308>	<3,722>
Income for the period	**Note 19**	**<19,441>**	**8,724**
* attributable to Group shareholders		<19,043>	8,604
*non-controlling interests		<398>	120
BASIC AND DILUTED EARNINGS PER SHARE (IN €) - GROUP SHARE	**Note 16**	**<0.95>**	**0.43**

9.1.3 STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income in €K	2020	2019
Income for the period	**<19,441>**	**8,724**
Items that will not be reclassified to profit or loss		
Defined benefit pension plans – Actuarial differences	266	<465>
Deferred taxation on defined benefit pension plans – Actuarial differences	<71>	152
Items that may subsequently be reclassified to profit or loss		
Cumulative translation differences	<1,761>	1,452
Other comprehensive income, net of tax	**<1,566>**	**1,138**
Comprehensive income for the period	**<21,007>**	**9,862**
* attributable to Group shareholders	<20,597>	9,534
* non-controlling interests	<410>	329

9.1.4 STATEMENT OF CHANGES IN EQUITY

In €K	Capital	Treasury shares	Premiums	Reserves, retained earnings, consolidated income	Translation reserve	Total attributable to the Group	Non-controlling interests	Total Shareholders' funds
At 31/12/2018	**15,075**	**<162>**	**17,561**	**103,468**	**<3,840>**	**132,102**	**716**	**132,817**
Comprehensive income								
Consolidated income				8,604		8,604	120	8,724
Other comprehensive income				<313>	1,243	929	209	1,138
Comprehensive income for the period	**0**	**0**	**0**	**8,291**	**1,243**	**9,534**	**329**	**9,862**
Transactions with shareholders								
Distributions to shareholders				<2,009>		<2,009>	<192>	<2,201>
Issuance and repayment of shares						0		0
Changes in scope				<41>		<41>		<41>
Other				4		4	<54>	<49>
At 31/12/2019	**15,075**	**<162>**	**17,561**	**109,713**	**<2,597>**	**139,589**	**799**	**140,388**
Comprehensive income								
Consolidated income				<19,043>		<19,043>	<398>	<19,441>
Other comprehensive income				195	<1,749>	<1,553>	<12>	<1,566>
Comprehensive income for the period	**0**	**0**	**0**	**<18,848>**	**<1,749>**	**<20,597>**	**<410>**	**<21,007>**
Transactions with shareholders								
Distributions to shareholders				<2,997>	<17>	<3,014>	<70>	<3,083>
Issuance and repayment of shares						0		0
Changes in scope						0		0
Other				<206>		<206>	<5>	<211>
At 31/12/2020	**15,075**	**<162>**	**17,561**	**87,663**	**<4,363>**	**115,773**	**313**	**116,087**

9.1.5 CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement in €K	Notes	2020	2019
Income for the period	**9.1.2**	**<19,441>**	**8,724**
Adjustments for:			
Depreciation and provisions	9.1.2	42,714	30,192
Profit / loss from disposal of assets	9.1.2	<91>	6
Interest charges	9.1.2	3,706	3,940
Current tax charge (excl. research tax credit)	9.1.2	1,552	3,649
Changes to deferred taxation	9.1.2	<1,244>	74
Research tax credit	9.1.2	<5,553>	<4,734>
Other income / expense	9.1.2	1,973	706
Share of the profit / loss of associates	9.1.2	<103>	<54>
Operating cash flow before changes to working capital requirements		***23,513***	***42,503***
Changes to working capital requirements related to the business	Note 28.5	<1,843>	1,544
Cash flow from operating activities		***21,670***	***44,047***
Income tax paid (excluding research tax credit)		<890>	<4,336>
Research tax credit collected		3,783	4,299
Net cash flow from operating activities		**24,564**	**44,010**
Capital purchases	Note 4	<22,453>	<43,496>
Dividends received from associates		3	12
Income from disposal of assets	9.1.2	152	104
Changes in loans and advances		<480>	<88>
Acquisitions during the period under net of cash acquired			<60>
Net cash flow from investing activities		**<22,778>**	**<43,529>**
Dividends paid to the owners of the parent company		<3,014>	<2,009>
Dividends paid to non-controlling interests in consolidated companies		<70>	<192>
New borrowings	Note 14	58,830	48,808
Repayment of borrowings	Note 14	<27,668>	<47,527>
Interest paid	Note 23	<3,706>	<3,940>
Net cash flow from financing activities		**24,373**	**<4,860>**
Effect of exchange rate changes		132	569
Cash and cash equivalents - opening balance	Note 11.1	<13,801>	<9,991>
Cash and cash equivalents - closing balance	Note 11.1	12,489	<13,801>
Changes in cash and cash equivalents		**26,291**	**<3,810>**

9.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Information about the Group - Entity presenting the financial statements

ACTIA Group S.A. is domiciled in France. The 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") or ACTIA. The Group's main areas of activity cover high-added-value, electronic on-board systems for the automotive and telecommunications markets.

The consolidated financial statements at 31 December 2020 were approved by the Board of Directors on 29 March 2021 and will be submitted for ratification at the General Meeting of 20 May 2021.

Note 2 Accounting policies

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. The financial statements comply with all mandatory IFRS provisions as at 31 December 2020. They were also prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

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 main balance sheet line items affected by these estimates are goodwill (see Note 4 "Intangible assets"), development costs (see Note 4.3 "Development costs and other intangible assets"), deferred tax assets (see Note 12 "Deferred tax") and provisions (see Note 17: "Provisions").

Note 2.3 Specific context of 2020, with regard to the Covid-19 crisis

2020 was marked by the health crisis which affected the entire world and, naturally, the whole Group, although not all the subsidiaries were affected at the same time.

The main characteristic of this crisis was that business was brought to a standstill at almost exactly the same time for the Group's main customers, suppliers and structures. As a result, instead of confirming our forecast growth of between 5% and 8%, the Group posted a drop in revenue of <15.7%>, without calling into question any of its contracts. This drop in revenue reflects our customers' drop in sales. In parallel, infrastructure-related programmes, such as those run by the Telecoms Division, were postponed to a later date, although the overall volumes were unchanged. Sales were only slightly affected by the crisis, and the business successes of 2020 backed up the Group's outlook, with the signing of contracts that enable us to project consolidated revenue of more than €800 million four to five years from now, without altering the scope.

The drop in business, which was most strongly felt during the second quarter—the lowest point being in April—, was such that we were unable to absorb the overheads related to a structure which had been developing at a fast pace for several months, despite government subsidies which allowed us to cut payroll costs in several countries (€4.7 million over the year). The measures set up immediately in order to, on the one hand, adapt to the health safety rules designed to protect our staff and stakeholders, and, on the other hand, cut costs, enabled us to build ACTIA's profitability back up, such that operating profitability for the 4th quarter was actually higher than for the same period in 2019, despite the fact revenue remained slightly lower. The second half-year reflects the efforts made to cut outsourcing and transport costs, optimise our human resources, arbitrate in terms of R&D without putting a strain on our future and whilst keeping assets stable, thereby allowing ACTIA to build back its profitability quickly.

The choice of how to invest in production facilities and the work carried out to keep stock levels under control, in a context marked by long procurement lead times for components (15 to 50 weeks), allowed us to reduce the impact of the health crisis on the Group's cash. Helped by government subsidies, especially in France with the furlough scheme, the postponement of bank loan repayments by six months in fine (€16.2 million) and the state-guaranteed loans, activated for an amount of €41.4 million (44.3% of the total amount available), the Group's net liabilities only rose by 4.6%. In practice, only a limited percentage of the short-term lines of credit were used at the end of the year (30.8% compared with 44.5% at year end 2019).

To sum up, despite the Group's efforts, the health crisis had a strong impact on financial ratios, which did not meet the levels required by certain banking institutions. The numerous exchanges during this period highlighted the exceptional nature of the crisis and the measures taken by ACTIA. As a result, the request to suspend covenants on 31 December 2020 was accepted by all the banking partners we contacted.

The Group did not impair any assets on 31 December 2020 due to losses in value caused by the health crisis. Furthermore, the impacts of the pandemic on the Group's business affect the entire income statement and balance sheet, and are not separated in the financial statements.

Note 2.4 Outlook and events after the end of the reporting period

The significant event worthy of mention since the 2020 closure of the accounts is the high level of tension observed on the electronic components market, which is affecting the entire technology industry. Supply issues have a direct impact on ACTIA's business and may have multiple repercussions: production and delivery delays, additional costs for the purchase of components and additional production costs.

To handle this situation as effectively as possible, 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.

In parallel, in the context of the ongoing Covid-19 pandemic and the need to comply with the measures taken by various governments, ACTIA continues to put in place the provisions best adapted to its business activities, such as home-working, furlough and imposed leave, with the aim of achieving the best balance between the need for business continuity, productivity and compliance with the lockdown rules that are alternately imposed then lifted. However, the impact of the Covid-19 pandemic on business is now much lower than for the same period in 2020. The order book at the end of the reporting period should, if the supply chain operates normally, allow us in 2021 to get back up to a level of business similar to that of 2019.

In addition to the current uncertainty weighing on the global economy, 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.

In financial terms, ACTIA had €53.4 million in cash on 31 December 2020, meaning it was able to meet its short-term repayment obligations. However, in a particularly uncertain context, and in order to secure the Group's known financing requirements over the next 12 months, management made the decision to ask its banking partners to make available the outstanding amount of the state-guaranteed loans, for a maximum amount of €50.5 million. In addition, some banking partners showed interest in supporting ACTIA in its projects, especially in the field of sustainable mobility. ACTIA is also involved in several calls for projects as part of the Recovery Plan, making it eligible for funding for structuring programmes, for an amount of €8 million over 2 to 4 years. 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 2021.

Despite a particularly complex environment generated by the health crisis and its consequences on the components market, ACTIA can draw on various markets geared to environmental and societal challenges, thereby guaranteeing its long-term future. Partnerships in place for many years, with customers, suppliers and banking partners, also provide a solid framework which secures the Group's future.

Consequently, the ACTIA Group Board of Directors approved the financial statements on 31 December 2020 according to the going concern principle.

Note 2.5 Changes to IFRS standards

The new IAS/IFRS texts and interpretations that became effective on 1 January 2020 and have been applied by the Group when preparing these consolidated financial statements on 31 December 2020 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendments of references to the conceptual framework of the standards	01/01/2020	29/11/2019	01/01/2020
Amendments to IAS 1 and IAS 8: definition of the term “material”	01/01/2020	29/11/2019	01/01/2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform	01/01/2020	15/01/2020	01/01/2020
Amendments to IFRS 3: definition of a business	01/01/2020	21/04/2020	01/01/2020
Amendments to IFRS 16: COVID-19-related rent concessions	01/01/2020	09/10/2020	01/01/2020

The application of these new standards, interpretations and amendments has no impact on the Group’s consolidated financial statements.

The new IAS/IFRS laws and interpretations passed by the European Union, but not yet applicable, or applied early bu the Group as of 1 January 2020 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendments to IAS 1: Presentation of financial statements	01/01/2023	Not yet announced	Not yet announced
Amendments to IAS 37: Loss-making contracts - contract performance costs	01/01/2022	Second half-year 2021	Second half-year 2021
Improvement of IFRS 2018-2020 period	01/01/2022	Second half-year 2021	Second half-year 2021
Amendments to IFRS 3: Reference to the conceptual framework	01/01/2022	Second half-year 2021	Second half-year 2021

The Group decided not to implement these standards early.

The new IAS/IFRS and interpretations in issue but pending adoption by the European Union and **not yet applicable** are:

	IASB date of application	EU date of adoption	EU date of application
Amendments to IAS 16: Tangible assets - Products pre-dating planned use	01/01/2022	Second half-year 2021	Second half-year 2021
Improvement of IFRS 2018-2020 period	01/01/2022	Second half-year 2021	Second half-year 2021

Note 2.6 Translation of financial statements of subsidiaries denominated in foreign currencies

The financial statements of foreign companies outside the Eurozone are translated as follows:

- Assets and liabilities, including goodwill and fair-value consolidation adjustments are translated at the exchange rate of the end of the reporting period, except for goodwill items predating the transition date of 1 January 2005;
- Income statement line items are translated at the exchange rate applicable on the transaction dates or, in practice, an approximate rate that in the absence of any major currency fluctuations corresponds to the average rate for the period. For operations in high-inflation countries, the income statement line items of the subsidiary in question must be translated at the applicable rate at the balance sheet date in line with IAS 29 and IFRIC 7;
- Exchange differences are recognised as a separate component of shareholders' equity and do not impact the income statement.

Note 2.7 Translation of foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Foreign currency liabilities and receivables are translated at the exchange rate applicable on December 31. Unrealised exchange gains (losses) generated as a result are recognised in the income statement.

In accordance with IAS 21 and IFRIC 16, differences on exchange related to permanent financing which is part of the net investment in a consolidated company are recognised in other comprehensive income, in the conversion reserve. Upon the subsequent disposal of these investments, cumulative translation differences initially recognised in shareholders' equity are recognised in income.

Note 2.8 Business combinations

Business combinations between 1 January 2004 and 31 December 2009 were accounted for in accordance with the previous version of IFRS 3. Business combinations after 1 January 2010 are accounted for in accordance with the revised IFRS 3.

The Group applies the purchase method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognised at fair value at the acquisition date.

At the acquisition date, goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recorded as an incurred expense.

In the case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

The initial measurement of goodwill is finalised within a period of twelve months from the acquisition date.

Goodwill is not amortised but tested for impairment annually at the closing date, or more frequently if events or changes in circumstances indicate a potential impairment. The main indicators of impairment used by the Group are as follows:

- Quantified indicators:
  - a 15% decline in revenue or a 30% decline in operating income of a CGU at constant scope and exchange rates,
  - a carrying value of the net asset that exceeds the market capitalisation.
- Non-quantified indicators:
  - a performance below forecast,
  - a significant change in the economic, technological, regulatory or political environment in the markets in which the Group operates.

Note 2.9 Tax credits, grants and other public subsidies

ACTIA received government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government subsidy management and the criteria of IAS 20. Given the projects financed and the strong likelihood that these advances will be repaid, they are presented in the financial statements under borrowings.

The Group's research and development policy results in the receipt of a research tax credit by the companies established in France. The research tax credit qualifies as a subsidy under IAS 20. It is allocated to a specific income statement line item, impacting operating income: however, the portion of research tax credits that may be allocated to capitalised projects is recognised under deferred income and associated with operating income for the duration of the useful lives of the assets for which it was received.

Grants received able to be allocated to capitalised projects are also accounted for in this manner.

Note 3 Scope of consolidation

Note 3.1 Consolidation criteria

The financial statements of companies directly or indirectly controlled by ACTIA Group are fully consolidated in the consolidated financial statements. The financial statements of companies in which ACTIA Group has a significant influence are accounted for under the equity method.

The balance sheet date for all companies within the scope of consolidation is December 31.

Note 3.2 Consolidated companies

On 1 October 2020, a subsidiary known as ACTIA EMS Sweden was created in Linköping in Sweden, its purpose being to manufacture printed circuit boards (prototypes and small production runs), purchased from Flextronics. It is 100% owned by ACTIA Nordic and employs around twenty people; it is consolidated using the full consolidation method.

On 24 September 2020, ACTIA Group S.A. bought out the minority interests held in its ACTIA Automotive subsidiary for €9,915.

The Group also created two new entities on 31 December 2020—ACTIA Power and ACTIA Power France—with the goal of setting up a new Power division bringing together all business related to the electrification of vehicles, with special focus on business lines involving batteries and electromobility.

In addition, ACTIA NL, in liquidation since 2017, was written off on 2 June 2020, and is therefore no longer included in the scope of consolidation.

Name	Seat	SIREN no. (business registration number) or country	% control		Integration method		Business lines	Contribution to consolidated revenue in €K	Contribution to consolidated net income in €K
			Dec-19	Dec-20	Dec-19	Dec-20			
ACTIA Group	**Toulouse**	**542 080 791**	**Consolidating company**		**Consolidating company**		**Holding company**	**26**	**-1,291**
Automotive									
ACTIA Automotive [4]	Toulouse	389 187 360	99.98	99.99	I.G.	I.G.	Electronics research & manufacturing	134,975	-18,433
ACTIA PCs	Maisons-Alfort	384 018 263	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	2,704	-822
ACTIA UK	Newtown	United Kingdom	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	5,287	217
ACTIA Systems	Getafe Madrid	Spain	100.00	100.00	I.G.	I.G.	Research and manufacturing of audio and video equipment	15,315	-191
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	M.E.	M.E.	Real estate		1
KARFA	Mexico City	Mexico	90.00	90.00	I.G.	I.G.	Administration of holdings		-208
ACTIA de MEXICO	Mexico City	Mexico	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	3,459	-1,132
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	I.G.	I.G.	Electronics research & manufacturing	2,955	-419
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing		17
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	I.G.	I.G.	Electronics research & manufacturing	1,427	316
ACTIA Italia	Torino	Italy	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	25,757	795
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	I.G.	I.G.	Electronics research & manufacturing	1,272	-88
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	35,613	-2,194
ACTIA Corp.	Elkhart - Indiana	USA	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	23,434	2,365
ACTIA Electronics	Romulus - Michigan	USA	99.98	99.98	I.G.	I.G.	Electronics manufacturing	5,812	-4,128
ACTIA Polska	Piaseczno	Poland	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	2,690	664
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	I.G.	I.G.	Electronics manufacturing	89	-827
ACTIA India [3]	New Delhi	India	51.00	51.00	I.G.	I.G.	Electronics research & manufacturing	1,396	-187
ACTIA China	Shanghaï	China	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	11,259	241
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	112,466	5,396
ACTIA EMS Sweden [1]	Linköping	Sweden	/	100.00	/	I.G.	Electronics research & manufacturing	839	51
ACTIA Tunisia	Tunis	Tunisia	96.96	96.96	I.G.	I.G.	Electronics manufacturing	8	-223
ACTIA Japan	Tokyo	Japan	100.00	100.00	/	I.G.	Marketing, sales and technical support		-95
Telecom									
ACTIA Telecom	St Georges de Luzençon	699 800 306	100.00	100.00	I.G.	I.G.	Electronics research & manufacturing	47,087	323
SCI Sodimob	St Georges de Luzençon	419 464 490	100.00	100.00	I.G.	I.G.	Real estate		72
ACTIA Africa	Tunis	Tunisia	99.77	99.77	I.G.	I.G.	Marketing, sales and technical support	442	-67
ACTIA Engineering Services	Tunis	Tunisia	73.33	73.33	I.G.	I.G.	Electronics research & design	1,863	-16
COOVIA [3]	Toulouse	788 665 149	19.98	19.98	M.E.	M.E.	Mobility consulting		
ACTIA Telematics Services	Naninne	Belgium	100.00	100.00	I.G.	I.G.	Electronics research & design	2,419	-20
ACTIA Power [1]	Toulouse	892 202 482	/	100.00	/	I.G.	Holding company		
ACTIA Power France [1]	Toulouse	892 368 564	/	100.00	/	I.G.	Electronics research & manufacturing		
SCI de l'Oratoire [2]	Colomiers	345 291 405	100.00	100.00	I.G.	I.G.	Real estate		340
SCI Les Coteaux de Pouvourville [4]	Toulouse	343 074 738	30.00	30.00	M.E.	M.E.	Real estate		101

[1]: New companies created during the financial year.
[2]: SCI de l'Oratoire is 86% owned by ACTIA Group and 14% by ACTIA Automotive.
[3]: In the process of being wound up.
[4]: ACTIA Group purchased 5 minority shares in ACTIA Automotive on 24 September 2020.

Note 4 Intangible assets

Note 4.1 Changes in intangible assets

The gross amounts of intangible fixed assets changed as follows:

- In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	31/12/2020
Goodwill	25,402					25,402
Development costs	136,864		571	13,230	<19,497>	131,167
Other intangible assets	12,505		<48>	336	<692>	12,100
Other intangible assets in progress	60		<30>	498		528
TOTAL	**174,830**		**493**	**14,063**	**<20,189>**	**169,197**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in progress						

- In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	31/12/2019
Goodwill	25,402					25,402
Development costs	119,334		<124>	17,964	<311>	136,864
Other intangible assets	12,545		15	880	<935>	12,505
Other intangible assets in progress	2			58		60
Total	**157,283**		**<109>**	**18,902**	**<1 246>**	**174,830**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in progress						

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

Amortisation and impairment charges were as follows:

- In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	Provisions	Reversals	31/12/2020
Goodwill	1,254					1,254
Development costs	64,631		<126>	15,303	<2,440>	77,367
Goodwill	1,254					1,254
DEVELOPMENT COSTS	77,367		376	13,410	<19,504>	71,650
Other intangible assets	11,179		<40>	595	<692>	11,043
Total	**89,800**		**336**	**14,005**	**<20,196>**	**83,946**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at 31 December 2020.

- In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Provisions	Reversals	31/12/2019
Goodwill	1,254					1,254
Development costs	64,631		<126>	15,303	<2,440>	77,367
Other intangible assets	11,366		7	578	<771>	11,179
TOTAL	**77,251**		**<120>**	**15,881**	**<3,211>**	**89,800**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at 31 December 2019.

Net carrying amounts:

In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	Net acquisitions <Disposals>	31/12/2020
Goodwill	24,148				24,148
Development costs	59,497		195	<174>	59,518
Other intangible assets	1,326		<9>	<260>	1,058
Other intangible assets in progress	60		<30>	498	528
TOTAL	**85,030**		**157**	**64**	**85,251**
Of which finance leases					
Other intangible assets	*<0>*				*<0>*
Other intangible assets in progress					

In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Net acquisitions <Disposals>	31/12/2019
Goodwill	24,148				24,148
Development costs	54,703		3	4,791	59,497
Other intangible assets	1,179		8	138	1,326
Other intangible assets in progress	2			58	60
TOTAL	**80,032**		**11**	**4,987**	**85,030**
Of which finance leases					
Other intangible assets	*<0>*				*<0>*
Other intangible assets in progress					

Note 4.2 Goodwill

At the end of 2020, the carrying amounts of **goodwill** were as follows:

In €K	Country	Net balance sheet amounts at 31/12/2020	Net balance sheet amounts at 31/12/2019
ACTIA Telecom	France	11,415	11,415
ACTIA Corp.	USA	7,501	7,501
ACTIA Telematics Services	Belgium	2,480	2,480
ACTIA Nordic	Sweden	1,351	1,35
CIPI ACTIA	Tunisia	922	922
ACTIA PCs	France	390	390
SODIMOB	France	88	88
Total		**24,148**	**24,148**

Annual **impairment tests** are performed on goodwill.

This test covers a specific asset or a cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to one CGU. The CGU for goodwill is generally that of the entity originally acquired.

The impairment test is intended to compare the carrying amount of the asset or CGU group with its recoverable amount. The recoverable amount is the greater of:

- The fair value less selling costs;
- The value in use, this being the present value of the future cash flows likely to flow from the asset or CGU. Future cash flows are determined from four-year budgets for the CGU or CGU groups in question, approved by Group management. The growth rates used for subsequent periods are flat. The discount rates are determined by using a risk-free rate for the geographic region in question, plus a specific risk premium for the assets in question.

Where the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement under the line item "goodwill impairment." Impairment in a CGU is firstly allocated to goodwill and then to the other assets of the CGU in proportion to their carrying amounts.

Impairment losses recognised in respect of goodwill are never reversed.

In accordance with IAS 36, impairment tests are conducted for all goodwill by applying the discounted cash flow method to the business plans of the relevant CGUs.

The discount rates used for these impairment tests are presented below:

	2020		2019	
In €K	Europe	USA	Europe	USA
Automotive	between 8.8 % and 9.8 % (1)	between 7.6 % and 8.7 %	between 8.6 % and 9.4 % (1)	between 7.6 % and 8.7 %
Telecoms	between 6.5 % and 7.5 %	-	between 6.5 % and 7.5 %	-

(1): CIPI-ACTIA (Tunisia): between 14.5% and 16.5%.

The perpetuity growth rate is 1% for all impairment tests conducted in Europe, and 1.5% for the Americas.

Based on these tests applied to the reasonable cash flow forecast scenarios and including the analysis of the sensitivity of amounts to changes in assumptions and the parameters used, no impairment was identified. The items used to assess the most significant values tested (UGT ACTIA Telecom and ACTIA Corp.) are presented below:

◎ Tests of **ACTIA Telecom** goodwill:

ACTIA Telecom's goodwill was allocated to a CGU comprised of all the operating assets of this entity.

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning new business via calls for tender for the subsequent four years and the change in the working capital requirement calculated in relation to business trends;
- the level of annual replacement capital expenditure;
- management calculates these assumptions on the basis of its experience as well as prior results;
- the period covered by these cash flow forecasts is four years (2021 to 2024);
- the rate used to discount the cash flows is 7.13% after tax and is the result of the following parameters:
  - the cost of equity is 7.54 %,
  - releveraged beta is 0.94,
  - sector financial leverage is 3.3 %,
- the AAGR for sales is 14.1% for the specific time-frame,
- the terminal value was calculated from cash flows to which a 1% perpetuity growth rate was applied,
- analyses of the sensitivity of the value of goodwill to changes in assumptions about forecast operating flows and the discount rate indicate that the possibility of a loss in value would arise for the Telecom division from one of the following adverse assumptions:
  - normalised EBITDA/Revenue ratio below that used to estimate the terminal cash flows,
  - discount rate above the central rate described above.

