HALF-YEARLY FINANCIAL REPORT

30 JUNE 2022

www.actia.com

ACTIA Group
French limited liability company with a Board of Directors

with Share Capital of €15,074,955.75

Head Office: 5, rue Jorge Semprun

31400 Toulouse

Toulouse Trade and Companies Register: 542 080 791

We present herein the interim financial report covering the six-month period ended 30 June 2022, drawn up in compliance with the provisions of Article L.451-1-2 III of the French Monetary and Financial Code and Articles 222-4 et seq. of the French Financial Markets Authority (AMF) General Regulation.

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

CONTENTS

1 CHAIRMAN'S STATEMENT 5

2 HALF-YEARLY MANAGEMENT REPORT 6

2.1 The figures 6

2.1.1 Turnover 6

2.1.2 Results 7

2.2 Business activity 10

2.2.1 Automotive Division 10

2.2.2 Telecommunications Division 13

2.3 Outlook 14

2.4 Principal related party transactions 14

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 15

3.1 Condensed statement of the financial situation 15

3.2 Condensed income statement 17

3.3 Condensed statement of comprehensive income 18

3.4 Condensed statement of changes in equity 19

3.5 Condensed consolidated cash flow statement 20

3.6 Notes to the consolidated financial statements 21

Note 1. Information about the Group – Entity presenting the financial statements 21

Note 2. Accounting principles 21

Note 2.1 Basis for the preparation of the financial statements 21

Note 2.2 Use of estimates and judgements 21

Note 2.3 Changes to IFRS 22

Note 3. Consolidated companies 22

Note 4. Intangible assets 22

Note 5. Tangible assets 22

Note 6. Stocks and work in progress 23

Note 7. Trade and other receivables 24

Note 8. Other contractual assets and liabilities 25

Note 9. Cash, cash equivalents and financial instruments at fair value through profit and loss 25

Note 9.1 Cash and cash equivalents 25

Note 9.2 Financial instruments at fair value through profit and loss 25

Note 10. Deferred taxation 26

Note 11. Debt 27

Note 12. Equity 29

Note 13. Provisions 29

Note 14. Other current liabilities 30

Note 15. Assets and liabilities held for sale and discontinued operations 30

Note 15.1 Assets and liabilities held for sale 30

Note 15.2 Discontinued operations 30

Note 16. Operating segments 31

Note 17. Order book 34

Note 18. Income taxes 34

Note 19. Notes to the financial result 34

Note 20. Transactions with related parties 35

Note 20.1 With the holding company: LP2C S.A. 35

Note 20.2 With investments consolidated by the equity method 35

Note 20.3 With subsidiaries 36
Note 20.4 With members of management bodies 36
Note 20.5 With other related parties 36
Note 21. Off-balance sheet commitments 36
Note 22. Encumbered assets 37
Note 23. Risk factors 37
Note 23.1 Liquidity risks 37
Note 23.2 Market risks 39
Note 24. Post-balance sheet events 40

4 STATUTORY AUDITORS' REPORT 41

1 CHAIRMAN'S STATEMENT

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

19 September 2022

Jean-Louis Pech

Chairman and CEO

2 HALF-YEARLY MANAGEMENT REPORT

Given the divestment of the Power division, for which the signing date was 26 June and the closing date 1 August 2022, in compliance with IFRS standards and in order to provide a clearer interpretation of changes to the activities retained, the analyses were produced by comparison with the 2021 adjusted data, unless otherwise specified.

2.1 The figures

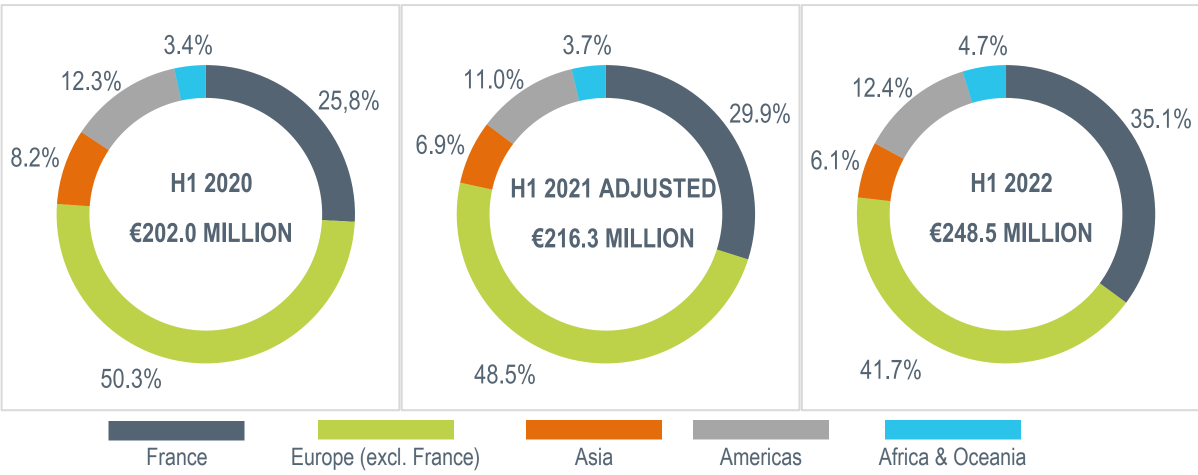
2.1.1 Turnover

The Group's consolidated financial statements show turnover for the **first half of 2022** of **€248.5 million, up by 24.8 %**.

In € millions:	2022			2021			% variation		
	Q1	**Q2**	**H1**	Q1	Q2	H1	Q1	Q2	H1
Automotive	**101.3**	**112.5**	**213.8**	95.7	93.5	189.2	5.8 %	20.3 %	13.0 %
Telecommunications	**13.1**	**21.5**	**34.6**	13.2	13.9	27.1	(0.1) %	55.1 %	27.8 %
Total	**114.4**	**134.1**	**248.5**	108.9	107.4	216.3	5.1 %	24.8 %	14.9 %

ACTIA posted growth of 24.8 % for the second quarter of 2022, after first-quarter growth of +5.1 %. All market segments grew during the period, except for Light Vehicles, for reasons related to the announcement of the end of the Volvo Car contract.
This impressive growth remains hampered by ongoing tensions regarding the supply of components, which have created a situation whereby not all customer orders can be produced; the actual figure stands at around twenty per cent. At this stage, the suppliers have not announced any significant improvement in the situation.
In this context, **consolidated turnover for the first half of 2022 stood at €248.5 million, up by 14.9 %** compared to the first half of 2021, taking into account IFRS adjustments for divested businesses or businesses in the process of being divested.

In the second quarter, sales by the international subsidiaries amounted to €59.4 million (+10.8 %). With turnover of €74.6 million (+38.7 %), the French companies were boosted by the sharp rise in the Telecom business. International customers accounted for 63.7 % of sales in the second quarter, compared to 68.3 % in the same quarter in 2021. Despite another lockdown period imposed on ACTIA's Chinese subsidiary, international customers rose by +9.3 %, proof of the dynamic performance of the Group's markets. Over the first half-year, international customers accounted for 64.9 % of consolidated turnover, the drop in Sweden (Volvo Car) having been offset to a great extent by the increase in France.



The Automotive activity generated 83.9 % of the Group's quarterly turnover, i.e., €112.5 million. The 20.3 % growth remained hampered by the component crisis. Efforts by staff to manage missing parts, together with flexible production plans, have enabled ACTIA to limit the impacts on its customers and, despite the end of the telematics contract for Volvo Car, achieve growth of 15.1 % for OEM (Original Equipment Manufacturer) activities, which account for 73.6 % of the Automotive Division's turnover. In relation to the divestment of the Vehicle Inspection & Garage Equipment business on 21 April 2022, Aftermarket activities (aftermarket sector for maintenance and repairs) posted a drop of 35.8 %, and now only account for 6.1 % of the turnover generated by the Diagnostics and Fleet Management business retained within the Group. The electronic subcontracting activity (MDS (Manufacturing Design & Services), 20.3 % of the Automotive Division's turnover, +111.0 %), reflects customers' confidence in ACTIA's manufacturing base and the healthy performance of certain sectors such as home automation, or their solid recovery, as in the case of the Aeronautics sector.

The **Telecom activity** accounted for 16.1 % of the Group's quarterly turnover. The +55.1 % growth, coming after a stable first quarter, reflects the shifts in some deliveries. All operating segments grew over the period, although the Energy segment remains more sensitive to the component shortage.

Variations according to operating segment are as follows:

Operating segment (in € thousands)	H1 2022	H1 2021 Adjusted*	Variation in € thousand H1 22 – H1 21	% variation H1 22 – H1 21
OEM	157,685	148,259	+9,426	+6.4 %
Aftermarket (1)	18,262	20,156	(1,894)	(9.4) %
MDS	37,901	20,792	+17,108	+ 82.3 %
Total Automotive	**213,848**	**189,208**	**+24,640**	**+ 13.0 %**
SatCom	17,602	10,335	+ 7,267	+ 70.3 %
Energy	10,762	9,536	+ 1,226	+ 12.9 %
Rail	6,271	7,239	(968)	(13.4) %
Total Telecom	**34,635**	**27,110**	**+7,525**	**+ 27.8 %**
TOTAL	**248,483**	**216,317**	**+32,166**	**+ 14.9 %**

(1) The Vehicle Inspection & Garage Equipment business was divested on 21 April 2022, including the business, the Chartres site and 30 % of the shares of its subsidiary ACTIA CZ (Czech Republic).

* Adjusted to take account of the reclassification of the Power division under 'discontinued operations'.

2.1.2 Results

The consolidated results were as follows:

In €K	H1 2022	H1 2021 Adjusted*	Variation H1 22- H1 21
Revenue	**248,483**	216,306	+32,177
Operating income	**3,462**	3,086	+376
Financial result	**(490)**	3,554	(4,044)
Income from continuing operations	**3,567**	4,183	(616)
Income from discontinued operations	***(11,086)***	*(5,625)*	*(5,461)*
Income for the period	**(7,519)**	(1,442)	(6,077)
attributable to Group shareholders	**(8,079)**	(1,553)	(6,526)
attributable to non-controlling interests	**561**	111	+450

* Adjusted to take account of the reclassification of the Power division under 'discontinued operations'.

The Group had an operating income of €3.5 million, compared to €3.1 million for the first half of 2021.

Boosted by its commercial success and subject to a highly restrictive environment, ACTIA managed to keep up a steady rate of growth, which still fell short of its customers' expectations. It was not able to fully meet all of its customers' needs.

Several situations have not yet been resolved, and as a result, ACTIA is unable to achieve the expected level of business:

- Components market:

Since March 2021, the electronic components market has been significantly disrupted. Supply does not meet demand, leading to an increase in procurement times, the application of quotas (leading to shortages that impact production to varying degrees), and a price increase. After more than a year, ACTIA has restructured its organisation so as to make the best decisions, liaising with customers and suppliers, thereby keeping the impacts of these shortages to a minimum, insofar as possible. However, as in 2021, ACTIA was not able to produce all of its customers' orders, with the shortfall estimated to stand at around twenty per cent. At this stage, the suppliers have not announced any significant improvement.
Work in progress does not correspond to initial forecasts, since supplies are disrupted due to the ongoing shortages, and there is a lack of reliable forecasts from suppliers concerning orders to be produced, leading to difficulties in stock management (+5.7 % or + €9.8 million compared to 31/12/2021) without being able to constitute reserve stocks.
The industrial sites producing electronic circuit boards are harder hit by the shortages, with deliveries of materials not corresponding to requirements, meaning they still need to launch production in smaller series to limit the impact on our customers. This does not allow the production tools to be used at their optimum productivity levels as required to rationalise automation.

- Health crisis (Covid-19):

In 2022, the global economy continued to be affected by the Covid-19 pandemic, with some countries experiencing an upsurge in the number of cases, leading to restrictive measures. ACTIA was particularly affected by the six-week lockdown in the city of Shanghai during the second quarter, since its Chinese subsidiary was only able to operate in highly degraded mode. However, the hard work of staff, together with a post-lockdown upsurge, enabled our subsidiary to make up for most of the lost time. Since more than two thirds of its business takes place abroad, ACTIA has to continue adjusting to the various restrictions and limiting the impacts on its customers.

- War in Ukraine:

As stated in the 2021 reference document, the war in Ukraine does not have a direct impact on the Group's sales activities. However, ACTIA may be impacted by rising energy costs and the resulting drop in value of the euro.

- Recruitment difficulties:

While growth is under way and the need for new resources is a reality, the Group is finding it difficult to recruit newcomers in all countries and all positions, leading to organisational problems and the need to bring in more external resources. This is also prompting higher starting salaries, with a knock-on effect on the company, which needs to ensure it retains talents.

These restrictions, combined with a general rise in prices, have put ACTIA under pressure and tend to overshadow the improvements undertaken to boost the Group's profitability, despite the fact the order book remains robust, at a value of €429.8 million. It does not reflect the reality of multi-year contracts, since 88.9 % concern deliveries in under one year, a figure that is higher than that for 31/12/2021 (€386.0 million, with 82.4 % in under one year).

With the contract wins of the previous months and a tense financial situation at 31 December 2021, the Group maintained its policy of restricting investments to focus on programmes backed by signed contracts, thus limiting the effects on the balance sheet. R&D financing by customers in the early stages of contracts amounted to 40.3 % of the committed expenditure, compared to 35.4 % at 30 June 2021 and 30.9 % in the first half of 2020, showing a prioritisation of programmes with contractual commitments from our customers for the future. Overall expenses varied by -2.3 % to €40.9 million compared to €41.8 million at 30 June 2021.

Headcount rose from 3,511 at year end 2021, to 3,550 at 30 June 2022 (+1.1 %), including the decrease linked to the divestment of the Vehicle Inspection & Garage Equipment business (-115 employees), the end of the Volvo Car contract, which led to an adjustment in the number of employees (-19 people) and the recruitment difficulties encountered when hiring newcomers and replacing voluntary departures. All our subsidiaries evoke the same difficulties, although France and the USA are finding it most difficult to recruit staff. Despite a certain amount of pressure, Tunisia managed to consolidate its headcount, both in production (+103 people) and R&D (+113 people), which enabled the Group to limit the number of external subcontractors required to meet its commitments. Personnel expenses rose to €65.5 million (+3.5 %), as a result of the salary increases awarded. In France, Government support in the form of the long-term part-time working scheme (APLD) continued due to the impacts of the Covid-19 crisis on the components market; however, it fell by €300 thousand over the half-year period (€1.8 million for 2021, not adjusted for Power activities).

External expenses rose by €7.2 million to €30.0 million, representing 12.1 % of turnover. Independently of the recording of an exceptional entry which reduces the expenses column by €2 million (the result of a complaint lodged by ACTIA over two years ago and brought to a successful conclusion during the first half of 2021), the adjusted increase of 21.1 % is due to the need to bring in external services to cope with recruitment difficulties, and for the specific needs of ACTIA Telecom. Transport costs also continued to rise (+6.8 %), although the strongest impact was recorded in 2021.

Concerning the impact of the US dollar, fluctuations in the **EUR/USD exchange rate** were very strong during the first half-year, and the use of hedging tools by the Group made it possible to limit the impacts of the drop in value of the euro on the cost of our purchases. In fact, thanks to its hedging strategy, ACTIA was able to purchase dollars at an average rate over the period of 1.1145 as compared to 1.1995 for the first half of 2021. The Group was therefore able to outperform the cash market, where the average exchange rate over the period was 1.0940, compared to 1.2024 in the first half of 2021, but was unable to secure an average currency rate in its usual tunnel, due to the euro's sharp loss of value in a short time frame. In comparison with the valuation of hedging instruments at 31 December 2021, the change in fair value positively impacted the financial result by €0.4 million.

Financial interest rose by 22.9 % to €2.1 million, due to the use of short-term lines of credit (overdraft and mobilisation of trade receivables) to finance the working capital requirements (stock increase and trade receivables) and the increase in medium-term lines of credit in 2021 (full amount of the 'PGE' state-guaranteed loan used). Indeed, the Group decided to repay this financing over 5 years without any additional deferrals. The average interest rate increased slightly to 1.49 % compared to 1.43 % at 30/06/2021, all medium- and long-term debt being at a fixed rate. Only short-term debt is affected by the rise in interest rates, which remains limited. The financial result therefore stood at -€0.5 million compared to €3.5 million at 30 June 2021.

Net debt stood at €237.5 million, up by €15.7 million compared to 31 December 2021, reflecting the efforts made by ACTIA to boost growth even though the Covid-19 crisis and component shortages prevented it from fulfilling the orders in its books, while supporting the product development needs of the Power division (+€10.9 million over the first half of 2022). The growth in activity led to an increase in Working Capital Requirements, which stood at -€4.9 million for the first half of 2022 compared to €7.8 million. Business generated cash of €4.2 million compared to €17.3 million for the first half-year of 2021; this change being largely linked to Power activities.
To support its needs - both with regard to the Power division, in preparation for the divestment, as well as the financing of its R&D with numerous projects in the pipeline for its customers - , ACTIA Group issued an **€18 million bond** at the end of April 2022 as part of the Recovery Bonds ('*Obligations Relance*') set up under the *France Relance* national recovery programme run by the French Ministry of the Economy. Taken out with M Capital, this 8-year bond is intended to help speed up the Group's development, which includes an ambitious research and development plan to back up its innovation- and agility-focused strategy, to address the challenges of mobility, regulatory constraints and the energy transition. This source of financing enabled the Group to limit the use of short-term lines of credit (40.4 %).

ACTIA recorded tax income of €0.6 million compared to an expense of -€2.5 million during the first-half of last year. The valuation of hedging instruments (+€5.4 million at 30/06/2021) and a non-recurring bonus that reduced external expenses (+ €2 million during H1 2021) concealed the rebuilding of the Group's profitability in continuing operations, for which the net income fell from €4.2 million to €3.6 million. Without these exceptional entries, **net income** would have risen by €6.8 million.

All things considered, for all operations combined, net income for the period stood at -€7.5 million compared to -€1.4 million for the first half of 2021.

In the specific context of the Group, boosted by strong growth yet hampered by the component shortage, the ongoing pandemic and the consequences of the war in Ukraine on the euro zone, especially with regard to currency, the first divestment of assets operated by ACTIA in the field of Vehicle Inspection in April 2022 resulted in a financial gain of €12 million. This helped to fund WCR and R&D, and to support the Power division, but was not sufficient to reduce gearing, which stood at 218.4 % compared to 177.3 % at 30 June 2021 and 195.3 % at 31 December 2021. Gearing excluding capitalisation of receivables rose from 180.9 % at 31 December 2021 (159.6 % at 30 June 2021) to 194.2 %, reflecting limited discounting of trade receivables at 30/06/2022 thanks to the securing of 'Recovery Bonds' and the divestment.

The Group's overall EBITDA (discontinued and continuing operations) fell from €13.2 million at 30 June 2021 to €10.0 million, reflecting the impact of losses sustained by the Power division over the period.

EBITDA from continuing operations improved over the period, reaching €20.0 million (+12.4 %) compared to €17.8 million at 30 June 2021, a 2021 half-year period that was boosted by the exceptional entry of €2 million.

The calculation method is detailed below:

In €K	H1 2022	H1 2021 Adjusted*
Income from continuing operations	**3,567**	4,183
Taxation	**(554)**	2,526
Interest and financial costs	**2,120**	1,724
Provisions for depreciation	**15,335**	14,819
Impairment of goodwill	**0**	0
Financial instruments	**(445)**	(5,444)
Total EBITDA from continuing operations	**20,023**	**17,808**

* Adjusted to take account of the reclassification of the Power division under 'discontinued operations'.

2.2 Business activity

2.2.1 Automotive Division

The Automotive activity generated €213.8 million, i.e. 86.0 % of Group turnover. It rose by 13.0 %, which falls short of its potential invoicing amount by around twenty per cent, due to the component shortage.
The division has been particularly hard hit by the component shortage which has been affecting it for over 18 months now, and it is still leading to significant production delays. To best manage this shortage, the Automotive division has kept its dedicated 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.
Furthermore, the restrictions stemming from the pandemic change from country to country depending on the number of cases, and are now part of the agile organisation to be implemented in order to ensure compliance with the various rules imposed (lockdown, isolation, etc.). For example, during the second quarter, ACTIA's Chinese subsidiary had to comply with a very stringent lockdown in Shanghai.
Despite the difficult context, sales momentum remained strong over the half-year period, with bids submitted for many calls for tender, resulting in new contracts being won, reflecting our customers' renewed confidence in ACTIA to support them in their projects, despite the current restrictions.
Benefiting from multi-year contracts, all its market segments are growing, except for Light Vehicle manufacturers (-35.0 %) with the end of the telematics contract for Volvo Car and Vehicle Inspection & Garage Equipment, in relation to the divestment of those activities in April 2022. Relations with automobile manufacturers are now refocusing on our long-established Diagnostics activity. The replacement of Volvo Car, which had been planned for a long time, was possible thanks to the ramp-up of the various contracts won by the Group.