◎ Tests of **ACTIA Corp.** goodwill. (USA):

The goodwill of ACTIA Corp. was allocated to a CGU consisting of all the operating assets of ACTIA Corp.

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **cash flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book and reasonable assumptions for winning new business via calls for tender for the subsequent three years and the change in the working capital requirement calculated in relation to business trends;
- the level of annual replacement capital expenditure;
- management assumptions are calculated on the basis of past experience;
- the period covered by these cash flow forecasts is four years (2021 to 2024);

- the rate used to discount the cash flows is 8.55 % after tax and is the result of the following parameters:
  - the cost of equity is 9.07%;
  - releveraged beta is 1.31;
  - sector financial leverage is 11.7%;
- the AAGR for sales is 33.4% for the specific timeframe;
- the terminal value was calculated from cash flows to which a 1.5% perpetuity growth rate was applied, in light of the prospects for a recovery from the crisis in the Americas region;
- given the significant margin resulting from the impairment test, the analyses of the sensitivity of the value of goodwill to changes in assumptions about forecast operating flows and the discount rate do not reveal any risks.

To date, impairment charges for goodwill amount to €1,254,000 and correspond to:

- A goodwill impairment loss for ACTIA Polska: €224,000 (recognised in 2008);
- a goodwill impairment loss for ACTIA Telecom: €1 million (€500,000 recognised in 2009 and €500,000 in 2012);
- a goodwill impairment loss for KARFA: €30,000 (recognised in 2015).

Note 4.3 Development costs and other intangible assets

Other intangible assets are presented in the balance sheet at acquisition or production cost, less cumulative amortisation and impairment losses. They are recognised as assets if they are controlled by the Group, if they generate future economic benefits for the Group and meet the identification criteria below:

- They are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or together with another asset/liability, or
- They stem from contractual or other legal rights.

The various types of intangible assets identifiable in the Group include development costs and patents and brands.

Except for development costs, the other intangible assets are amortised on a straight-line basis calculated over their useful lives of three to seven years.

Development costs

An intangible asset resulting from a development phase is recognised in assets if and only if the following criteria are satisfied:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The entity must intend to complete the intangible asset and use or sell it;
- It must be able to use or sell the intangible asset;
- It must know how the intangible asset will generate probable future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- Adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset, and
- It must be possible to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of this internally generated intangible asset includes all expenses necessary to create, produce and prepare the non-current asset to be exploited as planned by the Group.

Other development costs are expensed as they arise.

No intangible asset arising from research is recognised as an asset. Research costs are expensed as they arise.

The amortisation of development costs reflects the expected rate at which economic benefits will be obtained from the asset. The methods used are straight-line amortisation or unit of production. The useful lives depend on the assets in question. They run from three to five years, except for the tachograph, which has an estimated useful life of 15 years (end of the depreciation period in 2020).

The useful lives are reviewed at each balance sheet date. There are no intangible assets for which the useful life is considered indefinite.

The **main intangible assets** added in the last two financial years are presented in the table below:

In €K	2020	2019
Development costs		
Automotive Division	12,859	16,469
Telecoms Division	935	2,696
TOTAL	**13,794**	**19,165**
Other intangible assets		
Automotive Division	677	770
Telecoms Division	37	49
TOTAL	**714**	**818**

New intangible assets:

- Produced in-house (capitalised development costs) for €13.9 million (€19.2 million in 2019);
- Purchased externally for €0.7 million (€0.8 million in 2019).

The table below summarises the changes in the total research and development expenditure:

In €K	2020	2019
Automotive Division	**62,523**	**69,524**
o.w. Cost of research commissioned by customers	*20,794*	*22,597*
Non-current assets	*12,956*	*16,529*
Period expenses	*28,773*	*30,398*
Telecoms Division	**13,441**	**13,669**
o.w. Cost of research commissioned by customers	*7,334*	*4,802*
Non-current assets	*935*	*2,696*
Period expenses	*5,172*	*6,170*
Total	**75,964**	**83,193**
Amortisation of capitalised development costs not included in the total expenditure calculation	*14,072*	*15,287*

Most companies of the Automotive Division engage in R&D activity. ACTIA Automotive (France) contributes 51.4 % (approximately 52.5 % in 2019) ACTIA I+Me (Germany) for 12.1 % (7.8 % in 2019) and ACTIA Nordic (Sweden) 18.7 % (23.2 % in 2019), with the balance of R&D activity equally allocated among the other entities of the division. It should be noted that the Tunisian design fffice, ACTIA Engineering Services, works for the other Group entities and its work is therefore eliminated (IG) at its level for the benefit of companies that ordered the development.

In the Telecoms Division, work is carried out by all the ACTIA Telecom entities, and it may also use ACTIA Engineering Services for certain types of work, which are also eliminated (IG).

The Group's R&D investment policy focuses on five areas:

- Telematics for vehicles, including both OEM and Aftermarket and associated services;
- Power electronics for vehicles;
- Electrification of vehicles;
- Vehicle inspection and repair equipment;
- Professional microwave communications equipment.

In these areas, ACTIA must anticipate the arrival of new products and use the most modern technologies while meeting the requirements of increasing global standardisation and cost management. ACTIA must also support its export customers and identify new foreign markets.

The Group operates in 16 countries and incurs considerable R&D expenditure. Over the past five years, these expenses have averaged 15.8% of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€5.8 million for 2020 compared with €5.9 million in 2019), which remain stable even in this exceptional year.

In 2020, total R&D expenditure accounted for 17.3% of Group revenue compared with 16.0% in 2019; the 8.7% drop in expenditure was not aligned with sales performance, but the Group had to continue programmes related to successful business activities over the past three years. However, more than a third of these expenses were shared with customers. This confirms the Group's commitment to meet market and customer needs through innovation.

The level of R&D expenditure incurred in ACTIA's income statement, after adjusting for the portion charged to customers, government subsidies and time lags (fixed assets/depreciation), accounted for 9.5 % of revenue in 2020, as opposed to 8.9 % in 2019. The customer chargeback rate was 37.0 % in 2020 compared to 32.9 % in 2019. The Group therefore recorded a decrease in its capitalised R&D of 27.7%.

Note 5 Tangible assets

Items of property plant and equipment are recognised as assets at acquisition cost less cumulative depreciation and impairment losses. The Group has chosen the cost model as the measurement method.

Cost components include:

- The purchase price, including import duties and non-refundable purchase taxes less trade discounts and rebates;
- The costs directly attributable to transferring and commissioning the asset and;
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

When material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, they are recognised by component as separate items of property, plant and equipment.

The Group recognises the replacement cost of a component of an item of property, plant or equipment in the carrying amount of that asset when the cost is incurred, if it is likely that the future economic benefits associated with this asset will flow to the Group and its cost can be reliably measured. All ordinary upkeep and maintenance costs are expensed when incurred.

ACTIA has identified three components of buildings:

- The structure: 40-year useful life;
- Interior work: 20-year useful life;
- Fixtures and fittings: 10-year useful life.

The breakdown of some buildings with a very specific structure (glass cladding, etc.) has been adjusted so that the useful lives indicated correspond to the actual life of the property.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied by the Group are as follows:

- Technical installations, equipment, tooling: 6 to 10 years;
- Other property, plant and equipment: 3 to 10 years.

The useful lives are reviewed at each balance sheet date.

The Group has not determined any material residual value for its property, plant and equipment.

Note 5.1 Changes in tangible assets

Gross amounts of property, plant and equipment changed as follows:

- In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	31/12/2020
Land	3,703		<78>			3,625
Buildings	59,136		<990>	4,333	<118>	62,361
Technical equipment Facilities and tools	77,614		<1,179>	6,022	<4,435>	78,022
Other items of property, plant and equipment	41,924		<689>	<1,459>	<1,891>	37,885
Total	**182,377**		**<2,935>**	**8,895**	**<6,445>**	**181,892**
o.w. right-of-use						
Land	*260*					*260*
Buildings	*27,345*		*<18>*	*701*	*<1,793>*	*26,235*
Technical equipment *Facilities and tools*	*18,389*					*18,389*
Other items of property, plant and equipment	*9,118*		*2*	*77*	*<12>*	*9,185*

- In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	31/12/2019
Land	3,633		70			3,703
Buildings	38,407		386	20,344		59,136
Technical equipment Facilities and tools	66,588		779	11,207	<960>	77,614
Other items of property, plant and equipment	46,521		585	<3,496>	<1,687>	41,924
Total	**155,149**		**1,821**	**28,054**	**<2,647>**	**182,377**
o.w. right-of-use						
Land	*260*					*260*
Buildings	*24,203*		*2*	*3,140*		*27,345*
Technical equipment *Facilities and tools*	*17,393*		*<3>*	*999*		*18,389*
Other items of property	*8,392*		*20*	*840*	*<133>*	*9,118*

Amortisation was as follows:

- In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	Provisions	Reversals	31/12/2020
Land	13					13
Buildings	21,474		<219>	2,802	<141>	23,916
Technical equipment Facilities and tools	54,374		<662>	8,054	<4,390>	57,375
Other items of property	22,649		<340>	2,693	<1,847>	23,155
TOTAL	**98,510**		**<1,221>**	**13,548**	**<6,379>**	**104,458**
o.w. right-of-use						
Land	*13*					*13*
Buildings	*14,316*		*27*	*1,098*		*15,441*
Technical equipment *Facilities and tools*	*12,646*		6	*2,074*		*14,725*
Other items of property	*7,270*		*10*	*408*		*7,688*

- In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Provisions	Reversals	31/12/2019
Land	13					13
Buildings	17,279		136	4,109	<49>	21,474
Technical equipment Facilities and tools	47,519		469	7,004	<618>	54,374
Other items of property	20,314		172	3,575	<1,413>	22,649
TOTAL	**85,125**		**777**	**14,687**	**<2,080>**	**98,510**
o.w. right-of-use						
Land	*13*					*13*
Buildings	*11,356*		*15*	*2,945*		*14,316*
Technical equipment *Facilities and tools*	*10,782*		*<1>*	*1,864*		*12,646*
Other items of property	*6,053*		*11*	*1,310*	*<104>*	*7,270*

Net carrying amounts:

- In 2020:

In €K	01/01/2020	Changes in scope	Cumulative translation differences	31/12/2020
Land	3,690		<78>	3,612
Buildings	37,662		<771>	38,445
Technical equipment Facilities and tools	23,241		<517>	20,647
Other items of property, plant and equipment	19,275		<349>	14,730
TOTAL	**83,867**		**<1,714>**	**77,434**
o.w. right-of-use				
Land	*247*			*247*
Buildings	*13,029*		*<45>*	*10,794*
Technical equipment *Facilities and tools*	*5,743*		*<6>*	*3,664*
Other items of property, plant and equipment	*1,848*		*<8>*	*1,497*

- In 2019:

In €K	01/01/2019	Changes in scope	Cumulative translation differences	Net acquisitions <Disposals>	31/12/2019
Land	3,619		70		3,690
Buildings	21,128		250	16,284	37,662
Technical equipment Facilities and tools	19,070		310	3,861	23,241
Other items of property, plant and equipment	26,207		413	<7,345>	19,275
TOTAL	**70,024**		**1,044**	**12,800**	**83,867**
o.w. right-of-use					
Land	*247*				*247*
Buildings	*12,848*		*<13>*	*195*	*13,029*
Technical equipment *Facilities and tools*	*6,611*		*<3>*	*<865>*	*5,743*
Other items of property, plant and equipment	*2,339*		*8*	*<499>*	*1,848*

Property, plant and equipment used as collateral are listed in Note 27: “Encumbered assets” in the notes to the consolidated financial statements.

The main acquisitions relate to:

In €K	2020	2019
Land		
Automotive Division		
Telecoms Division		
Sub-total		
Buildings		
Automotive Division	1,253	5,387
Telecoms Division	629	355
Other (incl. Holding company)	5	6
Sub-total	**1,886**	**5,749**
Technical equipment		
Automotive Division	3,811	8,522
Telecoms Division	149	754
Sub-total	**3,960**	**9,276**
Other tangible assets		
Automotive Division	4,191	9,678
Telecoms Division	304	3,759
Other (incl. Holding company)	33	12
Sub-total	**4,528**	**13,449**
Total	**10,374**	**28,474**

All new items of property, plant and equipment were purchased from third party suppliers.

The Other property, plant and equipment item includes construction and renovation work not yet delivered on the close date.

Note 5.2 Depreciation of tangible assets

Where there are indications of impairment, an impairment test of the other assets is systematically performed.

Impairment losses recognised in respect of other assets may be reversed where there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset that has been increased due to reversal of impairment may not exceed the carrying amount that would have existed, net of depreciation or amortisation, if no impairment loss had been recognised.

In the event of an impairment loss on an asset or CGU, a provision is systematically recognised. It is allocated to the “Depreciation and amortisation expense” line item in the income statement, which is accordingly renamed “Depreciation and amortisation expense and impairment loss.”

As of 31 December 2020, no provisions for impairment of property, plant and equipment had been recognised.

Note 6 Equity method investments

In €K	Value of securities		Share of net income	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
SCI Los Olivos	180	421	1	10
SCI Les Coteaux de Pouvourville	595	250	101	44
Coovia	0	0	0	0
Total	**774**	**672**	**103**	**54**

After the investor's interest is reduced to zero, additional losses are recognised by a provision (liability) only to such extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. (See Note 17: "Provisions" in the notes to the consolidated financial statements.

Financial information on the investments in associates (equity method) is set out below:

- At 31 December 2020:

In €K	Total Assets	Debt	Revenue	Income
SCI Los Olivos	2,391	1,333	176	4
SCI Les Coteaux de Pouvourville	7,605	5,955	963	219
Coovia	124	982	0	0

- At 31 December 2019: 0

In €K	Total Assets	Debt	Revenue	Income
SCI Los Olivos	2,517	1,463	176	25
SCI Les Coteaux de Pouvourville	7,887	6,528	942	152
Coovia	124	982	0	0

Note 7 Non-current financial assets

	31/12/2020			31/12/2019		
In €K	**Gross**	**Depreciation**	**Net**	**Gross**	**Depreciation**	**Net**
Non-consolidated fixed securities	291	<227>	**64**	292	<228>	**64**
Receivables on non-consolidated investments	882	<877>	**6**	880	<877>	**3**
Deposits and guarantees	1,649		**1,649**	1,175		**1,175**
Loans and miscellaneous	33	<0>	**33**	33	<0>	**33**
TOTAL	**2,855**	**<1,104>**	**1,751**	**2,381**	**<1,105>**	**1,276**

In 2020, financial assets generated €9,000 in income, included in the income statement under “Other financial income,” compared with €155,000 in 2019.

Note 8 Inventory and work in process

Inventory costs include:

- Purchase cost: purchase price and related expenses;
- Conversion costs: labour and indirect production costs;
- Other costs: included in inventory costs only if incurred to bring the inventories to their current location and condition.

The net realisable value of stocks was as follows:

Inventories of services in process are measured at the cost of production, labour and other personnel expenses directly incurred to provide the service.

Inventory costs are determined according to the weighted average cost method.

Inventories are measured at the lower of cost and net realisable value, this being the estimated selling price in the normal course of business less estimated completion and selling costs.

Net value (€K)	**31/12/2020**	**31/12/2019**
Raw materials	61,824	72,399
R&D costs pursuant to the execution of contracts	40,125	35,056
Intermediate and finished products	32,834	39,801
Goods	14,781	13,879
Total	**149,564**	**161,135**

Changes in inventories in 2020 are set out below:

In €K	Gross	Depreciation	Net
At 31/12/2019	**172,764**	**<11,630>**	**161,135**
Change over the period	<9,333>		<9,333>
Net depreciation		<571>	<571>
Changes in scope	<184>	184	0
Effect of exchange rates	<1,717>	50	<1,667>
At 31/12/2020	**161,531**	**<11,967>**	**149,564**

Scrapped inventories amounted to €2,333,000, compared with €904,000 in 2019, and concerned primarily:

- ACTIA Automotive: €1,623,000 (not accrued in previous periods);
- ACTIA Corp: €109,000 (fully accrued in previous periods);
- ACTIA Telecom: €374,000 (accumulated provision of €311,000 from prior periods).

The gross value of inventory decreased by €11.2 million in 2020 compared with an increase of €25.7 million in 2019. The breakdown of these changes is presented below:

In €K		2020	2019
Raw materials		**<9,370>**	**+ 11,332**
o.w.	*Automotive Division*	*<11,128>*	*+ 9,454*
	Telecoms Division	*+ 1,758*	*<81>*
R&D costs pursuant to the execution of contracts		**+ 3,656**	**+ 9,813**
o.w.	*Automotive Division*	*<120>*	*+ 5,550*
	Telecoms Division	*+ 3,776*	*+ 4,246*
Intermediate and finished products		**<5,761>**	**+ 1,908**
o.w.	*Automotive Division*	*<6,021>*	*+ 1,791*
	Telecoms Division	*+ 260*	*+ 101*
Goods		**+ 241**	**+ 2,668**
o.w.	*Automotive Division*	*+ 241*	*+ 2,423*
	Telecoms Division	*+ 0*	*+ 0*

Pledged inventories are set out in Note 27 “Encumbered assets” in the notes to the consolidated financial statements.

Note 9 Trade and other receivables

Trade and other accounts receivable are measured at fair value upon initial recognition then at amortised cost less the amount of expected credit losses.

Where there are objective indications of impairment, the amount of the loss recognised is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the asset.

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

In €K	Net value at 31/12/2019	Changes over the period	Depreciation / reversals	Changes in scope	Effect of exchange rates	Net value at 31/12/2020
Trade receivables	**140,223**	**1,190**	**<241>**	**1,124**	**<932>**	**141,364**
Pre-payments	3,055	516			<34>	3,537
Social security receivables	606	<10>			<86>	510
VAT claims	4,873	<2 464>			<0>	2,408
Accrued charges	2,297	71			<10>	2,358
Other current receivables from operations	**10,830**	**<1,886>**			**<130>**	**8,814**
Tax receivables	2,185	287			<257>	2,215
Research tax credit	8,600	1,041				9,641
Current tax credit	**10,785**	**1,328**			**<257>**	**11,855**
Other miscellaneous current receivables	**1,576**	**<38>**			**<129>**	**1,408**
Total	**163,415**	**593**	**<241>**	**1,124**	**<1,449>**	**163,441**

A non-recourse factoring contract is in place for the ACTIA Nordic subsidiary (Sweden), for an amount of €14.7 million at 31 December 2020, compared with €15 million at 31 December 2019. Under IFRS 9, as the near totality of the risks and benefits related to the assigned receivables had been transferred to the assignee as part of this factoring transaction, the assigned receivables were deconsolidated.

At 31 December 2020, 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 31/12/2020	120,692	6,367	5,357	1,953	10,527	**144,896**
Gross at 31/12/2019	116,101	9,497	4,470	1,531	12,043	**143,643**

No **significant losses for bad** debt were recognised in 2020, as in 2019.

Note 10 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 31/12/2020	At 31/12/2019
Contractual assets	**26,076**	**31,166**
Contractual liabilities	**<3,977>**	**<2,258>**

Note 11 Cash, cash equivalents and financial instruments at fair value through profit and loss

Note 11.1 Cash and cash equivalents

Cash is comprised of the sums available in bank accounts at the balance sheet date. Instantly repayable bank overdrafts constitute a component of cash and cash equivalents for cash flow statement purposes.

Cash equivalents are very liquid short-term investments comprised of marketable securities readily convertible into a known amount of cash and subject to an insignificant risk of a change in value. They are recognised at the market value at the balance sheet date, with the investment bonus recognised in income.

These items changed as follows:

In €K	31/12/2020	31/12/2019	Change
Cash equivalents	79	98	<18>
Cash	53,335	46,507	6,828
Cash and cash equivalents	**53,414**	**46,604**	**6,810**
<Short-term bank borrowings>	**<40,925>**	**<60,405>**	**19,481**
Total	**12,489**	**<13,801>**	**26,291**

Current bank facilities are included under "Current financial liabilities."

ACTIA sells marketable securities at year-end, which are accordingly recorded under income as definitive capital gains.

Note 11.2 Financial instruments at fair value through profit and loss

ACTIA uses derivatives to hedge its exposure to interest rate and exchange rate risks arising from its operating, financing and investing activities. In accordance with its treasury management policy, the Group neither holds nor issues derivatives for trading purposes. However, derivatives not satisfying the hedge accounting criteria are treated as speculative.

◎ Interest rate hedging

ACTIA has adopted a global interest rate hedging policy; these hedging instruments are not directly attributable to specific borrowings but make it possible to hedge variable rate borrowings as a whole. These derivatives are measured at fair value. Gains or losses resulting from fair value re-measurement are immediately recognised in income.

Interest rate hedging instruments break down as follows:

In €K	Initial amount	Amount as of 31/12/2020	Fixed rate	Start date	End date	Amortisation/ Depreciation
SWAP 1	5,000	5,000	0.50%	01/06/2016	01/06/2021	In fine
SWAP 2	5,000	500	0.34%	01/06/2016	01/06/2021	quarterly
SWAP 3	5,000	750	0.25%	01/09/2016	01/09/2021	quarterly
SWAP 4	5,000	5,000	0.45%	01/09/2016	01/09/2021	In fine
Total	**20,000**	**11,250**				

These hedging instruments are not linked to specific finance contracts but they cover the Group's debt to a level of €11.3 million at 31 December 2020 (€13.3 million at 31 December 2019).

The Group recognises interest rate hedging instruments at fair value through profit and loss under "Other financial income" and "Other financial expenses."

Details of the impact of this accounting treatment on earnings are set out below:

In €K	31/12/2020		31/12/2019	
	Fair value	Impact	Fair value	Impact
Financial instruments ASSETS <LIABILITIES>				
SWAP	<69>	92	<161>	58
Total	**<69>**	**92**	**<161>**	**58**

An analysis of ACTIA's exposure to interest rate risk is provided in chapter 7 "Risk factors" of this Universal Registration Document.

◎ Currency hedging

Because the applicable criteria were not met for the periods presented, (hedging of future flows - cash flow hedge), hedge accounting was not applied. The currency hedging instruments were measured at fair value and recognised as interest rate hedging instruments.

Note that the purpose of these tools is to secure the cost of acquisition of US Dollars necessary to buy components at a reasonable price secured with respect to the significant market fluctuations.

Currency hedging instruments break down as follows:

In currency	Maximum initial amount	Maximum amount remaining to be acquired at 31/12/2020	Minimum threshold	Strike	Start date	End date
Currency purchases						
EUR/USD Swap	$ 1,756,000	$ 1,756,000	1.2169	1.2169	15/12/2020	29/01/2021
EUR/USD ABF protected	$ 7,800,000	$ 1,800,000	1.1090	1.2100	08/08/2019	12/02/2021
EUR/USD ABF protected	$ 5,200,000	$ 1,400,000	1.0900	1.2450	20/02/2019	22/02/2021
EUR/USD Accumulator	$ 1,140,000	$ 160,000	1.0985	1.1700	23/01/2020	01/03/2021
EUR/USD Option	$ 6,000,000	$ 6,000,000	1.0990	1.1475	02/03/2020	25/03/2021
EUR/USD Swap	$ 7,625,000	$ 7,625,000	N/A	1.1650	30/12/2020	26/03/2021
EUR/USD Swap	$ 5,700,000	$ 5,700,000	1.2234	1.2234	16/12/2020	30/04/2021
EUR/USD Accumulator	$ 7,200,000	$ 7,200,000	1.1700	1.2050	18/09/2020	09/06/2021
EUR/USD ABF protected	$ 6,500,000	$ 5,750,000	1.0840	1.1810	10/06/2020	10/06/2021
EUR/USD Accumulator	$ 6,500,000	$ 6,500,000	1.1700	1.2145	18/09/2020	17/06/2021
EUR/USD Accumulator	$ 10,500,000	$ 10,500,000	1.1700	1.2050	18/09/2020	22/06/2021
EUR/USD Accumulator	$ 1,230,000	$ 180,000	1.1350	1.1830	16/09/2020	28/06/2021
EUR/USD Swap	$ 6,200,000	$ 6,200,000	1.2130/1.2155	1.2130/1.2155	08/12/2020	30/06/2021
EUR/USD ABF protected	$ 7,800,000	$ 7,800,000	1.1090	1.2300	08/08/2019	13/08/2021
EUR/USD ABF protected	$ 6,500,000	$ 6,500,000	1.0840	1.1960	10/06/2020	09/12/2021
EUR/USD Accumulator	$ 27,000,000	$ 18,000,000	1.0690	1.1835	02/03/2020	29/12/2021
EUR/USD Accumulator	$ 12,000,000	$ 9,750,000	1.0840	1.1775	27/05/2020	31/12/2021
EUR/USD Accumulator	$ 9,999,990	$ 7,999,992	1.0820	1.1762	28/05/2020	04/01/2022
EUR/USD Accumulator	$ 2,000,000	$ 2,000,000	1.1700	1.1705	04/11/2020	11/01/2022
EUR/USD Accumulator	$ 1,000,000	$ 1,000,000	1.1020	1.1970	07/07/2020	20/01/2022
EUR/USD Accumulator	$ 1,680,000	$ 1,680,000	1.1625	1.2300	04/11/2020	01/02/2022
EUR/USD Tunnel	$ 2,000,000	$ 2,000,000	N/A	1.1762	28/05/2020	28/02/2022
EUR/USD Accumulator	$ 1,000,000	$ 1,000,000	1.1100	1.2400	10/08/2020	03/03/2022
EUR/USD Accumulator	$ 7,200,000	$ 6,000,000	1.0735	1.2060	11/06/2020	11/03/2022
EUR/USD Tunnel	$ 5,000,000	$ 5,000,000	N/A	1.2060	11/06/2020	15/03/2022
EUR/USD Option	$ 6,000,000	$ 6,000,000	N/A	1.1775	27/05/2020	31/03/2022
EUR/USD Accumulator	$ 22,000,000	$ 22,000,000	1.1700	1.2008	16/09/2020	19/04/2022
EUR/USD Option	$ 7,000,000	$ 7,000,000	N/A	1.2008	16/09/2020	19/04/2022
EUR/USD ABF protected	$ 6,500,000	$ 6,500,000	1.0840	1.2110	10/06/2020	09/06/2022
EUR/USD Accumulator	$ 1,799,200	$ 1,799,200	1.1550	1.2430	16/09/2020	24/06/2022
EUR/USD Tunnel	$ 6,000,000	$ 6,000,000	1.1590	1.1975	15/09/2020	19/09/2022
EUR/USD Accumulator	$ 23,400,000	$ 23,400,000	1.1600	1.2020	22/09/2020	17/03/2023

ACTIA recognises these currency hedging instruments at fair value through profit and loss under “Other financial income” and “Other financial expenses.”