The division generated 72.1 % of its sales with foreign customers at 30 June 2022, down slightly compared to 30 June 2021 (76.8 %), with a drop in sales in Sweden (Volvo Car) and an upturn in the Aeronautics sector (France). As a result, **Europe**, which accounts for 48.1 % of the division's consolidated turnover, recorded a net decrease of €7.1 million, i.e., a drop of 6.5 %. It should also be noted that there is an unfavourable base for this zone, with an upturn in sales in the HGV segment at the start of the first quarter of 2021 curbed by the component shortage, with sales on the decline, especially in Belgium.

The **Americas region** rose by 28.0 % with business recovery in that zone and the start of invoicing in the Buses & Coaches sector in Brazil (+ €4.3 million - +307.7 %) as a result of contracts won in late 2019 and early 2020. The Group also recorded an upturn in the USA (+5.46 %) and in Mexico, where our subsidiary is starting to recover (+95.6 %) after reaching a low point in terms of invoicing during 2021, when the Covid-19 crisis brought the country to a standstill, stopping all movement and effectively freezing the investments of bus fleet managers, our customers.
Asia, on the other hand, fell by 11.7 % with the impact of China, where successive lockdowns undermined a market that had looked promising at the start of the year, recording a decrease of 20.5 % over the period compared to the first half of 2021.

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

The significant events of the first half of 2022 in the division's 3 business segments are as follows:

- Original Equipment Manufacturer (OEM) Business Unit

  The OEM business unit generated turnover of €157.7 million (+6.4 %), accounting for 63.4 % of the Group's business.

  With a business that now accounts for 23.5 % of the division's turnover, the **HGV** sector continued to grow (+14.8 %) despite the component shortage that still affects it, leading to production delays. Growth is due partly to sales in the telematics sector (+11.1 %), which partially offset the end of the Volvo Car contract, with a significant impact in terms of volume (-€22.3 million).

  With less volume-sensitive activities, such as the Diagnostics business, in which the Group continues to have recognised expertise enabling it to generate sales on a regular basis, **automobile manufacturers** now only account for 16.9 % of the Automotive Division's sales, compared to 24.7 % at the end of June 2021. The decline is due to the progressive end of the telematics contract during the first half of 2022, again impacted by the component crisis, with the Diagnostics business being repositioned as the core activity sold to automobile manufacturers.

  Boosted by lasting relations with its customers, the **Buses & Coaches** segment, which was particularly hard hit by the withdrawal of investments from fleet managers, especially in Latin America for inter-city journeys, has not yet returned to the level recorded during the first half of 2019 (-7.5 %), but even so recorded a rise of +16.2 %, with Buses & Coaches customers accounting for 12.2 % of the division.

  Off Highway (construction, farming vehicles, etc.) rose by 50.6 % compared to the first half of 2021, and now accounts for 15.1 % of the Automotive Division, while the component shortage prevents us from producing all our customers' orders.

  Rail was one of the rare sectors that had continued to rise for ACTIA in 2020 and 2021, but it has now slowed down, with turnover down by 1.4 %, related to the separation of electrical activities within the Power division. It accounts for 3.9 % of the Automotive Division's business.

- Aftermarket Business Unit

  Its turnover amounted to €18.2 million at 30 June 2022, down by €1.9 million (-9.4 %), accounting for 7.3 % of the Group's consolidated turnover.

  The divestment of the Vehicle Inspection and Garage Equipment business at the end of April explains the drop in turnover despite the fact it rose during the first quarter of 2022. Naturally, except for multi-make diagnostic sales, for which skills have been retained by the Group, in relation to the Manufacturers Diagnostics business, this market segment is set to disappear from the division's activity. Specifically, the sales organisation for multi-make diagnostics will be based on distribution agreements.

While business came to a standstill for fleet managers due to the Covid-19 crisis, our customers have gradually begun investing again, leading to an increase in turnover for ACTIA of +9.8 %, despite the fact the LATAM zone remains strongly impacted by the Covid-19 crisis and its consequences on local economies.

- Manufacturing-Design & Services Business Unit

This business unit's activity brought in €37.9 million, up 82.3 %, corresponding to 15.3 % of the Group's consolidated turnover.
The home automation sector continued to grow, bringing in almost the same amount in the first half of 2022 as during the first half of 2021.

One of the sectors where the Group diversified, Aeronautics, which enabled us to get through many past crises but was severely affected by the Covid-19 crisis until 2021, is now on the road to recovery, having returned to the same level of business as during the first half of 2019.

Over the period, the impact of **fluctuations in the EUR/USD exchange rate** on our purchases was only partly mitigated through the use of hedging tools. It was not possible to secure the usual EUR/USD tunnel, due to the euro's sharp loss of value in a short time frame. Contrary to 30 June 2021, when hedging instruments showed an increase in valuation of €5.4 million compared to 31 December 2020, the variation is €0.4 million compared to 31 December 2021. Through its hedging strategy, the Automotive division was able to purchase dollars at an average exchange rate over the period of 1.1129 compared to 1.1983 in the first half of 2021, a rate slightly above the cash market where the average exchange rate over the period was 1.0940, compared to 1.2024 in the first half of 2021.

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

Since 30 June 2021, **headcount** in the division has decreased by 92 people to 3,192 employees (-2.8 %), as a direct consequence of the divestment of the Vehicle Inspection & Garage Equipment business (-115 people) at the end of April. The change in personnel costs (+2.2 %) is linked to salary increases, but the figures do not yet reflect the tense job market, where recruitment difficulties are leading to salary increases. In addition, the salary increases awarded during the financial period under review are applicable as usual, and in most of the Group companies, from 1 July. Use of the long-term part-time working scheme (APLD) for the main French structure in 2021 continues in 2022, although the amount of support provided decreased by €0.3 million over the period. R&D activity over the period, which could generate significant variances in capitalised production from one situation to another, fell to €3.9 million from €4.7 million (-17.0 %).

With a slightly slower development pace for new contracts, and given that in-house product development has not yet been resumed, **spending on R&D** stood at €32.2 million over the first half, i.e. a drop of €3.3 million, reflecting efforts to control such costs without creating difficulties for the future. It also reflects the recruitment difficulties that are proving restrictive for ACTIA. Given the tense recruitment situation, the Group's various design offices are relying on support from our Tunisian subsidiary, where headcount rose by 113 people and hiring continues. R&D expenditure corresponded to 15.1 % of turnover, compared to 17.9 % at 30/06/2021. With a slightly lower level of capitalisation (-€0.6 million compared to 30/06/2021) and other contributions that remained stable (research tax credit and subsidies), R&D costs in the income statement decreased by €1.6 million.

Since the health-related restrictions were only partially lifted, business travel did not return to pre-crisis levels, and the division only recorded an increase of €0.1 million compared to the first half of 2021. However, transport costs rose again, by €0.3 million.

With continued R&D investment, provisions for depreciation increased by 2.3 % to €13.4 million.

In the first half of the year, these elements were reflected in the operating income of the Automotive division, which came to €2.7 million, i.e. 1.3 % of turnover compared to 1.1 % at 30 June 2021, thus recording strong improvement compared to the previous year, the division being doubly impacted by the component shortage, which prevented it from fulfilling the orders in its books and disrupted its supply chain and production The contribution of continuing operations to Group net income was €3.5 million.

It should be noted that the division's stocks increased by €3.5 million compared to 31/12/2021, a shortage of certain components leading to an accumulation of others, in line with business growth.

2.2.2 Telecommunications Division

With a contribution of €34.6 million to consolidated turnover, up by 27.8 %, the Telecommunications Division represented 13.9 % of the Group's business. Less severely affected by the component shortage than the Automotive division, especially in the SatCom segment, the division may be impacted by the health restrictions still imposed on some international destinations, which are generating delays for certain deliveries to our customers. Indeed, products and systems for export require on-site configuration of settings and training, which have been more difficult to schedule for the past two years due to the successive implementation and lifting of lockdown measures. However, at the start of 2022, there was a marked improvement in the situation for the division, which was able to stick to its budget. International sales thus increased, representing 23.0 % of the division's sales at 30 June 2022, compared to 21.3 % at 30 June 2021.

The significant events of the first half of 2022 in the division's 3 business segments are as follows:

- SatCom Business Unit

  Half-year turnover stood at €17.6 million compared to €10.3 million at H1 2021 (+70.3 %), with growth being partly linked to efforts to make up for delays to the Egyptian contract sustained in 2020 and 2021. Sales activity remained buoyant, with calls for tender that should lead to new contracts in the coming months.

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

- Energy Business Unit

  Turnover at 30 June reached €10.8 million, up 12.9 % compared to the first half of 2021. This division is more severely affected by the component shortage, and works hard to deliver, despite the obstacles. In addition to delivery of current programmes, the Telecommunications Division is preparing the new generation of products that will play an important role in network management.

- Rail

  With turnover of €6.3 million, the segment fell by 13.4 % over the half-year period, reflecting the impact of the component crisis, both within our own organisation and among our customers, who are pushing back their programme schedules. However, this does not accurately reflect the current high level of sales activity, both in France and abroad, which is resulting in some new wins, especially among French operators.

The sharp rise in turnover can be observed in the operating income, which stood at €1.4 million compared to €0.2 million at 30 June 2021. With a level of business that allowed it to absorb its fixed costs, the Telecommunications Division saw its operating margin increase from 0.8 % to 4.1 %, while continuing its efforts to support the beginning of major programmes requiring R&D expertise. Headcount rose compared to 30 June 2021 (+37 people - +11.9 %) and personnel expenses also rose by 13.0 %. It should however be pointed out that pressure regarding starting salaries, together with the salary increases to be applied as of 1st July, are not yet reflected in the accounts. R&D expenses rose by €2.3 million and have an impact on the income statement for the amount of €2.1 million (-5.3 %), with a re-invoicing rate up 92.6 % for the period. External expenses rose by 77.3 % compared to the first half of 2021, with a further rise in transport costs of 21.7 %. However, a large part of the increase is due to the use of subcontracting to make up for recruitment difficulties. Expenses related to product certifications remain high.

It should be noted that the division's stocks increased by 19.9 % compared to 31/12/2021, a shortage of certain components leading to an accumulation of others, in line with business growth.

2.3 Outlook

With an order book geared to a high level of growth, which has not been undermined by the divestments concluded, ACTIA hopes to achieve **growth of more than 10 %** for the full financial period, while making every effort to drive that figure up even more.
The lack of reliable information about future supplies from many component manufacturers makes it impossible to have a clear view of the second half year, while the various sources of international and health-related tension could yet have an impact on supply chains. ACTIA has taken these restrictions into account in its outlook and, thanks to the hard work of its staff, intends to ensure continuity in terms of deliveries and manage changes to production rates in order to support its growth.

In financial terms, ACTIA had €47.3 million in cash at 30 June 2022, meaning it was able to meet its short-term repayment obligations and 40.4 % of its short-term lines were drawn on that date. However, the context is particularly unpredictable and the Group's financing needs are set to remain acute over the coming months, when components are effectively received. The **divestment of the Power division** on 1 August for **€52.5 million** provided the Group with the necessary resources to fund its projects and the working capital requirements linked to business growth. This will not prevent ACTIA from continuing to draw on medium-term financing sources, since interest rates remain low, to help fund future programmes.
The hedging instruments in place have performed their role, but were not able to fully cushion the Group from the sharp drop in value of the euro compared to the US dollar, and its impact on the cost of supplies.

After two years of crisis, ACTIA continues to keep a close eye on cost structure. Part of the 2021 increases and those planned for 2022 were successfully passed on to customers through price increases at the start of the year. However, rising prices on the components market, the sharp rise in energy costs and the loss of value of the euro cannot all be fully absorbed by ACTIA, which will be forced to renegotiate with its customers if the situation continues. Some of the additional costs, incurred by supply disruptions and the higher price of some raw materials, remain part of a specific process that customers accept.

Adjustments have been made to the commercial strategy and cost-saving measures have been implemented, particularly in R&D where priority is being given to customers' development programmes. The Group tries to limit the use of external resources as far as possible, although recruitment difficulties are forcing it to turn to subcontracting. ACTIA is studying different scenarios to adapt to current and future changes; the situation of each entity is assessed on a case-by-case basis, taking into account changes made to order books by customers, the capacity to generate new business opportunities, and trends forecasts in target markets.

ACTIA is committed to long-term growth and to having the capacity to serve cutting-edge technology markets, driven by both digital and energy transformation. With modern industrial plants that meet the highest quality and safety standards, ACTIA continues to deploy the latest generation of industrial management solutions (PLM, ERP), which improve operational and financial efficiency.

In addition to the current uncertainty weighing on the global economy, due to armed conflicts, component shortage and also the different variants of Covid-19, the Group, which is broadly diversified and present internationally, is making every effort, as it has always done, to ensure its long-term development, driven by cutting-edge expertise on major markets. Its customer portfolio and order book for the next few years give us reason to forecast solid growth which should enable it to aim for revenue of more than **€800 million within 4 years' time**.

Consequently, the ACTIA Group Board of Directors approved the financial statements on 30 June 2022 according to the going concern principle.

2.4 Principal related party transactions

The principal transactions between related parties are described in Note 22 "Transactions with related parties" in the notes to the condensed consolidated interim financial statements at 30 June 2022.

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1 Condensed statement of the financial situation

Consolidated assets in €K	Notes	30/06/2022	31/12/2021
Goodwill	Note 4	24,148	24,148
Development costs	Note 4	47,688	54,971
Other intangible assets	Note 4	1,844	2,511
Total intangible assets	**Note 4**	**73,680**	**81,630**
Land	Note 5	2,848	2,889
Buildings	Note 5	35,800	35,556
Technical equipment	Note 5	16,306	18,773
Other tangible assets	Note 5	14,329	12,793
Total tangible assets	**Note 5**	**69,284**	**70,010**
Equity method investments		871	856
Other non-current financial assets		2,655	1,999
Deferred taxation	Note 10	11,799	11,252
Non-current tax credit		15,545	14,147
TOTAL NON-CURRENT ASSETS		**173,834**	**179,894**
Inventory and work-in-process	Note 6	182,458	172,656
Trade receivables	Note 7	151,322	144,739
Other current receivables	Note 7	55,979	17,830
Current tax credit	Note 7	10,229	11,473
Fair value of financial asset instruments	Note 9.2.2	1,335	890
Cash and cash equivalents	Note 9.1	47,275	56,639
TOTAL CURRENT ASSETS		**448,598**	**404,227**
Assets held for sale	Note 15	37,793	14,183
TOTAL ASSETS		**660,224**	**598,304**

Consolidated Equity Capital and Liabilities in €K	Notes	30/06/2022	31/12/2021
Capital	Note 12	15,075	15,075
Premiums	Note 12	17,561	17,561
Reserves	Note 12	85,074	89,568
Translation reserve	Note 12	(2,209)	(2,649)
Treasury shares	Note 12	(162)	(162)
Net income	Note 12	(8,079)	(6,379)
Group common shareholders' equity		**107,258**	**113,014**
Non-controlling interests	**Note 12**	**1,491**	**562**
EQUITY	**Note 12**	**108,749**	**113,576**
Borrowings from credit institutions	Note 11	151,514	164,127
Finance lease financial liabilities	Note 11	16,155	15,966
Other financial liabilities	Note 11	515	963
Total non-current debt		**168,183**	**181,057**
Deferred tax liabilities	Note 10	1,196	1,646
Pension liabilities and other long-term benefits	Note 13	7,433	9,721
TOTAL NON-CURRENT LIABILITIES		**176,812**	**192,423**
Provisions	**Note 13**	**8,161**	**11,273**
Borrowings from credit institutions - current share	Note 11	67,953	54,713
Finance lease financial liabilities - current share	Note 11	5,791	4,735
Other financial liabilities - current share	Note 11	1,037	1,591
Short-term bank borrowings	Note 11	41,857	36,354
Fair value of financial liability instruments	Note 9.2		
Total current debt		**116,638**	**97,393**
Suppliers	Note 14	92,072	92,408
Other liabilities	Note 14	82,098	74,171
Corporate taxes (IS)	Note 14	681	1,267
Deferred income	Note 14	20,040	15,381
TOTAL CURRENT LIABILITIES		**319,689**	**291,893**
Liabilities held for sale	Note 15	54,974	411
TOTAL EQUITY AND LIABILITIES		**660,224**	**598,304**

3.2 Condensed income statement

Consolidated income in €K	Notes	H1 2022	H1 2021 Adjusted*
Revenue from ordinary activities (*Turnover*)	**Note 16**	**248,483**	**216,306**
- Materials and supplies	Note 16	(140,331)	(114,252)
- Personnel expenses	Note 16	(65,526)	(63,295)
- External expenses	Note 16	(30,032)	(22,801)
- Taxes		(3,002)	(2,665)
- Provisions for depreciation	Note 16	(15,335)	(14,819)
+/- Changes in stocks of finished goods and work in progress		4,877	592
+/- Exchange gains / losses on operating activities		1,943	1,212
+ Research tax credit		2,267	2,472
Current operating income		**3,343**	**2,749**
+ Other revenue and operating expenses		118	337
- Impairment of goodwill	Note 4		
Operating income	**Note 16**	**3,462**	**3,086**
+ Income from cash and cash equivalents		8	5
- Interest and financial costs	Note 16	(2,120)	(1,724)
+ Other financial income / (costs)		1,622	5,273
Financial result	**Note 19**	**(490)**	**3,554**
+ Net income Group share equity method consolidated companies		42	70
+ Income tax	Note 16	554	(2,526)
Net income from continuing operations	**Note 16**	**3,567**	**4,183**
Net income from discontinued operations		**(11,086)**	**(5,625)**
Income for the period		**(7,519)**	**(1,442)**
* attributable to Group shareholders			
Net income from continuing operations		3,006	4,072
Net income from discontinued operations		(11,086)	(5,625)
Net income for the period		(8,079)	(1,553)
* non-controlling interests			
Net income from continuing operations		561	111
Net income from discontinued operations			
Net income for the period		561	111
Basic and diluted net earnings per share from continuing operations (in €) - Group share		**0.15**	**0.20**
Basic and diluted net earnings per share from discontinued operations (in €) - Group share		**(0.55)**	**(0.28)**
Basic and diluted earnings per share (in €) - Group share		**(0.40)**	**(0.08)**

* Adjusted to take account of the reclassification of the Power division under 'discontinued operations'.

3.3 Condensed statement of comprehensive income

Statement of comprehensive income in € thousands	H1 2022	H1 2021 Adjusted*
Income for the period	**(7,519)**	**(1,442)**
Items that will not be reclassified to profit or loss		
Defined benefit pension plans – Actuarial differences	2,399	537
Deferred taxation on defined benefit pension plans – Actuarial differences	(600)	(247)
Items that may subsequently be reclassified to profit or loss		
Cumulative translation differences	469	347
Other comprehensive income, net of tax	**2,268**	**637**
Comprehensive income for the period	**(5,252)**	**(805)**
Attributable:		
* to Group shareholders	(5,841)	(888)
* to non-controlling interests	590	83
Consolidated comprehensive income attributable to Group shareholders and coming from:		
* Continuing operations	5,355	4,737
* Discontinued operations	(11,196)	(5,625)
Consolidated comprehensive income attributable to non-controlling interests and coming from:		
* Continuing operations	590	83
* Discontinued operations		

* Adjusted to take account of the reclassification of the Power division under ‘discontinued operations’.