Note that the Group carried out Dollar purchases of $103.5 million compared with $128.1 million in 2019. The purchases are hedged via financial instruments or, to a lesser extent, via natural hedges.

Details of the impact of this accounting treatment on earnings are set out below:

	31/12/2020		31/12/2019	
In €K	**Fair value**	**Impact**	**Fair value**	**Impact**
Financial instruments ASSETS <LIABILITIES>				
EUR/USD Hedges	<7,418>	<8,795>	1,377	<51>
EUR/JPY Hedges	0	0	0	0
Total	**<7,418>**	**<8,795>**	**1,377**	**<51>**

Note 12 Deferred tax

Deferred taxes stem in particular from:

- Tax-loss carryforwards;
- Temporary differences that may exist between the consolidation amount and the tax base of certain assets and liabilities.

In line with the balance sheet liability method, deferred tax is measured on the basis of the tax rates and regulations adopted or substantially adopted at the balance sheet date.

Tax liabilities of a company may under certain conditions be reduced by the amount of deferred tax losses that may be reasonably allocated as a reverse entry and deferred taxes on deductible temporary differences.

Deferred tax assets are recognised when their recovery is likely. Tax losses or timing differences must be applied to future taxable income, within the limits that may apply under French law. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Use of tax loss carryforwards for French companies is capped and in accordance with our business plans, ACTIA works with four-year budgets. In consequence, unused tax losses for which no deferred tax asset was recognised amount to €50.2 million, compared with €34.9 million at 31 December 2019. The potential tax gain represents €13.5 million, compared with €10.6 million at 31 December 2019. These tax losses do not expire.

Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. They are presented in the balance sheet according to the case as non-current assets and liabilities.

In €K	**31/12/2020**	**31/12/2019**
Tax assets recognised under:		
Timing differences	8,195	6,486
Of which provision for pension benefits	*2,795*	*2,317*
Of which profits on stocks	*498*	*658*
Of which other adjustments	*4,902*	*3,511*
Losses carried forward	4,968	5,283
Net total tax assets	**13,163**	**11,769**
Tax liabilities recognised under:		
Deferred tax liabilities	4,186	3,931
Net total tax liabilities	**4,186**	**3,931**
Net total deferred tax assets and liabilities	**8,978**	**7,837**

Note 13 Financial assets and liabilities

The various financial instrument categories are held-to-maturity assets, loans and receivables issued by the Company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Held-to-maturity assets

The Group does not have any such assets.

Loans and receivables issued by the Company

After their initial recognition, they are carried at amortised cost using the effective interest rate method and an impairment may be recognised depending on the valuation of expected credit losses.

Derecognition of financial assets from the financial statements is dependent on the transfer of the risks and rewards inherent in the asset, as well as the transfer of control over it. Accordingly, discounted bills not yet due and the Dailly-type factored receivables for guarantee purposes are carried in “Accounts receivable.”

Financial assets and liabilities at fair value through profit or loss

Purchases and sales of financial assets at fair value through profit or loss are recognised at the transaction date.

Marketable securities are recognised at their market value on the date of closing.

Other liabilities (interest-bearing loans and borrowings)

After their initial recognition, they are recognised using the effective interest rate method.

Investment securities

The Group has holdings in companies without having significant influence or control. The IFRS 9 standard offers the irreversible option, at the first accounting date for each instrument, of classifying them at fair value through non-transferable equity. In this case, unrealised profits or losses are not transferred to income in the event of disposal. If there is no active market, and the fair value cannot be determined reliably using alternative methods, they are kept in the balance sheet at amortised cost.

Hybrid financial instruments

The Group may also issue convertible bonds and share warrants. These hybrid financial instruments are broken down into debt and shareholders’ equity components.

Derivatives

They are described in detail in Note 11.2 of the notes to the consolidated financial statements: “Financial instruments at fair value through profit and loss.”

Transfer of active financial instruments

The Group derecognises a financial asset when the contractual rights to receive cash flows generated by it expire, or when it transfers the rights to receive these contractual cash flows through a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when it neither retains nor transfers substantially all the risks and rewards of ownership and no longer retains control of the transferred asset. Any interest created or retained by the Group in derecognised financial assets is recognised separately as an asset or liability.

Otherwise, receivables are maintained as balance sheet assets and the Group continues to bear the risk of debtor default. The sum paid by the bank is recognised in cash with an offset for the bank debt in liabilities. This debt and the receivable are only eliminated from the balance sheet where the debtor has settled its debt with the financial institution. Expenses incurred are recognised as a deduction from debt, which is measured using the amortised cost method at the effective interest rate.

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 13.1 Financial assets

The following table presents the carrying value of financial assets:

In €K	31/12/2020				31/12/2019			
	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	1,751			**1,751**	1,276			**1,276**
Non-current research tax credit	11,910			**11,910**	11,808			**11,808**
Current assets								
Trade receivables	141,364			**141,364**	140,223			**140,223**
Current tax credit	11,855			**11,855**	10,785			**10,785**
Other miscellaneous current receivables	1,408			**1,408**	1,576			**1,576**
Financial instruments		0		0		1,216		**1,216**
Cash equivalents		79		**79**		98		**98**
Cash	53,335			**53,335**	46,507			**46,507**
Total	**221,624**	**79**		**221,703**	**212,175**	**1,314**		**213,489**

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

At 31 December 2020, financial assets measured at fair value were classified as follows:

In €K	Level 1 market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Financial instruments			
Cash equivalents	79		
Total	**79**	-	-

Note 13.2 Financial liabilities

The following table presents the carrying value of financial liabilities:

In €K	31/12/2020			31/12/2019		
	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	124,047		**124,047**	97,619		**97,619**
Miscellaneous liabilities	322	664	**986**	130	1,335	**1,465**
Debt – lease financing	13,270		**13,270**	14,820		**14,820**
Current liabilities						
Short-term debt	96,794	1,124	**97,918**	105,658	973	**106,632**
Financial instruments		7,486	**7,486**		0	0
Suppliers	69,893		**69,893**	85,282		**85,282**
Other miscellaneous liabilities	646		**646**	941		**941**
Total	**324,972**	**9,274**	**334,246**	**324,450**	**2,308**	**326,758**

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

At 31 December 2020, financial liabilities measured at fair value were classified as follows:

In €K	Level 1 market value	Level 2 With observable inputs	Level 3 With unobservable inputs
Non-current liabilities			
Miscellaneous liabilities	664		
Current liabilities			
Short-term debt	1,124		
Financial instruments		7,486	
Total	**1,788**	**7,486**	**-**

Note 14 Financial liabilities

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

In €K	31/12/2020				31/12/2019			
	<31/12/2021	>01/01/2022 <31/12/2025	<01/01/2026	Total	<31/12/2020	>01/01/2021 <31/12/2024	<01/01/2025	Total
Bond issues	4,583	14,583	833	**20,000**		15,000	5,000	**20,000**
Borrowings from credit institutions	45,283	112,864	15,766	**173,913**	39,023	81,271	16,348	**136,642**
Miscellaneous liabilities	1,556	863	122	**2,542**	1,625	1,345	120	**3,090**
Rental-related financial liabilities (*)	5,571	11,239	2,031	**18,840**	5,578	11,671	3,148	**20,398**
Short-term bank borrowings and overdrafts	40,925			**40,925**	60,405			**60,405**
Total	**97,918**	**139,549**	**18,753**	**256,220**	**106,632**	**109,287**	**24,616**	**240,536**

(*) see the "Tangible fixed assets" paragraph

Changes in financial liabilities in 2020 are set out below:

In €K	At 01/01/2020	Monetary changes		Non-monetary changes					At 31/12/2020
		New borrowings	Repayments of borrowings	Changes in scope	IFRS 16	Change in fair value	Cumulative translation differences	Other	
Bond issues	**20,000**								**20,000**
Borrowings from credit institutions	**136,642**	58,806	<21,453>				<303>	221	**173,913**
Miscellaneous liabilities	**3,091**	24	<550>			29	<52>		**2,542**
Debt – lease financing	**20,398**		<5,665>		4,159		<51>		**18,840**
Short-term bank borrowings and overdrafts	**60,405**		<19,172>				<309>		**40,925**
Total	**240,536**	**58,830**	**<46,840>**	**0**	**4,159**	**29**	**<714>**	**221**	**256,220**

Changes in financial liabilities in 2019 are set out below:

In €K	At 01/01/2019	Monetary changes		Non-monetary changes					At 31/12/2019
		New borrowings	Repayments of borrowings	Changes in scope	Leaseback capitalisation	Change in fair value	Cumulative translation differences	Other	
Bond issues	**20,000**								**20,000**
Borrowings from credit institutions	**128,863**	48,808	<40,986>				55	<97>	**136,642**
Miscellaneous liabilities	**3,383**		<385>			95	<2>	0	**3,091**
Debt – lease financing	**21,141**		<6,156>		5,420		<7>		**20,398**
Short-term bank borrowings and overdrafts	**47,028**	13,409					<31>		**60,405**
Total	**220,414**	**62,217**	**<47,527>**	**0**	**5,420**	**95**	**14**	**<97>**	**240,536**

At 31 December 2020, the schedule for financial debt, including interest not yet accrued, breaks down as follows:

	<31/12/2021		>01/01/2022 <31/12/2025		<01/01/2026		Total		
In €K	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bond issues	4,583	628	14,583	1,083	833	29	**20,000**	**1,741**	**21,741**
Borrowings from credit institutions	45,283	1,593	112,864	3,153	15,766	219	**173,913**	**4,965**	**178,878**
Miscellaneous liabilities	1,556		863		122		**2,542**	0	**2,542**
Debt – lease financing	5,571	438	11,239	799	2,031	47	**18,840**	**1,285**	**20,125**
Short-term bank borrowings and overdrafts	40,925	512					**40,925**	**512**	**41,436**
Total	**97,918**	**3,171**	**139,549**	**5,035**	**18,753**	**296**	**256,220**	**8,502**	**264,722**

At 31 December 2019, the schedule for financial debt, including interest not yet accrued, breaks down as follows:

	<31/12/2020		>01/01/2021 <31/12/1943		<01/01/2025		Total		
In €K	**Nominal**	**Interest**	**Nominal**	**Interest**	**Nominal**	**Interest**	**Nominal**	**Interest**	**Nominal + Interest**
Bond issues	0	628	15,000	2,500	5,000	175	**20,000**	**3,303**	**23,303**
Borrowings from credit institutions	39,023	1,357	81,271	2,552	16,348	198	**136,642**	**4,107**	**140,749**
Miscellaneous liabilities	1,625		1,345		120		**3,090**	0	**3,090**
Debt – lease financing	5,578	451	11,671	875	3,148	70	**20,398**	**1,396**	**21,794**
Short-term bank borrowings and overdrafts	60,405	729					**60,405**	**729**	**61,134**
Total	**106,632**	**3,165**	**109,287**	**5,928**	**24,616**	**443**	**240,536**	**9,535**	**250,071**

At 31 December 2020, financial liabilities by currency break down as follows:

In €K	EUR	USD	Other	Total
Bond issues	20,000	0	0	**20,000**
Borrowings from credit institutions	170,022	3,892	0	**173,913**
Miscellaneous liabilities	2,092	0	450	**2,542**
Debt – lease financing	16,146	20	2,675	**18,840**
Short-term bank borrowings and overdrafts	32,066	7,296	1,562	**40,925**
Total	**240,325**	**11,208**	**4,688**	**256,220**

At 31 December 2019, financial liabilities by currency break down as follows:

In €K	EUR	USD	Other	Total
Bond issues	20,000	0	0	**20,000**
Borrowings from credit institutions	133,137	3,505	0	**136,642**
Miscellaneous liabilities	2,612	0	478	**3,090**
Debt – lease financing	16,728	28	3,642	**20,398**
Short-term bank borrowings and overdrafts	52,499	5,078	2,828	**60,405**
Total	**224,977**	**8,611**	**6,948**	**240,536**

Bank lines of credit and overdrafts are generally granted for one year and are renewable mid-period. They are impacted by the proportion of accounts receivable financing (Dailly-type factored receivables, bills discounted not yet due and other factoring) amounting to €5.5 million at 31 December 2020, compared with €16.4 million at 31 December 2019 and other government-related receivables financing (CIR/CICE) amounting to €12.0 million compared with €11.7 million at 31 December 2019.

The ratio of net debt to equity, or gearing, breaks down as follows:

In €K	31/12/2020	31/12/2019
Bond issues	20,000	20,000
Borrowings from credit institutions	173,913	136,642
Miscellaneous liabilities	2,542	3,090
Debt – lease financing	18,840	20,398
Short-term bank borrowings and overdrafts	40,925	60,405
Sub-total A	**256,220**	**240,536**
Cash equivalents	79	98
Cash	53,335	46,507
Sub-total B	**53,414**	**46,604**
Total net debt = A - B	**202,806**	**193,931**
Total equity	**116,087**	**140,388**
Gearing ratio	**174.7%**	**138.1%**

The "Net Debt/Equity" ratio (gearing) adjusted for the impact of the receivables account for French research and competitiveness and employment tax credits (CIR and CICE) is as follows:

In €K	31/12/2020	31/12/2019
Bond issues	20,000	20,000
Borrowings from credit institutions	173,913	136,642
Miscellaneous liabilities	2,542	3,090
Debt – lease financing	18,840	20,398
Short-term bank borrowings and overdrafts	40,925	60,405
- Financing of trade receivables	*<5,465>*	*<16,401>*
- CIR	*<10,050>*	*<9,030>*
- CICE	*<1,992>*	*<2,655>*
Sub-total A	**238,712**	**212,450**
Cash equivalents	79	98
Cash	53,335	46,507
Sub-total B	**53,414**	**46,604**
Total net debt = A - B	**185,298**	**165,846**
Total equity	**116,087**	**140,388**
Gearing ratio	**159.6%**	**118.1%**

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

In €K	31/12/2020			31/12/2019		
	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	166,617	7,296	**173,913**	127,495	9,147	**136,642**
Miscellaneous liabilities	2,542	0	**2,542**	3,090	0	**3,090**
Debt – lease financing	18,840	0	**18,840**	20,398	0	**20,398**
Short-term bank borrowings and overdrafts	7,012	33,913	**40,925**	6,139	54,266	**60,405**
Total	**215,011**	**41,209**	**256,220**	**177,123**	**63,413**	**240,536**
Percentage breakdown	83.9%	16.1%	**100.0%**	73.6%	26.4%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 17.5% of borrowings, or €45.0 million.

In 2020, the change in ACTIA Group's business activity had a significant impact on the "Net Debt/Equity" and "Net Debt/EBITDA" ratios based on the consolidated financial statements, in particular due to:

- The drop in business for the Group impacting EBITDA:
  - Business stoppage and gradual resumption, with ways of working adapted to the health safety constraints, led to a very sharp drop in invoicing from mid-March onwards, with <34.6 %> in revenue in the second quarter, before business picked up again, generating a decrease of <4.8 %> in the fourth quarter, resulting in an overall decrease of <15.7 %> for the year. Initially, ACTIA was expected to generate growth of between 5% and 8 % in 2020.
  - Business levels were not sufficient to cover overheads, especially in the second quarter, and for all the industrial sites, despite the various government subsidies;
  - The Group had set up an organisation designed to cope with high levels of growth over the next few years;
  - The pace of cost-cutting measures varied, and they enabled us to build profitability levels back up in the fourth quarter, although they were not sufficient to fully make up for the losses sustained in the preceding months. The various measures concerned:
    - hiring freeze, non-renewal of certain employment contracts and case-by-case adaptations;
    - end to outsourcing in R&D and use of temporary staff; temporary staff were once again hired for production activities at the end of the year;
    - significant increase in the use of video-conferencing means and sharp fall in mission-related costs;
    - arbitration with regard to R&D expenditure.

The impact of IFRS 16 hardly changed between 2019 (+€4,601,000) and 2020 (+€4,742,000).

- Concerning the increase in net liabilities, limited to 4.6 % despite the results:
  - Rise in medium-term liabilities, with:
    - setting up of financing for the R&D programmes;
    - postponement of bank loan repayments by six months in fine, for €16.2 million in France;
    - setting up of state-guaranteed loans or other types of financing available to boost the economy, with the option of paying back said loans over 5 years being officially approved in 2021;
  - Use of short-term lines of credit decreased from €60.4 million in 2019 to €40.9 million in 2020 (= use rate of 30.8%);
  - Increase in cash available.

The impact of IFRS 16 only varied slightly between 2019 (+€15,960,000) and 2020 (+€15,592,000).

These elements resulted in non-compliance with the covenants for 27 borrowings at 31 December 2020, unlike year end 2019, when all the covenants were met. However, by keeping banking partners regularly up to date, we were able to have these covenants suspended on 31 December 2020, except for one loan in the USA, for which no request was made.

Detailed information on these covenants at 31 December 2020 is presented below:

Debt subject to a covenant				Covenant		Respected[3]		Reclassification under current borrowings[4]	
Level [1]	Year of inception	Balance at 31/12/2020 (€K)	Final maturity	Ratios	Basis of calculation[2]	Year-end 2019	Year-end 2020	Year-end 2019	Year-end 2020
Borrowing									
L	2015	34	Jan 2021	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2015	298	May 2021	Net debt to equity ≤ 1.70	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.50	CA AG	R	B		
L	2016	204	April 2021	Net debt to equity < 1.70	CA AG	R	B	0	0
				Net debt to EBITDA < 5.00	CA AG	R	B		
L	2016	758	April 2022	Net debt to equity ≤ 1.70	CA AG	R	B	0	0
L	2016	538	April 2022	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2016	1,773	Jan 2024	Net debt to equity < 1.60	CA AG	R	B	0	0
				Net debt to EBITDA < 5.00	CA AG	R	B		
L	2017	756	Dec 2021	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.00	CA AG	R	B		
L	2017	1,050	Nov 2021	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2017	350	Nov 2021	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2017	812	Dec 2022	Net debt to equity < 1.60	CA AG	R	B	0	0
				Net debt to EBITDA < 5.00	CA AG	R	B		
L	2017	1,261	Jan 2023	Net debt to equity ≤ 1.70	CA AG	R	B	0	0
L	2017	437	Feb 2023	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2017	437	Feb 2023	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2017	328	Feb 2023	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2017	15,000	Nov 2024	Net debt to EBITDA < 5.00	CA AG	R	B	0	0

Debt subject to a covenant				Covenant		Respected [3]		Reclassification under current borrowings [4]	
Level [1]	Year of inception	Balance at 31/12/2020 (€K)	Final maturity	Ratios	Basis of calculation [2]	Year-end 2019	Year-end 2020	Year-end 2019	Year-end 2020
Borrowing									
L	2017	5,000	Nov 2026	Net debt to EBITDA < 5.00	CA AG	R	B	0	0
L	2018	1,275	Feb 2024	Net debt to equity ≤ 1.70	CA AG	R	B	0	0
L	2018	1,833	Oct 2022	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2018	1,670	July 2023	Net debt to equity < 1.60	CA AG	R	B	0	0
				Net debt to EBITDA < 5.00	CA AG	R	B		
L	2018	1,968	Jan 2024	Net debt to equity < 1.60	CA AG	R	B	0	0
				Net debt to EBITDA < 5.00	CA AG	R	B		
L	2019	1,327	May 2025	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2019	1,671	Feb 2025	Net debt to equity ≤ 1.70	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.50	CA AG	R	B		
L	2019	1,327	May 2025	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net financial expense to EBITDA < 30%	CA AG	R	R		
				Net debt to EBITDA ≤ 5.75	CA AG	R	B		
L	2019	751	March 2023	Net debt to equity ≤ 1.60	CA AG	R	B	0	0
				Net debt to EBITDA ≤ 5.00	CA AG	R	B		
L	2019	3,104	May 2026	Debt to net tangible assets ≤ 3	CC AC	R	R	0	2994
				EBITDA to (Repayments + Interest) ≥ 1.20	CC AC	R	B		
L	2020	500	Jan 2026	Net debt to equity ≤ 1.60	CA AG		B		0
				Net financial expense to EBITDA < 30%	CA AG		R		
				Net debt to EBITDA ≤ 5.75	CA AG		B		
L	2020	500	Dec. 2025	Net debt to equity ≤ 1.60	CA AG		B		0
				Net financial expense to EBITDA < 30%	CA AG		R		
				Net debt to EBITDA ≤ 5.75	CA AG		B		
Total		**44,962**						**0**	**2,994**

(1) *L = Loan = Overdraft*

(2) *CA AG = Consolidated Accounts - ACTIA Group*
CC AC = Consolidated ACTIA Corp & ACTIA Electronics accounts

(3) *R = Respected*
B = Breached

(4) *Long-term portion of debt reclassified under "Current financial liabilities"*

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans and, sometimes, a requirement to maintain the composition of the capital, with any changes requiring prior information of the partners.

Note 15 Shareholders' equity

Note 15.1 Share capital management

Ordinary shares, excluding own shares held in treasury (see Note 15.3 "Treasury shares" in the notes to the consolidated financial statements) are recognised in shareholders' equity.

The Group regularly monitors changes to its debt to shareholders' equity ratio.

At present, there is no Group Savings Plan (Plan d'Epargne Groupe, or "PEG") or International Group Savings Plan (Plan d'Epargne Groupe International, or "PEGI") within ACTIA Group.

In addition, shares held in registered form for more than four years carry double voting rights (see Article 11 of the Articles of Association "Rights and obligations related to ordinary shares - Voting").

The Group's main objective in terms of share capital management is to maintain a balance between shareholders' equity and debt.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carry out new capital increases.

The main ratios used by the Group to manage its equity are the debt ratio (gearing) and EBITDA (leverage).

Capital management goals, policies and procedures remain unchanged.

Information about the share buyback programme is provided in Note 3.7 "Treasury shares" in the notes to the separate financial statements.

At 31 December 2020, there were no stock option plans.

The General Meeting held on 28 May 2019 authorised the Executive Board, for a period of 26 months, to initiate a share capital increase for ACTIA Group, either once or several times, through the issuing of ordinary shares or securities, aimed at subscribers to a Company Savings Plan, the maximum nominal amount of the increase(s) possible being equal to 3% of the company share capital. This delegation granted to the Executive Board was transferred to the Board of Directors at the General Meeting held on 30 October 2020. At 31 December 2020, no new shares had been issued.

Note 15.2 Composition of the capital

The breakdown of the changes in numbers of shares over the period is as follows:

In units	31/12/2019	Capital increase	31/12/2020
ACTIA Group shares - ISIN FR 0000076655	20,099,941	None	20,099,941

At 31 December 2020, 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.

There are no preferred dividend stock or preference shares within ACTIA Group S.A.

The nominal value of a share is €0.75.

Described in detail in § 5.1.2 "Draft resolutions" of the Universal Registration Document, the appropriation of 2020 retained earnings will be proposed at the General Meeting to be held on 20 May 2021.

Note 15.3 Treasury shares

The treasury shares held by the Group are deducted from shareholders' equity. No gain or loss is recognised in the income statement upon the purchase, sale or cancellation of treasury shares. The consideration paid or received in these transactions is recognised directly in shareholders' equity.

Note 16 Earnings per share

Note 16.1 Basic earnings per share

Basic earnings per share are calculated using the income attributable to the Group divided by the weighted average number of shares in circulation in the period, less treasury shares.