3.4 Condensed statement of changes in equity

In €K	Capital	Treasury shares	Premiums	Consolidated reserves, retained earnings	Translation reserve	Total attributable to the Group	Non-controlling interests	Total Shareholders' funds
At 01/01/2021	**15,075**	**(162)**	**17,561**	**87,663**	**(4,363)**	**115,773**	**313**	**116,087**
Comprehensive income								
Consolidated income				(1,553)		(1,553)	111	(1,442)
Other comprehensive income				285	380	665	(28)	637
Comprehensive income for the period	**0**	**0**	**0**	**(1,268)**	**380**	**(888)**	**83**	**(805)**
Transactions with shareholders								
Distributions to shareholders						0	(29)	(29)
Issuance and repayment of shares						0		0
Changes in scope						0		0
Other				(67)		(67)	(1)	(68)
At 30/06/2021	**15,075**	**(162)**	**17,561**	**86,328**	**(3,983)**	**114,818**	**367**	**115,185**
At 01/01/2022	**15,075**	**(162)**	**17,561**	**83,190**	**(2,649)**	**113,014**	**563**	**113,577**
Comprehensive income								
Consolidated income				(8,079)		(8,079)	561	(7,519)
Other comprehensive income				1,799	440	2,238	29	2,268
Comprehensive income for the period	**0**	**0**	**0**	**(6,280)**	**440**	**(5,841)**	**590**	**(5,251)**
Transactions with shareholders								
Distributions to shareholders						0	(202)	(202)
Changes in scope				(41)		(41)	541	500
Other				126		126	(1)	125
At 30/06/2022	**15,075**	**(162)**	**17,561**	**76,994**	**(2,209)**	**107,258**	**1,491**	**108,749**

3.5 Condensed consolidated cash flow statement

Consolidated cash flow statement in € thousands	Notes	H1 2022	H1 2021 Adjusted *
Net income from continuing operations	**3.2**	**(7,519)**	**(1,442)**
Adjustments for:			
Depreciation, amortisation and provisions		17,000	14,839
Profit / loss from disposal of assets		288	(25)
Interest charges		2,130	1,798
Current tax charge (excl. research tax credit)		602	866
Changes to deferred taxation	Note 18	(1,114)	1,632
Research tax credit		(2,653)	(2,573)
Other income / expense		167	(5,569)
Share of the profit / loss of associates	3.2	(42)	(70)
Operating cash flow before changes to working capital requirements		***8,859***	***9,456***
Changes to working capital requirements related to the business		(4,943)	7,800
Income tax paid (excluding research tax credit)		(1,274)	(1,514)
Research tax credit collected		1,597	1,603
Net cash flow from operating activities		**4,239**	**17,345**
Of which cash flow from discontinued operating activities		**(9,439)**	**(3,924)**
Capital purchases	Note 4	(11,159)	(10,242)
Dividends received from associates		27	14
Income from disposal of assets		11,089	116
Changes in loans and advances		(644)	716
Acquisitions during the period under net of cash acquired			
Net cash flow from investing activities		**(687)**	**(9,396)**
Of which cash flow from discontinued operating activities		**(1,030)**	**623**
Dividends paid to the owners of the parent company			
Dividends paid to non-controlling interests in consolidated companies	3.4	(202)	(29)
New borrowings	Note 11	29,511	15,498
Repayment of borrowings	Note 11	(29,686)	(20,655)
Financing of discontinued operations		(10,916)	(5,080)
Reimbursement of lease liabilities	Note 11	(3,433)	(3,590)
Interest paid	Note 19	(2,130)	(1,798)
Net cash flow from financing activities		**(16,855)**	**(15,654)**
Of which cash flow from discontinued operating activities		10,616	4,866
Effect of exchange rate changes		(601)	(49)
Cash and cash equivalents - opening balance	Note 9.1	21,576	12,489
Cash and cash equivalents - closing balance	Note 9.1	7,672	4,736
Changes in cash and cash equivalents		**(13,904)**	**(7,754)**

* Adjusted to take account of the reclassification of the Power division under 'discontinued operations'.

3.6 Notes to the consolidated financial statements

Note 1. Information about the Group – Entity presenting the financial statements

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

The condensed consolidated financial statements at 30 June 2022 were approved by the Board of Directors on 19 September 2022.

Significant events of the period

In early 2022, the Group undertook a project to divest its Power division, including Actia Power and its three subsidiaries in France, Germany and the USA.
Further to an exclusive negotiation period, an agreement was signed with Plastic Omnium on 26 June 2022.

After the date of closing, on 1 August 2022, the divestment agreement was concluded via the signature of a closing agreement based on a company worth of €52.5 million.

In 2021, the Group launched a project to divest the Vehicle Inspection & Garage Equipment business including:

- The sale of its garage equipment and vehicle inspection business;
- The real estate site in Chartres, France;
- And 30 % of the shares of its subsidiary ACTIA CZ.

The operation was finalised on 21 April 2022 for an amount of €12 million.

As stated in the 2021 reference document, the war in Ukraine does not have a direct impact on the Group's sales activities. However, ACTIA may be impacted by rising energy costs and the resulting drop in value of the euro.

Note 2. Accounting principles

Note 2.1 Basis for the preparation of the financial statements

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

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

The condensed consolidated interim financial statements are drawn up in accordance with the IAS 34 standard, *Interim financial reporting.* They do not include all the information required for the annual financial statements and should be read in conjunction with the Group's financial statements for the financial period ended 31 December 2021, presented in the 2021 Universal Registration Document.

Note 2.2 Use of estimates and judgements

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

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

The principal line items in the balance sheet that are affected by these estimates are deferred tax assets (see Note 10, "Deferred taxation"), goodwill (see Note 4 "Intangible assets"), capitalised development costs (see Note 4 "Intangible assets"), and provisions (see Note 13, "Provisions").

Note 2.3 Changes to IFRS

The new IAS/IFRS texts and interpretations that became effective on 1 January 2022 and have been **applied by the Group** when preparing these consolidated financial statements at 30 June 2022 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendments to IFRS 3: Reference to the conceptual framework	01/01/2022	28/06/2021	28/06/2021
Improvement of IFRS 2018-2020 period	01/01/2022	28/06/2021	28/06/2021
Amendments to IAS 37: Loss-making contracts - contract performance costs	01/01/2022	28/06/2021	28/06/2021
Amendments to IAS 16: Tangible assets - Products pre-dating planned use	01/01/2022	28/06/2021	28/06/2021

The decision made by the IFRS IC in March 2021 about how a customer accounts for costs of configuring or customising application software in a Software as a Service arrangement did not have any impact on the Group's financial statements.

New standards, interpretations and amendments to IFRS standards published and **applied early** by the Group as of 1 January 2022: none.

Note 3. Consolidated companies

At 30 June 2022, ACTIA Inc. was in the process of closing and a transaction was in progress concerning ACTIA India, the purpose of which is to sell our stake to the minority shareholder.

Note 4. Intangible assets

During the first half of 2022, capitalised development costs amounted to €5.1 million compared to €6.3 million for the first half of 2021.

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

In €K	30/06/2022	30/06/2021
Development costs		
Automotive Division	4,752	5,922
Telecoms Division	343	398
Total	**5,095**	**6,320**
Other intangible assets	-	-
Automotive Division	417	392
Telecoms Division		555
Other (incl. Holding company)		
Total	**417**	**947**

The value of goodwill did not change from 31 December 2021. Impairment tests are conducted each year at closing on 31 December, or in the event of indications of loss of value (15 % drop in turnover or 30 % drop in operating income of the CGU at constant scope). No indication of loss of value was detected at 30 June 2022.

Note 5. Tangible assets

During the first half of 2022, acquisitions of tangible assets amounted to €12.4 million (compared to €5.7 million for the first half of 2021), of which €6.8 million from leases; all were acquired from outside suppliers.

Details of these acquisitions are given in the following table:

In €K	30/06/2022	30/06/2021
Land		
Automotive Division		
Telecoms Division		
Sub-total		
Buildings		
Automotive Division	6,136	570
Telecoms Division	170	251
Other (incl. Holding company)		
Sub-total	**6,306**	**821**
Technical equipment		
Automotive Division	1,445	2,618
Telecoms Division	249	407
Sub-total	**1,694**	**3,025**
Other tangible assets		
Automotive Division	3,702	1,698
Telecoms Division	688	161
Other (incl. Holding company)	21	
Sub-total	**4,411**	**1,859**
Total	**12,411**	**5,705**

Note 6. Stocks and work in progress

The net realisable value of stocks was as follows:

In €K	30/06/2022	31/12/2021	30/06/2021	31/12/2020
Raw materials	93,808	85,019	72,951	61,824
R&D costs pursuant to the execution of contracts	47,613	45,028	44,514	40,125
Intermediate and finished products	33,110	31,940	30,545	32,834
Goods	7,927	10,669	10,970	14,781
Total	**182,458**	**172,656**	**158,980**	**149,564**

During the first half of 2022, stocks grew overall by €9.8 million, compared to +€9.4 million in the first half of 2021.

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

In €K	Gross	Depreciation	Net
At 31/12/2020	**161,531**	**(11,967)**	**149,564**
Change over the period	9,795		9,795
Net depreciation		(1,010)	(1,010)
Changes in scope		0	0
Effect of exchange rates	661	(31)	631
At 30/06/2021	**171,988**	**(13,007)**	**158,980**
Change over the period	18,890		18,890
Net depreciation		(768)	(768)
Changes in scope	0		0
Effect of exchange rates	802	(27)	774
IFRS 5	(6,918)	1,698	(5,220)
At 31/12/2021	**184,761**	**(12,105)**	**172,656**
Change over the period	13,252		13,252
Net depreciation		427	427
IFRS 5	(4,305)	(386)	(4,691)
Effect of exchange rates	845	(30)	815
At 30/06/2022	**194,553**	**(12,095)**	**182,458**

Pledged inventories are set out in Note 22 “Encumbered assets”.

Note 7. Trade and other receivables

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

In €K	Net value at 31/12/2021	Changes over the period	Depreciation / reversals	Other changes	Effect of exchange rates	IFRS 5	Net value at 30/06/2022
Trade receivables	**144,739**	**7,463**	**(16)**		**766**	**(1,631)**	**151,322**
Pre-payments	**7,017**	444			50	(77)	**7,434**
Social security receivables	**1,097**	207			99	(2)	**1,401**
VAT claims	**5,118**	2,568			1	(504)	**7,184**
Prepaid expenses	**2,920**	462			7	(103)	**3,287**
Other receivables	**1,677**	1,686			143	33,168	**36,673**
Other current receivables	**17,830**	**5,367**			**299**	**32,483**	**55,979**
Tax receivables	**612**	426		3,268	219	(162)	**4,362**
Research tax credit	**10,861**	(1,550)		(3,444)			**5,867**
Current tax credit	**11,473**	**(1,124)**		**(176)**	**219**	**(162)**	**10,229**
Total	**174,042**	**11,706**	**(16)**	**(176)**	**1,284**	**30,690**	**217,530**

At 30 June 2022, the schedule for gross trade receivables not yet due and past due (aged balance) was as follows:

In €K	Not yet due	Past due by 0 to 30 days	Past due by 31 to 60 days	Past due by 61 to 90 days	Past due by more than 91 days	Total trade receivables (Gross)
Gross at 30/06/2022	124,015	14,185	3,479	1,854	12,036	**155,569**
Gross at 31/12/2021	112,251	5,942	5,638	3,826	21,321	**148,978**

No significant uncollectable debt was recognised at 30 June 2022 or at 30 June 2021.