The calculation of basic earnings per share at 31 December 2020 was conducted on the basis of the income attributable to the Group, the details of which are given in the following table:

	31/12/2020	31/12/2019
Consolidated income attributable to Group shareholders (in €)	**<19,043,413>**	**8,604,196**
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 €)	**<0.95>**	**0.43**

Note 16.2 Diluted earnings per share

Diluted earnings per share take into account all arrangements that could grant the holder the right to buy ordinary shares known as dilutive potential ordinary shares.

The calculation of diluted earnings per share at 31 December 2020 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 that may be created for the period totalled 20,096,613. The details of the calculations are shown in the following table:

	31/12/2020	31/12/2019
Diluted earnings (in €)	**<19,043,413>**	**8,604,196**
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 €)	**<0.95>**	**0.43**

Note 17 Provisions

A provision is recorded:

- When an entity has a legal or constructive obligation stemming from a past event;
- When it is likely that an outflow of resources will be required to settle the obligation; and
- Where the amount of the obligation can be reliably estimated.

The amount provided for corresponds to the best estimate of the expense. If the impact is material, the amount is discounted using a pretax interest rate that reflects the time value of money and the risks specific to the liability.

A provision for warranties is recognised upon the sale of the corresponding good or service. The provision is based on past warranty data and is measured by weighting all possible outcomes in accordance with their likelihood.

Except in special cases that are duly justified, provisions are recognised in the balance sheet under current liabilities.

Note 17.1 Changes in provisions

- In 2020:

In €K	31/12/2019	Changes in scope of translation differences	Provisions	Reversals used	Reversals not used	31/12/2020
Provisions for pensions and other long-term benefits	**11,083**	**<7>**	**1,426**	**<405>**	**<591>**	**11,507**
Other provisions						
Lawsuit contingencies	**620**		789			**1,409**
Warranties	**4,104**	33		<594>		**3,543**
Losses on contracts	**160**			<160>		**0**
Fines/penalties	**880**			<353>		**527**
Other risks	**1,082**			<49>		**1,032**
Investments in associates (equity method)	**0**					**0**
Taxes	**0**					**0**
Other expenses	**1,214**	<23>	3,353	<528>		**4,015**
Other provisions	**8,059**	**10**	**4,142**	**<1,684>**	**0**	**10,527**
Total	**19,142**	**3**	**5,568**	**<2,089>**	**<591>**	**22,034**

- In 2019:

In €K	31/12/2018	Changes in scope of translation differences	Provisions	Reversals used	Reversals not used	31/12/2019
Provisions for pensions and other long-term benefits	**9,905**	**11**	**1,784**	**<121>**	**<495>**	**11,083**
Other provisions						
Lawsuit contingencies	**304**		742	<426>		**620**
Warranties	**4,707**	<54>	448	<998>		**4,104**
Losses on contracts	**109**		51			**160**
Fines/penalties	**901**			<21>		**880**
Other risks	**1,023**		58			**1,082**
Investments in associates (equity method)	**0**					**0**
Taxes	**0**					**0**
Other expenses	**1,268**	50	310	<414>		**1,214**
Other provisions	**8,312**	**<3>**	**1,609**	**<1,859>**	**0**	**8,059**
Total	**18,217**	**8**	**3,392**	**<1,980>**	**<495>**	**19,142**

Provisions for other risks are comprised primarily of tax and commercial litigation contingency provisions.

A provision for expenses of €3 million corresponding to the estimated impact of the closure of ACTIA India was recorded in the 2020 consolidated financial statements.

At 31 December 2020, ACTIA had no noteworthy material contingent liability to be disclosed.

Note 17.2 Personnel benefits

Short-term benefits are recognised in personnel expenses for the period.

Long-term benefits involve:

- Defined-contribution plans: the Group's liabilities are limited to paying periodic contributions to external bodies. The expense is recognised in the period under the "Personnel expenses" line item;
- Defined-benefit plans: these are retirement benefits provided for using the projected unit credit method taking into account demographic factors (staff turnover and mortality tables) and financial variables (wage increases). The discount rate used is that of investment grade bonds (i.e. rated "AA"). When there does not exist an active market for these bonds, the rate of government bonds is used. Actuarial gains and losses are recognised in Other Comprehensive Income (OCI);
- Other long-term benefits: provisions are recorded for these benefits as they vest for the employees in question. The amount of the liability is measured using the projected unit credit method. Changes in fair value of obligations relating to other long-term benefits are recognised under net income of the period in which they occur.

In line with IAS 19, Employee Benefits, the pension provision recognised in balance sheet shareholders' equity and liabilities is designed to show the pension benefit vested for staff members at period-end. A provision is recorded for the full amount of pension benefit obligations, which are not covered by dedicated assets.

In 2020, provisions for pension and other long-term benefits increased by €424,000 to €11,507,000 at 31 December 2020. This increase in the provision reflects the following items:

- Service cost: €600,000;
- Financial cost: €98,000;
- Actuarial gains and losses: <€266,000>.

The actuarial gain recognised in OCI results from the change in the:

- Discount rate of 0.34% (0.77% in 2019) for the French companies, 9.40% (9.80% in 2019) for the Tunisian companies.

The other assumptions underlying the calculation did not change:

- Mortality table: INSEE 2013:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Mortality table: Men (%)	99,274	98,549	97,489	94,963	88,615	83,631
Mortality table: Women (%)	99,469	99,222	98,745	97,436	94,414	92,075

- Retirement age: 67 for French companies and 60 for Tunisian companies;
- Salary escalation rate: 2.25% for French companies, 3% for Tunisian companies;
- Low or high turnover rates according to the companies and employee category (management or non-management):

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Low turnover rate (%)	5.80 %	2.77 %	2.04 %	0.10 %	0.05 %	0.00 %
High turnover rate (%)	18.30 %	10.90 %	6.30 %	4.20 %	1.00 %	0.00 %

A study of the sensitivity of a change in the discount rate indicates that:

- A 1% increase in the rate would have a positive impact on consolidated comprehensive income of €1,304,000;
- A discount rate at a floor of 0% would have a negative impact on consolidated comprehensive income of <€523,000>.

Provisions for retirement liabilities stood at:	2020	2019
For all the French companies	€9,744,000	€9,365,000
For the Italian subsidiary	€1,558,000	€1,535,000
For the Tunisian subsidiaries	€205,000	€183,000
TOTAL	**€11,507,000**	**€11,083,000**

Retirement liabilities at the end of the next financial year (31/12/2021) should total approximately €12,314,000 at a consistent discount rate.

Retirement severance payments paid in 2020 amounted to €405,000.

Concerning defined contribution schemes, pension contributions paid for the 2020 financial year totalled €4,138,000, versus €4,184,000 for 2019.

Note 18 Other current liabilities

A breakdown of other current financial liabilities is presented below:

In €K	Net value at 31/12/2019	Changes over the period	Changes in scope	Effect of exchange rates	Net value at 31/12/2020
Suppliers of goods and services	85,282	**<14,777>**	3	**<615>**	**69,893**
Prepayments received	**28,166**	5,773		133	**34,072**
Social security liabilities	**24,888**	<2,822>		<79>	**21,987**
Corporate taxes	**8,006**	<830>		<22>	**7,154**
Other operating liabilities	**61,060**	**2,121**	**0**	**33**	**63,213**
Corporate taxes (IS)	**1,342**	**633**		**29**	**2,003**
Fixed asset liabilities	**340**	<315>			**26**
Advances payable	**375**	<222>		<73>	**80**
Miscellaneous liabilities	**225**	270	57	<12>	**540**
Other miscellaneous liabilities	**941**	**<267>**	**57**	**<85>**	**646**
Total	**148,624**	**<12,290>**	**60**	**<638>**	**135,756**

Trade and other payables are recognised at fair value upon initial recognition and then at amortised cost.

Deferred income involves subscription agreements signed with customers. The revenue from these contracts is allocated on a straight-line basis over their term (see Note 20 "Revenue" in the notes to the consolidated financial statements).

Note 19 Operating segments

In line with the analysis of performance based on the internal management approach, information is presented for two distinct operating segments, "Automotive" and "Telecoms."

In 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 ACTIA 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).

In 2020, the breakdown of key line items by operating segment was as follows:

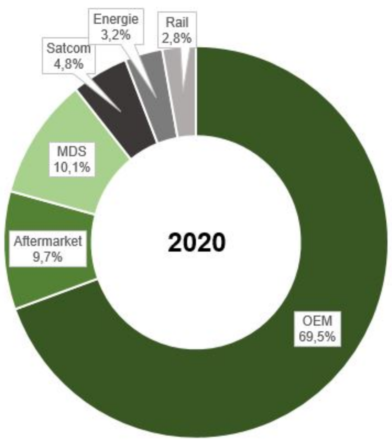
	31/12/2020			
In €K	**Automotive**	**Telecom**	**Other**	**Consolidated Group accounts**
Revenue from ordinary activities				
(Turnover)	391,480	47,087	26	**438,593**
Materials and supplies	<218,714>	<15,292>	<611>	**<234,617>**
Personnel costs	<101,572>	<16,549>	<1,835>	**<119,956>**
External charges	<46,775>	<9,761>	<1,897>	**<58,433>**
Provisions for depreciation (A)	<28,091>	<2,795>	<42>	**<30,928>**
Current operating income	**<7,672>**	**818**	**<394>**	**<7,248>**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**<7,138>**	**785**	**<505>**	**<6,857>**
Interest and financial costs (B)	<2,583>	<267>	<856>	**<3,706>**
Fair value of hedging instruments (E)	<8 697>	<5>	0	**<8,703>**
Taxes (D)	<158>	<119>	<30>	**<308>**
NET INCOME (F)	**<18,647>**	**396**	**<1,190>**	**<19,441>**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**20,882**	**3,582**	**<261>**	**24,203**
SEGMENT ASSETS				
Non-current assets	159,329	29,984	971	**190,284**
Stocks	121,613	27,951	0	**149,564**
Trade receivables	96,229	45,101	34	**141,364**
Other current receivables	16,490	5,373	215	**22,077**
Cash and cash equivalents	49,423	3,061	930	**53,414**
TOTAL SEGMENT ASSETS	**443,085**	**111,470**	**2,149**	**556,703**
INVESTMENTS				
Intangible	13,537	972	0	**14,509**
Tangible	9,406	1,296	29	**10,731**
Financial	7	593	0	**600**
TOTAL INVESTMENTS	**22,949**	**2,861**	**29**	**25,840**
SEGMENT LIABILITIES				
Non-current liabilities	131,068	22,186	20,741	**173,995**
Short-term debt	74,370	15,640	7,908	**97,918**
Accounts payable	61,579	7,781	532	**69,893**
Other current liabilities	77,367	20,468	976	**98,810**
TOTAL SEGMENT LIABILITIES	**344,384**	**66,075**	**30,157**	**440,616**

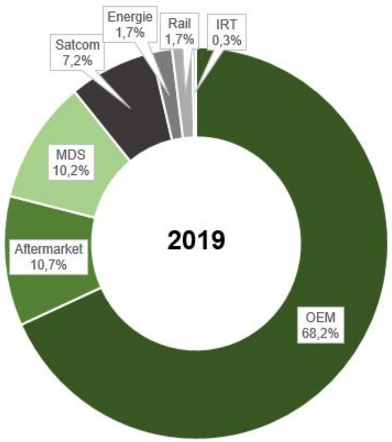
In 2019, the breakdown of key line items by operating segment was as follows:

	31/12/2019			
In €K	**Automotive**	**Telecom**	**Other**	**Consolidated Group accounts**
Revenue from ordinary activities				
(Turnover)	463,516	56,789	106	**520,411**
Materials and supplies	<264,313>	<23,243>	<550>	**<288,105>**
Personnel costs	<105,622>	<16,211>	<1,300>	**<123,134>**
External charges	<65,692>	<10,241>	<1,755>	**<77,688>**
Provisions for depreciation (A)	<26,925>	<2,405>	<44>	**<29,375>**
Current operating income	**11,609**	**3,574**	**223**	**15,406**
Impairment of goodwill (C)	0	0	0	**0**
Operating income	**12,505**	**3,558**	**213**	**16,276**
Interest and financial costs (B)	<2,962>	<288>	<690>	**<3,940>**
Fair value of hedging instruments (E)	19	<11>	0	**7**
Taxes (D)	<3,614>	<79>	<29>	**<3,722>**
NET INCOME (F)	**5,965**	**3,183**	**<423>**	**8,724**
EBITDA (G) = (F)-(A)-(B)-(C)-(D)-(E)	**39,448**	**5,966**	**341**	**45,755**
SEGMENT ASSETS				
Non-current assets	163,453	30,061	907	**194,421**
Stocks	139,218	21,917	0	**161,135**
Trade receivables	96,912	43,270	41	**140,223**
Other current receivables	19,810	4,444	154	**24,408**
Cash and cash equivalents	40,098	3,344	3,163	**46,604**
TOTAL SEGMENT ASSETS	**459,492**	**103,035**	**4,264**	**566,791**
INVESTMENTS				
Intangible	17,238	2,745	0	**19,984**
Tangible	23,922	4,868	19	**28,809**
Financial	0	0	0	**0**
TOTAL INVESTMENTS	**41,160**	**7,613**	**19**	**48,793**
SEGMENT LIABILITIES				
Non-current liabilities	106,983	15,753	26,183	**148,918**
Short-term debt	85,032	18,579	3,020	**106,632**
Accounts payable	77,848	7,170	264	**85,282**
Other current liabilities	66,303	18,424	845	**85,571**
TOTAL SEGMENT LIABILITIES	**336,166**	**59,926**	**30,312**	**426,403**

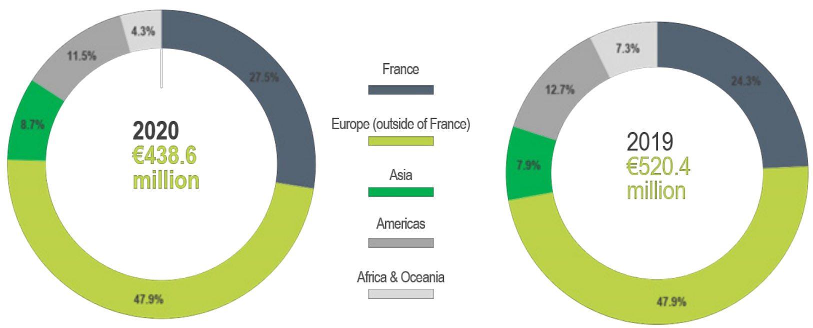
Note 20 Revenue

Revenue by sector breaks down as follows:





Revenue by customer and region breaks down as follows:



In 2020, 72.4 % of revenue was earned internationally compared to 75.7 % in 2019.

Recognition of revenue in the consolidated financial statements depends on type:

- Sales: equipment and goods;
- Study sales;
- Service contracts (maintenance, guarantee, hotline or other “stand ready” obligation);
- Multiple item contracts

Note 20.1 Sale of goods

The income from the sale of goods is recognised in revenue at the time control of the service obligation is transferred. In most cases this is the delivery date of the goods.

Note 20.2 Study sales

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

Revenue is recognised on a percentage of completion basis when the transfer of control is ongoing or following the completion of the service provided when the transfer control takes place at a precise moment.

Note 20.3 Service contracts

This method measures the percentage of completion, which better reflects the Group’s performance, shows percentage of completion via costs. The inputs identified are consumed uniformly throughout the period required to meet the performance obligation.

Note 20.4 Multiple item contracts

Contracts for the development and supply of limited series

One or more performance obligations were identified based on the connections between design and production. Revenue is recognised by percentage of completion via costs because the contracts meet the following criterion:

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

The contracts concern the Telecoms Division's "Defence" and "Energy" businesses.

Contracts for the development and supply of long production run

The development phase is generally concomitant with the launch of a product policy intended to acquire a new technology brick. In addition, the development completed can be partially financed by the customers.

In 2018, the Group carried out an analysis as part of the implementation of IFRS 15 to distinguish between the generic and specific costs incurred for a contract:

- Generic costs were analysed using IAS 38 and capitalised in "Development costs" if the capitalisation conditions were met. The Group reclassified costs initially included in the "Inventory and work-in-process" item as "Development costs." The development costs entered in assets correspond to projects for the application of generic standards and technologies for the customers or markets identified;
- Development costs specific to contracts were analysed as contract execution costs. The latter were classified in the balance sheet under the "Inventory and work-in-process" item. In the case of development financed by customers, it was decided that the development could not be separated from the production run and did not constitute a distinct service obligation. As a result, the financing of development by customers is recognised on the balance sheet under "Contract liabilities" at collection time, then recognised as revenue as the production run is delivered and on the basis of forecast sales for each product.

When the products sold are under a contractual guarantee, it is not recognised as a separate service obligation given that there is no purchase option for the guarantee distinct from the contract or any additional service provided by the Group for the guarantee. A provision is, therefore, created for the guarantee costs in line with IAS 37.

Note 20.5 Order book

The Group applies IFRS 15, "Revenue from contracts with customers," which introduces the concept of an order book ("revenue remaining to be recognised for service obligations not yet completed or partially completed on the close date").

Therefore, the total order book for the Group stood at €399,296,000 at 31 December 2020, of which 64.9% was expected to generate revenues within one year, compared with 81.1% at 31 December 2019.

In €K	At 31/12/2020	At 31/12/2019
Order book	399,296	363,888

Note 21 Income taxes

Income tax includes current and deferred taxes.

Current tax

Current tax is the estimated amount of tax due on taxable profit for the period at applicable tax rates and any adjustment to current tax liabilities in respect of previous periods.

Deferred taxes

Deferred taxes are described in detail in Note 12: “Deferred taxes” in the notes to the consolidated financial statements.

The CVAE added value business tax

The Group decided not to account for CVAE (contributions assessed on company added value) as a tax on income and as from 1 January 2010 has recorded it as an operating expense. The Group in effect considers that added value corresponds to an intermediary income statement aggregate for which the amount varies significantly from that on which income tax is assessed.

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

In €K		31/12/2020	31/12/2019
Income from consolidated companies		<19,544>	8,670
Current taxation <credit>		1,552	3,649
Deferred taxation <credit>		<1,244>	74
Of which	*Deferred taxation on temporary differences*	*<2,270>*	*<606>*
	Deferred taxation on changes in tax rates	*1,026*	*680*
Income from consolidated companies before tax		**<19,237>**	**12,393**

The table below provides an analysis of tax in the consolidated financial statements:

In €K	31/12/2020	31/12/2019
Theoretical tax calculated at standard French rate (theoretical tax rate: 27.50 %).	<5,290>	3,842
Research tax credit	<1,524>	<1,468>
Other tax credits	<55>	39
Impact on theoretical income tax		
- Tax rate differential (between French and foreign rates)	<567>	*<1,019>*
- Impact of changes in deferred tax rates	1,026	680
- Non-capitalised tax losses	9,680	2,935
- Change in outlook for utilisation of tax losses	<1,581>	<881>
Income on the utilisation of non-capitalised tax losses	*<1,299>*	*<1,672>*
Income on modification of capitalisation of tax losses	*<290>*	*0*
Losses on changes to capitalisation of tax losses	*8*	*792*
- Tax on capital gains	0	0
- Adjustment of prior year's tax	<269>	<3>
- Adjustment of current year's tax	20	55
- Other (including permanent differences)	<1,131>	<459>
INCOME TAX RECOGNISED (ACTUAL TAX RATE: -1.60%)	**308**	**3,722**

Note 22 Other operating income and expenses

These line items present only income or expense resulting from a major event occurring during the accounting period that might distort the presentation of the Group's performance. These include accordingly a very limited number of income or expense items, unusual and infrequent in nature, presented separately by the Group in its income statement.

Note 23 Financial result

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

In €K		31/12/2020	31/12/2019
Income from cash and equivalents		99	12
Interest and financial costs		<3,706>	<3,940>
Of which	*Interest on debt*	*<3,706>*	*<3,940>*
Other financial income		2,494	267
Of which	*Interest received*	*2,399*	*155*
	Dividends received	*3*	*0*
	Income from financial instruments	*92*	*112*
Other financial costs		<11,266>	<223>
Of which	*Costs on financial instruments*	*<8,795>*	*<105>*
Financial result		**<12,379>**	**<3,884>**

Given a EUR/USD exchange rate at the close of the period of 1.2271, the valuation of the currency hedging instruments was not material compared to 31 December 2019 when the EUR/USD rate was 1.1234 and led to the recognition of fair value of <€8,795,000> with no impact on the financial result, compared to €7,000,000 for the previous year.

It should be noted that the gross interest rate for the 2020 financial year was 1.45% compared with 1.64% in 2019.

Note 24 Related-party transactions

Related-party transactions with ACTIA Group have been defined in accordance with IAS 24 and are presented below along with details of transactions in financial year 2020.

Note 24.1 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,
    - Communication,
    - Human resources,
    - Real estate
    - 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.
- Non-recurring assignments: 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 **financial details** for 2020 are set out below:

In €K		Dedicated staff (number of people)	2020
Recurring assignments			**1,692**
Of which	*Group promotion*	*5*	*370*
	Administrative, legal, accounting and financial assistance	*5*	*914*
	Quality support	*3*	*51*
	Communications support	*3*	*37*
	Human resources support	*3*	*110*
	Real estate support	*1*	*1*
	Support for the management of internal procedures	*0*	
	Business development support	*2*	*208*
Non-recurring assignments:		**-**	**-**

The **financial details** for 2019 are set out below:

In €K		Dedicated staff (number of people)	2019
Recurring assignments			**1,581**
Of which	*Group promotion*	*5*	*370*
	Administrative, legal, accounting and financial assistance	*6*	*771*
	Quality support	*3*	*30*
	Communications support	*4*	*70*
	Human resources support	*3*	*83*
	Real estate support	*1*	*1*
	Support for the management of internal procedures	*1*	*6*
		4	*249*
Non-recurring assignments:		**-**	**-**

No particular benefit was granted under this agreement.

This agreement is also mentioned in § 5.9.10 “Special report of the Statutory Auditors on regulated agreements” in the Universal Registration Document.

The figures concerning balance sheet items are as follows:

In €K		2020	2019
Net amount of the transaction (<expense>)		**<1,641>**	**<1,525>**
Of which	*Ongoing services*	*<1,692>*	*<1,581>*
	Sundry services to the holding company	*52*	*55*
Net balance sheet entry (<liability>)		**<748>**	**<653>**
Of which	*Current accounts*	*<0>*	*0*
	Accounts payable	*<766>*	*<673>*
	Trade receivables	*18*	*21*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 24.2 With investments consolidated by the equity method

Group relations with SCI Los Olivos and SCI Les Coteaux de Pouvourville relate to **real estate operations:**

- 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, acquired a minority interest of 20.0 % of the share capital of COOVIA, an internet start-up specialised in urban carpooling, in 2016. Following its declaration of insolvency on 15 February 2019, the process of receivership has been ongoing since 5 March 2019. The current account has been written down and the equity accounted shares were written down to zero as at 31 December 2018.

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

In €K		2020	2019
Net amount of the transaction (<expense>)		**<165>**	**<164>**
Of which	*Invoicing of rents*	*<176>*	*<176>*
	Interest and financial costs	*10*	*11*
Net balance sheet entry (<liability>)		**346**	**332**
Of which	*Current accounts*	*336*	*320*
	Accounts payable	*0*	*0*
	Trade receivables	*11*	*11*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

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

In €K		2020	2019
Net amount of the transaction (<expense>)		**<1,077>**	**<972>**
Of which	*Invoicing of rents*	*<963>*	*<942>*
	Reinvoicing of misc. costs	*<114>*	*<30>*
Net balance sheet entry (<liability>)		**9**	**22**
Of which	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*<2>*
	Trade receivables	*9*	*23*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

The figures concerning **COOVIA** are as follows:

In €K		2020	2019
Net amount of the transaction (<expense>)		**0**	**0**
Of which	*Interest and financial costs*	*0*	*0*
Net balance sheet entry (<liability>)		**0**	**0**
Of which	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Trade receivables	*0*	*0*
Invoicing terms		N/A	N/A
Payment terms		N/A	N/A
Provisions for bad debt		**0**	**0**

Note 24.3 With the subsidiaries

All transactions between consolidated companies as well as internal gains and losses from the disposal of fixed assets or inventories of these companies are eliminated. Internal losses are eliminated in the same way as internal gains though only to when they do not represent an impairment loss.

These are the companies included in the scope of consolidation of the Group (see Note 3.2 "Consolidated companies" in the notes to the consolidated financial statements).

Transactions with subsidiaries are wholly eliminated in the consolidated financial statements, as are all transactions between fully consolidated subsidiaries of the Group. They are 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 24.4 With members of management bodies

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

- By ACTIA Group: members of the Executive Board and of the Supervisory Board until 30 October 2020 and Chairman and CEO and Deputy CEOs since that date.
- By LP2C, the controlling company: members of the Executive 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		2020	2019
Compensation of corporate officers		**600**	**586**
Of which	*Fixed*	*467*	*451*
	Variable	*100*	*100*
	Exceptional	*25*	*25*
	Benefits in kind	*8*	*9*
Other compensation for non-executive directors		**99**	**170**
Attendance fees		**0**	**0**
Total		**699**	**756**

To date, no stock option plans exist within ACTIA Group S.A or other Group companies.

Information relating to contributions to retirement plans, amounts paid on leaving, as well as other benefits is provided in § 8.3 “Corporate Office compensation” of this Universal Registration Document.

Note 24.5 With other related parties

- GIE PERENEO

ACTIA Automotive S.A. holds 50% of GIE PERENEO. The purpose of this economic interest grouping (EEIG) is to provide In-Service Support and to extend the lifespan of electronic systems with Spherea Tests & Services, the joint partner of the EEIG with its subsidiary GET Electronique.

The **figures concerning transactions** with GIE PERENEO are as follows:

In €K	31/12/2020	31/12/2019
Amount of the transaction (<expense>)	1,367	1,495
Balance sheet entry (<liability>)	475	925
Payment terms	Cash	Cash
Provisions for bad debt	0	0

The **financial information** concerning GIE PERENEO is as follows:

In €K	31/12/2020	31/12/2019
Total Assets	1,167	2,009
Debt	1,214	2,038
Revenue	3,505	3,047
Income	<18>	<18>

Note 25 Headcount

In number of employees	2020	2019
France	1,222	1,234
Foreign operations	2,496	2,620
Total	**3,718**	**3,854**

The breakdown of headcount by operating segment at 31 December 2020 was as follows:

In number of employees	Management	Non-management	Total
Automotive	1,160	2,243	3,403
Telecom	164	137	301
Other (o.w. the holding company)	13	1	14
Total	**1,337**	**2,381**	**3,718**

For more details, see § 6.5 “Talent recruitment and retention” of the Universal Registration Document.

Note 26 Off-balance sheet commitments

The off-balance sheet commitments break down as follows:

In €K	31/12/2020	31/12/2019
Commitments received		
Bank guarantees	25,650	21,745
Total commitments received	**25,650**	**21,745**

The above information does not include:

- Amounts owed under operating and finance leases are dealt with in Note 14 "Financial liabilities" in the notes to the consolidated financial statements;
- Interest on borrowings that are covered under Note 14 "Financial liabilities" in the notes to the consolidated financial statements;
- Foreign currency term sales commitments and interest rate swaps that are covered under Note 11.2 "Financial instruments at fair value through profit and loss" in the notes to the consolidated financial statements.

Note 27 Encumbered assets

Encumbered assets are assets used as collateral for balance sheet liabilities. They break down as follows:

	31/12/2020				31/12/2019			
In €K	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*	*1,773*	*0*	***1,773***	*0*	*2,022*	*0*	***2,022***
Assignment of trade receivables	1,557	4,950	0	**6,506**	15,913	4,167	0	**20,080**
o.w. *Dailly secured*	*0*	*0*	*0*	***0***	*7,334*	*0*	*0*	***7,334***
Dailly with recourse	*1,557*	*4,950*	*0*	***6,506***	*8,579*	*4,167*	*0*	***12,745***
Discounted notes not yet matured	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Assignment of CIR & CICE	12,042	0	0	**12,042**	11,685	0	0	**11,685**
Assignment of stocks	3	0	0	**3**	14	0	0	**14**
Assignment of other receivables	0	0	0	**0**	0	0	0	**0**
Assignment of equipment	2,575	0	0	**2,575**	1,537	0	0	**1,537**
Mortgages/Security (land & buildings)	19,051	2,930	0	**21,980**	20,103	4,579	0	**24,681**
Total	**35,226**	**11,487**	**0**	**46,713**	**49,251**	**12,352**	**0**	**61,603**

(*) Book value of pledged securities

Note 28 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, as described in detail in chapter 7 “Risk factors” of the Universal Registration Document.

Note 28.1 Credit and/or counterparty risks

Credit and/or counterparty risk could arise from the failure of a customer in financial difficulties or going into receivership. In reality, it would reflect the dependency of the Group on certain major customers.

The ten largest customers account for 59.0 % of total sales. The largest customer in terms of sales accounts for 23.3 % of total Group revenue. This is an exceptional level given the deployment of a one-off contract with an automotive manufacturer (high volume), the withdrawal of which has been announced, and will help to return to a desirable situation in which none of the Group’s customers accounts for more than 10% of revenue one year from now. However, it is important to note that the leading customers are in most cases international groups with many subsidiaries operating in differentiated markets in terms of both legal form (subsidiaries/divisions) and products addressing the needs of independent segments.

The next nine customers account for percentages of between 7.1 % and 2.1 % of consolidated revenue. This situation changed very little in 2020.

Because of the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group’s exposure to credit risk is limited.

The Group does not anticipate any material risks relating to customer default with respect to amounts not provisioned (see Note 9 “Trade and other receivables” in the notes to the consolidated financial statements).

Furthermore, the Group may have recourse to credit insurers in certain cases.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognised tools such as documentary credit facilities.

Note 28.2 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 14 “Financial debt” in the notes to the consolidated financial statements.

Liquidity risk for the Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive, as they account for 70.9 % of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

The Group decreased its use of short-term financing by €19,480,000 in 2020, broken down as follows:

- Dailly: <€10,935,000> (<66.7%>);
- Overdraft: <€10,122,000> (<37.0%>);
- Cash credit lines: +€1,220,000 (+ 24.7%).

CIR financing also increased by €1,020,000, offsetting the loss arising from the elimination of the CICE (<€663,000>), as a result of the natural evolution of these specific items. Note that the collateralisation of €10,050,000 of the CIR changed in 2020 in the amount of the difference between the collateralisation of the 2019 CIR and the refund of the 2015 CIR from the government.

Note that approvals for short-term credit lines were stable and only 30.8 % used by the end of the period.

Over 2020, the Group’s gross debt grew by €15.7 million to €256.2 million, of which €41.4 million came from state-guaranteed loans.

A detailed review of financial assets and liabilities is provided in Note 13 “Financial assets and liabilities” in the notes to the consolidated financial statements. It is presented in the following tables by maturity:

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>**

At 31 December 2019:

In €K	<31/12/2020	>01/01/2021 <31/12/2024	<01/01/2025	Total
Total financial assets	200,405	11,808	1,276	**213,489**
Total financial liabilities	<192,854>	<109,287>	<24,616>	**<326,758>**
Net position before management	**7,550**	**<97,479>**	**<23,341>**	**<113,270>**
Off-balance sheet commitments	<21,745>			**<21,745>**
Net position after management	**<14,194>**	**<97,479>**	**<23,341>**	**<135,015>**

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

The Group companies independently manage their cash needs. The parent company only intervenes in case of difficulties. The cash is generated from the Company’s operating activities and from bank lines of credit put in place locally. Major investments are decided 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 USA with its subsidiary ACTIA Corp.).

Lastly, to enable the Group to take advantage of cash surpluses from certain subsidiaries, it put in place a treasury agreement which is 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.

Lastly, the Group’s financing needs relate to its innovative strategy as an industrial enterprise. Every year, therefore, financing is needed to support the capital expenditure decisions that ensure the medium- and long-term prosperity of ACTIA. In the past, almost 75% of the medium-term financing raised was for R&D or, exceptionally, external growth, the remaining 25% usually being earmarked for the renewal of production capability. This situation changed for a limited period with the real estate investment plan in 2017-2019, which has now come to an end. The financing strategy consists of three parts:

- Long-term financing: the construction/refurbishment/acquisition of buildings are financed by long-term loans in line with the local practices of the countries in question;
- Medium-term financing: bank loans are used to finance major R&D projects (see § 5.6 “Investments” in this Universal Registration Document) over an average period of four to five years. The remaining R&D financing is assured either by customers, through different forms of public aid (grants, advances, research tax credits) or equity financing. The renewal of the plant and equipment necessary to maintain the quality standards and the capacity of the production facilities are financed either by leasing agreements (France) or medium-term loans;
- Short-term financing: short-term credit lines are used to manage WCR.

It should be noted that short-term credit lines are rarely notified.

Note 28.3 Market risks

◎ Interest rate risk

Variations in interest rates represent a risk for the Group as they could affect its financing costs.

The analysis 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	208,041		136,652	39,291	71,389	<39,291>	11,250	<11,250>	**60,139**	**<28,041>**
From 1 to 5 years	11,910		137,632	1,917	<125,721>	<1,917>			**<125,721>**	**<1,917>**
> 5 years	1,751		18,753		<17,002>	0			**<17,002>**	**0**
Total	**221,703**	**0**	**293,037**	**41,209**	**<71,334>**	**<41,209>**	**11,250**	**<11 250>**	**<82,584>**	**<29,959>**

* A description of financial assets and liabilities is provided in Note 13 "Financial assets and liabilities" in the notes 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.

The Group took advantage of low bank interest rates and the implementation of a zero percent rate floor for variable-rate financing to continue to take out fixed-rate financing in 2020. The breakdown of fixed and variable rate financial debt is given in Note 14 "Financial liabilities" in the notes to the consolidated financial statements.

The Group implemented staggered hedging instruments in 2015. They have reduced the current share of variable-rate bank borrowings to 12.8 %. The characteristics of the interest rate swaps subscribed to by our subsidiary ACTIA Automotive S.A. are described in Note 11.2 "Financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements.

The sensitivity 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	31/12/2020 Impact on pre-tax income	31/12/2020 Impact on pre-tax equity
Impact of a variance of + 1 % in interest rates	**<300>**	**<300>**
Impact of a variance of - 1 % in interest rates	**300**	**300**

It is important to note that, since the implementation of short-term interest rates below 0, many banks impose a floor of 0%, which prevents the Group from taking advantage of the financial market's negative rates.

In the specific context of the health crisis and the activation of state-guaranteed loans, these financing options have an interest rate of 0 for the first year and are repaid at cost price with regard to the banking institution if the company decides to pay back the loan over a longer period. ACTIA decided to pay back the state-guaranteed loans set up in 2020 over a period of five years, and the initial quotes received confirm an interest rate of less than 1%. The cost of the state guarantee, which varies between 0.5% for the first year and 2% for the last three years of reimbursement, needs to be added to that.

◎ Exchange rate risk

The Group's international footprint exposes it to exchange rate risks related to fluctuations in foreign currencies, for both actual transactions and the conversion of its assets and results.

With purchases of over €230 million, including over €100 million in US Dollars (excluding purchases made by our American entities that benefit from natural coverage), a change in the EUR/USD exchange rate has a very rapid effect on the Group's profitability.

For transactions denominated in foreign currencies, for example, purchases or sales by Eurozone entities denominated in US Dollars (USD) or Japanese Yen (JPY), the companies involved manage their exchange rate risks independently, putting in place currency hedging tools when the volumes involved allow for it.

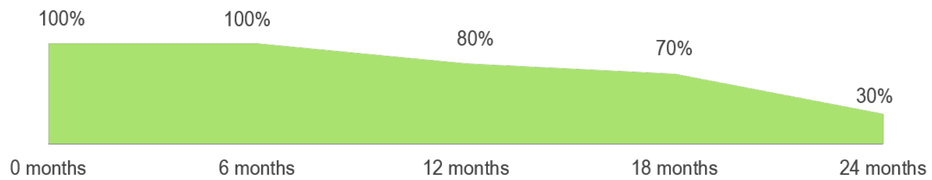
ACTIA subscribes to currency hedging contracts on a regular basis. Their characteristics are described in Note 11.2 "Financial instruments at fair value through profit or loss" in the notes to the consolidated financial statements. The purpose of these hedging tools is to secure the cost of acquiring USD in relationship to the selling price to our customers. These prices are set at the time of the tenders and our customers do not allow them to change as a result of fluctuations in the EUR/USD exchange rate or the components market. The goal is not to speculate on the markets, but to ensure a reasonable level of parity for the coming weeks and months.

A significant shift in the EUR/USD rate has very different outcomes based on short-term and medium-term approaches adopted by the Group:

- In the short term, it represents a major risk for our component purchases, about half of which are made in Dollars and which are primarily manufactured in a dollar-dominated region. The hedging instruments limit the impact of changes in the ratio and protect purchases when there is a significant drop. However, they do not enable the benefit of increases to be felt immediately as they must wait for the implementation of new tools when the existing tools run out. It is also noted that, despite very significant variations, the Group has been able to work at a virtually constant exchange rate for the past three years. However, actions are being carried out to identify the adjustments required for pricing for both suppliers and customers. Note that in both cases, given our size, few products have benefited from price adjustments in our favour in the past;
- In the medium term, changes in exchange rates may impact the Group's competitiveness in international calls for tender, but with a time lag of 18 months to three years in the business, reflecting the development (R&D) and industrialisation cycle.

The Group was thus able to acquire USD at an average exchange rate over the period of 1.162, as compared with 1.165 in 2019, thus generating a gain of €1,500,000 compared with the money markets, where the average exchange rate was 1.141, as opposed to 1.120 in 2019. The decline in business due to the health crisis meant that the hedging tools could not be used in the normal way (drop in dollar-dominated purchasing of 23% with regard to initial forecasts), leading to a high stock at the end of the reporting period, which in turn generated an even bigger valuation in the accounts between volume and parity at 1.227 at the end of the period.

For information, the hedging tools are part of a policy which can be expressed in terms of the level of coverage achieved for dollar-denominated purchasing needs, and can be shown as follows:



The Company has conducted an analysis of its **exchange rate risk**, after hedging for accounts receivable and payable. The figures obtained from this analysis are provided below:

In €K	Trade receivables - gross amounts(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	98,199	<52,324>	5,277	51,152		51,152
USD	34,197	<9,989>	20,366	44,574	6,567	51,141
Other currencies	12,500	<7,581>	8	4,927	0	4,927
Total	**144,896**	**<69,893>**	**25,650**	**100,654**	**6,567**	**107,220**

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

The sensitivity 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		51,141	51,141	51,141	51,141
USD	0.81493	0.82308	0.80678	0.82308	0.80678
Estimated risk		**+ 417**	**-417**	**+ 417**	**-417**

Lastly, the strong negative impact on year-end 2020 of <€8.7 million>, compared with €7,000 in 2019, demonstrates that the valuation of hedging instruments required by IAS 39 can fluctuate significantly from one financial year to the next. The use of accumulator-type tools managed with an accumulation capacity limited by regular early exercises and a double accumulation threshold providing a bonus compared to forward purchases, adds a degree of risk to the valuation calculation which bids up the calculation. Note that the purpose of these instruments is to protect purchases in foreign currencies. There is a risk that technical entries with no link to the business may have to be made.

Assets and liabilities outside of the Eurozone account for a small share of 25.8 %, and are generally only linked to the business activity. Moveable assets and real estate are depreciating or are already entirely depreciated. Only the latest investments in the United States, with the new production facility for circuit boards, are accompanied by a debt in foreign currency, with the construction of the two buildings in Tunisia being locally financed in Euros. An analysis of these long-term investments compared to the currency risk was carried out, but the real estate opportunity they represent compared to the cost of leasing properties for electronics printed circuit board production and its specific requirements weighs considerably on the exchange rate risk. Heavy equipment required for production is depreciated rapidly and the homogeneity of the equipment on our sites enables the recovery and use of the goods on any of the sites. Furthermore, the creation of an industrial site on American soil will also help to generate Group sales in foreign currency, allowing it to benefit from a "natural hedge" on part of its business.

Finally, given that we did not choose to value the real estate assets, the net asset value is significantly below the market value and would cover the exchange rate differential if we needed to sell equipment.

The exchange rate risk for subsidiaries outside of the Eurozone is primarily limited to the contribution to the Group's results. The Group invoices in Euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

9.1.7 FEES PAID TO THE STATUTORY AUDITORS

Pursuant to Article 222-8 of the General Regulation of the AMF, the table below presents the amount excluding VAT of audit fees paid in respect of the Group's separate and consolidated financial statements. These fees cover services provided and expensed in financial year 2020 in the accounts of ACTIA Group S.A. and its subsidiaries whose income statements of the period and balance sheets are fully consolidated. For information, the balance of auditors' fees relating to the period is often invoiced in the first half-year of the following period. This was the case for the balance of fees for 2019 invoiced in early 2020.

For improved clarity with respect to information on the parent company and subsidiaries, we have opted for a presentation of amounts as agreed in the letter of engagement.

Overall, auditors' fees have remained stable from one period to the next.

In €K	KPMG				BM&A			
	Amount excluding VAT		%		Amount excluding VAT		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	74	74	16.2%	15.4%	50	50	39.2%	71.2%
Fully consolidated subsidiaries	372	376	80.8%	77.6%	77	15	60.8%	21.6%
Services other than the certification of accounts:								
Issuer: ACTIA Group S.A.	14	29	3.0%	6.0%	0	5	0.0%	7.2%
Fully consolidated subsidiaries	0	5	0.0%	1.1%	0	0	0.0%	0.0%
SUB-TOTAL	**460**	**485**	**100.0%**	**100.0%**	**126**	**70**	**100.0%**	
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labour	18	10	100.0%	100.0%				
Other	0	0	0.0%	0.0%				
SUB-TOTAL	**18**	**10**	**100.0%**	**100.0%**	**0**	**0**	**0.0%**	
TOTAL Group	**478**	**495**	**100.0%**	**100.0%**	**126**	**70**	**100.0%**	

Audit fees for the separate and consolidated financial statements for the financial years ended 31 December 2019 and 2020 concern primarily professional services undertaken to review and certify the consolidated financial statements of the Group prepared in accordance with IFRS as adopted in the European Union, certification of the statutory accounts of certain Group subsidiaries, compliance with local regulations and review of documents filed with the AMF, the French securities market regulator.

Services provided by the Statutory Auditors or a member of their network other than the certification of accounts concern those relating to the extension of normal statutory auditing missions (independent third party report on social and environmental information, drafting of special certificates, performance of due diligence in connection with acquisitions or disposals of activities or of companies to be consolidated or deconsolidated).

Other legal, tax and labour services concern services provided by the network to fully consolidated subsidiaries that do not fall under the scope of auditing services rendered by a member of the network of KPMG or by BM&A to consolidated subsidiaries. These assignments concern primarily providing assistance in respect to compliance with tax obligations unrelated to services relating to the statutory audit engagement, and outside of France.

9.1.8 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Annual General Meeting of ACTIA Group S.A.,

OPINION

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the consolidated financial statements of ACTIA Group S.A. for the financial year ended 31 December 2020.

We hereby certify that the consolidated financial statements for the financial year are truthful and give a true and fair picture of the results, financial position and assets of the companies and entities comprising the consolidated group, in accordance with IFRS as adopted by the European Union.

The opinion above is consistent with the content of our report to the Audit Committee.

BASIS FOR OUR OPINION

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are described in the section entitled "Responsibilities of the Statutory Auditors with respect to the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us for the period from 1 January 2020 to the date of issue of our report. We did not provide any of the services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT POINTS

The global crisis caused by the Covid-19 pandemic meant that the audit and accounts for this financial year were drawn up in a highly unusual context. 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 audits are conducted.

This is the complex, volatile context in which, in application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the consolidated financial statements taken individually.

CAPITALISATION OF DEVELOPMENT COSTS:

Risk identified:

On 31 December 2020, the net carrying amount of capitalised development costs was €59,518,000.

The criteria used to record development costs in assets are provided in Note 4.3 of the notes to the consolidated financial statements.

The analysis of compliance with the different capitalisation criteria calls for many judgements and estimates and, in particular, an assessment of the way in which the intangible asset will generate probable future economic benefits.

Given the significant nature of capitalised development costs and the assessments related to the analysis of compliance with the various capitalisation criteria, we considered that the capitalisation of development costs constituted a key point of our audit.

Our answer:

Our work consisted primarily of:

- examining the internal control procedures put in place to identify development projects and costs eligible for the activation criteria and conditions set out in IAS 38;
- testing the effectiveness of the key controls with respect to compliance with the capitalisation criteria and monitoring the expenses attributable to the different intangible assets during the development phase;
- assessing, via sampling, compliance with the various criteria used to capitalise the development costs;
- assessing the quality of the forecasting processes used within the framework of the analysis of the probable future economic benefits generated by the capitalised projects via critical analysis of the differences identified between revenue and profitability forecasts of previous years and subsequent achievements.

VALUATION OF ACTIA TELECOM AND ACTIA CORP. GOODWILL:

Risk identified:

On 31 December 2020, the net carrying amount of goodwill was €24,148,000 of which €18,916,000 in ACTIA Telecom and ACTIA Corp. goodwill.

Goodwill is tested for impairment annually at the closing date or as soon as there is an indication of loss of value. The main indicators of loss of value used by the Group are described in Note 4.2 of the notes to the consolidated financial statements.

Goodwill is allocated to one or more Cash Generating Units (CGU). The impairment test consists in comparing the carrying amount of the asset or CGU group with its recoverable value, which corresponds to the higher of the fair value less selling costs and the value in use determined based on the discounted value of future cash flows.

The valuation of the recoverable amount requires judgements and estimates by General Management and, in particular, a reasonable assessment of the operating cash flows retained in the medium-term operating budgets and business plans, the discount rates and the perpetuity growth rates used for the calculation of recoverable amounts.

Given the significant nature of the intangible assets and the assessments inherent in the determination of the recoverable value of the ACTIA Corp. and ACTIA Telecom CGUs, especially in the context of the health crisis during the financial year and at 31 December 2020, we considered that the valuation of goodwill constituted a key point of the audit.

Our answer:

Our work consisted primarily of:

- evaluating the consistency of the cash flow forecasts for the activities of the CGUs in question as prepared by their operational management using data and assumptions from the business plans prepared under the supervision of the executive management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements;
- assessing the relevance of the discount rates and the growth rates used;
- examining the analyses of value sensitivity to changes in the flow forecast and discount rate assumptions;
- comparing the consistency of the items included in the carrying amount of the CGUs with the way in which cash flow forecasts were prepared.

Special verification

As required by the professional standards applicable in France, we also specifically verified the information about the Group provided in the Board of Directors' Management Report, as required by law and regulations.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

We hereby certify that the consolidated non-financial performance statement provided for by Article L.225-102-1 of the French Commercial Code is included in the information about the group provided in the Management Report, it being noted that, in accordance with Article L.823-10 of the Code, we did not review the information provided in the statement for its truthfulness or its consistency with the consolidated financial statements and this must, therefore, be subject to a report by an independent third party.

OTHER VERIFICATIONS OR INFORMATION PROVIDED FOR BY LAW AND IN THE REGULATIONS

Format for presenting the consolidated financial statements for inclusion in the annual financial report

In line with Point III of Article 222-3 of the AMF general regulations, your company's General Management notified us of its decision to delay application of the single electronic reporting format, as defined in Delegated Regulation (EU) 2019/815 of 17 December 2018, to the reporting periods commencing 1 January 2021. Consequently, this report does not include a conclusion concerning compliance with this format in its overview of the consolidated financial statements to be included in the annual financial report mentioned in Point I of Article L. 451-1-2 of the Monetary and Financial Code.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of ACTIA Group S.A. by your General Meetings held on 26 May 2000 for KPMG S.A. and 28 May 2019 for BM&A.

On 31 December 2020, KPMG S.A. was in the 21st consecutive year of its assignment, while BM&A was in its second year.

RESPONSIBILITIES OF MANAGEMENT AND OF THE PERSONS CONSTITUTING THE GOVERNANCE OF THE COMPANY WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is the responsibility of management to prepare accurate consolidated financial statements in accordance with IFRS as adopted by the European Union and to implement the internal controls it believes are necessary for the preparation of consolidated financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the consolidated financial statements are prepared, it is the responsibility of Management to assess the ability of the Company to continue operating; to present in its financial statements, if necessary, the information regarding business continuation; and to apply the going concern accounting principle, unless there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit purpose and approach

It is our duty to prepare a report on the consolidated financial statements. Our goal is to obtain a reasonable assurance that the consolidated financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditors exercise their professional judgement during the entire audit. In addition:

- they identify and assess the risk that the annual financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the auditors must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by Management as well as the information about them provided in the consolidated financial statements;

- they assess the relevance of the application by Management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardise the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the consolidated financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they assess the overall presentation of the consolidated financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;
- with respect to the financial information about the persons and entities included within the scope of consolidation, they must collect the information they deem to be sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and preparing of the audit of the consolidated financial statements and for the opinion expressed about the financial statements.