Note 8. Other contractual assets and liabilities

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

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

In €K	At 30/06/2022	At 31/12/2021	At 30/06/2021
Contractual assets	**14,454**	16,448	8,613
Contractual liabilities	**(7,720)**	(6,990)	(8,368)

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

Note 9.1 Cash and cash equivalents

These changed as follows:

In €K	30/06/2022	31/12/2021	Change
Cash equivalents	91	87	4
Cash	47,183	56,552	(9,369)
Cash and cash equivalents	**47,275**	**56,639**	**(9,365)**
(Short-term bank borrowings)	**(41,857)**	**(36,354)**	**(5,503)**
Total	**5,418**	**20,285**	**(14,868)**
Cash presented in the Assets/Liabilities held for sale lines	**2,254**	**1,291**	**963**
Cash and cash equivalents - closing balance presented in the Cash flow statement	**7,672**	**21,576**	

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

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

En k€	Juste valeur au 30/06/2022	Juste valeur au 31/12/2021	Impact résultat
Valeurs mobilières de placement	91	87	4

Note 9.2 Financial instruments at fair value through profit and loss

These include:

- Interest rate hedging instruments

ACTIA no longer had interest rate risk hedging instruments, as the interest rate SWAPs taken out by the ACTIA Automotive S.A. subsidiary had all expired before the end of the financial year at 31 December 2021.

❖ Currency hedging instruments

At 30 June 2022, ACTIA Automotive and ACTIA Systems held currency hedging contracts. Details of these hedges are given in the following table:

In currency	Maximum amount remaining to be acquired at 30/06/2022	Maturity
Currency purchases		
EUR/USD Tunnel	$ 2,000,000	< 1 year
EUR/USD Tunnel		< 2 years
EUR/USD Accumulator	$ 149,444,643	< 1 year
EUR/USD Accumulator	$ 69,400,000	< 2 years
EUR/USD Option	$ 7,000,000	< 1 year
Total	**$ 227,844,643**	

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

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

In €K	30/06/2022		31/12/2021		30/06/2021	
	Fair Value	Impact on income	Fair value	Impact on income	Fair value	Impact on income
ASSET / (LIABILITY) Derivatives						
EUR/USD Hedges	1,335	445	890	8,308	(2,029)	5,388
Total	**1,335**	**445**	**890**	**8,308**	**(2,029)**	**5,388**

Note 10. Deferred taxation

In €K	30/06/2022	31/12/2021
Tax assets recognised under:		
Timing differences	2,579	3,110
Of which provision for pension benefits	*1,370*	*1,955*
Of which profits on stocks	*457*	*415*
Of which other adjustments	*752*	*740*
Losses carried forward	9,220	8,142
Net total tax assets	**11,799**	**11,252**
Tax liabilities recognised under:		
Deferred tax liabilities	1,196	1,646
Net total tax liabilities	**1,196**	**1,646**
Net total deferred tax assets and liabilities	**10,603**	**9,606**

Note 11. Debt

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

In €K	30/06/2022				31/12/2021			
	<30/06/2023	>01/07/2023 <30/06/2027	>01/07/2027	Total	<31/12/2022	>01/01/2023 <31/12/2026	>01/01/2027	Total
Bond issues	15,417		18,000	**33,417**	4,583	10,833	0	**15,417**
Borrowings from credit institutions	52,537	123,832	9,681	**186,050**	50,438	134,250	19,044	**203,732**
Miscellaneous liabilities	1,037	458	56	**1,552**	1,278	726	238	**2,241**
Debt – lease financing(*)	5,791	12,837	3,318	**21,946**	4,740	13,098	2,867	**20,706**
Short-term bank borrowings and overdrafts	41,857			**41,857**	36,354			**36,354**
Total	**116,638**	**137,128**	**31,055**	**284,821**	**97,393**	**158,907**	**22,149**	**278,450**

During the first half 2022, financial debt changed as follows:

In €K	At 01/01/2022	Monetary changes		Non-monetary changes					At 30/06/2022
		New borrowings	Repayment of borrowings	IFRS 5	IFRS 16	Change in fair value	Cumulative translation differences	Other	
Bond issues	**15,417**	18,000	0						**33,417**
Borrowings from credit institutions	**203,732**	11,366	(28,756)	(988)			388	309	**186,050**
Miscellaneous liabilities	**2,242**	145	(788)	(34)		(24)	12		**1,552**
Debt – lease financing	**20,706**		(3,394)	(2,154)	6,787		41	(39)	**21,946**
Short-term bank borrowings and overdrafts	**36,354**	5,340					159	4	**41,857**
Total	**278,450**	**34,851**	**(32,939)**	**(3,176)**	**6,787**	**(24)**	**600**	**274**	**284,822**

At 30 June 2022, the schedule for financial debt, including interest not yet accrued, breaks down as follows:

In €K	<30/06/2023		>01/07/2023 <30/06/2027		>01/07/2027		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bond issues	4,583	1,476	10,833	4,589	18,000	990	**33,417**	**7,055**	**40,472**
Borrowings from credit institutions	52,537	1,696	123,832	3,033	9,681	159	**186,050**	**4,888**	**190,938**
Miscellaneous liabilities	1,037		458		56		**1,552**	**0**	**1,552**
Debt – lease financing	5,791	130	12,837	270	3,318	70	**21,946**	**470**	**22,416**
Short-term bank borrowings and overdrafts	41,857	447					**41,857**	**447**	**42,304**
Total	**105,805**	**3,749**	**147,961**	**7,892**	**31,055**	**1,219**	**284,821**	**12,860**	**297,682**

Financial debt by currency breaks down as follows:

In €K	EUR	USD	Other	Total
Bond issues	33,417			33,147
Borrowings from credit institutions	181,534	4,517	0	186,050
Miscellaneous liabilities	1,057	0	495	1,552
Debt – lease financing	15,349	41	6,556	21,946
Short-term bank borrowings and overdrafts	39,823	0	2,034	41,857
Total	**271,179**	**4,558**	**9,084**	284,821

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

In €K	30/06/2022	31/12/2021
Bond issues	33,417	15,417
Borrowings from credit institutions	186,050	203,732
Miscellaneous liabilities	1,552	2,241
Debt – lease financing	21,946	20,706
Short-term bank borrowings and overdrafts	41,857	36,354
Sub-total A	**284,821**	**278,450**
Cash equivalents	91	87
Cash	47,183	56,552
Sub-total B	**47,275**	**56,639**
Total net debt = A - B	**237,547**	**221,811**
Total equity	**108,749**	**113,576**
Gearing ratio	**218.4%**	**195.3%**

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

In €K	30/06/2022	31/12/2021
Bond issues	33,417	15,417
Borrowings from credit institutions	186,050	203,732
Miscellaneous liabilities	1,552	2,241
Debt – lease financing	21,946	20,706
Short-term bank borrowings and overdrafts	41,857	36,354
- Financing of trade receivables	*(15,175)*	*(5,133)*
- CIR	*(10,245)*	*(10,245)*
- CICE	*(945)*	*(945)*
Sub-total A	**258,456**	**262,126**
Cash equivalents	91	87
Cash	47,183	56,552
Sub-total B	**47,275**	**56,639**
Total net debt = A - B	**211,181**	**205,487**
Total equity	**108,749**	**113,576**
Gearing ratio	**194.2%**	**180.9%**

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

In €K	30/06/2022			31/12/2021		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bond issues	33,417		**33,417**	15,417		**15,417**
Borrowings from credit institutions	182,299	3,751	**186,050**	198,454	5,278	**203,732**
Miscellaneous liabilities	1,552		**1,552**	2,241		**2,241**
Debt – lease financing	21,946		**21,946**	20,706		**20,706**
Short-term bank borrowings and overdrafts	4,004	37,853	**41,857**	6,590	29,763	**36,353**
Total	**243,217**	**41,604**	**284,821**	**243,408**	**35,041**	**278,449**
Percentage breakdown	85.4%	14.6%	**100.0%**	87.4%	12.6%	**100.0%**

All debt covenants and short-term borrowings must be checked on an annual basis at year end. At 30 June 2022, they applied to 17.8 % of debt.

At 31 December 2021, as a result of the component crisis, the Group was no longer in compliance with financial ratios on 21 loans. However, by keeping banking partners regularly up to date, we were able to have these covenants suspended on that date, except for one loan in the USA, where this issue could not be addressed due to carve-out operations.

At 30 June 2022, the Group had not complied with the net liabilities level required by one of its financial partners. The waiver request was accepted but obtained after the date of closing. The full amount of said financial debt was therefore reclassified as “current debt”, for an amount of €10.8 million.

The guarantees given for borrowings and financial debts are listed in Note 22 “Encumbered assets”.

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans and, sometimes, a requirement to maintain the composition of the capital, with any changes requiring prior information of the partners.

Note 12. Equity

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

In units	31/12/2021	Increase in share capital	30/06/2022
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At 30 June 2022, the share capital consisted of 7,852,965 shares with single voting rights, 12,246,976 shares with double voting rights and 3,328 treasury shares with no voting rights. There are 12,605,573 registered shares and 7,494,368 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.

During the first half 2022, changes in Group equity were primarily related to income for the period and the impact of changes in actuarial differences recognised in OCI.

Note 13. Provisions

During the first half 2022, provisions for pension and other long-term benefits fell by €2,288 thousand to €7,433 thousand at 30 June 2022. The actuarial difference recognised under other comprehensive income corresponds to a provision of €2,386 thousand. The assumptions underlying the calculation at 30 June 2022 changed as follows:

- Discount rate of 3.22 % (0.98 % at 31/12/2021) for the French companies, 9.48 % (9.48 % at 31/12/2021) for the Tunisian companies,

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

Other provisions for risks and charges fell overall by €3,111 thousand, €2,683 thousand of which was related to the reclassification as “Liabilities held for sale” for the Power Division.

Note 14. Other current liabilities

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

In €K	Net value at 31/12/2021	Changes over the period	IFRS 5	Effect of exchange rates	Net value at 30/06/2022
Suppliers of goods and services	**92,408**	**2,905**	**(3,447)**	**206**	**92,072**
Prepayments received	**43,308**	6,198	(2,561)	(234)	**46,710**
Social security liabilities	**22,745**	578	(859)	(33)	**22,432**
Corporate taxes	**7,235**	4,527	(46)	27	**11,743**
Fixed asset liabilities	**173**	161		4	**337**
Advances payable	**366**	119		3	**488**
Miscellaneous liabilities	**343**	(42)	91	(4)	**388**
Other operating liabilities	**74,171**	**11,540**	**(3,375)**	**(238)**	**82,098**
Corporate taxes (IS)	**1,267**	**(567)**	**(27)**	**8**	**681**
Total	**167,847**	**13,878**	**(6,850)**	**(24)**	**174,850**

Note 15. Assets and liabilities held for sale and discontinued operations

Note 15.1 Assets and liabilities held for sale

In 2021, the Group launched a project to divest the Vehicle Inspection & Garage Equipment business including:

- The sale of its garage equipment and vehicle inspection business;
- The real estate site in Chartres, France;
- And 30 % of the shares of its subsidiary ACTIA CZ.

The Vehicle Inspection & Garage Equipment business had been presented in “Assets and liabilities held for sale” at 31 December 2021.

The operation was finalised on 21 April 2022 for an amount of €12 million. The net impact of the operation was recognised in “Other revenue and operating expenses” for a negligible amount. At 30 June 2022, the assets and liabilities of the ACTIA CZ subsidiary that are still controlled by the Group remain; they are due to be divested by the end of the 2022 financial year.

The breakdown of assets and liabilities held for sale (including the Power Division - ref. Note 15.2) is as follows:

In €K	30/06/2022 Vehicle Inspection	30/06/2022 Power Division	30/06/2022	31/12/2021
Intangible and tangible assets	392	9,855	10,247	7,470
Other non-current assets	1	2,730	2,730	25
Current assets	2,111	22,704	24,816	6,687
Assets held for sale	**2,504**	**35,289**	**37,793**	**14,183**
Non-current liabilities	32	1,744	1,777	
Current liabilities	715	52,482	53,197	411
Liabilities held for sale	**748**	**54,227**	**54,974**	**411**

Note 15.2 Discontinued operations

In early 2022, the Group undertook a project to divest its Power division, including Actia Power and its three subsidiaries in France, Germany and the USA.

Further to an exclusive negotiation period, an agreement was signed with Plastic Omnium on 26 June 2022.

At 30 June 2022, ACTIA considered that the criteria set out in IFRS 5 - Non-current assets held for sale and discontinued operations were met. Consequently, the results and cash flows for this division are presented in the same way as for a discontinued operation.

An operation that is discontinued, divested or in the process of being divested is defined as a component of an entity with cash flows that are identifiable with respect to the rest of the entity and represents a distinct, major business line or region. For all the periods published, the result of these operations is presented on a different line in the income statement - “Discontinued operations” - and is adjusted in the cash flow statement.

Financial data concerning discontinued operations is presented below:

Consolidated income in €K	H1 2022	H1 2021
Revenue from ordinary activities *(Turnover)*	**7,265**	**9,149**
Current operating income	**(11,111)**	**(5,600)**
Operating income	**(11,014)**	**(5,573)**
Financial result	**(29)**	**(80)**
Net income	**(11,086)**	**(5,625)**

Consolidated cash flow statement in € thousands	H1 2022	H1 2021
Net income from continuing operations	**(11,086)**	**(5,625)**
Net cash flow from operating activities	**(9,439)**	**(3,924)**
Net cash flow from investing activities	**(1,030)**	**(623)**
Net cash flow from financing activities	**10,617**	**4,866**
Effect of exchange rate changes	2	0
Cash and cash equivalents - opening balance	1,301	97
Cash and cash equivalents - closing balance	1,450	415
Changes in cash and cash equivalents	**149**	**318**

Note 16. Operating segments

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

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

In addition to these two operating segments there is also:

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

During the first half 2022, the key indicators by operating segment were as follows:

In €K	30/06/2022			
	Automotive	Telecoms	Other	Consolidated Group accounts
Revenue from ordinary activities	213,813	34,635	35	**248,483**
Materials and supplies	(128,268)	(11,362)	(700)	**(140,331)**
Personnel costs	(54,107)	(10,804)	(615)	**(65,526)**
External expenses	(21,165)	(7,436)	(1,431)	**(30,032)**
Provisions for depreciation	(13,781)	(1,531)	(23)	**(15,335)**
Current operating income	**3,033**	**978**	**(668)**	**3,343**
Impairment of goodwill				**0**
Operating income	**2,727**	**1,417**	**(682)**	**3,462**
Interest and financial costs	(1,479)	(102)	(539)	**(2,120)**
Fair value of hedging instruments	445			**445**
Taxes	831	(234)	(44)	**554**
NET INCOME FROM CONTINUING OPERATIONS	**3,537**	**1,072**	**(1,042)**	**3,567**
NET INCOME FROM DISCONTINUED OPERATIONS	**(11,086)**	**0**	**0**	**(11,086)**
NET INCOME	**(7,549)**	**1,072**	**(1,042)**	**(7,519)**
EBITDA (CONTINUING OPERATIONS)	**17,520**	**2,939**	**(436)**	**20,023**
EBITDA (CONTINUING AND DISCONTINUED OPERATIONS)	**7,532**	**2,939**	**(436)**	**10,035**
SEGMENT ASSETS				
Non-current assets	140,119	32,716	998	**173,834**
Stocks	140,739	41,719	0	**182,458**
Trade receivables	107,497	43,630	195	**151,322**
Other current receivables	48,189	3,640	15,713	**67,543**
Cash and cash equivalents	41,277	3,211	2,787	**47,275**
Assets held for sale	37,793	0	0	**37,793**
TOTAL SEGMENT ASSETS	**515,613**	**124,917**	**19,693**	**660,224**
INVESTMENTS				
Intangible	5,168	343	0	**5,512**
Tangible	11,284	1,107	21	**12,411**
Financial	161	498	0	**659**
TOTAL INVESTMENTS	**16,613**	**1,948**	**21**	**18,582**
SEGMENT LIABILITIES				
Non-current liabilities	130,519	20,979	25,315	**176,812**
Short-term debt	81,936	13,782	20,920	**116,638**
Accounts payable	79,978	11,065	1,029	**92,072**
Other current liabilities	74,892	35,226	861	**110,979**
Liabilities held for sale	54,974	0	0	**54,974**
TOTAL SEGMENT LIABILITIES	**422,299**	**81,052**	**48,124**	**551,475**

The adjusted information at 30 June 2021 is the following:

In €K	30/06/2021 (Proforma)			
	Automotive	Telecoms	Other	Consolidated Group accounts
Revenue from ordinary **activities**				
(Turnover)	189,200	27,110	(5)	**216,306**
Materials and supplies	(107,047)	(6,642)	(563)	**(114,252)**
Personnel costs	(52,935)	(9,561)	(799)	**(63,295)**
External expenses	(17,441)	(4,194)	(1,165)	**(22,801)**
Provisions for depreciation	(13,477)	(1,317)	(26)	**(14,819)**
Current operating income	**1,600**	**264**	**884**	**2,748**
Impairment of goodwill	0	0	0	**0**
Operating income	**2,011**	**225**	**848**	**3,084**
Interest and financial costs	(1,183)	(122)	(419)	**(1,724)**
Fair value of hedging instruments	5,444	0	0	**5,444**
Taxes	(2,440)	(125)	38	**(2,527)**
NET INCOME FROM CONTINUING OPERATIONS	**3,668**	**(25)**	**540**	**4,183**
NET INCOME FROM DISCONTINUED OPERATIONS	**(5,625)**			**(5,625)**
NET INCOME	**(1,956)**	**(25)**	**540**	**(1,441)**
EBITDA (CONTINUING OPERATIONS)	**15,323**	**1,539**	**947**	**17,809**
EBITDA (CONTINUING AND DISCONTINUED OPERATIONS)	**10,731**	**1,539**	**947**	**13,217**
SEGMENT ASSETS				
Non-current assets	155,752	30,325	1,085	**187,163**
Stocks	127,556	31,424	0	**158,980**
Trade receivables	100,598	39,270	12	**139,880**
Other current receivables	19,233	6,136	232	**25,601**
Cash and cash equivalents	42,523	6,753	182	**49,459**
TOTAL SEGMENT ASSETS	**445,662**	**113,909**	**1,511**	**561,083**
INVESTMENTS				
Intangible	6,314	954	0	**7,267**
Tangible	3,160	817	1	**3,978**
Financial	154	0	0	**154**
TOTAL INVESTMENTS	**9,628**	**1,771**	**1**	**11,399**
SEGMENT LIABILITIES				
Non-current liabilities	127,610	19,589	19,938	**167,137**
Short-term debt	79,676	15,266	8,115	**103,057**
Accounts payable	66,002	6,947	893	**73,841**
Other current liabilities	77,647	23,406	810	**101,863**
TOTAL SEGMENT LIABILITIES	**350,935**	**65,207**	**29,756**	**445,898**

* Adjusted to take account of the reclassification of the Power division under ‘discontinued operations’.

Note 17. Order book

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

Therefore, the total order book for the Group (firm orders for multi-year contracts) stood at €429,800 thousand at 30 June 2022, of which 88.9 % was expected to generate revenues within one year.

In €K	At 30/06/2022	At 30/06/2021
Order book	429,800	405,220

Note 18. Income taxes

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

In €K		30/06/2022	30/06/2021 Adjusted*
Income from consolidated companies		(7,560)	*(1,512)*
Current taxation (credit)		498	*866*
Deferred taxation (credit)		(1,052)	*1,604*
Of which	*Deferred taxation on temporary differences*	*(1,052)*	*760*
	Deferred taxation on changes in tax rates	*0*	*844*
Income from consolidated companies before tax		**(8,114)**	**957**

* Adjusted to take account of the reclassification of the Power division under ‘discontinued operations’.

At 30 June 2022, there were no deferred taxes resulting from the deactivation of fiscal losses.

Note 19. Notes to the financial result

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

In €K		30/06/2022	30/06/2021 Adjusted*
Income from cash and equivalents		8	5
Interest and financial costs		(2,120)	(1,718)
Of which	*Interest on debt*	*(2,120)*	*(1,718)*
Other financial income		1,701	6,263
Of which	*Interest received*	*464*	*819*
	Write-back of financial provisions	*793*	*0*
	Income from derivatives	*445*	*5,444*
Other financial costs		(79)	(996)
Of which	*Costs on derivatives*	*0*	
Financial result		**(490)**	**3,554**

* Adjusted to take account of the reclassification of the Power division under ‘discontinued operations’.

Note 20. Transactions with related parties

The details of transactions with parties related to the Group that occurred during the first half 2022 are presented below.

Note 20.1 With the holding company: LP2C S.A.