Report to the Audit Committee

We will submit a report to the Audit Committee which presents the extent of the audit work done, the work programme implemented and the findings arising from our work. We will also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee report includes the risk of material misstatements which we believe are most significant for the audit of the consolidated financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined in Articles L.822-10 to L. 822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, 26 April 2021	Paris, 26 April 2021
KPMG S.A.	**BM&A**
Mathieu Leruste *Partner*	Eric Seyvos *Partner*

9.2 SEPARATE FINANCIAL STATEMENTS

9.2.1 BALANCE SHEET OF ACTIA GROUP S.A.

Assets (in €)			31/12/2020	31/12/2019
	Gross amount	Depreciation	Net	Net
Share capital subscribed and uncalled				
INTANGIBLE ASSETS				
SET-UP costs				
Research and development costs				
Concessions, patents and similar rights	53,651	53,588	**63**	62
Goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
TANGIBLE ASSETS				
Land				
Buildings				
Technical installations, equipment, tooling				
Other tangible assets	71,579	48,468	**23,112**	18,794
Current fixed assets				
Advance and down payments				
FINANCIAL ASSETS				
Investments calculated using the equity accounting method				
Other investments	55,866,151	257,324	**55,608,827**	55,548,913
Receivables related to investments	18,616,948	805,000	**17,811,948**	17,506,517
Other fixed securities				
Loans	778	113	**665**	665
Other financial assets	4,635		**4,635**	4,635

Assets (in €)			31/12/2020	31/12/2019
	Gross amount	Depreciation	Net	Net
FIXED ASSETS	**74,613,742**	**1,164,493**	**73,449,249**	**73,079,586**
INVENTORY AND WORK-IN-PROCESS				
Raw materials, supplies				
Production of goods in progress				
Production of services in progress				
Intermediate and finished products				
Goods				
Advance and down payments on orders				
ACCOUNTS RECEIVABLE				
Trade accounts receivable	1,732,363	23,464	**1,708,899**	1,202,458
Other accounts receivable	154,074		**154,074**	397,043
Subscribed and called capital but not yet paid up				
VARIOUS				
Marketable securities	242,054	153,024	**89,030**	112,689
o.w. treasury shares: 162,076				
Liquid assets	747,047		**747,047**	3,063,361
ADJUSTING ACCOUNTS				
Accrued charges	159,508		**159,508**	88,125
CURRENT ASSETS	**3,035,045**	**176,488**	**2,858,557**	**4,863,676**
Expenses to be spread over several financial years				
Bond redemption premiums				
Translation difference - assets				
ASSETS	**77,648,788**	**1,340,981**	**76,307,807**	**77,943,262**

Liabilities (in €)	31/12/2020	31/12/2019
Individual and equity capital	15,074,956	15,074,956
(of which has been paid: 15,074,956)		
Premiums from equity issues, mergers or acquisitions	17,560,647	17,560,647
Revaluation differences		
(of which, equity accounting reserve: 0)		
Legal reserve	1,507,496	1,507,496
Statutory or contractual reserves		
Regulated reserves	189,173	189,173
(Including prov. res. for exchange rate fluctuations: 0)		
Other reserves		
Retained earnings	11,075,425	11,351,441
(Profit or loss) for the FINANCIAL YEAR	**1,639,673**	**2,737,515**
Investment subsidies		
Regulated provisions		
EQUITY	**47,047,370**	**48,421,228**
Proceeds from issues of equity instruments		
Conditional advances		
OTHER EQUITY		
Provisions for risks		
Provisions for expenses		
PROVISIONS FOR RISKS AND EXPENSES		
FINANCIAL LIABILITIES		
Convertible bond loans		
Other bond loans	20,000,000	20,000,000
Bank borrowings	8,260,923	8,806,213
Other financial liabilities		
(of which, participating loans: 0)		

Liabilities (in €)	31/12/2020	31/12/2019
Advance and down payments received for current orders		
OPERATING DEBT		
Trade creditors and other accounts receivable	580,353	428,216
Tax and social payables	359,334	242,424
MISCELLANEOUS LIABILITIES		
Debt on fixed assets and related payables		
Other liabilities	59,826	45,181
ADJUSTING ACCOUNTS		
Deferred income		
DEBT	**29,260,436**	**29,522,034**
Unrealised translation differences		
LIABILITIES	**76,307,807**	**77,943,262**

9.2.2 SEPARATE INCOME STATEMENT OF ACTIA GROUP S.A.

Income statement (in €)	31/12/2020	31/12/2019
Sales of goods		
Production of goods sold		
Production of services sold	2,352,361	2,301,500
NET REVENUE	**2,352,361**	**2,301,500**
Inventoried production		
Capitalised production		
Operating subsidies		
Writeback of depreciation and provisions and transfers of costs	1,023,130	978,501
Other revenue		
OPERATING REVENUE	**3,375,491**	**3,280,001**
Purchases of goods (including customs duties)		
Variations in inventory (goods)		
Purchases of raw materials and other supplies (and customs duties)		
Variations in inventory (raw materials and supplies)		
Other purchases and external expenses	2,809,911	2,652,800
Taxes, duties and similar payments	42,998	29,790
Wages and salaries	1,277,597	891,360
Social contributions	540,030	393,098
OPERATING PROVISIONS		
On fixed assets: depreciation allowances	4,895	4,167
On fixed assets: provisions		
On current assets: provisions		
For liabilities and charges: provisions		
Other expenses	755	342
OPERATING EXPENSES	**4,676,186**	**3,971,556**
OPERATING PROFIT / LOSS	**<1,300,695>**	**<691,555>**
JOINT VENTURES		
Profit allocated or loss transferred		
Loss sustained or profit transferred		
FINANCIAL INCOME		
Financial revenue from investments	3,162,739	3,441,295
Revenue from other securities and fixed asset-related receivables	656,094	667,555
Other interest and similar revenue	698	31,641
Writeback of provisions and transfers of costs	2,579	1,552
Positive exchange rate differences	3,737	
Net revenue from the sale of investment securities	98,944	11,895
FINANCIAL INCOME	**3,924,791**	**4,153,938**
Financial depreciation allowances and provisions	7,871	5,161
Interest and similar expenses	848,985	681,898
Negative exchange rate differences		848
Net expenses on the sale of investment securities	117,311	9,760
FINANCIAL BURDEN	**974,167**	**697,668**
NET FINANCIAL ITEMS	**2,950,625**	**3,456,270**
ORDINARY INCOME BEFORE TAX	**1,649,930**	**2,764,715**

Income statement (in €)	31/12/2020	31/12/2019
Non-recurring income from management operations	9	192
Non-recurring income from capital transactions	9,084	47
Writeback of provisions and transfers of costs		
NON-RECURRING INCOME	**9,093**	**238**
Non-recurring expenses on management operations	9	12
Non-recurring expenses on capital transactions	2,009	36
Non-recurring depreciation allowances and provisions		
NON-RECURRING EXPENSES	**2,017**	**47**
NON-RECURRING ITEMS	**7,076**	**191**
Employee profit-sharing		
Income taxes	17,333	27,391
TOTAL INCOME	**7,309,376**	**7,434,178**
TOTAL EXPENSES	**5,669,703**	**4,696,663**
PROFIT OR LOSS	**1,639,673**	**2,737,515**

9.2.3 NOTES

Note 1 Highlights of the period

ACTIA Group S.A. fulfilled its role as Group holding company in 2020. The only impact of the health crisis on the holding company was that the latter had to step up the support it provides to the various Group entities. ACTIA Group staff continued to carry out their work from home when the lockdown measures imposed home-working.

On 24 September 2020, ACTIA Group S.A. bought out the minority interests held in ACTIA Automotive for €9,915.

Note 2 Accounting rules and methods

The financial statements for the 2020 financial year were approved by the Board of Directors on 29 March 2021, in accordance with the provisions of Regulation 2014-03 of the Autorité des Normes Comptables (national accounting standards body) approved by the ministerial decree on the Plan Comptable Général (generally accepted accounting principles) of 8 September 2014.

Note 2.1 Intangible assets

Rights and concessions are amortised on a straight-line basis over one or two years.

Note 2.2 Tangible assets

Capitalised assets are broken down and amortised or depreciated over their own useful lives if these differ from the principal item of property, plant and equipment.

Items of property, plant and equipment are recognised at acquisition cost. Cost components include:

- The purchase cost, including customs duties and non-refundable purchase taxes less trade discounts and rebates;
- The costs directly attributable to transferring and commissioning the asset and;
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

Borrowing costs are excluded from the cost of non-current assets.

Where material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, the depreciation is recognised by component. To date, treatment by component has not been applied for any non-current asset, in the absence of significant capitalisation.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied are as follows:

- Plant and equipment, facilities and tools: over 6 to 10 years;
- Other property, plant and equipment: over 3 to 10 years.

Note 2.3 Financial assets

Investment securities are recognised in the balance sheet at acquisition cost or contribution value.

An impairment is recorded when the carrying amount of a holding held by ACTIA Group is less than the share of its shareholders' equity, unless:

- A recorded fair transaction value justifies the value;
- Or the prospects for a recovery in profitability are strong and can be demonstrated. In this case, the value in use of the holding is estimated using a financial valuation method.

The present value of holdings is also primarily assessed using the discounted future cash flow method based on business and free cash flow forecast assumptions reasonably estimated by executive management and most probable on the date the financial statements are closed. The discount and growth rates used are rationalised based on market data.

In order to assess the tolerance of the estimate of the shareholders' equity determined in this way, analyses of the sensitivity of the values to changes in assumptions about estimated future cash flows and the discount rate are simulated.

Note 2.4 Receivables

Receivables are measured at their nominal value. A provision for impairment is recognised depending on the age of the receivables and any risks of non-recovery.

Note 2.5 Pension liabilities

Pension liabilities are calculated according to French accounting recommendation CNC 2013-02 based on an actuarial estimate of potential rights vested by employees on the balance sheet date.

The main assumptions applied at the end of the reporting period were:

- discount rate: 0.34 % (0.77 % in 2019),
- salary escalation rate: 2.25 %
- retirement age: 67
- low turnover rate:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Turnover rate (%) (management and non-management)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2013:

Age of employee	20 years	30 years	40 years	50 years	60 years	65 years
Mortality table: Men (%)	99,274	98,549	97,489	94,963	88,615	83,631
Mortality table: Women (%)	99,469	99,222	98,745	97,436	94,414	92,075

Off-balance sheet commitments include pension liabilities of € 232,107.

Note 3 Additional information on the balance sheet and the income statement

The balance sheet date of the financial statements is 31 December 2020 and covers a period of twelve months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

(€)	31/12/2019	Acquisitions	Disposals and write-offs	31/12/2020
Set-up costs	0			0
Other intangible assets	61,654	163	8,166	53,651
TOTAL	61,654	163	8,166	53,651

Amortisation was as follows:

(€)	31/12/2019	Provisions	Reversals	31/12/2020
Set-up costs	0			0
Other intangible assets	61,593	161	8,166	53,588
TOTAL	61,593	161	8,166	53,588

Note 3.2 Tangible assets

Gross amounts of **property, plant and equipment** changed as follows:

(€)	31/12/2019	Acquisitions	Disposals and write-offs	31/12/2020
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools	0			0
Other	68,725	11,060	8,205	71,579
Current fixed assets	0			0
TOTAL	68,725	11,060	8,205	71,579

Amortisation was as follows:

(€)	31/12/2019	Provisions	Reversals	31/12/2020
Land	0			0
Buildings	0			0
Plant and equipment, facilities and tools	0			0
Other	49,930	4,734	6,197	48,468
TOTAL	49,930	4,734	6,197	48,468

Note 3.3 Non-current financial assets

These changed as follows:

(€)	Balance sheet securities 31/12/2019		Balance sheet securities 31/12/2020		Held at 31/12/20 (%)	Shareholders' equity before appropriation of earnings at 31/12/20	2020 revenue before tax	Net income at 31/12/20
	Gross value	Net value	Gross value	Net value				
INVESTMENT SECURITIES								
Subsidiaries and investments > 10%								
ACTIA Telecom	25,772,641	25,772,641	25,772,641	25,772,641	100.00%	39,246,238	49,401,189	1,490,236
ACTIA Automotive	24,894,195	24,894,195	24,904,110	24,904,110	99.99%	52,952,297	265,247,891	<17,595,045>
ACTIA Telematics Services	3,698,578	3,698,578	3,698,578	3,698,578	99.00%	1,485,382	2,819,789	<20,325>
ACTIA PCs	610,902	610,902	610,902	610,902	12.19%	3,266,911	3,195,462	<802,485>
SCI Oratoire	199,098	199,098	199,098	199,098	86.00%	973,887	1,231,281	335,389
ACTIA Engineering Services (*)	151,680	151,680	151,680	151,680	53.33%	1,565,993	11,648,383	57,910
SCI Pouvourville	101,161	101,161	101,161	101,161	30.00%	1,430,595	963,053	219,049
ACTIA Africa (*)	100,000	100,000	100,000	100,000	99.77%	17,425	432,663	<72,497>
ACTIA Power			49,999	49,999	100.00%	50,000	0	0
Coovia	200,010	0	200,010	0	19.98%	<858,192>	0	0
MORS INC	0	0	0	0	100.00%	UNK.	UNK.	UNK.
CYT	33,494	0	33,494	0	15.00%	UNK.	UNK.	UNK.
Subsidiaries and investments < 10%								
CIPI-ACTIA (*)	10,138	10,138	10,138	10,138	0.20%	3,864,380	10,326,886	<966,843>
SCI Sodimob	7,030	7,030	7,030	7,030	2.00%	219,502	107,726	72,483
Outside of the Group								
MPC	3,489	3,489	3,489	3,489	0.02%	UNK.	UNK.	UNK.
Continental	47	0	47	0	N.S.	UNK.	UNK.	UNK.
STEM	22,812	0	22,812	0	N.S.	UNK.	UNK.	UNK.
CGC	960	0	960	0	N.S.	UNK.	UNK.	UNK.
Total	**55,806,237**	**55,548,913**	**55,866,151**	**55,608,827**				
OTHER FIXED SECURITIES								
1% Construction	0	0	0	0				
Total	**0**	**0**	**0**	**0**				
OTHER FINANCIAL ASSETS								
Loans	778	665	778	665				
Other receivables	4,635	4,635	4,635	4,635				
Total	**5,413**	**5,300**	**5,413**	**5,300**				

N.S. : Non-significant - UNK. : Unknown

(*) Foreign subsidiaries with a local currency other than the Euro. Balance-sheet data is converted using the exchange rate at closure of the accounts and income is converted using the average exchange rate

Note 3.4 Stocks

None

Note 3.5 Advances and prepayments on orders

None

Note 3.6 Accounts receivable, other receivables

(€)	Gross values	Net value	Due dates < 1 year	Due dates > 1 year
Investment-related receivables	18,616,948	17,811,948	2,400,000	15,411,948
Accounts receivable	1,732,363	1,708,899	1,071,130	637,769
Current accounts on investments				
Other receivables (including accrued charges)	313,581	313,581	313,581	
TOTAL	**20,662,892**	**19,834,428**	**3,784,711**	**16,049,717**

Note 3.7 Treasury shares

ACTIA Group holds **1,399 treasury shares** with a gross value of €153,043. These shares were owned by MORS S.A. at the time of the merger in 2000.

Since the merger with MORS S.A., the Group has proceeded with a number of share buyback programmes.

The last share buyback programme was authorised by the General Meeting of 27 May 2020 for a period of 18 months. This program complies with Articles L225-209 et seq. of the French Commercial Code. The objectives, maximum amount allocated to the share buyback programme, the maximum number and characteristics of the shares as well as the maximum purchase price are described in § 5.10.9 "Authorisation to implement a share buyback program" in this Universal Registration Document.

As of 31 December 2020, ACTIA Group S.A. held 3,328 treasury shares in total.

A provision for the treasury shares is calculated based on the closing price of €2.72 at 31 December 2020, for a total of €153,024.

Breakdown of treasury shares at 31 December 2020:

Origin of the holding	Number of shares	Gross value	Provision	Net value
Merger with MORS S.A. in 2000	1,399	€ 153,043	€ 149,238	€ 3,805
Share buyback programmes	1,929	€ 9,033	€ 3,786	€ 5,247
TOTAL	**3,328**	**€ 162,076**	**€ 153,024**	**€ 9,052**

In addition, as of 31 December 2020 as part of the **liquidity contract**, ACTIA Group held **12,626 treasury shares** and €39,646,98 in liquidity. All of the shares are used to ensure market-making on the secondary market or share liquidity via the intermediary of the investment service provider (ISP) Société de Bourse Portzamparc, through a liquidity contract in compliance with the AMAFI code of ethics recognised by the AMF.

Note 3.8 Shareholders' equity

At 31 December 2020, there were no stock option plans established by the Company and the share capital amounted to €15,074,955.75. It consists of 20,099,941 shares with a par value of €0.75 per share. The total amount of additional paid-in capital is €14,693,643.96.

Accordingly, net assets changed as follows over the period:

(€)	Balance at 31/12/2019 prior to appropriation of earnings	Appropriation of earnings 2019			Share capital increase	Balance at 31/12/2020 prior to proposed appropriation of earnings
		Retained earnings	Dividends			
			Paid to shareholders	On treasury shares:		
Capital	15,074,956					15,074,956
Share premiums	14,693,644					14,693,644
Merger premiums	2,867,003					2,867,003
Legal reserves	1,507,496					1,507,496
Restricted reserves	189,173					189,173
Retained earnings	11,351,441		<277,476>	1,461		11,075,425
Net income for 2019	2,737,515		<2,736,055>	<1,461>		(0)
Net income for 2020						1,639,673
TOTAL	**48,421,228**	**0**	**<3,013,531>**	**0**	**0**	**47,047,370**

At 31 December 2020, restricted reserves set aside to cover treasury shares totalled €9,052.

Note 3.9 Provisions for charges

None

Note 3.10 Liabilities

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

(€)		31/12/2020		Total
	<31/12/2021	>01/01/2022 <31/12/2025	<01/01/2026	
Other bond loans	**4,583,333**	**14,583,333**	**833,333**	**20,000,000**
Bank borrowings and debts to credit establishments Credit	3,372,982	4,433,685	454,256	8,260,923
o.w. MLT borrowings	*1,755,484*	*4,433,685*	*454,256*	*6,643,425*
Short-term bank lines and commercial paper	*1,500,000*			*1,500,000*
Interest accruing on financial liabilities	*117,498*			*117,498*
Other financial liabilities				0
Advances and prepayments on orders				0
Trade creditors and other accounts receivable	580,353			580,353
Amounts payable to payroll tax agencies	359,334			359,334
Other liabilities (including deferred income)	59,826			59,826
Total	**8,955,829**	**19,017,018**	**1,287,589**	**29,260,436**

Certain medium- to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totalling € 22,781,967 or 85.5 % of medium- and long-term debt. Compliance with these covenants is verified at the end of each period on the basis of ACTIA Group's consolidated financial statements.

At 31 December 2020, the breakdown of the medium- to long-term borrowings and covenants was as follows:

Amount at inception (€)	Date of subscription	Duration	Outstanding principal at 31/12/2020	Covenant				
				Ratios at end 2020(calculated on the basis of the consolidated financial statements)	Respected[1]		Reclassification under current borrowings[2]	
					At end 2019	At end 2020	At end 2019	At end 2020
2,000,000	2015	5 years	34,493	Net debt to equity ≤ 1.60	R	B	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	R	B		
2,000,000	2016	5 years	537,838	Net debt to equity < 1.60	R	B	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	R	B		
3,500,000	2016	7 years	1,772,924	Net debt to equity < 1.60	R	B	0	0
				Net debt to EBITDA < 5.00	R	B		
1,000,000	2017	5 years	436,711	Net debt to equity < 1.60	R	B	0	0
				Net financial expense to EBITDA < 30%	R	R		
				Net debt to EBITDA < 5.75	R	B		
15,000,000	2017	7 years	15,000,000	Net debt to EBITDA < 5.00	R	B	0	0
5,000,000	2017	9 years	5,000,000	Net debt to EBITDA < 5.00	R	B	0	0
4,000,000	2018	7 years	610,902	-				
1,000,000	2018	5 years	654,256	-				
3,000,000	2019	7 years	2,596,299	-				
TOTAL			**26,643,424**				**0**	**0**

(1) R = Respected - B = Breached

(2) Long-term portion of debt reclassified under "Current financial liabilities"

In 2020, the change in ACTIA Group's business activity had a significant impact on the "Net Debt/Equity" and "Net Debt/EBITDA" ratios based on the consolidated financial statements, in particular due to:

- The drop in business for the Group impacting EBITDA:
  - Business stoppage and gradual resumption, with ways of working adapted to the health safety constraints, led to a very sharp drop in invoicing from mid-March onwards, with <34.6%> in revenue in the second quarter, before business picked up again, generating a decrease of <4.8%> in the fourth quarter, resulting in an overall decrease of <15.7%> for the year. Initially, ACTIA was expected to generate growth of between 5% and 8% in 2020.
  - Business levels were not sufficient to cover overheads, especially in the second quarter, and for all the industrial sites, despite the various government subsidies;
  - The Group had set up an organisation designed to cope with high levels of growth over the next few years;
  - The pace of cost-cutting measures varied, and they enabled us to build profitability levels back up in the fourth quarter, although they were not sufficient to fully make up for the losses sustained in the preceding months. The various measures concerned:
    - hiring freeze, non-renewal of certain employment contracts and case-by-case adaptations;
    - end to outsourcing in R&D and use of temporary staff; temporary staff were once again hired for production activities at the end of the year;
    - significant increase in the use of video-conferencing means and sharp fall in mission-related costs;
    - arbitration with regard to R&D expenditure.

The impact of IFRS 16 hardly changed between 2019 (+€4,601,000) and 2020 (+€4,742,000).

- Concerning the increase in net liabilities, limited to 4.6% despite the results:
  - Rise in medium-term liabilities, with:
    - setting up of financing for the R&D programmes;
    - postponement of bank loan repayments by six months in fine, for €16.2 million in France;
    - setting up of state-guaranteed loans or other types of financing available to boost the economy, with the option of paying back said loans over 5 years being officially approved in 2021;
  - Use of short-term lines of credit decreased (use rate of 30.8% compared to 44.5% at the end of 2019);
  - Increase in cash available.

The impact of IFRS 16 only varied slightly between 2019 (+€15,960,000) and 2020 (+€15,592,000).

These elements resulted in non-compliance with the covenants at 31 December 2020, unlike year end 2019, when all the covenants were met. However, by keeping banking partners regularly up to date, we were able to have these covenants suspended on 31 December 2020.

Note 3.11 Revenue

Because of the nature of its activity as a holding company, revenue of ACTIA Group S.A. corresponds to amounts originating from chargebacks to its affiliated undertakings.

Note 3.12 Reclassification of operating expenses

Under operating expenses, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for its subsidiaries:

- Licences: €535,961
- Insurances (including brokerage services): €486,814

Note 3.13 Financial result

The most significant items of **financial income** are:

- Dividends received from subsidiaries: €2,905,697
- Interest on current accounts of subsidiaries: €257,042
- Income from off-balance sheet commitments in favour of subsidiaries: €656,036

Financial expenses are mainly comprised of:

- Interest and similar expenses related to financial liabilities with credit institutions: €843,351
- Interest on bank current account credit balances: €1,509
- Interest on commercial paper: €4,125

Note 3.14 Non-recurring items

There were no other material non-recurring items in financial year 2020.

Note 3.15 Earnings per share

Basic earnings per share at 31 December 2020 are calculated on the basis of the net income of €1,639,673 divided by the number of shares in circulation excluding treasury shares. The details of the calculations are shown in the following table:

(€)	31/12/2020	31/12/2019
Net income	1,639,673	2,737,515
Shares issued as at 1 January	20,099,941	20,099,941
Issuance of new shares	0	0
Treasury shares	<3,328>	<3,328>
Earnings per share	**0.08**	**0.14**

Note 3.16 Financial commitments and collateral provided

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to € 220,079,033 for customer guarantees. Two guarantees for a total amount of €217 million are covered by an insurance policy taken out directly by the subsidiary in question. Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €61,207,288 at 31 December 2020 versus €63,870,634 at 31 December 2019.

ACTIA Group S.A. gave 344,262 shares of its ACTIA Telecom subsidiary as collateral for bank loans.

Note 4 Other information

Note 4.1 Accrued expenses

Accrued expenses consist of auditors' fees in the amount of € 59,000.

Note 4.2 Dividends

The appropriation of 2020 earnings is set out in § 5.1.2 "Draft resolutions" of this Universal Registration Document. No distribution of dividends will be submitted to the General Meeting of 20 May 2021.

Note 4.3 Unrealised tax position

At 31 December 2020, the unrealised tax position was comprised of losses of €9,588,220 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2020	2019
Managers and supervisors	13	10
Employees	1	1
Students on work placements		
Workers		
TOTAL	**14**	**11**

Note 4.5 Related parties transactions

Related party balances at 31/12/2020	Parent	Subsidiaries	Other related companies
ASSETS			
Investment-related receivables		18,616,948	
Provision for receivables on investments		<805,000>	
Trade accounts receivable	13,358	1,683,253	
Other accounts receivable		99,068	
LIABILITIES			
Trade creditors and other accounts receivable	77,690	48,185	
Income statement			
Operating expenses	324,434	262,506	
Financial expenses			
Non-recurring expenses			
Operating revenue	47,001	3,327,870	
Financial income		3,818,666	
Non-recurring income			

Operating expenses payable to the parent company represent amounts invoiced for services rendered.

Note 4.6 Risks and hedging policy

- Interest rate risk:

The table below provides a breakdown between fixed and variable rate financial debt of ACTIA Group S.A. at 31 December 2020:

(€)	2020			2019		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bond issues	20,000,000		**20,000,000**	20,000,000		**20,000,000**
Total medium- and long-term borrowing	6,643,425		**6,643,425**	7,695,134		**7,695,134**
Commercial paper/short-term bank lines		1,500,000	**1,500,000**		998,950	**998,950**
Total value	**26,643,425**	**1,500,000**	**28,143,425**	**27,695,134**	**998,950**	**28,694,084**
TOTAL IN %	**95%**	**5%**	**100%**	**97%**	**3%**	**100%**

The sensitivity to a 1% increase in the benchmark (3-month Euribor) was calculated on a pre-hedging basis. At 31 December 2020, this represented €15,000 and was only impacted by medium- and long-term borrowings (€10,000 as of 31 December 2019).

- Equity risk:

At 31 December 2020, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a €1 decline in the share price is consequently €3,000.

- Exchange rate risk:

There are currently no foreign currency transactions in progress. The subsidiaries are invoiced in Euros.

Note 4.7 Executive management compensation

No member of the Board of Directors of ACTIA Group S.A. receives any compensation from ACTIA Group S.A., and only the Chairman and CEO receives compensation for his office. For more information, see § 8.3 “Corporate Officer compensation”.

Note 4.8 Events after the end of the reporting period

In the context of the ongoing Covid-19 pandemic and the need to comply with the measures taken by various governments, ACTIA continues to put in place the provisions best adapted to its business activities, such as home-working, furlough and imposed leave, with the aim of achieving the best balance between the need for business continuity, productivity and compliance with the lockdown rules that are alternately imposed then lifted.

ACTIA is also experiencing severe disruptions due to the global shortage of electronic components. Despite the fact that ACTIA's order book is increasing daily, the production facilities are no longer able to meet our customers' demand, because our suppliers are not getting supplies through to us quickly enough. To handle this situation as effectively as possible, 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.

Although the Group had begun informing investors about a probable return in 2021 to business levels similar to those of 2019, the financial outlook can only be projected accurately once the component crisis is under control.

Pending a ramp-up in activity, the Group is continuing to keep its expenses down to a minimum.

ACTIA Group has not identified any significant impact at this stage on the value of assets and liabilities as of 31 December 2020.

Note 4.9 Consolidating company

S.A. **LP2C** with capital of €6,751,560

Registered Office: 5 rue Jorge Semprun – 31432 TOULOUSE

Toulouse Trade and Companies Register (RCS): Toulouse B 384 043 352

9.2.4 REPORT OF THE STATUTORY AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS

To the Annual General Meeting of ACTIA Group S.A.,

OPINION

In accordance with the mission entrusted to us by your Annual General Meeting, we carried out an audit of the annual financial statements of ACTIA Group S.A. for the financial year ended 31 December 2020, as attached to this report.

We hereby certify that the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as at 31 December 2020 and the results of its operations for the year ended in accordance with French accounting standards.

The opinion above is consistent with the content of our report to the Audit Committee.

BASIS FOR OUR OPINION

Audit standards

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are described in the section of this report entitled “Responsibilities of the Statutory Auditors with respect to the audit of the annual financial statements.”

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us, as provided for in the French Commercial Code and the Statutory Auditors’ Code of Ethics, for the period from 1 January 2020 to the date of issue of our report. We did not provide any of the services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT POINTS

The global crisis caused by the Covid-19 pandemic meant that the audit and accounts for this financial year were drawn up in a highly unusual context. 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 audits are conducted.

This is the complex, volatile context in which, in application of the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the justification of our assessments, we hereby inform you of the key points of the audit regarding the risk of material misstatements which, in our professional opinion, were most significant for the audit of the consolidated financial statements of the financial year, and the answers we provided in response to these risks.

Our assessments are part of the audit of the annual financial statements taken as a whole and therefore contributed to the opinion expressed above. We have not expressed an opinion on the items of the annual financial statements taken individually.

VALUATION OF INVESTMENT SECURITIES

Risk identified:

The investment securities appearing on the balance sheet on 31 December 2020 in the net amount of €55,608,827. They are recorded at their acquisition cost or contribution value on the entry date. An impairment is recorded when the share of the shareholders’ equity in the holding is less than its carrying amount in the financial statements of your Company, unless a net transaction fair value or a value in use in excess of the carrying amount can be justified.

As indicated in Note 2.3 of the notes to the financial statements, the value in use is estimated by General Management based primarily on the discounted future cash flow method. Analysis of the sensitivity of value to changes in the flow forecast and discount rate assumptions are carried out to measure the appraisal margin.

The estimate of the value in use of the securities requires the exercise of judgement by General Management to determine the prospects for business and profitability.

As a result of the material nature of these assets and the assessments involved in all forecasting, especially in the context of the health crisis during the financial year and at 31 December 2020, we are of the opinion that the valuation of the investment securities is a key point of the audit.

Our answer:

In order to assess the reasonable nature of the estimates of the value in use of holdings, based on the information provided to us, our due diligence consisted primarily in verifying that the estimate made by General Management was founded on relevant justifications of the assessment method and the figures used.

As a result, our work, conducted by holding line, consisted of:

- evaluating the consistency of the cash flow forecasts of the entities in question established by their Operational Management with the data and assumptions of the business plans prepared under the supervision of the General Management of each business line;
- assessing the quality of the forecasting processes via critical analysis of the differences identified between the operating and capital expenditure forecasts of previous years and subsequent achievements, taking into account the context of the Covid-19 health crisis;
- checking the relevance of the discount and growth rates applied to the forecast flows to estimate net present value.

Where the shareholders' equity in holdings was the sole criterion used to assess their useful value, we checked that the shareholders' equity used matches the financial statements of the entities audited or which underwent a limited review and that any non-accounting adjustments proposed by executive management were based on sound documentation.

SPECIAL VERIFICATION

As required by the professional standards applicable in France, we also carried out the specific verifications required by law and regulations.

Information provided in the Management Report and in the other documents addressed to the shareholders on the financial position and annual financial statements

We have nothing to report with respect to the truthfulness and compliance with the annual financial statements of the information given in the Board of Directors' Management Report and in the other documents addressed to the Shareholders on the financial position and annual financial statements.

We hereby certify the truthfulness and consistency of the annual financial statements with the information regarding payment terms covered in Article D.441-6 of the French Commercial Code.

Corporate Governance Report

We certify that the Board of Directors' report on corporate governance includes the information required by Articles L. 225-37-4, L. 22-10-09 and L. 22-10-10 of the French Commercial Code.

Other information

As required by law, we have verified that the Management Report contains the appropriate disclosures relating to holdings and control and the identity of holders of capital and voting rights.

OTHER VERIFICATIONS OR INFORMATION PROVIDED FOR BY LAW AND IN THE REGULATIONS.

Format for presenting the consolidated financial statements for inclusion in the annual financial report

In line with Point III of Article 222-3 of the AMF general regulations, your company's General Management notified us of its decision to delay application of the single electronic reporting format, as defined in Delegated Regulation (EU) 2019/815 of 17 December 2018, to the reporting periods commencing 1 January 2021. Consequently, this report does not include a conclusion concerning compliance with this format in its overview of the consolidated financial statements to be included in the annual financial report mentioned in Point I of Article L. 451-1-2 of the Monetary and Financial Code.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of ACTIA Group S.A. by the General Meetings held on 26 May 2000 for KPMG S.A. and 28 May 2019 for BM&A.

On 31 December 2020, KPMG S.A. was in the 21st consecutive year of its assignment, while BM&A was in its second year.

RESPONSIBILITIES OF MANAGEMENT AND OF THE PERSONS CONSTITUTING THE GOVERNANCE OF THE COMPANY WITH RESPECT TO THE ANNUAL FINANCIAL STATEMENTS

It is the responsibility of management to prepare accurate annual financial statements in accordance with French accounting rules and principles and to implement the internal controls it believes are necessary for the preparation of annual financial statements which do not contain any material misstatements resulting from either fraud or errors.

At the time the annual financial statements are prepared, it is the responsibility of management to assess the ability of the Company to continue operating, to present in its financial statements, if necessary, the information regarding business continuation and to apply the going concern accounting principle, unless if there are plans to liquidate the Company or terminate its business activities.

It is the responsibility of the Audit Committee to monitor the process of preparing financial information and of tracking the effectiveness of the internal control and risk management systems as well as, if applicable, of the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS REGARDING THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit purpose and approach

It is our duty to prepare a report on the annual financial statements. Our goal is to obtain a reasonable assurance that the annual financial statements taken overall do not contain any material misstatements. A reasonable assurance corresponds to a high level of assurance without, however, guaranteeing that an audit conducted in accordance with professional standards will consistently identify all material misstatements. Misstatements can be the result of fraud or of errors. They are considered to be material when it can reasonably be expected that they might, individually or cumulatively, impact the financial decisions that the users of the financial statements make based on them.

As stated in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not entail guaranteeing the viability or the quality of your Company's management.

Audits conducted in accordance with the professional standards applicable in France require that the Statutory Auditors exercise their professional judgement during the entire audit. In addition:

- they identify and assess the risk that the annual financial statements may contain material misstatements, regardless if they are the result of fraud or errors, define and implement audit procedures to deal with the risks and collect the information they deem sufficient and relevant to form their opinion. The risk of non-identification of a material misstatement is greater in the case of fraud than that of a material misstatement resulting from an error given that fraud can involve collusion, falsification, voluntary omissions, false statements or the bypassing of internal controls;
- the auditors must review and understand the internal controls relevant to the audit in order to define the audit procedures appropriate for the circumstances and not for the purpose of providing an opinion on the effectiveness of the internal controls;
- they assess the suitability of the accounting methods selected and the reasonable nature of the accounting estimates made by management as well as the information about them provided in the annual financial statements;
- they assess the relevance of the application by Management of the going concern principle and, based on the information collected, whether or not there is any significant uncertainty related to events or circumstances which could potentially jeopardise the Company's ability to continue operating. The assessment is based on the information collected through to the date of the audit report, it being noted, however, that later circumstances and events can negatively impact business continuity. If they conclude that there is significant uncertainty, they must draw the attention of the readers of the report to the information provided in the annual financial statements about the uncertainty or, if the information is not provided or is not relevant, they must provide a qualified opinion or refuse to certify the financial statements;
- they must assess the overall presentation of the annual financial statements and assess if they reflect underlying transactions and events such that they provide an accurate picture;

Report to the Audit Committee

We submit a report to the Audit Committee which presents the extent of the audit work done, the work programme implemented and the findings arising from our work. We also point out, if relevant, any significant weaknesses in the internal controls we have identified with respect to the procedures used to prepare and process the accounting and financial information.

The information provided in the Audit Committee Report includes the risk of material misstatements which we believe are most significant for the audit of the annual financial statements for the financial year and which, as a result, constitute the key points of the audit which it is our responsibility to describe in this report.

We are also providing the Audit Committee with the statement required by Article 6 of Regulation (EU) No. 537-2014 confirming our independence as meant by the rules applicable in France as they have been defined in Articles L.822-10 to L. 822-14 of the French Commercial Code and the Statutory Auditors' Code of Ethics. If required, we meet with the Audit Committee to discuss any risks to our independence and the safeguards implemented to protect it.

Statutory Auditors

Labège, 26 April 2021

KPMG S.A.

Mathieu Leruste
Partner

Paris, 26 April 2021

BM&A

Eric Seyvos
Partner

9.3 MISCELLANEOUS FINANCIAL INFORMATION

9.3.1 DIVIDEND POLICY

FY	Dividend per share (€)	Total dividend distributed (€)
2017	0.12	2,411,992.92
2018	0.10	2,009,994.10
2019	0.15	3,014,991.15

In 2021, ACTIA Group did not offer its shareholders any distribution of dividends, in line with its consolidated results and in accordance with its policy for Shareholders' Equity, as described in Note 15: "Shareholders' equity" in the notes to the consolidated financial statements.

It should also be noted that the dividend distribution policy extends to all Group companies that are included and which receive a percentage that considers the capital expenditure needs of the subsidiaries, legal considerations, and constraints arising from the financial position.

9.3.2 LEGAL AND ARBITRATION PROCEEDINGS

In the normal conduct of its operating activities, the Group is faced with a certain number of disputes or legal proceedings (involving employees, customers, suppliers, etc.). Provisions are established for these proceedings in accordance with applicable accounting procedures.

For a period of at least the last twelve months there have been no other governmental, legal or arbitration proceedings, (including any of which the issuer is aware that are pending or threatened), that could have or recently had a material impact on the financial position or profitability of the issuer and/or the Group.

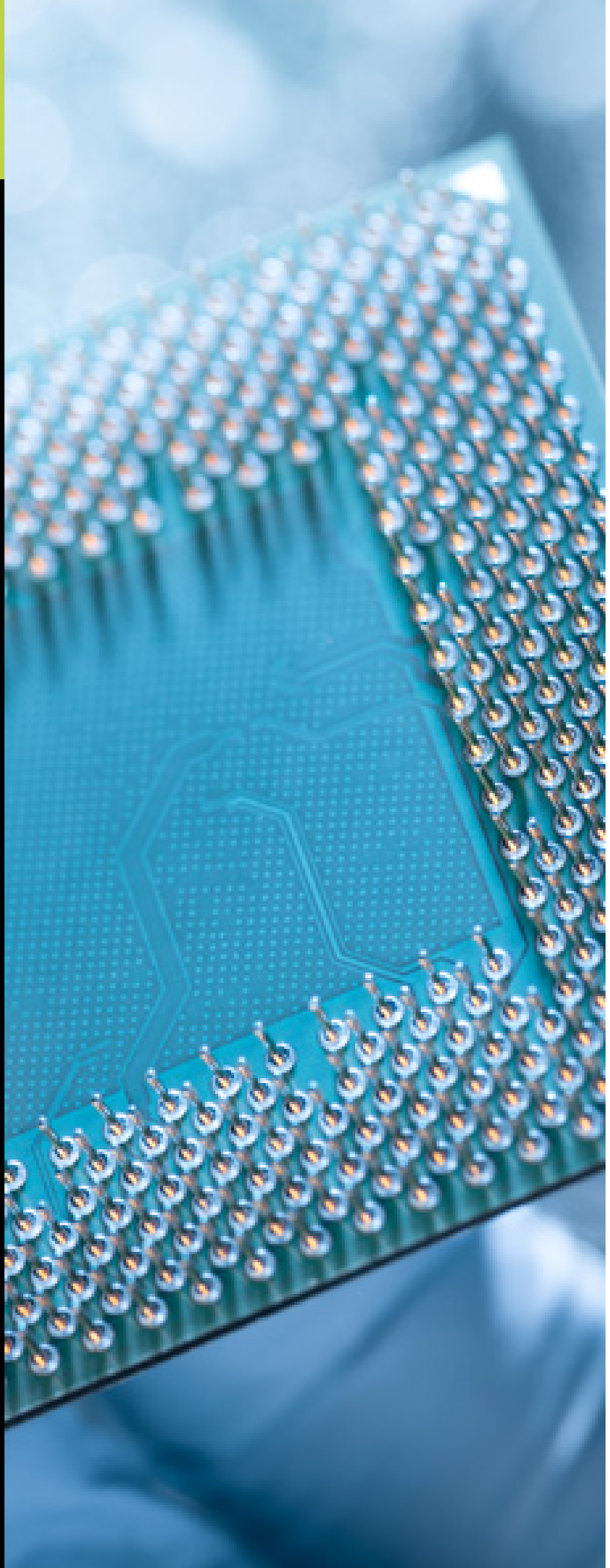
Concerning disputes in progress in 2020, provisions are established on a case-by-case basis according to the degree of risk or the duration of the proceeding (see details provided in Note 17 "Provisions" in the notes to the consolidated financial statements). However, none of these disputes constitutes a material risk for the Group.

9.3.3 SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR TRADING POLICIES

Aside from the impacts of the Covid-19 pandemic and the components crisis mentioned in the course of several chapters of this document, and more particularly in Note 2.4 of the notes to the consolidated financial statements, no significant event has occurred in relation to the Group's financial or business position since the accounts were closed on 31 December 2020.

For a business standpoint, the economic sphere is constantly adapting to the constraints stemming from the health crisis, but business will no longer be brought to a standstill. The Group's diverse business is a real asset which will enable it to benefit from projects initiated as part of the recovery plans implemented by governments, while staying true to its strategy.

Furthermore, the Group has not identified any significant impact at this stage on the value of assets and liabilities as of 31 December 2020.



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SUPPLEMENTARY INFORMATION

10.1 SHARE CAPITAL

ACTIA Group S.A. shares are classified in Segment C of Euronext Paris for market capitalisations below €150 million, under ISIN FR0000076655.

10.1.1 SUBSCRIBED SHARE CAPITAL

The share capital amounts to €15,074,955.75, split into 20,099,941 shares with a par value of €0.75 each, fully paid up and all in the same class.

Since the last capital increase recorded on 15 September 2008, there has been no change in the share capital up to the date of production of this document.

10.1.2 SHARES NOT REPRESENTING CAPITAL

N/A.

10.1.3 TREASURY SHARES

Information on these securities is provided in Note 3.7 “Treasury shares” in the notes to the separate financial statements.

10.1.4 CONVERTIBLE OR SWAPPABLE SECURITIES OR SECURITIES WITH WARRANTS

N/A.

10.1.5 VESTING CONDITIONS

N/A.

10.1.6 INFORMATION ABOUT ANY CAPITAL OF ANY MEMBER OF THE GROUP WHICH IS UNDER OPTION OR AGREED CONDITIONALLY OR UNCONDITIONALLY TO BE PUT UNDER OPTION

None

10.1.7 HISTORY OF THE SHARE CAPITAL

The last share capital increase was in 2008.

10.1.8 DESCRIPTION OF THE COMPANY'S SHARE BUYBACK PROGRAMME

See § 5.10.8 "Share buyback programme under way" of the Universal Registration Document.

10.2 MEMORANDUM OF INCORPORATION AND ARTICLES OF ASSOCIATION

10.2.1 CORPORATE PURPOSE

“Article 3 of the Articles of Association: Subject

The Company’s purpose in France and abroad includes:

- The analysis, design, manufacture and aftermarket servicing of mechanical, hydraulic, electrical and electronic systems;
- Any transaction of any kind whatsoever directly or indirectly relating to this object and likely to facilitate its development, achievement or sale;
- The concession, franchising of any trademark, patent, product or service and more generally investment by the Company in any existing or future company or entity, that may directly or indirectly relate to the corporate purpose or to any similar or connected purpose and by any means in particular via the incorporation of new companies, contributions, mergers, alliances or joint ventures;
- The management of its portfolio of securities as well as all movable and real property transactions and related services;
- The provision of services in particular legal, financial, accounting, administrative, organisation and management, communications, marketing and in general all financial, commercial, industrial, movable and real property transactions that may directly or indirectly relate to the above objects or to any similar or related activity.”

It can carry out any operation which is compatible with, related to or contributes to the performance of said purpose.

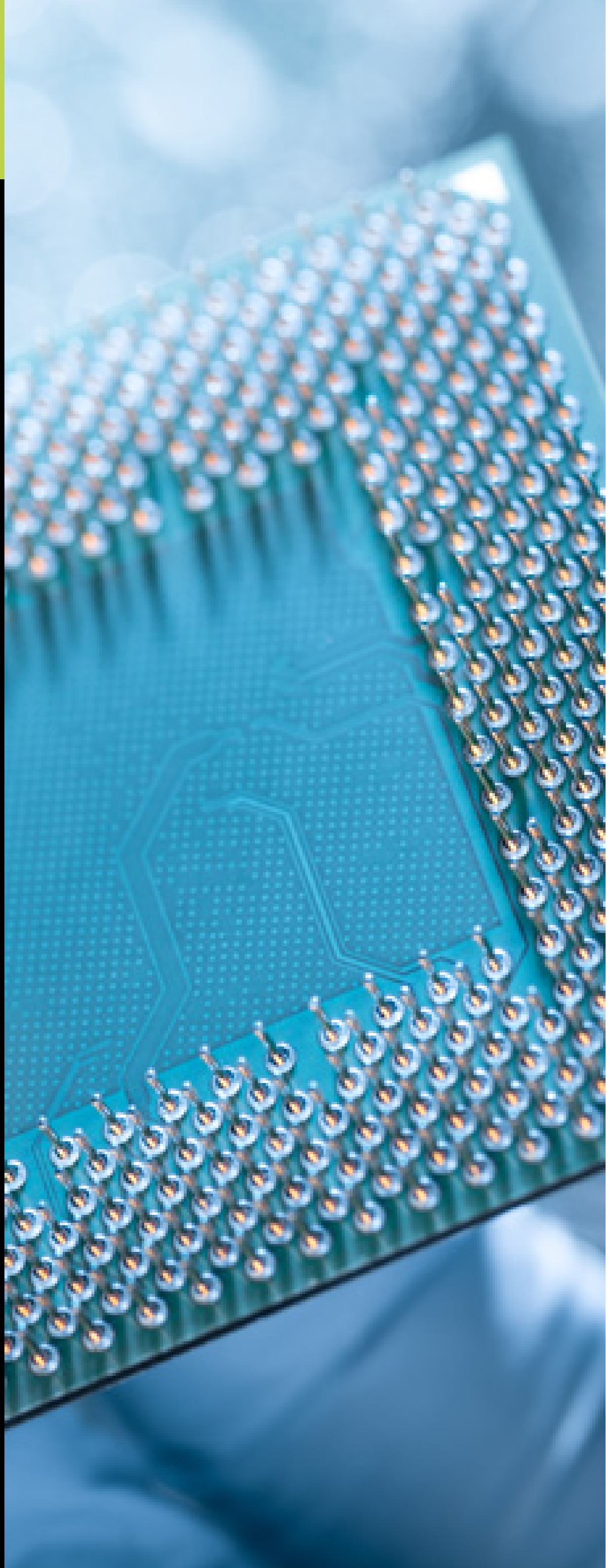
10.2.2 PROCEDURE FOR CHANGING THE CAPITAL

“Article 9 of the Articles of Association: Capital changes - fractional shares

Share capital can be increased through the issuing of ordinary shares or, preferably, and as the case may be, by increasing the par value of the existing shares. It can also be increased by exercising rights giving access to the share capital, which may or may not be associated with securities.

The share capital can also be reduced in accordance with the provisions in force.

Increases and reductions of share capital are carried out notwithstanding the existence of fractional shares. Except if the General Meeting decides to settle rights to fractional shares in cash, shareholders who hold a number of shares below the amount required to make them eligible for conversion, exchange or allocation are personally responsible for buying or selling the required shares.



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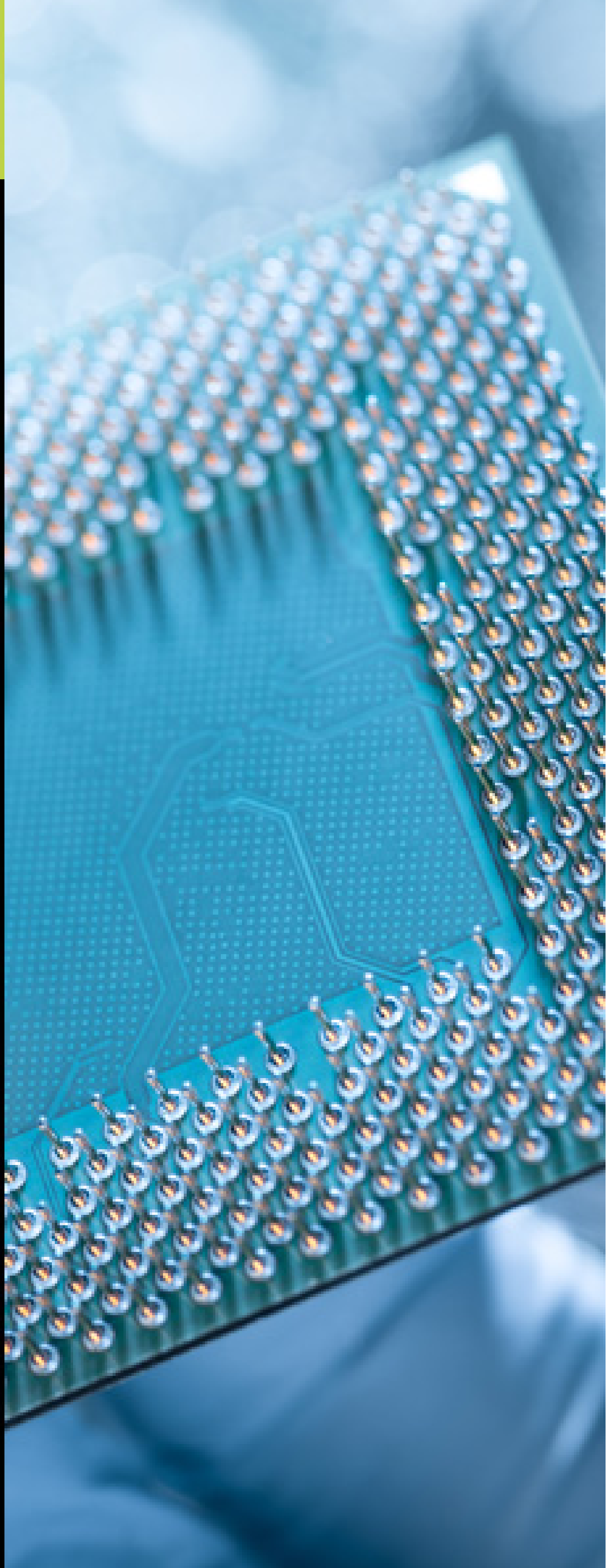
MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in § 5.3 “Business overview” in this Universal Registration Document, subject to the limits of authorisations granted by our customers with respect to disclosures to third parties (nondisclosure agreements and/or clauses), the Group signed no material contract during the two years immediately preceding the publication of this Universal Registration Document.