The figures concerning balance sheet items are as follows:

In €K		H1 2022	H1 2021
Net amount of the transaction, (expense)		**(493)**	**(566)**
Of which	*Ongoing services*	*(540)*	*(579)*
	Ad hoc services to the holding company	*47*	*12*
Net balance sheet entry, (liability)		**(651)**	**(729)**
Of which	*Current accounts*	*0*	
	Accounts payable	*(664)*	*(744)*
	Trade receivables	*13*	*14*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 20.2 With investments consolidated by the equity method

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

In €K		H1 2022	H1 2021
Net amount of the transaction, (expense)		**(92)**	**(88)**
Of which	*Invoicing of rents*	*(88)*	*(88)*
	Interest and financial costs	*(4)*	*0*
Net balance sheet entry, (liability)		**321**	**346**
Of which	*Current accounts*	*321*	*344*
	Accounts payable	*(4)*	*0*
	Trade receivables	*4*	*2*
Invoicing terms		Monthly	Monthly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

The figures concerning **SCI Les Coteaux de Pouvourvill**e are as follows:

In €K		H1 2022	H1 2021
Net amount of the transaction, (expense)		**(482)**	**(493)**
Of which	*Invoicing of rents*	*(489)*	*(484)*
	Re-invoicing of misc. costs	*7*	*(10)*
Net balance sheet entry, (liability)		**17**	**(15)**
Of which	*Current accounts*	*27*	*0*
	Accounts payable	*(12)*	*(15)*
	Trade receivables	*1*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Cash	Cash
Provisions for bad debt		**0**	**0**

Note 20.3 With subsidiaries

These are the companies included in the scope of consolidation of the Group (see Note 3 - Consolidated companies of the 2021 Universal Registration Document).

Note 20.4 With members of management bodies

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

- By ACTIA Group: Chairman and CEO and Directors;
- By LP2C, controlling company: Chairman and CEO and Deputy CEOs;
- By the controlled companies, subsidiaries of ACTIA Group: Chairman and CEO and Deputy CEO.

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

In €K		H1 2022	H1 2021
Compensation of corporate officers		**238**	**237**
Of which	*Fixed*	*234*	*233*
	Variable	*0*	*0*
	Exceptional	*0*	*0*
	Benefits in kind	*4*	*4*
Other compensation for non-executive directors		**0**	**34**
Attendance fees		**14**	**0**
Total		**252**	**271**

Note 20.5 With other related parties

- GIE PERENEO

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

At 30 June 2022, GIE PERENEO was under liquidation.

The figures concerning transactions with GIE PERENEO are as follows:

In €K	H1 2022	H1 2021
Amount of the transaction, (expense)	79	370
Balance sheet entry, (liability)	85	272
Payment terms	Cash	Cash
Provisions for bad debt	0	0

The financial information concerning GIE PERENEO is as follows:

In €K	H1 2022	H1 2021
Total Assets	193	1,151
Debt	255	1,260
Revenue	241	1,450
Income	7	(63)

Note 21. Off-balance sheet commitments

The off-balance sheet commitments break down as follows:

In €K	30/06/2022	31/12/2021
Commitments received		
Bank guarantees	25,150	24,711
Total commitments received	**25,150**	**24,711**

The above information does not include:

- Lease financing balances that are covered under Note 11 “Financial debt”,
- Lease financing commitments and operating leases,
- Interest on borrowings that are covered under Note 11 “Financial debt”,
- Foreign currency term sales commitments and interest rate SWAPs that are covered under Note 9.2 “Financial instruments at fair value through profit and loss”.

Note 22. Encumbered assets

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

In €K	30/06/2022				31/12/2021			
	Automotive Division	Telecoms Division	Other subsidiaries	Total	Automotive Division	Telecoms Division	Other subsidiaries	Total
Interests in consolidated companies (*)		3,607		**3,607**		3,607		**3,607**
Secured debt balance		*1,023*		***1,023***		*1,276*		***1,276***
Assignment of trade receivables	6,946	3,625	0	**10,571**	2,085	5,133	0	**7,218**
Of which: Dailly secured				***0***				***0***
Dailly with recourse	*6,946*	*3,625*		***10,571***	*2,085*	*5,133*		***7,218***
Discounted notes not yet matured				***0***				***0***
Assignment of CIR & CICE	11,191			**11,191**	11,191			**11,191**
Assignment of stocks				**0**				**0**
Assignment of other receivables				**0**				**0**
Assignment of equipment	2,305			**2,305**	2,398			**2,398**
Mortgages/Security (land & buildings)	12,489	2,372		**14,860**	17,411	2,559		**19,969**
Total	**32,931**	**9,604**	**0**	**42,535**	**33,085**	**11,299**	**0**	**44,384**

(*) Book value of pledged securities

Note 23. Risk factors

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

The principal risks to which Group is exposed have been identified and are described in the 2021 Universal Registration Document (Chapter 7).

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

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

Note 23.1 Liquidity risks

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

A detailed study of financial debt, the cash position, net debt and debt including interest is provided under Note 11 “Financial debt”.

Generally, the half-yearly accounts do not allow for the presentation of the medium-term financing required for investments in R&D because these will be put in place mainly during the second half year, since the ACTIA file is processed after publication of the annual accounts.
In 2022, the various partners were contacted, but the state of the accounts at 31 December 2021 and the time frames required for the disposal of assets prompted the Group to seek diversified sources of financing in order to secure the R&D programmes. The Group also set up 8-year “Recovery Bonds” worth €18 million at the end of April 2022 as well as reverse factoring operations with two French customers.

The consequences of the Covid-19 crisis and the component shortage continued to weigh on financing needs, with:

- WCR still impacted by the increase in stocks and the difference between supplier and customer payment terms, which is unfavourable to us;
- R&D projects ranked according to priority to reduce the associated costs;
- A limitation of production investments to what is strictly necessary for the maintenance of our means of production, a substantial part of which was replaced in the last 5 years.

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

Also, at 30 June, short-term bank borrowings, of which only 40.4 % were drawn, and the available cash, which stood at €47.2 million, cover the Group's needs over the coming months, bearing in mind that the divestment of the Power division will consolidate these resources as of August 2022.

Financial assets and liabilities are presented in the following tables:

At 30 June 2022:

In €K	<30/06/2023	>01/07/2023 <30/06/2027	>01/07/2027	Total
Total financial assets	266,139	15,545	2,655	**284,339**
Total financial liabilities	(291,488)	(137,128)	(31,055)	**(459,671)**
Net position before management	**(25,350)**	**(121,583)**	**(28,400)**	**(175,332)**
Off-balance sheet commitments	(25,150)			**(25,150)**
Net position after management	**(50,500)**	**(121,583)**	**(28,400)**	**(200,482)**

At 31 December 2021:

In €K	<31/12/2022	>01/01/2023 <31/12/2026	>01/01/2027	Total
Total financial assets	231,571	14,147	1,999	**247,717**
Total financial liabilities	(265,240)	(159,059)	(21,998)	**(446,296)**
Net position before management	**(33,669)**	**(144,912)**	**(19,999)**	**(198,580)**
Off-balance sheet commitments	(24,711)			**(24,711)**
Net position after management	**(58,380)**	**(144,912)**	**(19,999)**	**(223,291)**

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

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

Lastly, to enable the Group to take advantage of cash surpluses from certain subsidiaries, it put in place 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.

Note 23.2 Market risks

- Interest rate risk

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

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

In €K	Financial assets* (a)		Financial liabilities* (b)		Net exposure before hedging (c) = (a) - (b)		Interest rate hedging instruments (d)		Net exposure after hedging (e) = (c) - (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	266,139		249,884	41,604	16,254	(41,604)	0	0	**16,254**	**(41,604)**
1 to 5 years	15,545		137,128		(121,583)	0			**(121,583)**	**0**
> 5 years	2,655		31,055		(28,400)	0			**(28,400)**	**0**
Total	**284,339**	**0**	**418,068**	**41,604**	**(133,729)**	**(41,604)**	**0**	**0**	**(133,729)**	**(41,604)**

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

Benefiting from the low interest rate environment and in light of the setting up of a zero floor for variable borrowings, the Group has continued to prefer setting up financing at fixed rates. The breakdown of fixed and variable rate financial debt is given in Note 11 “Financial debt”.

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

In €K	30/06/2022	
	Impact on pre-tax income	Impact on pre-tax equity
Impact of a variance of + 1% in interest rates	**(416)**	**(416)**
Impact of a variance of - 1% in interest rates	**416**	**416**

- Foreign exchange risk

The Group’s international footprint and invoicing expose it to exchange rate risks related to fluctuations in foreign currencies, for both actual transactions and the conversion of its assets and results.

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

At 30 June 2022, the companies ACTIA Automotive and ACTIA Systems held foreign exchange hedging contracts, the details of which are given in Note 9.2 “Currency hedging instruments”.

The Group was thus able to purchase dollars at an average rate over the period of 1.1145 as compared to 1.1995 for the first half of 2021. As the average rate on the financial markets was 1.0940 over the first half of 2022, the Group benefited from a positive effect worth €1.1 million during the half-year period.

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

In €K	Trade receivables - gross (a)	Accounts payable (b)	Off-balance sheet commitments (c)	Net exposure before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	125,332	(63,520)	3,951	65,763		65,763
USD	15,678	(17,905)	21,199	18,973	10,490	29,462
Other currencies	14,558	(10,984)	0	3,574		3,574
Total	**155,569**	**(92,408)**	**25,150**	**88,310**	**10,490**	**98,800**

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

The sensitivity to 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	
		1 % rise	1 % fall	1 % rise	1 % fall
Net position after hedging in USD		29,462	29,462	29,462	29,462
USD	0.96274	0.97237	0.95311	0.97237	0.95311
Estimated risk		**+ 284**	**-284**	**+ 284**	**-284**

Note 24. Post-balance sheet events

At 1 August 2022, the divestment agreement by which the Power division was transferred to Plastic Omnium was finalised via the signature of a closing agreement based on a company worth of €52.5 million.

4 STATUTORY AUDITORS' REPORT

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

Statutory auditors' report on the 2022 half-yearly financial information

For the period 1 January 2022 to 30 June 2022

Ladies and Gentlemen Shareholders,

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

- a limited review of the condensed consolidated interim financial statements of the company ACTIA Group S.A. in respect of the period 1 January 2022 to 30 June 2022, as attached to this report,
- a verification of the information provided in the half-yearly management report.

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

I – Conclusion on the financial statements

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

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

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

II – Specific verification

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

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

Labège, 20 September 2022	Paris, 20 September 2022
KPMG S.A.	BM&A
Mathieu Leruste *Shareholder*	Eric Seyvos *Shareholder*