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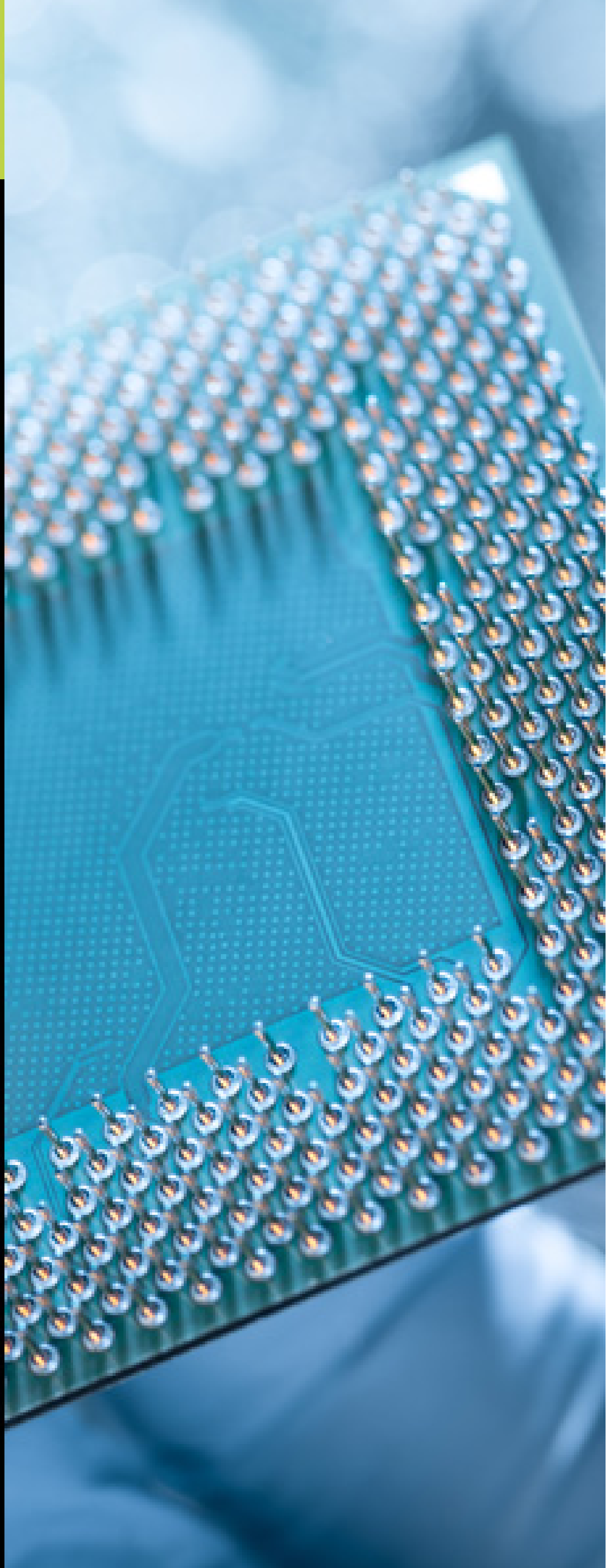
THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

12 THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

N/A.



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DOCUMENTS ON DISPLAY

The Articles of Association, financial statements and reports, minutes of the General Meetings and other corporate documentation may be consulted at the Company's Registered Office: 5, Rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 4 or on its website: http://www.actia.com.

Contact us

ACTIA Group

A limited liability company with share capital of €15,074,955.75

Registered with the Toulouse trade and companies register: 542 080 791 – APE: 6420Z

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BP 74215

31432 TOULOUSE Cedex 4

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Shareholder information:

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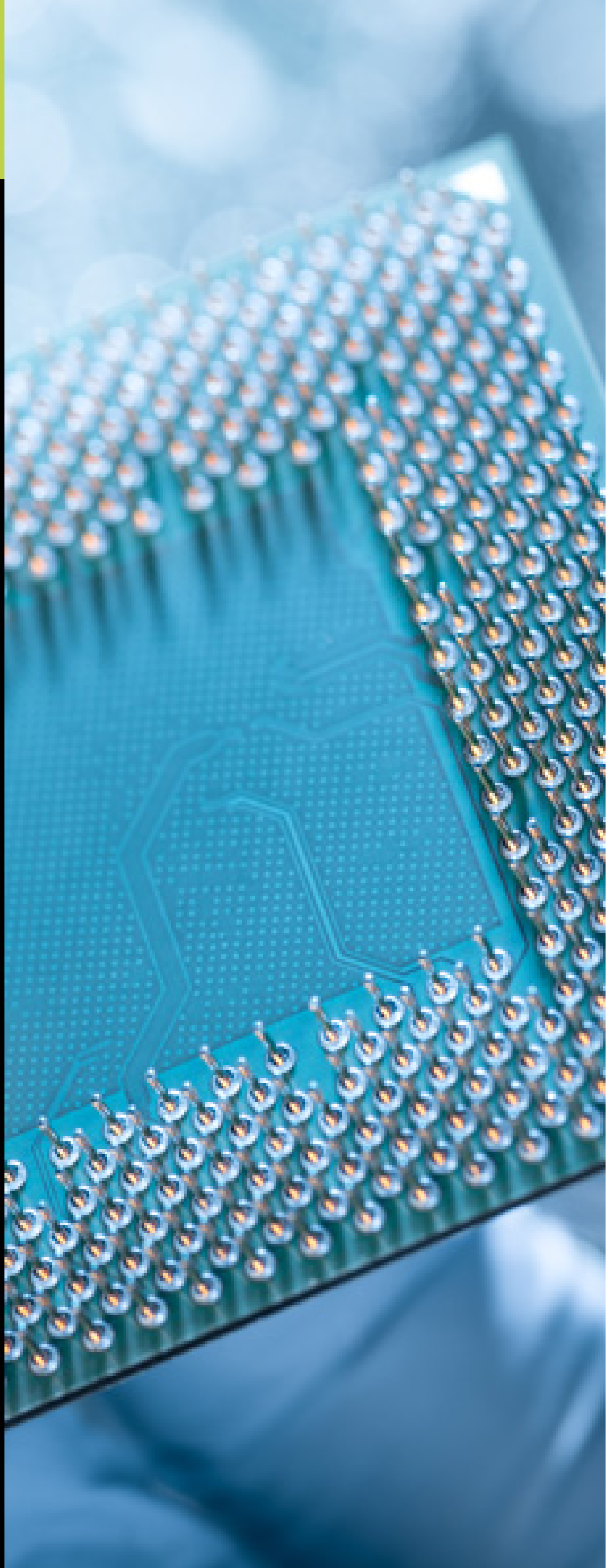
Our website:

www.actia.com



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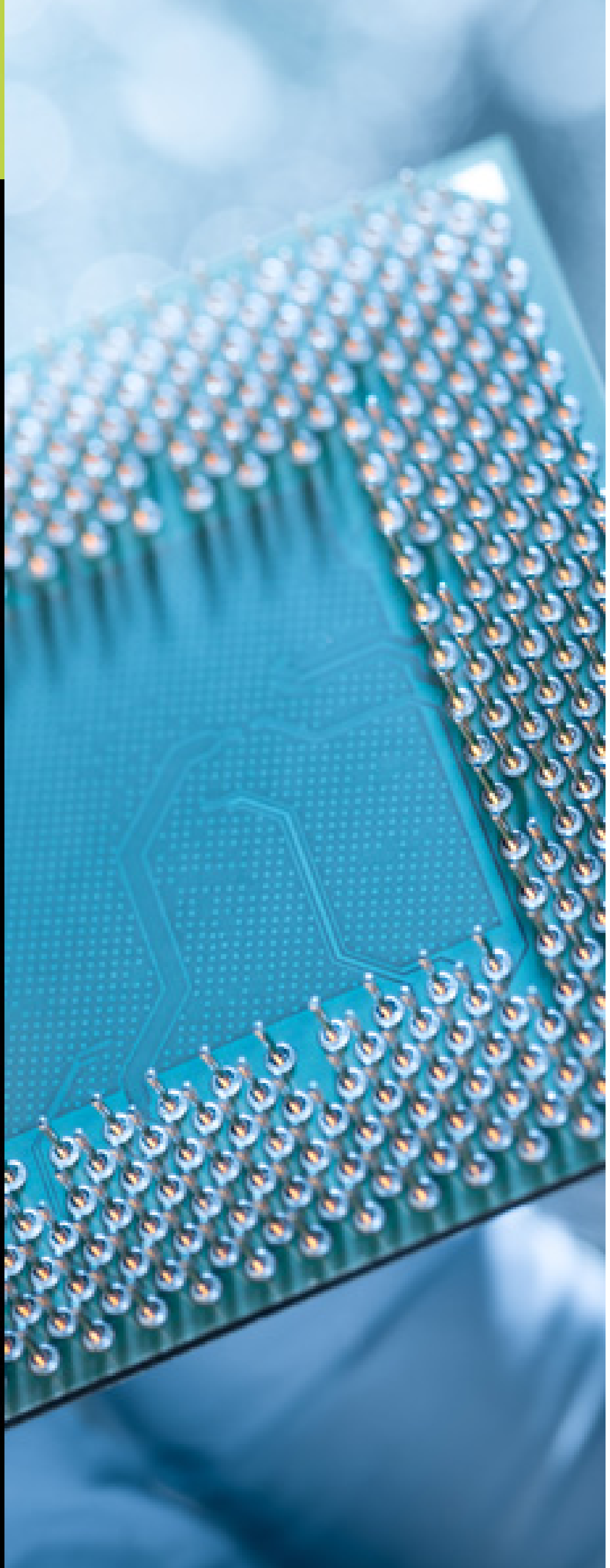
INFORMATION ON HOLDINGS

14 INFORMATION ON HOLDINGS

The information on this topic is set out in Note 3.2 “Consolidated companies” in the notes to the consolidated financial statements.



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CONCORDANCE TABLES

15.1 UNIVERSAL REGISTRATION DOCUMENT CONCORDANCE TABLE

This concordance table shows the headings stipulated under Appendices I and II of delegated European Commission Regulation (EU) No. 2019/980 of 14 March 2019 and matches them to the corresponding pages of this Universal Registration Document.

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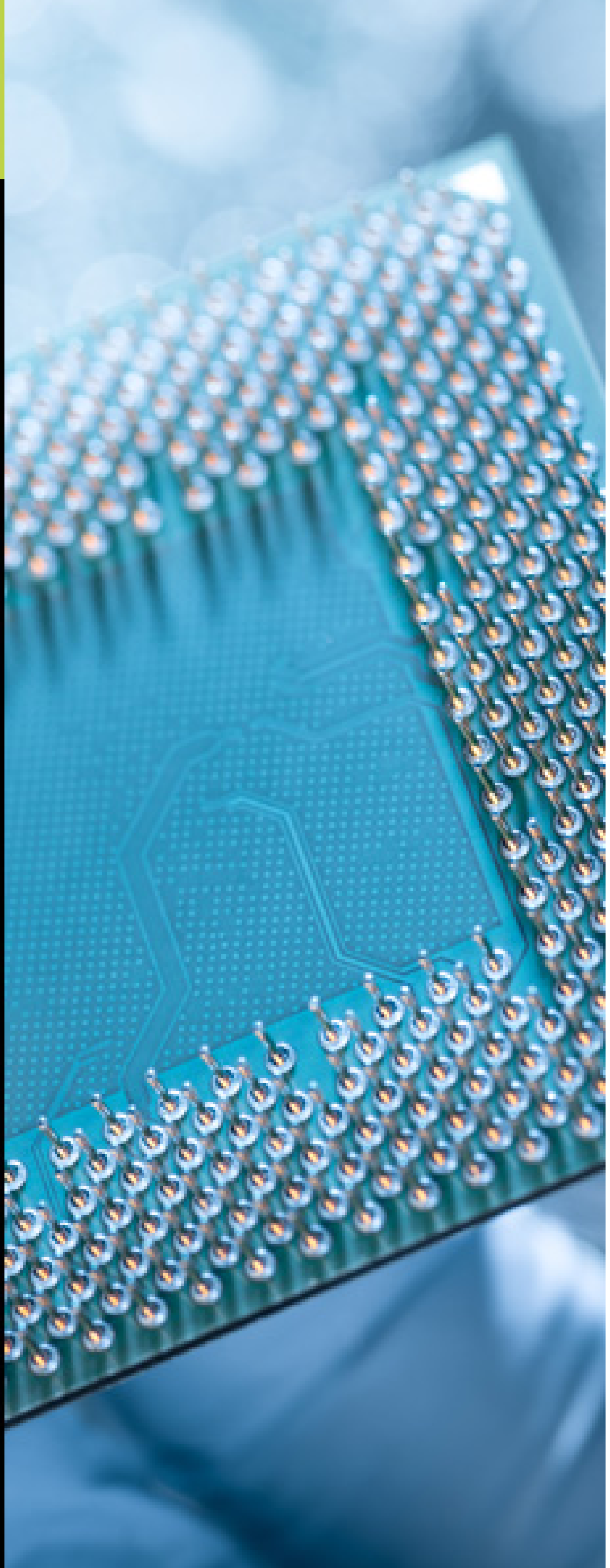
15.3 INCORPORATION BY REFERENCE OF 2018 AND 2019 FINANCIAL STATEMENTS

The following information has been incorporated by reference in this Universal Registration Document:

- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended 31 December 2018 as well as the related Statutory Auditors' reports;
- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended 31 December 2019 as well as the related Statutory Auditors' reports;
- Selected financial information.

This information is included in the French language versions of the 2018 Registration Document filed on 25 April 2019 and the 2019 Registration Document filed on 27 April 2020 with the AMF.



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GLOSSARY

To facilitate the reader's understanding, selected technical terms and acronyms are defined below:

- **ACTIA** Connect: an extranet type portal proposing connected Web services directly available from the Multi-Diag® diagnostic tool. These services offer the mechanic on-line support. The portal provides a secure area reserved for Multi-Diag® customers through a user ID and password.
- **ACTIA Fleet**: a global solution combining equipment and services for managing commercial vehicle fleets designed and developed by ACTIA. ACTIA Fleet proposes a modular equipment approach – telematics devices, displays, etc. and services – global positioning, fuel consumption management and management of and exploitation of driving event data.
- **ActiMux**: an embedded multiplexed architecture solution for buses and coaches developed by ACTIA. This solution includes a range of on-board computers, dashboard clusters and gauges.
- **Actuator:** Electric motor used to activate various functions (control the oil or fuel pressure, set the headlights to a given angle, and so on) so that another system can be controlled in specific conditions.
- **Aftermarket**: the secondary market of the automotive industry. In the sector for industrial vehicles, a distinction is made between the original equipment manufacturer market (OEM) and the secondary market that covers post-equipment operations, maintenance and repairs.
- **Dual-use item**: the control of exports of dual-use goods and technologies is implemented by governments to fight against the destabilising accumulation of arms in certain regions of the world. The controls are carried out for goods subject to restrictions to certain destinations.
- **BMS (Battery Management System)**: electronic modules to regulate the power of different battery cell blocks.
- **Tachograph**: a device for monitoring the activity of commercial vehicles transporting passengers and merchandise. Mandatory in the European Union, this equipment measures driving time and speed in order to regulate the circulation of commercial vehicles by contributing to improved safety.
- **Cloud**: cloud-based IT which uses the computing and storage power of remote servers via the Internet.
- **Cluster**: a term that in our area (and which may have other meanings in other areas) refers to an electronic instrument cluster or panel ("digital dash") that includes different displays: screen, gauges (see "gauge").
- **Co-robotics**: the field of human-machine collaboration, i.e. the direct or remote-controlled interaction between humans and robots to achieve a common goal.
- **COMCEPT**: an acronym for COMplément de Capacités en Elongation, Projection et Théâtre, a contract awarded by the French military procurement agency (DGA) to Airbus Defence and Space (ex-Astrium) and its partner ACTIA Telecom (ex-ACTIA Sodielec) to provide the French military forces access to Ka-band broadband satellite networks starting in 2014.
- **DGA**: an acronym for Direction Générale de l'Armement, the French military procurement agency. It is responsible for designing, purchasing and evaluating military systems for the French armed forces;
- **DMT**: the DMT (Diagnostic Multiplexing Telematics) portal combining information captured from three on-board systems provided by ACTIA to improve the operation of public transit vehicles in China.
- **EasyTach**: a software application developed and sold by ACTIA Group for automatically and remotely downloading legal data from the tachograph equipping the commercial vehicles (see "Tachograph").
- **EBSF**: European Bus System of the Future. EBSF is the first joint project for the urban bus system in the form of a consortium of 49 partners from 11 countries. Launched in 2008 and coordinated by UITP, the International Association of Public Transport, this project integrates through a global approach the needs of passengers, operators, transport authorities, and drivers and is focused on addressing issues relating to urban infrastructure and the place of the bus in the city of tomorrow.
- **Eco-Fleet**: one of the digital services of the ACTIA Fleet telematics portal for monitoring and analysing driver behaviour (fuel and comfort).
- **Electre**: a project for the deployment of digital substations led by RTE (see "RTE").

- **RE**: an acronym for Renewable Energy or energy coming from sources that are naturally replenished or replenished at a pace faster than it is used.
- **End of** Line: electronic diagnostics solution for vehicles at the end of assembly lines.
- **ETI**: an "Entreprise de Taille Intermédiaire" (in French) is a mid-cap company with between 250 and 4,999 employees, and either revenue of less than 1.5 billion euros, or a balance sheet total of less than 2 billion euros.
- **FCPE**: "Fonds Commun de Placement d'Entreprise" (in French) is a type of property investment fund. It is for the sole use of employees (and retired former employees) who have a company savings account. All the beneficiaries are the joint owners of a portfolio of diversified financial assets. FCPEs are managed by a collective investment fund.
- **Microwave**: the microwave technology is based on the emission and analysis of high frequency radio waves. ACTIA Group uses this technology in transmission equipment for Earth stations (see "Earth stations").
- **IATF**: International Automotive Task Force.
- **iCAN**: a telematics device designed for light vehicle fleets in the aftermarket segment. The device is connected to the OBD socket in the driver cabin to transmit vehicle operating data to a fleet management software application.
- **IHM-I**: a range of intelligent and connected solutions equipped with a control interface for buses and coaches. These products are available for the post-equipment market. They include communications protocols that make it possible to provide customers with onboard access to the Internet, telephony or different navigation, driving and operating services such as antitheft and shock detection, emergency calls, opening doors, engine ignition authorisation or fleet management.
- **Infotainment**: a term within the activities of ACTIA referring to product ranges used to provide passenger entertainment and information services on buses, coaches, subways, tramways and trains.
- **Inductance**: component characterised by its ability to create a magnetic flux when it is provided with an electrical current.
- **IRIS**: International Railway Industry Standard. This is the international railway standard. Created in 2006 at the initiative of UNIFE (see "UNIFE"), this standard is the industry quality benchmark integrating all requirements specific to this sector.
- **ISO** TS 16949: the international quality management system standard for the automotive sector. Developed by IATF (see "IATF"), the International Automotive Task Force representing European and American automotive manufacturers and equipment manufacturers, with the objective of harmonising requirements of the different stakeholders in terms of the quality system.
- **ITxPT**: a cooperative initiative for the implementation of standards for public transport IT systems. The systems are intended to operate perfectly when they are used or connected for the first time without any need for reconfiguration. An integrated test bench provides specification, test, qualification and promotion services for standardised solutions.
- **Lean**: this refers to "lean manufacturing," a management theory developed in Japan by Toyota to reduce waste by applying a continuous improvement approach across the entire organisation. It can be applied to any type of business or production process.
- **MCO**: a French acronym for "Maintien en Condition Opérationnelle" (In-Service Support). This global support package covers all processes required to guarantee the operations of a system over time. In the case of electronic systems, these processes cover the redesign of the boards, their repair, the storage of components, etc.
- **MSA methods**: measurement and analysis methods. Validation of the number of errors in a measurement system. An analysis of measurement systems assesses the test method, the measurement instruments and all of the process to obtain measurements to ensure the integrity of the data used for the analysis.
- **High speed Internet**: this national programme is intended to quickly reduce the number of areas with low-speed Internet thanks to the modernisation of current telecommunications networks. In addition to the economic and social stakes of the new digital economy, this programme will also help to provide access to areas far from major cities.

- **Multi-Diag®**: is the multi-make offering for diagnostics devices and software developed and marketed by ACTIA Group. This range is designed to maintain and repair electronic parts of passenger and commercial vehicles irrespective of the manufacturer. It is sold to Aftermarket vehicle maintenance and repair service networks worldwide.
- **Multiplexing**: a technology which enables the transmission of a very large amount of data between electronic command management devices and accessories using a reduced amount of cabling.
- **NADCAP**: National Aerospace and Defense Contractors Accreditation Program. NADCAP is a quality certification programme for subcontractors and suppliers in the aerospace and defence sectors. This programme defines the quality standard criteria for each product, manufacturing process and service. This programme was developed by major customers such as Boeing, Airbus, Safran, Rolls Royce, Bombardier and Zodiac.
- **OBD** : On-Board Diagnostic.
- **ONCF**: an acronym for Office National des Chemins de Fer, the Moroccan national railway company.
- **Opacimeter**: device for measuring the opacity level of the exhaust fumes from diesel engines, used especially during periodic vehicle inspections. The opacimeter emits a light beam that passes through the exhaust fumes and quantifies the opacity level. The value measured must be below the limit value. This device is therefore used for anti-pollution testing, and provides a means of detecting failures that cause pollution, such as clogging of the engine or particulate filter, an air filter in poor condition, etc.
- **NATO**: North Atlantic Treaty Organisation. Founded on 4 April 1994, a political and military alliance grouping 28 member countries (Europe and North America) with the mission of protecting the liberty and security of its members.
- **PEE** "Plan d'Epargne Entreprise" (in French) / Company Savings Plan: a collective savings system that allows employees (and directors, in small businesses) to acquire securities with help from the company.
- **PES:** an acronym for Plateforme d'Exécution des Services or "Services Execution Platform" referring to a computer vehicle environment (bus, tramway) and equipped with the necessary communications interfaces making it possible to host all software applications necessary to operate the vehicle (ticketing, multimedia, fleet management passenger information, etc.).
- **PCCN**: an acronym for Poste Contrôle Commande Numérique, a digital protection and control system. This system is used by Enedis. It defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring overly expensive operating maintenance.
- **RTE**: is the electricity transmission system operator of France. It is responsible for the operation, maintenance and development of the French high voltage transmission system and ensuring the security of the electrical system.
- **RTU (Remote Terminal Unit)**: a (reliable) communications device which makes it possible for regional dispatching to carry out commands in an electrical transmission station (opening a circuit breaker, regulation, etc.).
- **(SAM-ATOM):** An embedded PC for buses and coaches to manage applications and services for location, communication, multimedia and driver-vehicle interface functions between the driver and passengers, ticketing, video surveillance, etc.
- **SAMI**: an embedded unit for the post-equipment market making it possible to transmit operating data of transport vehicles for advanced maintenance operations. It also features a black box function for detailed recordings of technical parameters that may be analysed in the event of a vehicle failure or accident.
- **Say on pay:** The expression Say-on-Pay refers to a legal rule which allows the shareholders of a company to vote on executive compensation.
- **SCADA** (Supervisory Control And Data Acquisition): a large-scale remote-access system capable of managing large quantities of remote measurements in real time and controlling technical equipment remotely.
- **Shelter**: a shelter (container) hosting various functions, notably for military applications: complete equipment which can be moved from one site to another.
- **SIL 4** (Safety Integrity Level): relative level of risk reduction inherent to a safety function. It is a measure of the expected performance of a safety function. The requirements for the highest (most reliable) give a level SIL4. A SIL is determined from a given number of quantified factors in the management of the development and/or lifecycle.

- **SMART GRID**: an intelligent electrical grid for optimised energy performance with a remote control capability.
- **SMART POWER**: Smart Power peripherals are switching circuits with digital content. They interface with microprocessors and a load. These intelligent switches are designed to control a wide range of loads in automotive and industrial systems.
- **Earth station**: an Earth station is a terrestrial radio station for receiving and/or broadcasting satellite communications. It is used for both civilian and military applications.
- **Embedded systems**: a generic term referring to all on-board electronic equipment in vehicles. These systems are in most cases located at the level of the chassis but communicate with cabin devices, and mainly displays (see “cluster,” “gauges,” “switch pack”).
- **Telematics**: etymologically a technology combining telecommunications and information technology. In the areas covered by ACTIA, telematics refers to vehicle connectivity and covers not only embedded communications devices capable of transmitting data, but also user services enabled by the use of the data: global positioning, vehicle fleet management, monitoring of fuel consumption, etc.
- **TGU**: Telematic Gateway Unit. The TGU is an electrical unit designed and manufactured by ACTIA equipping commercial and industrial vehicles that allows these vehicles to communicate with their environment. This communications capability serves many purposes: global positioning, monitoring of fuel consumption, maintenance, etc.
- **UNIFE**: The European Rail Industry Association (Union des Industries Ferroviaires Européennes).
- **VCI**: Vehicle Communication Interface, referring to the device connected to the OBD (see “OBD”) for vehicle connectivity. This device normally located in the vehicle cabin is connected to the vehicle’s electronic control units and gives access to a range of vehicle operating data. Exploiting this data through the VCI provides information about the electronic health of the vehicle and as such contributes to its maintenance. A VCI is consequently an embedded telematics unit.

Design and Production

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